

**GREATER SOUTHERN TIER AREA SCHOOLS SELF-INSURED WORKERS' COMPENSATION PLAN
MUNICIPAL COOPERATION AGREEMENT**

Effective this 1st day of _____ 20____ by and between the GST Area Schools Self-Insured Workers' Compensation Plan, hereinafter referred to as "Plan" and the participating School Districts which have or may execute this same agreement by separate signature, hereinafter referred to individually and collectively as "Participant(s)".

WITNESSETH:

WHEREAS, Article 5-G of the General Municipal Law authorizes municipal corporation(s) to enter into cooperative agreements for the performance of those functions or activities in which they could engage individually; and

WHEREAS, Section 119-N of the General Municipal Law defines the term "municipal corporation" as used therein as including a city, town, village, school district and Board of Cooperative Educational Services; and

WHEREAS, the Participant(s) have determined to their individual satisfaction that they can furnish Workers' Compensation Benefits and Insurance for their employees at a significant cost savings by action in concert with one another in the matter hereinafter expressed; and

WHEREAS, the Participants have each obtained the necessary consents and approval, corporate or otherwise, to enter into this agreement and perform its obligation hereunder,

ARTICLE I--ACCEPTANCE OF COVENANTS

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties so covenant and agree as follows:

- I. Maintain status with the Workers' Compensation Board as an individual self-insurer under the provisions of Workers' Compensation Law § 50 (4)(a).
- II. Each new party shall give appropriate notice to its current Workers' Compensation insurance carrier and be responsible for all charges and liability arising out of such contract with its insurance carrier.

III. Comply in all respects with the requirements, rules and regulations of the Workers' Compensation Board concerning self-insurance including filing requirements and any statutory or regulatory obligations.

ARTICLE II--BYLAWS

I. Those organizations established under the Education Law which are signators hereto, and those which subsequently join (Participants), have established a fund pursuant to Article 5-G of the General Municipal Law for the purpose of providing security of group financing of Workers' Compensation Self-Insurance by the Participants and to realize the economy of the sharing of the cost of administration of a Self-Insurance Plan. The participants have established by this agreement a joint reserve fund for the payment of benefits. This agreement shall be construed to include all functions and powers to accomplish these stated purposes.

II. The governing body of the Plan shall be a Board of Directors composed of the Superintendent of Schools or his or her designee, selected by each Participant annually. Each Director shall have one vote on all matters properly put forth before the Board of Directors. The governing body shall by resolution provide for the administration of the Self-Insurance Plan, sometimes referred to as the Plan. A committee appointed by the Board of Directors may appoint, subject to the approval of the Board of Directors, such persons as may be deemed necessary for the operation of the Plan and may contract for necessary actuarial, legal, or other professional services. The Board of Directors will act by majority vote of those members present at the meeting at which the vote is taken, with at least a simple majority quorum existing at each meeting.

III. Except as otherwise provided in this agreement, the Board of Directors shall have the following powers and duties:

- A) to adopt rules establishing its procedures in relation to the following:
 - 1) the annual election of a Chairperson, Vice-chairperson by majority vote,
 - 2) the annual appointment of the secretary, treasurer, and the designation of other officers by the Board of Directors,
 - 3) fixing the frequency of regular Board meetings, including the time and place thereof, and method for calling of special meetings,

- 4) contracting with persons, firms or corporations, including the Third Party Administrator and Plan Consultant, for services in receiving, investigating processing and recommending payment of claims arising under the Plan.
 - 5) auditing receipts and disbursements, providing for annual independent audits, and the furnishing of periodic financial and operational reports to Participants.
- B) to establish the following, and further duties of those elected or appointed.
- 1) Duties of Chairperson:
 - (i) Develop agenda
 - (ii) Preside over all Board meetings
 - (iii) Establish committees as required with authorization from the Board of Directors
 - 2) Duties of Secretary:
 - (i) Maintain official minutes of all Board meetings
 - (ii) Send minutes of meeting to: all board members, all Superintendents of Schools, the Treasurer, Third-Party Administrator, and Consultants.
 - (iii) Conduct correspondence as directed by the Board of Directors.
 - 3) Duties of Treasurer/Fiscal Officer:
 - (i) Reconcile the Workers' Compensation Plan accounts monthly.
 - (ii) Provide quarterly reports to the Board of Directors.
 - (iii) Receive monthly deposits from the participating school districts and disburse those funds as needed to pay claims and required expenses.
 - (iv) Provide the independent auditor with all information necessary to complete audited annual financial statements.
- C) The Board of Directors has the following additional duties, responsibilities and powers:
- a. Elect a vice-chairperson who shall serve as chairperson in the absence of the chairperson, and who shall succeed to the office of chairperson for the remainder of any school year in which the office of chairperson becomes vacant. Designate a treasurer of

- one of the Participants as Fiscal Officer of the Plan in accordance with General Municipal Law Section 119-o (2).
- b. Provide for the deposit of joint funds received from the Participants in banks designated from time to time.
 - c. Authorize the fiscal officer to invest temporary monies not required for immediate expenditure and to invest idle funds in the type of investment permitted by law without having to obtain approval from each Participant for a particular investment.
 - d. Establish an annual budget. Such budget shall cover a school year and shall be presented to each Participant no later than March 1 of each school fiscal year. Such budget shall set forth the anticipated assessment charges as well as the administration expenses.
 - e. Arrange for an annual audit by a certified public accountant in relation to all funds received and disbursed by the Plan. Such audit shall be presented to each Participant prior to establishing the subsequent year's annual budget and no later than March 1 of each school year. The Board of Directors may authorize an unaudited report during the fiscal year, if in the opinion of the Board of Directors such report would be appropriate.
 - f. Appoint a secretary, consultant, a certified public accountant, an attorney and such other persons as the Board of Directors deem appropriate for the carrying out of the purposes of this agreement, but the expenses of such individuals shall not exceed the administration budget.
 - g. Retain any Plan balance, determined at the end of a fiscal year, which may be applied toward the lowering of the annual assessment during the next fiscal year as determined by the Board of Directors.
 - h. May purchase employers liability insurance (Type B coverage) for the benefit of the Participants, which charge shall be an administrative charge. Such charge may not be assessed against the joint Workers' Compensation reserve fund which may be established.
 - i. Purchase excess or stop loss insurance to cover large Workers' Compensation claims. Such charge shall be considered a charge against the Self-Insurance budget. The Board of Directors shall authorize a designated person(s) to act on behalf of the Consortium to negotiate and execute this agreement. The

Designee(s) shall report back to the Board of Directors at the next regularly scheduled meeting.

- j. Establish the basis for annual assessment. Such assessment may include the amounts necessary to:
 - » meet the payments with respect to liability of Participants required to be made under the Workers' Compensation Law.
 - » pay the administrative expenses of the Plan.
 - » provide for contributions to the joint reserve fund to finance the payment of benefits.
 - » pay stop loss insurance.
 - » meet any other appropriate expense.
- k. The Board of Directors may provide for annual payments into the Plan based upon loss experience or some other equitable standard.
- l. Establish a committee or committees consisting of a member of the Board of Directors and others. Any agreement by the committee shall be subject to the approval of the Board of Directors.
- m. May purchase, through the administration fund, wrongful act and other liability insurance in such amounts as to be determined by the Board of Directors to protect the Board of Directors and those acting on behalf of the Plan. The provisions of Public Officers Law § 18 are hereby extended to the Board of Directors and those acting on behalf of the Plan in accordance with Article X herein.
- n. Terminate the membership of any Participant based upon the Participant's failure to comply with this charter or any resolution of the Board of Directors, substantial negative claim experience as determined by the Board of Directors or any other just cause. In case of termination, such entity shall receive a reimbursement of contributions, if any, in the same manner as a voluntary termination as provided in Article VI.
- o. Perform all acts reasonably necessary to exercise the powers granted expressly in this agreement or by implication.

D) To establish annual premiums for Participants in the Plan consistent with the annual budget.

ARTICLE III--ADMINISTRATION

A. The Fiscal Officer shall be custodian of the funds. Such monies shall be deposited in one or more banks or trust companies designated by the Board of Directors.

The Board of Directors, through the Fiscal Officer, shall pay Workers' Compensation in the manner provided in the Workers' Compensation Law. The amount of compensation payable prior to an award pursuant to such certification shall constitute a settled claim within the meaning of the Local Finance Law.

Payment of other Workers' Compensation matters such as hospital charges, doctor's statements, and the like shall be made after review by the Third Party Administrator and the Fiscal Officer.

Payment of other matters, such as administrative services and professional services shall be in accordance with the agreement with such parties.

- I. Each participant's pro-rata share of any deficiency shall be computed using the average of: percentage of a participant's incurred losses to total plan incurred losses and the percentage of a participant's premiums to total premiums for periods determined by the Board of Directors. Such resultant average to be multiplied by the total plan deficit to determine each participant's pro-rata share.
- II. If a surplus of Participants' contributions exists after close of the Plan year, and after provision for payments of all known claims, settled or unsettled, and after provision for *ultimate expected losses* as determined by the independent auditors or actuaries, the Board of Directors may declare a surplus distribution to the participants. If a Participant has been dropped from the Plan for non-payment of assessment, such Participant's share of such surplus shall be applied to the amount due to the Plan and any excess shall be returned to the former participant.
- III. Each Participant's pro-rata share of any surplus distribution shall be the percentage of the participant's premium to the total premium of all participants for the period or periods determined by the Board of Directors.

ARTICLE III-A
RESERVE FUND UNDER GENERAL MUNICIPAL LAW §6(j)

Members are encouraged to establish a reserve fund under the provisions of General Municipal Law § 6(j) in order to ensure proper maintenance of the Plan for all school district Participants.

ARTICLE IV--TERMS OF MEMBERSHIP

Membership in the GST Area Schools Self-Insured Workers' Compensation Plan is primarily for GST BOCES Component School Districts. However, special consideration may be given to school districts outside of the GST BOCES region at the discretion of the Board of Directors.

ARTICLE V--MERGER/ANNEXATION

There may be instances where a school district which is a participant in the plan will merge with a school district that is not a participant in the plan. The merged school district, if choosing to leave the consortium, will be notified of the continuing liability for assessments, if any, for years in which the participating school district was a member of the plan. Likewise, the merged school district will be entitled to its pro rata share of any future dividends declared out of plan years for which the entity was a participant.

Should a participant in the plan annex a school district which previously had not been in the plan, an analysis of the historical losses and premiums will be calculated for the newly combined school districts and a new premium and experience modifier will be applicable. In the event of a merger between two current plan participants, the historical losses and premiums will be combined to develop a new modifier and a new premium will be calculated. The merged school districts will become a part of the consortium without a requirement for formal adoption since the surviving school district is already a participant in the plan.

ARTICLE VI--WITHDRAWAL

A current plan participant who elects to withdraw from the plan must provide written notice to the Chairperson of the consortium by certified mail no later than January 1st prior to the annual July 1 plan renewal. Failure to do so will cause the participant to remain a member of the plan until the following fiscal year. *After withdrawal from the plan, the former participant will remain responsible should any funding assessments to*

the plan participants be enforced in the future, for years in which the withdrawing entity was a participant in the plan. If such funding assessments should occur, the former participant will have the same terms and conditions for paying the funding assessments as other members for the affected year or years. Likewise, any future distributions declared out of plan years for which the entity was a participant, the entity will be entitled to its pro rata share of any of those dividends, payable under the same terms and conditions as the other members for those years.

Any member that elects to withdraw from the plan must wait a minimum of five (5) years from the effective date of withdrawal to make application to rejoin the plan. Any such application will be subject to the same approval process and fees as a new entrant into the plan, and is subject to vote by the consortium.

ARTICLE VII--NEW ENTRANTS TO THE PLAN

Any new entrant will pay an appropriate administrative fee upon entry as set by the Board, in addition to the calculated premiums. This charge will cover the administrative expenses associated with the admissions process of the new participant. These fees may be adjusted at the discretion of the Plan Board of Directors. If a school district is approved for entry into the GST Consortium, it is important to note that all prior liability remains in the school district's previous plan.

Each new party shall give appropriate notice to its current Workers' Compensation insurance carrier and be responsible for all charges and liability arising out of such contract with its insurance carrier.

CRITERIA FOR ADMISSION OF NEW MEMBERS

The Board of Directors, by majority vote of the members present at any meeting or special called meeting of said Directors, may accept new members to the Consortium according to the following criteria:

1. Any new member to the Consortium will be a BOCES or Public School District as defined under New York State Education Law.
2. Any prospective entrant into the plan is required to provide five years of historical loss data valued within the last 90 days, as well as the concurrent five years of premium and dividends. Other information required by the Consultant, and at the

Consultant's discretion, will be forwarded by the prospective member. Premiums and losses to be valued within ninety (90) days of date of requesting admittance.

3. The Consortium's Consultant will analyze the data to determine whether the potential member district's historical record would have helped or hindered the Consortium over the period represented by the loss and premium data, taking into account catastrophic claims, change in district administration, administrative policies and procedures, or other factors as the consultant may deem appropriate.
4. Upon analysis, the Consortium Consultant will present its findings and recommendation to the Board of Directors. After due consideration by the Board of Directors, the new member's application for membership will be voted upon by the Board of Directors. The new member will be accepted upon majority vote of the Board of Directors present at the meeting which said vote is taken.

ARTICLE VIII--DISSOLUTION AND TERMINATION OF CONSORTIUM

The Board may, by majority vote prior to January 1st, determine that the Consortium be dissolved at the end of that fiscal year. Prior to this action, Participants will be notified of the estimate of assets and liabilities of the Consortium, based upon the figures available at that time, and the anticipated distribution of the assets or assessment of liability to each Participant. Sixty (60) days prior to the effective date of termination, each Participant shall be advised, based upon the figures available at that time, of the assets and liabilities of the Consortium, and the anticipated distribution of the assets or assessment of liability to each Participant.

ARTICLE IX--INDEMNIFICATION OF OFFICERS & DIRECTORS

To the extent permitted by law, each person who was or is made a party to or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he/she is or was an officer or director of this Consortium, (hereinafter an "indemnitee"), shall be indemnified and held harmless by the Consortium against all expense, liability and loss, including without limitation, taxes or penalties, judgments, fines, penalties, amounts paid in settlement (provided the Consortium's Board shall have given its prior consent to such settlement, which consent shall not be unreasonably withheld by it) and reasonable expenses,

including attorney's fees, suffered or incurred by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be an Officer or Director and shall inure to the benefit of the indemnitee's heirs and fiduciaries; provided, however, that no indemnification may be made to or on behalf of any Officer or Director if his/her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or otherwise disposed of, or if he/she personally gained in fact a financial profit or other advantage to which he/she was not legally entitled. Notwithstanding the foregoing, the Consortium shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Consortium's Board.

ARTICLE X--MISCELLANEOUS PROVISIONS

- I. This instrument constitutes the entire Agreement of the Participants and supersedes all prior agreements with respect to the subject matter hereof.
- II. If any provision of this Agreement is held to be invalid, the remainder of the document shall not be affected thereby.
- III. Any controversy or claim arising out of or resulting from this agreement, or breach of it, shall be settled by arbitration in accordance with the rules of the American Arbitration Association.
- IV. This instrument constitutes the sole agreement of the Participants and the various rules of the Plan.

This agreement shall not be modified, waived or discharged or terminated orally, and the rules may only be modified by means of an appropriate vote by the Board of Directors and notification to the Participants, and affirmative vote of two-thirds of participating districts.

Each Participant will perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the intended purposes of this agreement.

This agreement is intended to be consistent with and in compliance with the various laws of the State of New York and shall be so construed to accomplish such intent.

ARTICLE XI--DURATION

In accordance with General Municipal Law ' 119-o (2)(j), this agreement shall continue for a duration of five years, until June 30, 2021. This agreement shall be reviewed and may be re-adopted every five years.

IN WITNESS THEREOF, this agreement is executed by a duly authorized officer of the undersigned Participant and by the Board of Directors Chairperson, on behalf of all other Participants who have executed separate instruments containing the same provisions set forth above.

BY: _____
SUPERINTENDENT OF SCHOOLS
_____ CENTRAL SCHOOL DISTRICT

DATE: _____ 20__

BY: _____
BOARD OF EDUCATION PRESIDENT
_____ CENTRAL SCHOOL DISTRICT

DATE: _____ 20__

BY: _____
CHAIRMAN, BOARD OF DIRECTORS
GST AREA SCHOOLS SELF-INSURED WORKERS
COMPENSATION PLAN

DATE: _____ 20__