

COMPENSATED ABSENCES LIABILITY POOL

INTERLOCAL COOPERATIVE AGREEMENT

PUGET SOUND EDUCATIONAL SERVICE DISTRICT

The Board of Puget Sound Educational Service District, hereinafter referred to as the "PSESD" and Puyallup School District #3 hereinafter referred to as the "LEA," 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 "Cooperative" and hereby agree as follows:

I.

NAME

This organization shall be known as the Compensated Absences Liability Pool Cooperative for member school districts (LEAs) for Puget Sound Educational Service District (PSESD).

II.

PURPOSE

The purpose of this organization shall be to join in a cooperative manner to form a pool to reimburse LEAs for payments, for accrued sick and/or annual leave due to annual cash out, retirement, or death of employees, which are the liability of the member LEAs.

III.

JOINING THE COOPERATIVE

LEAs that apply for membership shall be offered a contract only upon approval of a majority of the Advisory Committee and shall be admitted in accordance with and upon execution of the Interlocal Cooperative Agreement.

IV.

RENEWAL AND TERMINATION

This agreement is subject to automatic renewal from year to year unless the LEA or the PSESD wishes to terminate or change participation in the Cooperative. LEAs are required to give written notice of their election to terminate or change participation to the PSESD at least ninety (90) days prior to August 31 and the PSESD must give written notice of its election to terminate or change participation to the LEAs at least ninety (90) days prior to August 31.

V.

FINANCING

1. Services will be supported totally by Pool funds previously contributed by LEAs. All LEA payments to the Pool shall be made on a monthly basis.
2. The Executive Board of the Cooperative Advisory Committee will negotiate an annual administration fee with PSESD. This fee will be paid by the Pool to PSESD on a quarterly basis at the beginning of each quarter. For the first year this fee will be limited to a flat \$500 per district with FTE under 5,000 and a flat \$1,000 per district with FTE over 5,000 to be prorated to date of joining. In all cases, the fee will be limited to not exceed the amount of investment earnings.

VI.

DUTIES OF THE LOCAL EDUCATION AGENCIES

In order to facilitate this agreement and avail themselves of the services to be provided by the PSESD, the LEA shall perform the following functions and duties:

1. The LEA shall pay its share for the program costs. The expenditure of these funds shall be the responsibility of the PSESD. Programs for the purposes of this paragraph mean the total services provided by the PSESD pursuant to this agreement and all costs associated therewith.
2. The LEA shall annually provide the ESD with a detail report setting forth separately the accrued liabilities for compensated absences as of August 31. Said report shall be provided not later than October 31.
3. Each LEA will be responsible to maintain the backup documentation for claims submitted to meet audit requirements.

VII.

DUTIES OF THE EDUCATIONAL SERVICE DISTRICT

In order to assist the LEA in providing services, the PSESD shall perform the following functions and duties within the constraints of funds made available by the LEAs for the purposes of this agreement:

1. Develop budget and expend funds made available by the LEAs for the purpose of supporting and maintaining cooperative services provided for herein during the contract year encompassed by this agreement.
2. Coordinate the purchase of supplies and materials for the Cooperative.
3. Employ, compensate, and provide the technical personnel to operate the Cooperative. All persons employed by the PSESD for the purpose of staffing the Cooperative shall be employed under the direction of, and shall be bound by, the personnel policies as previously or hereafter adopted by the PSESD Board.
4. Provide the necessary administrative services for the efficient operation of the Cooperative. Such services shall include, but not be limited to, supervision, accounting services, payroll, and other bookkeeping requirements.
5. Provide the space to house the employees and materials, when and where necessary, for the efficient performance of responsibilities.
6. Conduct meetings of the Advisory Committee to review expenditures and goal progress.

VIII.

OWNERSHIP OF PROPERTY

Ownership of personal property purchased with the funds expended pursuant to this agreement shall remain vested in the Cooperative and shall be used or distributed as determined by the Advisory Committee of the Cooperative and approved by the PSESD Board.

IX.

ADMINISTRATIVE UNIT

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

X.

DEFINITIONS

1. **Compensated Absences Liability.** For the purposes of this agreement, Compensated Absences Liability will be limited to accrued sick leave payable at annual cash-out, death, or retirement at the rate of one day for four earned per RCW 28A.400.210 and annual leave payable at annual cash-out, death, or retirement per LEA policies. Each LEA will determine its participation level.
2. **Fiscal Year.** For the purposes of this agreement, the term Fiscal Year shall mean the 12 month period beginning September 1 and ending August 31.

XI.

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.

XII.

VERBAL AGREEMENTS

This written agreement constitutes the mutual agreement of the LEAs and the PSESD in whole. 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 PSESD and all of the participating LEAs.

XIII.

ASSIGNMENT

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

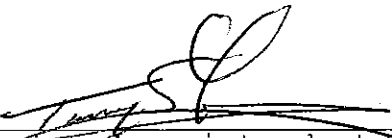
XIV.

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 the end the terms and conditions of this agreement are declared severable.

Signed: 
(BSESP Superintendent)

Signed 
(District Superintendent or Designee)

Date: 9-7-12

Date: 8-15-12

District: Payroll S.D. #3

Resolution No.: _____

BY-LAWS

I.

POWERS

- A. This Cooperative 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 PSESD.
- B. This Cooperative shall have the power to call meeting of the Advisory Committee, the Executive Board, and other committees as are deemed essential to the accomplishment of its purpose.
- C. This Cooperative shall advise the PSESD on the management of the Cooperative.

II.

MANAGEMENT

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

III.

ASSESSMENTS

For new members the rate of assessment for the first year will be prorated for the current Fiscal Year.

Rate of Assessment:

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

THE SUM OF

1. The LEA's expected payout for the next fiscal year

PLUS

2. The LEA's desired amortization of its unfunded liability for compensated absences, reduced by expected investment earnings.

DIVIDED BY

3. The LEA's expected total gross payroll for the next fiscal year.

This Rate of Assessment will be calculated separately for sick leave and/or annual leave depending on the participation level of the LEA.

Assessment Calculation:

The monthly assessment will be calculated by multiplying the Rate of Assessment times the LEA's total monthly payroll that is subject to sick leave and/or annual leave depending on the participation level of the LEA.

Assessments:

Assessments shall be due and payable by the 15th of the month for the payroll of the preceding month. Late payments will not be included for purposes of calculating that month's balance for purposes of allocating investment earnings.

Special Assessment:

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

IV.

CLAIMS

Claims:

Payments for accrued sick and/or annual leave shall be made by the LEA and processed through its payroll. The LEA shall submit a claim for reimbursement (form Annex 2) to the ESD and shall be reimbursed from funds available in the Pool.

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

1. The LEA's contributions via monthly assessments,

PLUS
2. The LEA's prorata share of investment earnings. This allocation will be based on average monthly balance taking into consideration late payments as discussed above.

LESS
3. The LEA's share of the administrative costs prorated by months of membership for the fiscal year.

LESS
4. A minimum balance of \$1,000.

V.

DUTIES OF PSESD

In accordance with this agreement, PSESD will:

- A. Act as Pool Account trustee and in this regard will:
 1. Receive all Pool payments from the LEAs.
 2. Establish a Pool Cooperative fund with the King County Treasurer and shall deposit all payments in this fund.
 3. Those individuals so appointed by resolution of the PSESD Board to invest funds in behalf of PSESD shall be authorized to invest funds in behalf of the Pool Account Cooperative in authorized investments per RCW 36.29.020.
 4. Pay annually from the Pool Account Cooperative funds, on deposit with the King County Treasurer, all claims from LEAs for actual payments made for accrued sick and/or annual leave due to annual cash-out, death, or retirement to the extent of available funds. Such payment(s) shall be made when they have been properly approved and presented to PSESD by the LEAs with the report due October 31. All such payments shall be vouchered and approved for payment by the Board of Directors of PSESD 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 Account Cooperative as well as provide financing reports to the Cooperative Advisory Board.
 6. Have general administrative responsibility of the Cooperative.
 7. Provide annually to member LEAs 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. In addition, a copy of the County Treasurer's report showing the balance of funds as of August 31 and a copy of the computation of the allocation of investment earnings and ESD management fee shall be provided.
 8. The reports mentioned in item 7 above will be reviewed and approved by the Executive Committee prior to distribution.

VI.

CONFIDENTIALITY

All data or information furnished to PSESD as Cooperative trustee by the LEA pursuant to this agreement shall remain the property of the LEA and shall not be disclosed to third parties except by written consent of the LEA. 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 LEA shall be made available for public inspection or copying by any party without written consent of the LEA. Requests pursuant to RCW 42.17 for inspection or copying of public records of the LEA held or maintained by PSESD as trustees shall be referred to the LEA.

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 Cooperative for their recommendation. The final resolution of all disputes shall be made by the Cooperative Advisory Committee.

IX.

TERMINATION FOR BREACH

- A. If the PSESD, as trustee, fails to comply with the terms and conditions of this agreement, the Cooperative, by two-thirds (2/3) majority vote of the total Cooperative Advisory Committee upon thirty (30) days prior written notice to PSESD, may terminate PSESD as trustee. If PSESD is terminated as trustee, the Cooperative Advisory Committee, on recommendation of the Executive Board, will name a new trustee who will function in that position on behalf of the Cooperative.
- B. If the LEA fails to comply with the terms and conditions of this agreement, the Executive Board shall review the conditions of the breach of the agreement and if necessary, make recommendations to the Cooperative Advisory Committee for the termination of the agreement with the LEA.

In this regard, the Cooperative, by two-thirds (2/3) majority vote of the total Cooperative Advisory Committee

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upon thirty (30) days written prior notice to the LEA, may terminate this agreement as of August 31 of any year.

X.

DISSOLUTION

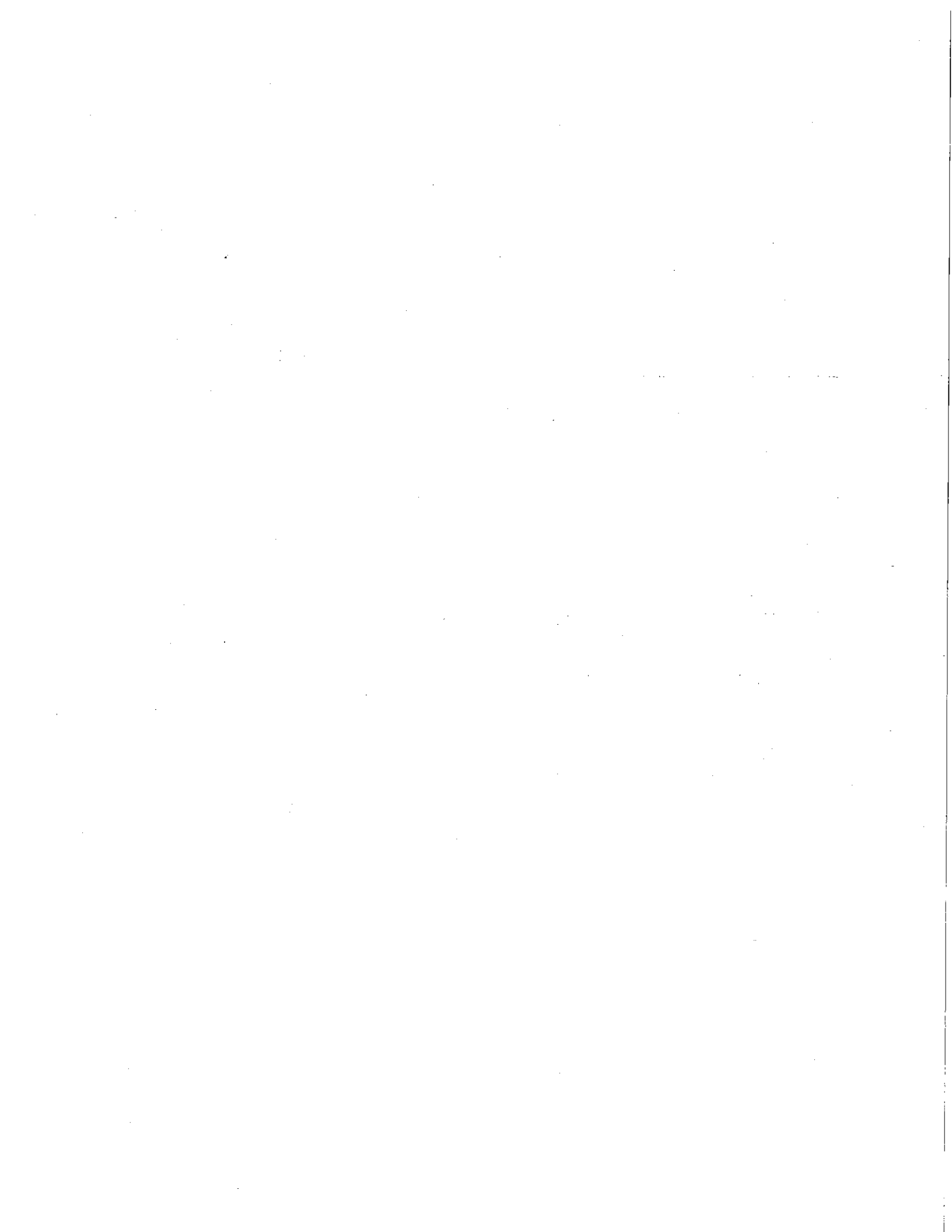
The Cooperative may be dissolved as of midnight, August 31, of any year by a two-thirds (2/3) majority vote of a quorum of the Cooperative Advisory Committee. Such action for dissolution shall occur no later than August 8.

XI.

DISTRIBUTION OF ASSETS UPON DISSOLUTION/TERMINATION

Upon dissolution of the Cooperative or termination of the agreement with any party hereto, the following provisions shall apply:

- A. If for any reason the Cooperative is dissolved, each LEA shall be entitled to its share of the fund balance in the Cooperative on the date of dissolution.
- B. If an LEA is terminated or terminates, such LEA shall be entitled to its share of the fund balance in the Cooperative on the date of termination.
- C. No distribution of funds to any LEA shall be made if assets of the Cooperative are less than liabilities.
- D. No distribution of assets shall be made to any LEA that owes the Cooperative funds until such amounts are paid.
- E. Fund balance is defined for this agreement as the excess of assets over liabilities. An LEA's share of the fund balance would be the contributions made by the LEA plus a prorata share of the investment earnings less payments made on behalf of the LEA for:
 - (1) claims submitted by the LEA for accrued sick and/or annual leave
 - (2) the LEA's share of the fees paid to PSESD for management of the pool



PUYALLUP SCHOOL DISTRICT NO. 3
RESOLUTION NO. 158 2011-12

WHEREAS, Pursuant to RCW 39.34, the Puget Sound Educational Services District Compensated Absences Liability Pool was formed to reimburse member districts for payments for accrued sick and/or vacation leave due to annual cash out, retirement, or death of employees of member districts; and

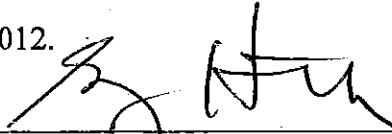
WHEREAS, the District is obligated to pay out accrued sick and vacation leave due to annual cash outs, retirements and death of our employees; and

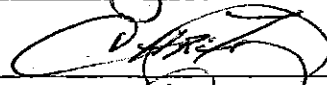
WHEREAS, It is a prudent practice and is in the best interest of the District to ensure there are sufficient resources set aside on an ongoing basis so as to not put an undue and unexpected burden on cash flow in any given period;

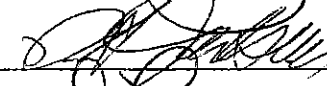
NOW THEREFORE, BE IT RESOLVED THAT:


1. The Superintendent is authorized to enter into an interlocal agreement to join the Puget Sound Educational Service District Compensated Absences Liability Pool.

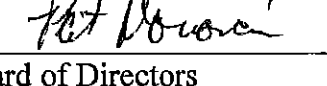
ADOPTED this 27th day of August, 2012.



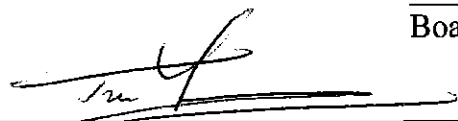








Board of Directors



Timothy S. Yeomans
Board Secretary

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