

EDUCATIONAL SERVICE DISTRICT 113
CAPITAL COMPENSATED ABSENCES LIABILITY POOL
INTERLOCAL COOPERATIVE AGREEMENT

The Board of Educational Service District 113, hereinafter referred to as the "ESD" and _____ hereinafter referred to as the "District," in accordance with the requirements of Chapter 39.34 RCW by appropriate Board resolution have resolved to enter into this agreement to form a Cooperative hereinafter referred to as the "Pool" and hereby agree as follows:

I. NAME AND PURPOSE

This Cooperative shall be known as the Capital Compensated Absences Liability Pool. The purpose of this agreement shall be to join together in a cooperative manner, forming a pool to reimburse member districts for payments, for accrued sick and/or annual leave due to annual cash out, leave-sharing policies, long-term medical leave, termination, retirement, or death of employees, which are the liability of the member districts.

II. ORGANIZATION

The Pool shall consist of member school districts and educational service districts that execute a copy of this Cooperative Agreement. There shall be established an Advisory Board made up of one representative of each member district. The duties of the Advisory Board shall be, but not limited to, establishing an Executive Committee, meeting periodically to rule on matters such as Pool membership, approval of bylaws, matters of administration, cost control, services to be provided, and assessment rate or fee schedules.

III. BYLAWS

The Executive Committee shall be responsible for drafting the bylaws of the Pool. The bylaws shall be approved by two-thirds (2/3) majority vote of the Advisory Board. Such bylaws shall be part of the agreement as though set forth herein.

IV. TERM OF AGREEMENT

The term of this agreement shall be from September 1, 2007, through August 31, 2008. The agreement shall then be automatically renewed from year to year thereafter unless the District gives written notice to the ESD of its election to terminate the agreement on or before March 1 of any year unless the agreement is terminated in accordance with Paragraph XI or XII.

V. METHOD OF FINANCING AND BUDGETING

Assessment rates will be calculated annually by each district and become effective September 1 for the ensuing school year. Administrative fees will be established by the Executive Committee and published annually in Appendix A to this agreement.

All member payments to the Pool shall be made on a monthly basis.

Upon joining the Pool, member districts may elect to transfer into the Pool reserves previously held locally for compensated absence liabilities.

Pool interest earnings shall be pro-rated to the District account based on fund balance per district at month-end, before any accruals and interest earning allocations.

The Pool finances will be budgeted and accounted for in accordance with acceptable accounting principles.

VI. MEMBERSHIP IN THE POOL, NEW MEMBERS, AND EFFECTIVE MEMBERSHIP DATE

The District shall become a full member of the Pool and shall designate a district employee to serve on the Advisory Board.

Any District which shall become a member after September 1, 2005, shall be eligible to participate as of the first day of any subsequent calendar month. The initial assessment for such members shall be established in the by-laws.

VII. DUTIES OF THE DISTRICT

In accordance with this agreement, the District will:

1. Designate a representative to the Advisory Board.
2. Pay to the Pool's administering agency, ESD 113, its share for the program costs. Programs for the purposes of this paragraph mean the total services provided by the ESD pursuant to this agreement and all costs associated therewith.
3. Provide the ESD annually with a detailed report setting forth separately for each employee the compensated absences liabilities paid as of August 31, and the total claim for reimbursement from the Pool. Said report shall be provided not later than October 31 and not earlier than March 31.
4. Be responsible for maintaining backup documentation for all Pool claims submitted in order to meet audit requirements.
5. Remain ultimately responsible for any liabilities to District employees in the event that sufficient funds are not available in the Pool fund.

VIII. DUTIES OF THE ESD

In accordance with this agreement, the ESD shall perform the following functions and duties within the constraints of funds made available by the District:

1. Prepare an annual operating budget and present it to the Advisory Board which shall have the authority to accept, reject, modify, and approve the same.
2. Receive all Pool payments per Paragraph VI.
3. Pay from the Pool funds, all costs.
4. Provide for the receipt and disbursement of funds and maintain adequate financial records in order to properly manage the Pool as well as provide financial reports to the Advisory Board and Executive Committee. In addition, adequate statistical records will be maintained in order to evaluate assessments, fees, use, or other data.
5. Assign the ESD 113 auditing officer to sign all claim vouchers on behalf of the Pool.
6. Be responsible for employment of any staff and the general administration of the Pool.
7. Invest surplus funds on behalf of the Pool.
8. Establish a Pool fund with the Thurston County Treasurer.

IX. GOVERNANCE

1. Administration – It is agreed that the coordination, administration, and management of the Pool shall be by ESD 113. All services provided by the ESD shall be performed in accord with policies adopted by the ESD Board, including but not limited to, policies regarding hiring, reduction in force, annual leave, salary, and other personnel policies.
2. Advisory Board – There shall be an Advisory Board, which shall consist of representatives of the Districts. The Advisory Board should include at least one Superintendent or designee. The ESD Superintendent or designee shall be an ex-officio (non-voting) member of the Advisory Board. The Advisory Board shall be responsible for recommending the level of support services, the costs of membership in the Pool, the types of memberships available to the Districts and other policy decisions regarding the operation of the Pool. The Advisory Board shall develop an annual plan, review and revise the goals and objectives of the Pool, and apprise the ESD of current needs to be met. The Advisory Board shall develop bylaws and rules of governance as needed.
3. Executive Committee – The Advisory Board shall elect an Executive Committee, which shall consist of up to four members. The ESD representative shall serve as a permanent member. The remaining three members shall be elected by the Advisory Board and shall serve staggered terms of three years. The Executive Committee shall select a Chairperson from among its members annually, and said Chairperson shall also serve as the Advisory Board Chairperson. The ESD representative shall serve as Secretary of the Executive Committee and the Advisory Board.
4. Meetings – The Executive Committee shall meet as required, when called by the Chairperson or a majority of its members to conduct the business of the Pool; provided that there shall be at least one meeting of said Committee annually between September 1 and August 31.

X. DEFINITIONS

1. Compensated Absences Liability – For the purpose of this agreement, Compensated Absences Liability will be limited to:
 - a. accrued sick leave payable at annual cash-out, retirement, or death at the rate of one day for four earned per RCW 28A.400.210;
 - b. shared sick leave payable per District policy and RCW 28A.400.380;
 - c. accrued sick leave payable for an individual on medical leave per District policies utilizing in excess of sixty consecutive working days; and
 - d. annual leave payable at annual cash-out, termination, retirement, or death per District policies.Each District will annually determine its participation levels for sick leave and vacation leave.
2. Fiscal Year – For purposes of this agreement, the term Fiscal Year shall mean the 12 month period beginning September 1 and ending August 31.

XI. TERMINATION FOR BREACH

1. If the ESD fails to comply with the terms and conditions of this agreement, the Pool, by two-thirds (2/3) majority vote of the total Advisory Board, upon thirty (30) days prior written notice to ESD, may terminate ESD as the Administrator.
2. If the District fails to comply with the terms and conditions of this agreement, the Advisory Board shall review the conditions of the breach of the agreement and upon two-thirds (2/3) majority vote of the Advisory Board, upon thirty (30) days prior written notice to the District, may terminate this agreement. In this regard, all decisions of the Advisory Board are final.

XII. DISSOLUTION OF POOL

The Pool may be dissolved by two-thirds (2/3) majority vote of the Advisory Board with the effective date midnight August 31 of any year. Such action for dissolution shall occur no later than May 30.

XIII. DISTRIBUTION OF ASSETS UPON DISSOLUTION / TERMINATION

1. Ownership of personal property purchased with the funds expended pursuant to this agreement shall remain vested in the Pool and shall be used or distributed as determined by the Executive Committee and approved by the ESD Board.
2. Each District shall be entitled to its share of the assets in the Pool after all potential liabilities of each District have been incurred and paid.
3. No distribution of assets shall be made to any District that owes the Pool funds until such amounts are paid.
4. Upon termination or dissolution, the District shall reimburse the Pool for any funds disbursed from the Pool in excess of the District's share of the assets.

XIV. ASSIGNMENT

This agreement may not be assigned by either party without written consent of the parties.

XV. WAIVER AND SEVERABILITY

No provision of this agreement, or the right to receive reasonable performance of any act called for by its terms, shall be deemed waived by a breach thereof as to a particular transaction or occurrence.

If any term or condition of this agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other terms, conditions, or applications of the agreement, which can be given effect without the invalid term, condition, or application, To this end the terms and conditions of the agreement are declared severable.

XVI. NONDISCRIMINATION

No person shall, on the grounds of race, creed, color, national origin, sex, marital status or the presence of any sensory, mental or physical handicaps, be excluded from participation in or be denied the benefit of, or otherwise be subjected to discrimination with regard to any activity pursuant to this agreement.

XVII. AGREEMENT

The parties acknowledge that they have read and understand this agreement, including any supplements or attachments, and agree in every particular. The parties further agree that this agreement, together with any appendices, constitutes the entire agreement between the parties and supercedes all communications, written or oral, related to the subject matter of this agreement. No alteration or variation of the terms of this agreement and no oral understanding or agreements not incorporated herein shall be binding unless made in writing and signed by the ESD and all of the participating Districts.

Signed: _____ Signed: _____
(ESD Superintendent or Designee) (District Superintendent or Designee)

Date: _____ Date: _____

District: _____

Resolution No.: _____

CAPITAL COMPENSATED ABSENCES LIABILITY POOL

BY-LAWS

I. POWERS

- A. This Pool shall have the power to prepare, adopt, amend, and repeal bylaws, rules and regulations and general policy statements for its own organization, government and guidance, provided that action taken with respect thereto is not inconsistent with State Law, the Washington Administrative Code and the Rules and Regulations of the Board of the ESD.
- B. This Pool shall have the power to call meetings of the Advisory Board, the Executive Committee, and other committees as are deemed essential to the accomplishment of its purpose.

II. MANAGEMENT

- A. All actions of the Executive Committee are subject to ratification by the Advisory Board at its next meeting.
- B. A quorum for all meetings of the Advisory Board shall be fifty (50%) of the membership.
- C. A quorum for all meetings of the Executive Committee shall be a majority of its members.
- D. Vacancies which occur in the membership of the Advisory Board shall be filled by the affected member District.
- E. Vacancies on the Executive Committee shall be filled by a quorum of the Advisory Board or by a mail ballot conducted by the ESD representative. Executive Committee members who have been selected to fill a vacancy shall serve the unexpired portion of the term.

III. ASSESSMENTS

Members may choose to use either or both of two assessment options defined below as "payroll based assessments" and "alternative lump-sum assessments". The primary difference between the two methods is the accounting method through which the assessments are expended at the District. The payroll based assessment offers the advantage of distributing costs across all District programs through a payroll related charge. The alternative lump-sum assessment offers the advantage of a simple method of assessing costs by charging all such assessments to school district expenditure program 97 or ESD expenditure program 01.

For new members, assessments for the current Fiscal Year may be prorated.

Payroll Based Assessments:

A monthly assessment may be calculated by multiplying the respective Rate of Assessment defined below times the District's monthly payroll that is subject to sick leave or annual leave depending on the participation level of the District and the staff contract. Such assessments are distributed across the same district expenditure programs as employee payroll expenses.

Rate of Assessment: The Rate of Assessment will be a ratio, calculated as follows:

The sum of the District's expected payout for the next fiscal year
PLUS
The District's desired amortization of its unfunded liability for compensated absences, reduced by
expected investment earnings
PLUS
The District's share of any administrative fees
DIVIDED BY
The District's expected gross payroll for the next fiscal year.

The Rate of Assessment shall be calculated separately for sick leave and annual leave depending on the participation level of the District and staff contracts. For example, staff not earning vacation leave will not be assessed for vacation.

Alternative Lump-Sum Assessments:

Annual, quarterly, or monthly lump-sum assessments may be made as determined by the currently desired District amortization of unfunded liability for compensated absences. All such lump-sum assessments shall be charged to school district expenditure program 97 or ESD expenditure program 01. Lump-sum assessments may be made in addition to or in-lieu-of payroll assessments described above.

Prior Compensated Absences Reserves:

Districts which prior to signing this agreement assessed, accrued, or otherwise created reserves for compensated absence liabilities, may transfer said amounts to the Pool, during the first 12 months following their signature on the agreement.

Special Assessment:

The Pool, on a two-thirds majority vote of the Advisory Board, may assess a special assessment on all Districts. This special assessment may be assessed when the funds of the Pool are depleted or anticipated to be depleted but such special assessment shall not be limited to such a situation.

Timing of Payments and Interest:

Payroll based assessments shall be due and payable by the 15th of the month for the payroll of the preceding month. Lump-sum payments may be made at any time. Payments received after the 15th will not be included for purposes of calculating that month's balance used to allocate investment earnings.

IV. CLAIMS

Payments for accrued sick and/or annual leave shall be made by the District and processed through its payroll. The District shall submit a claim for reimbursement to the ESD and shall be reimbursed from funds available in the Pool once or twice annually. Claims shall be submitted not later than October 31 and not earlier than March 31. Claims must be accompanied by the annual report specified in the Agreement.

Payments of claims for any District shall not exceed the following:

The District's contributions via monthly assessments

PLUS

The District's pro-rata share of investment earnings (This allocation will be based on average monthly balance taking into consideration late payments as discussed above)

LESS

The District's share of the administrative fees pro-rated by months of membership for the fiscal year

LESS

A minimum balance of \$1,000.

V. DUTIES OF ESD 113

In accordance with this agreement, ESD 113 will act as Pool Administrator and in this regard will:

1. Receive all Pool payments from the Districts.
2. Establish a Pool fund with the County Treasurer and shall deposit all payments in this fund.

3. Those individuals authorized to invest funds on behalf of ESD shall be authorized to invest funds on behalf of the Pool.
4. Pay annually from the Pool funds on deposit with the County Treasurer, all claims from Districts for actual payments made for compensated absence liabilities, as defined in the agreement, to the extent of available funds. Such payment(s) shall be made when they have been properly approved and presented to ESD by the Districts with the report due on or before October 31 for the prior school year. All such payments shall be vouchered and approved for payment by the Board of Directors of ESD 113 at their regular monthly meeting. In the event funds are not sufficient the payment will be limited to available funds.
5. Have budget responsibility, including maintenance of adequate financial records, in order to properly manage the Pool as well as provide financing reports to the Advisory Board.
6. Have general administrative responsibility of the Pool.
7. Provide annually to member Districts a financial report of the Pool detailing for each member, the beginning balance, the contributions, the allocated investment earnings, the allocated administrative fee, the claims paid, and the ending balance.

VI. CONFIDENTIALITY

All data or information furnished to ESD 113 as Pool Administrator by the District pursuant to this agreement shall remain the property of the District and shall not be disclosed to third parties except by written consent of the District. The only exception to this will be data or information requested by the Washington State Auditor's Office within the constraints of the Public Disclosure Laws.

VII. PUBLIC DISCLOSURE

No records of the District shall be made available for public inspection or copying by any party without written consent of the District. Requests pursuant to RCW 42.17 for inspection or copying of public records of the District held or maintained by ESD as administrator shall be referred to the District.

VIII. DISPUTES

Any dispute, claim, or grievance arising out of or relating to the interpretation or application of this agreement shall be submitted first to the Executive Board of the Pool for their recommendation. The final resolution of all disputes shall be made by the Advisory Board.