

Northwest Educational Service District 189 NWESD 189 Compensated Absences Liability Pool Interlocal Cooperative Agreement

WHEREAS, RCW 39.34 and RCW 28A.320.080 together authorize the local school districts within the State of Washington to join together to form cooperatives for the purpose of providing services for the participating school districts;

WHEREAS, RCW 28A.310.180 directs educational service districts to establish cooperative service programs for school districts within their service area which will hopefully economize for the local school districts by providing services that would otherwise be more expensive if the cooperative were not formed or which will provide services that could not otherwise be efficiently acquired including services provided directly to their students;

WHEREAS, several local school district superintendents and their Boards of Directors within the Northwest Educational Service District 189 (NWESD 189) service area have also determined that compensated absences pool is desirable and have requested NWESD 189 to form a Compensated Absences Liability Pool Cooperative to help provide this support; and,

WHEREAS, the Board of Directors and Superintendent of NWESD 189 have agreed to coordinate and operate a Compensated Absences Liability Pool Cooperative.

NOW THEREFORE, a Compensated Absences Liability Pool Cooperative is hereby created by and between Northwest Educational Service District 189 (hereinafter referred to as NWESD 189) and various school and educational service districts (the signatory district to this Agreement is hereinafter referred to as District) according to the below described terms and conditions.

I. NAME AND PURPOSE

This Cooperative shall be known as the *NWESD 189 Compensated Absences Liability Pool* (hereinafter referred to as Cooperative). The purpose of the Cooperative is to form a pool to reimburse member districts for employee compensated leave payment obligations, including accrued sick and/or annual leave due to annual cash-out, long-term medical leave, retirement, or death of employees.

II. ORGANIZATION

Membership in the Cooperative will be limited to member school and educational service districts that execute a copy of this Agreement. All membership applications require submission of two appropriately completed copies of this Agreement, signed by its superintendent.

An Advisory Board is established, consisting of one (1) representative of each member. The duties of the Advisory Board shall include, but not limited to, establishing an Executive Committee, meeting periodically to rule on matters such as Cooperative 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 modifying the bylaws of the Cooperative. The initial bylaws will be approved by member District execution of the Interlocal Agreement. Bylaw revisions 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 initial term of this Agreement shall be from September 1, 2006 through August 31, 2007. The Agreement shall then be automatically renewed from year to year thereafter, unless the District provides written notice to the NWESD 189 of its election to terminate its Agreement on or before the prior March 1st, 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 limited to the investment earnings on each district's Cooperative deposits, up to \$1,000 annually. Investment earnings in excess of this annual limit shall be credited to each District's account.

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

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

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

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

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

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

Any District which shall become a member after June 30, 2006, 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 bylaws.

VII. DUTIES OF THE DISTRICT

In accordance with this Agreement, the District will:

- 1) Designate a representative to the Advisory Board.
- 2) Pay to NWESD 189, as the Cooperative's administering entity, its share of program costs. Programs for the purposes of this paragraph mean the total services provided by the NWESD 189 pursuant to this Agreement and all costs associated therewith.
- 3) Provide the NWESD 189 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 Cooperative. Said report shall be provided not later than~~ October 31 and not earlier than June 1.
- 4) Be responsible for maintaining backup documentation for all Cooperative 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 Cooperative fund.

VIII. DUTIES OF THE NWESD 189

In accordance with this Agreement, the NWESD 189 shall perform the following functions and duties within the constraints of funds made available by the District:

- 1) Prepare an annual management plan and present it to the Advisory Board which shall have the authority to accept, reject, modify, and approve the same.
- 2) Receive all Cooperative payments per Paragraph VII.
- 3) Pay from the Cooperative funds, all costs related to employee compensated absences and Cooperative administration.
- 4) Provide for the receipt and disbursement of funds and maintain adequate financial records in order to properly manage the Cooperative as well as provide financial reports to the Executive Committee, and Advisory Board. In addition, adequate statistical records will be maintained in order to project assessments, fees, use, or other data.
- 5) Assign the NWESD 189 auditing officer to sign all claim vouchers on behalf of the Cooperative.
- 6) Be responsible for employment of any staff and the general administration of the Cooperative.
- 7) Invest surplus funds on behalf of the Cooperative.
- 8) Establish a Cooperative account with the Skagit County Treasurer.

IX. GOVERNANCE

Administration – It is agreed that the coordination, administration, and management of the Cooperative shall be by the NWESD 189. All services provided by the NWESD 189 shall be performed in accord with policies adopted by the NWESD 189 Board, including but not limited to, policies regarding hiring, reduction in force, annual leave, salary, and other personnel policies.

Advisory Board – There shall be an Advisory Board, which shall consist of District superintendents, or their designees. The Advisory Board shall be responsible for recommending the level of support services, the costs of membership in the Cooperative, the types of memberships available to the Districts and other policy decisions regarding the operation of the Cooperative. The Advisory Board shall have the authority to 1) accept, reject, modify, and approve the Annual Management Plan, as shown in Section VIII, and 2) apprise the NWESD 189 of current needs. The Advisory Board shall modify bylaws and rules of governance, as it determines appropriate and necessary. The initial set of bylaws are approved by member District execution of the Interlocal Agreement.

Executive Committee – The Advisory Board shall elect an Executive Committee, which shall consist of up to four (4) members. The NWESD 189 representative shall serve as a permanent member. The remaining three (3) District members shall be elected by the Advisory Board and shall serve staggered terms of three (3) 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 NWESD 189 representative shall serve as Secretary of the Executive Committee and the Advisory Board.

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 Cooperative; provided that there shall be at least one (1) meeting of said Committee annually between September 1 and August 31.

X. DEFINITIONS

Compensated Absence(s) Liability – For the purpose of this Agreement, Compensated Absence(s) Liability will be limited to 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; accrued sick leave payable for an individual on medical leave per District policies utilizing in excess of sixty (60) consecutive working days; and annual leave payable at annual cash-out, death, or retirement per District policies. Each District will determine its participation level.

Fiscal Year – For purposes of this Agreement, the term Fiscal Year shall mean the twelve (12) month period beginning September 1 and ending August 31.

XI. TERMINATION FOR BREACH

If the NWESD 189 fails to comply with the terms and conditions of this Agreement, the Cooperative, by two-thirds (2/3) majority vote of the total Advisory Board, upon thirty (30) days prior written notice to NWESD 189, may terminate NWESD 189 as the Administrator.

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 with the District. In this regard, all decisions of the Advisory Board are final.

XII. DISSOLUTION OF COOPERATIVE

The Cooperative 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 the preceding April 30.

XIII. DISTRIBUTION OF ASSETS UPON DISSOLUTION / TERMINATION

Since NWESD 189, as designated Administrator of this Cooperative, will have title to all property acquired through this Cooperative and is operating other Cooperatives for the various districts within its service area, if this Cooperative dissolves, the title to all remaining property and assets from the Cooperative will remain with the NWESD 189 to be used for NWESD 189 purposes.

Each District shall be entitled to its share of the assets in the Cooperative after all potential liabilities of each District have been incurred and paid.

No distribution of assets shall be made to any District that owes the Cooperative funds until such amounts are paid.

Upon termination or dissolution, the District shall reimburse the Cooperative for any funds disbursed from the Cooperative 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.

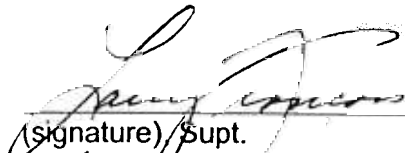
If any term or condition of this Agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other terms, conditions, or applications of the Agreement, which can be given effect without the invalid term, condition, or application. To this end the terms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

XVI. NONDISCRIMINATION

No person shall, on the grounds of race, creed, color, national origin, gender, 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 supersedes 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 NWESD 189 and all of the participating Districts. Further, the parties indicate they have the legal authority to obligate their respective entity to the terms and conditions contained herein.

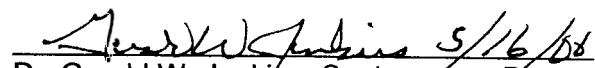


(signature) Supt. 3/1/06 Date

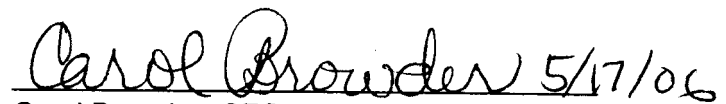
Larry Francois

(printed name)

Lakewood School District



Dr. Gerald W. Jenkins, Supt. 5/16/06 Date
Northwest Educational Service District 189



Carol Browder, CFO 5/17/06 Date
Northwest Educational Service District 189

Attach copy of authorizing resolution number 01-06

LAKWOOD SCHOOL DISTRICT #306

RESOLUTION NO. 01-06

A resolution to authorize membership in the Northwest Educational Service District 189 (NW ESD 189) Compensated Absences Liability Pool

WHEREAS, RCW 28A.400.210 provides for cash-out of unused sick leave due to annual election, retirement, or death;

WHEREAS, District policies provide for cash-out of unused annual leave due to annual election, retirement, or death;

WHEREAS, RCW 28A.400.300(2)(c) provides for the use of sick leave by an employee which may on occasion exceed sixty (60) consecutive working days;

WHEREAS, these cash-outs of unused benefits cause undo hardship to programs at the time of incurrence;

WHEREAS, Northwest Educational Service District 189 (NWESD 189), pursuant to RCW 28A.310.180(3), has created a cooperative to form a pool to reimburse such payments; and,

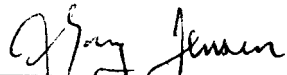
WHEREAS, RCW 39.34 authorizes school districts and educational service districts to enter into cooperative agreements.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Lakewood School District No. 306, Snohomish County, Washington agrees that:

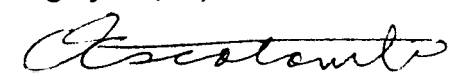
- 1) Effective September 1, 2006, the Lakewood School District No 306, Snohomish County, Washington, will become a member of a cooperative pool to fund compensated absences liabilities, which has been formed as an interlocal cooperative and is known as the *NWESD 189 Compensated Absences Liability Pool*, and which has designated the NWESD 189 to serve as the administrator.
- 2) The general purpose of the cooperative is the collection, investment, and payment of funds for the purpose of meeting member school district payments for cash-outs of unused accrued leave(s).
- 3) The cooperative shall function through NWESD 189, in accordance with the terms and conditions of the attached Agreement and policies of the NWESD 189 Board of Directors.
- 4) The superintendent of the Lakewood School District No. 306, Snohomish County, Washington, or his/her designee, is hereby designated as District representative to the Compensated Absences Liability Pool Advisory Board.

Adopted by a majority of the Board of Directors at the regular meeting held March 1, 2006.

Board Members,
Lakewood School District #306




Gregory Jensen, Board President




Oscar Escalante, Board Vice-President



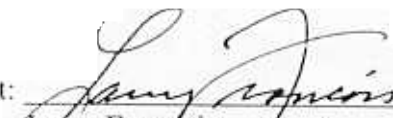
Ellen Phillips, Board Member



Jill Leonard, Board Member



Ken Christiansen, Board Member

Attest:  3/1/06
Larry Francois, Secretary of the Board Date