

**Puget Sound Workers' Compensation Trust
And Unemployment Pool (PSWCT-UP)
CONSTITUTION AND BY-LAWS**

PSWCT-UP CONSTITUTION

I. NAME

This organization shall be known as the Puget Sound Workers' Compensation Trust and Unemployment Pool hereinafter referred to as the PSWCT-UP.

II. PURPOSE

The purpose of this organization shall be to provide group insurance and claims administration services for workers' compensation and unemployment compensation insurance to the member school districts and ESDs.

III. MEMBERSHIP

- A. The membership of PSWCT-UP shall consist of the several school districts and ESDs who sign or have previously signed contracts for services (interlocal agreements) with Puget Sound Educational Service District (PSESD).
- B. School districts and ESDs that apply for membership shall be offered a contract only upon approval of a simple majority of the Executive Advisory Board.
- C. Each member shall have one representative on the Board of Trustees.

IV. DEFINITIONS

- A. **Chairperson** shall mean that person elected by the Executive Advisory Board who presides at all PSWCT-UP meetings and serves as the official representative of the Executive Advisory Board.
- B. **Cooperative Agreement** shall mean a document issued by PSWCT-UP to members specifying the type, amount, and conditions of coverage provided by the PSWCT-UP to each Member.
- C. **Executive Advisory Board** shall mean the advisory body of the PSWCT-UP constituted as set forth in these Bylaws.
- D. **Executive Director** shall mean the person with the delegated authority of PSESD's Superintendent responsible for the daily administration, management, and operation of the PSWCT-UP.
- E. **Local Education Agency (LEA)** shall mean a public authority legally constituted by the State of Washington as an administrative agency to provide control of and direction for pre-kindergarten through twelfth grade public educational institutions.
- F. **Member** shall mean an LEA which has on file a signed Cooperative Agreement with Puget Sound Educational Service District.
- G. **Quorum** shall mean a majority of the Executive Advisory Board membership.
- H. **Secretary** shall mean PSWCT-UP's Executive Director who is responsible for reviewing and reporting on the activities of the PSWCT-UP with administrative support from PSESD. The Secretary serves as a non-voting member of the Executive Advisory Board.

- I. **Treasurer** shall mean the PSWCT-UP's Director of Finance responsible for reviewing and reporting on the financial activities of the PSWCT-UP with administrative support from PSED. The Treasurer serves as a non-voting member of the Executive Advisory Board.
- J. **Trustee** shall mean the member LEA-designated representative to the PSWCT-UP.
- K. **Vice Chairperson** shall mean that person elected by the Executive Advisory Board who serves as Chairperson in the absence of the Chairperson.

V. OFFICERS AND THEIR ELECTION

- A. The Executive Advisory Board, consisting of nine members elected by the Board of Trustees, shall select a Chairperson from among its members annually, and shall also serve as Chairperson of the Board of Trustees. The Executive Advisory Board shall also elect a Vice Chairperson.
- B. Members of the Executive Advisory Board shall be elected to staggered three (3) year terms. Districts will be categorized as large, medium, or small based on the number of workers hours per year and/or as defined by Office of Superintendent of Public Instruction (OSPI). Each school district sized category will have three representatives on the Executive Advisory Board. Members of the Board of Trustees may vote only for candidates within its own category.
- D. The Puget Sound ESD shall appoint one non-voting member to the Executive Advisory Board.
- E. To be eligible as a member of the Executive Advisory Board, a district must be a member of both the Puget Sound Workers' Compensation Trust and the Puget Sound Unemployment Pool.

VI. MEETINGS

- A. The Board of Trustees shall meet as required, when called by the Chairperson, or a majority of its members, to conduct the business of the PSWCT-UP; provided, that there shall be at least one meeting of said Board annually between September 1 and August 31. A quorum of Executive Advisory Board members must be present for the transaction of business.
- B. The frequency of Executive Advisory Board meetings shall be determined by the members of the Board, provided that the Chairperson or a majority of its members may call a meeting at any time deemed necessary.

VII. CONSTITUTION AMENDMENTS

This constitution may be amended at any meeting of the Board of Trustees by a (2/3) two-thirds majority vote of all members, provided that notice, in writing, has been sent to all members not less than twenty days in advance of the meeting and absentee ballots are furnished.

PSWCT-UP BY-LAWS

I. POWERS

- A. PSWCT-UP shall have the power to prepare and adopt, amend, and repeal by-laws, 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 Rules and Regulations of the Puget Sound Educational Service District Board.
- B. PSWCT-UP shall have the power to call meetings of the Board of Trustees, the Executive Advisory Board, and other committees as are deemed essential to the accomplishment of its purpose.
- C. PSWCT-UP shall fix the annual membership charge and any other assessment that may be required. All such charges and assessments shall be approved by the Puget Sound Educational Services District Board.
- D. PSWCT-UP shall advise the Puget Sound Educational Service District on the management of the PSWCT-UP.

II. ADVISORY MANAGEMENT

Except as otherwise expressly provided herein, PSWCT-UP advisory functions are delegated by the Board of Trustees to the Executive Advisory Board.

III. VACANCIES

- A. Vacancies which occur in the membership of the Board of Trustees shall be filled by the affected member districts.
- B. In the case of a vacancy on the Executive Advisory Board, the Executive Advisory Board Chairperson shall appoint a replacement from the membership of the Board of Trustees. Executive Advisory Board members who have been selected to fill a vacancy shall serve until the next annual meeting of the Board of Trustees.

IV. MEETINGS

- A. At all meetings of the Board of Trustees, 25 percent of the membership shall constitute a quorum.
- B. At all meetings of the Executive Advisory Board, a simple majority of its members shall constitute a quorum.
- C. If a member of the Executive Advisory Board misses three successive meetings, that member may be replaced as prescribed in Section III, B.

V. OTHER COMMITTEES

The Chairperson may appoint such other ad hoc committees as are deemed necessary from time to time to advise the Executive Advisory Board or the Board of Trustees.

VI. FINANCIAL OBLIGATIONS

Workers' Compensation Insurance

For workers' compensation insurance coverage and management, expenditures incurred in the management of the operations of the Trust must be in accordance with its approved budget and must be authorized by the Puget Sound Educational Service District Board. Member districts are subject to the duties defined in the interlocal agreement between the District and PSESD under §6 – Duties of the District.

Unemployment Compensation Insurance

For unemployment insurance coverage and management, member districts are subject to the duties defined in the interlocal agreement between the District and PSESD under §7 – Duties of the District. Further, member districts participating in unemployment compensation coverage and management are subject to the following:

- A. Reserve Ratio - The Reserve Ratio shall be defined as a percent of the previous year's gross wages and shall be the level of the reserve that shall be maintained in the Account Cooperative. The Executive Advisory Board will set the Reserve Ratio annually. The Reserve Ratio will be the percentage agreed upon by the Executive Advisory Board as the best amount to pay all claims and support the administration of the unemployment pool through the upcoming year. This calculation will be used to set the Reserve Ratios to begin September 1st of each year.
- B. Rate of Assessment – New Members - All new districts, upon entry, will be required to contribute into the Pool the amount equal to the Reserve Ratio. At the end of each quarter, new members will be billed for all costs (claims and administration) due and payable within 30 days.
- C. Rate of Assessment – Current Members - All members are required to maintain at all times a minimum level which is the Reserve Ratio.
- D. Payments - Assessments shall be due and payable within five (5) working days of the LEA normal pay date and will be considered delinquent on the 5th working day of the next succeeding month. A penalty shall be assessed at the rate of one percent (1%) per month due on delinquent payments.
- E. Excess Fund Balance - An assessment of the fund balance for each district will be conducted annually. A fund that exceeds three times the Reserve Ratio will be considered to be in an excess balance state. Those districts in an excess balance state will be notified of their status and given the opportunity to withdraw all or any portion of the excess funds at the time. Excess funds will be dispersed once per fiscal year.
- F. For purposes of financial reporting of the operations of the Pool, a Risk-Sharing Pool approach will be utilized as defined by Governmental Accounting Standards Board (GASB) Statement 10.

VII. PARLIAMENTARY PRODECURES

All questions of parliamentary procedures shall be governed in accordance with *Roberts Rules of Order* (Revised).

VIII. BYLAWS AMENDMENTS

- A. These by-laws may be amended at any meeting of the Board of Trustees by a two-thirds majority vote of all members, provided that notice, in writing, has been sent to all

members not less than twenty days in advance of the meeting and absentee ballots are furnished.

- B. In the event of any emergency where the purpose of the PSWCT-UP would suffer materially by delay, Section VIII A may be suspended, provided that the Chairperson or quorum of the Executive Advisory Board declares that an emergency exists. Prior to the meeting at which the subject of the emergency is to be addressed, the members of the Executive Advisory Board are notified individually of the nature of the emergency, and an affirmative vote of the majority shall be necessary to effect the suspension of the twenty day notice.

IX. TERMINATION

If the PSESD, as trustee, fails to comply with the terms and conditions of this agreement, PSWCT-UP, by two-thirds (2/3) majority vote of all Trustees upon thirty (30) days prior written notice to PSESD, may terminate PSESD as trustee. If PSESD is terminated as trustee, the Trustees, on recommendation of the Executive Advisory Board, will name a new trustee who will function in that position on behalf of the group.

If the LEA fails to comply with the terms and conditions of this agreement, the Executive Advisory Board shall review the conditions of the breach of the agreement and if necessary, make recommendations to the member Trustees for the termination of the agreement with the LEA.

In this regard, the group, by two-thirds (2/3) majority vote of the total Trustees upon thirty (30) days written prior notice to the LEA, may terminate this agreement as of August 31 of any year.

Workers' Compensation Insurance

For workers' compensation insurance coverage, procedures for termination of membership by a member district, or cancellation of coverage by the PSWCT-UP will be in accordance with the Cooperative Pool Account Agreement and WAC 296-15.

Unemployment Compensation Insurance

For unemployment compensation insurance coverage, any LEA that wishes to dissolve its membership with the Pool must provide their intention to PSWCT-UP in written form six months prior to their proposed termination date. Distribution of assets upon termination shall be handled as follows:

- A. If for any reason the Pool is dissolved, each LEA shall be entitled to its pro rata share of the fund balance with the King County Treasurer on the date of dissolution.
- B. If an LEA is terminated or terminates, such LEA shall be entitled to its pro rata share of the fund balance in the Pool on the date of termination. In addition, such LEA will be solely responsible for subsequent claims filed against it with the Employment Security Department.
- C. No distribution of funds to any LEA shall be made if assets of the Pool are less than liabilities including amounts owed the Employment Security Department.
- D. No distribution of assets shall be made to any LEA that owes the Pool funds until such amounts are paid.

- E. Fund balance is defined for this agreement as the excess of assets over liabilities. LEA's pro rata share of the fund balance would be the contributions made by the LEA plus a pro rata share of the investment earnings less payments made on behalf of the LEA for:
- (1) claims paid by the Employment Security Department
 - (2) charges from the claims administrator
 - (3) the pro rata share of the fees paid to PSESD for management of the Pool
 - (4) the pro rata share of fees paid to the investment counselor

X. INDEMNITY AGREEMENT

The purpose of this Indemnity Agreement is to affirm the joint and several obligations of members of PSWCT-UP to make any and all payments into the PSWCT-UP which may be necessary to meet its obligations under local, state, or federal law or regulation. To this end, it is agreed by each of the undersigned as follows:

Workers' Compensation Insurance

Because the amount required to fulfill workers' compensation obligations cannot be known precisely in advance, assessments, reserve requirements, and other financial parameters of the group's operation must necessarily be initially established and subsequently maintained by means of estimates. Any interim transactions and their effects of the group notwithstanding, it is mutually agreed by the group and each of its members that all members participating in the group for any period will jointly and severally be liable for payment of any assessments, premiums, and other amounts necessary to meet any benefit, expense or other lawful obligation of the group arising from that period. This joint and several liability will apply without limitation as to amount, and without any restriction as to when any portion of the obligation is identified. Specifically, any members who terminate their participation in the group, voluntarily or involuntarily, will remain jointly and severally liable for payment of any Group obligations attributable to their period of membership, regardless of when part or all of these obligations become known.

XI. ASSIGNMENT

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

XII. 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.

(signatures follow)

BY PUGET SOUND EDUCATIONAL SERVICE DISTRICT

BY _____
Chairperson of the Executive Advisory Board

Date _____

BY _____
Executive Director
Puget Sound Workers' Compensation Trust
and Unemployment Pool

Date _____

BY _____
Superintendent
Puget Sound Educational Service District

Date _____

BY SCHOOL DISTRICT

BY _____
Superintendent (Signature)

Date 7/22/24

BY LAURIE DENT
Superintendent (Print Name)

