

FREESTONE-NAVARRO BI-COUNTY COOPERATIVE
SHARED SERVICES AGREEMENT

Blooming Grove Independent School District, Dawson Independent School District, Dew Independent School District, Fairfield Independent School District, Frost Independent School District, Kerens Independent School District, Mildred Independent School District, Rice Independent School District, and Wortham Independent School District (hereinafter “Member Districts”), agree to jointly and cooperatively operate their special education programs under the authority of Texas Education Code §29.007 and Texas Government Code §791.001 *et seq.*, as the Freestone-Navarro Bi-County Co-op for Special Education (hereinafter “Co-op”), as provided below. Member Districts mutually agree to the following:

General Covenants and Provisions

1. The purpose of the Cooperative is to effectively provide special education programs in compliance with law, bring about a better understanding of the special education program as it relates to a Co-op, and make all Member Districts aware of their responsibilities and obligations to the Co-op and to eligible students with disabilities.
2. The special education program will be operated in compliance with all applicable federal and state laws and regulations, Co-op policies approved by Member District, Co-op administrative procedures, and requirements for other categorically specially funded programs in which the Co-op may participate. For any special education federal and state fund sources that flow through a grant application process, a Shared Services Arrangement (SSA) fiscal agent is responsible for ensuring that funds are used in accordance with grant provisions.
3. The special education programs will be continuously improved as necessary to meet Texas Education Agency requirements and the effectiveness of the special education programs will be evaluated as part of the required annual performance report.

Management

4. A Board of Superintendents (hereinafter “the Management Board”), composed of the Superintendents of the Member Districts, who shall serve as the representatives of the boards of trustees of the Member Districts, shall govern the Co-op and act as its general agent. Superintendents and/or specifically designated personnel shall attend the regularly scheduled Board meetings. Superintendents and Fiscal Agent designees shall be responsible for keeping their respective Boards of Trustees advised and informed of Management Board actions, and for accurately representing the position of their respective Boards of Trustees in management Board deliberations and decisions.

5. The Management Board shall have the following responsibilities:
 - Selecting and hiring the Director and supporting him/her in the discharge of his/her duties.
 - Approving the hiring of other Co-op personnel, upon nomination and recommendation of the Director.
 - Considering and approving policies for the cooperative program. Policies may be proposed by the Director, members of the Management Board, or by the general public. Any policy change proposed by the public shall be submitted to the Management Board through the Director for consideration.
 - Proposing, considering, and approving salary schedules for all Co-op employees, including the Director.
 - Directing the Director to issue reports concerning the instructional program and the financial status of the Co-op and reviewing and evaluating such reports.
 - Proposing, considering, and approving the annual budget.
 - Advising the Director on his/her recommendations with regard to the Co-op.
 - Assist in effectively presenting to the public the progress of the Co-op's educational system, as well as its needs.
 - Proposing, considering, and approving the funds necessary to finance the operation of the Co-op.
 - Selecting the Fiscal Agent, subject to the Fiscal Agent's right to withdraw as fiscal agent as outlined in this document.
 - Determining a school calendar for the Co-op and any Co-op business, which may be the Fiscal Agent's calendar, if appropriate.
6. Additional powers and duties of the Management Board may be determined by Co-op policy.
7. A chairperson will be elected by the Management Board to serve two-year terms. The Director or his/her designee will record the minutes of each Management Board meeting. The Director will distribute the minutes to all members. Should the Director's designee record the minutes, the Director shall ensure their accuracy prior to distribution.
8. The Management Board shall meet five times a year, the first Tuesday in January, March, May, September, and November at 10:00 A.M. at the Co-op Meeting Room unless otherwise changed. If additional meetings become necessary, they may be called by the Chairperson or the Director.
9. The Special Education Director will be the chief administrator of the Co-op. The Director will be selected by the Management Board, and recommended by the Management Board for employment to the board of trustees of the Fiscal Agent. The Director's salary shall be determined by the Management Board, **along with that of other Co-op personnel.** The Fiscal Agent District shall issue the Director, **and all other contract Co-op personnel,** a contract for employment on behalf of the Co-op. **The Director and other Co-op personnel shall serve under contract to the Fiscal Agent on behalf of the Co-op and shall** be subject to applicable personnel policies of the Fiscal

Agent. The Director shall be evaluated annually by the Management Board. All recommendations concerning the Director shall be submitted to the superintendent of the Fiscal Agent through the Management Board and the Fiscal Agent may only act on said recommendations of the Management Board.

10. Superintendents from five Member Districts must be present before Management Board business can be discussed. Management Board actions shall require the approval of a majority of a quorum of the Management Board.

11. Members of the Management Board shall have authority as members of the Management Board only when legally in session and acting as a board.

12. Neither the Management Board nor the Fiscal Agent's Board of Trustees shall be bound in any way by any statement or action on the part of any of its individual members, except when such statement or action is taken at the specific direction of the Boards.

13. The Management Board shall present to the Fiscal Agent all proposals of the Co-op to be acted upon by the Fiscal Agent's Board of Trustees, except for those that require Member District Board approval.

14. The Co-op's relationship to the Member District Boards will be indirect, in that the Co-op will work through the Member District's administrative staff. The Co-op will conform to the Member District Board policies with respect to all Co-op activities carried out by the Member Districts.

15. The Member Districts will employ appropriately certified personnel to provide special education services in their districts, as well as provide suitable facilities for special education staff serving the Member District, as determined by their local board. Co-op personnel, including support and itinerant staff, shall serve under contract with the Fiscal Agent District and be subject to the personnel policies of the fiscal agent. Employment disputes relating to Co-op employees shall be directed to the Co-op Director, who will present unresolved disputes to the Co-op Management Board. The Management Board will present unresolved disputes to the superintendent of the Fiscal Agent, who will follow the personnel policies of the Fiscal Agent with respect to such disputes.

16. Travel regulations for Co-op employees, including the Director, shall be determined by the Management Board.

17. The Co-op Management board shall provide two automobiles and cell phones for use by the Co-op Director and Assistant Director for the execution of Co-op business.

18. The Management Board shall provide general liability and professional liability insurance for the Co-op and its personnel, including the Director.

19. The Fiscal Agent shall be responsible for providing automotive insurance for

school-owned vehicles used by itinerant employees and workers compensation insurance for itinerant Co-op employees. **In addition, the Fiscal Agent shall be responsible for providing automotive insurance for any Co-op vehicles in which students are transported. The vehicle insurance for Co-op vehicles must cover all Co-op students transported in the vehicles.** The cost of such insurance coverage will be an administrative cost of the Co-op.

20. Audit exceptions of personnel employed in each Member District will be the responsibility of the Member District. Audit exceptions of itinerant and support staff personnel will be shared by Co-op member schools, prorated based on the number of special education students served in the member districts.

21. Personnel records on each special education staff person of a Member District will be maintained by the Member District that employs such staff person. Personnel records of Co-op personnel will be maintained by the Fiscal Agent on behalf of the Co-op.

Fiscal Agent

22. The Fiscal Agent for the Co-op is the Fairfield Independent School District, an accredited K through 12th grade school district chosen by the Board among the member districts, subject to the Fiscal Agent's right to withdraw under this Agreement.

23. The Fiscal Agent shall be responsible for applying for, receiving, collecting, expending, and distributing all funds, regardless of source, in accordance with the budget adopted by the Management Board. Additionally, the Fiscal Agent shall provide accounting services, reports, Co-op records, and perform any other responsibilities provided for in Co-op policies. **In addition, the Fiscal Agent shall secure insurance coverage for Co-op buildings equal or substantially similar to the insurance currently covering Fiscal Agent's school facilities. The costs of such insurance coverage shall be an administrative cost of the Coop (see section 36 below).**

24. The Fiscal Agent shall maintain fiscal records, personnel records, and payroll systems for Co-op staff. The auditor employed by the Fiscal Agent shall audit all Co-op fiscal records. A copy shall be furnished to each Member District upon request.

25. The Fiscal Agent shall prepare and submit, on behalf of the Co-op, any reports required by federal or state law or Co-op policy, including all fiscal accounting, applications and reports to TEA. Annually, the Fiscal Agent shall submit the PEIMS 032 and 033 records that report expenditures by the Co-op's Fiscal Agent that were made on behalf of the Member Districts.

26. All Member Districts agree to support the Co-op financially to ensure the successful implementation of its special education program. It is further agreed that special education funds will be used to operate the Co-op, and that such funds must be spent according to TEA guidelines. For any special education federal and state fund

sources that flow through a grant application process, the Fiscal Agent is responsible for ensuring that funds are used in accordance with grant provisions. If the funds are not used in accordance with grant provisions or if other federal requirements are not met, the fiscal agent is financially responsible to the TEA for the consequences of instances of noncompliance, regardless of whether the fiscal agent has retained and expended grant funds on behalf of the Co-op or flowed funds to Member Districts of the Co-op.

27. All Co-op funds are to be expended through action of the Fiscal Agent. All categorized monies must be expended in the proper category. The operating monies are to be used to maintain the operation of the Co-op. The Director will present a budget to the Management Board annually. The Management Board's approval is required before the budget is submitted to the Fiscal Agent's Board.

28. Budget-making will be the responsibility of the Co-op Director. The following procedures will be followed:

- A. Director submits a proposed budget to the Management Board.
- B. The Management Board approves or modifies the budget and it is then presented to the Fiscal Agent's Board.
- C. Budget administration is the responsibility of the Fiscal Agent.

29. **The Member District that agrees to serve as the Co-op's Fiscal Agent must commit to serving in that capacity for at least three years. That three-year commitment, moreover, shall renew with each renewal of this Agreement.** The Fiscal Agent must notify the Management Board, at a Management Board meeting, of any intention to withdraw as fiscal agent of the Co-op by the October 1st preceding the end of the last fiscal year it intends to serve as fiscal agent. **Such October 1st notice means the Fiscal Agent's withdrawal as Fiscal Agent for the Co-op becomes effective at the end of the current Agreement term, assuming the District has completed at least a three-year commitment as Fiscal Agent.** After a satisfactory independent audit of the Co-op's accounts, fiscal agent status will transfer to a new Fiscal Agent effective July 1.

Member Districts

30. The Co-op will operate on a budget prepared by the Special Education Director and approved by the Board. Such budget shall ensure that member districts have the resources necessary to provide their special education students with a free appropriate public education as required by law. **Each Member District commits to remain a member of the Co-op for at least three years following the execution of this agreement. The agreement will renew automatically every year for an additional three years.**

31. Each Member District is responsible for contracts with nonpublic schools, governmental agencies, or other school districts for special education and related services for students with disabilities in accordance with the law and with the approval of the Management Board and/or Member Districts as provided in Co-op policy. The Director

will coordinate, review, and if necessary, revise, all contracts. Each Member District will be solely liable for any and all costs associated with students placed in residential treatment centers by such Member District.

32. Each Member District will be responsible for any liability resulting from the actions of any of their employees. **As individual Member Districts are ultimately responsible for the provision of a free appropriate public education (FAPE) to its IDEA-eligible resident and otherwise-enrolled students, they shall bear the legal costs of any special education due process hearing filing or related litigation. Relevant Co-op personnel, however, shall provide assistance needed in resolving or litigating such actions.** Liability of Co-op personnel will be shared by Co-op member district, prorated based on the relative number of special education students served in the member districts in relation to the total number of special education students in the Co-op as a whole.

33. Each Member District shall remit Co-op budgeted state and federal funds earmarked for the special education Co-op to the Fiscal Agent. **Each Member District's share of costs for the fiscal year shall be determined by averaging the Member District's special education population in the previous three school years, as reported on the snapshot date for each District.**

34. Each Member District shall be responsible for submitting a prorated share of Co-op operational expenses to the Fiscal Agent. The prorated share will be based on the number of students served in each district. In the event that the budget exceeds the above funds, each Member District shall contribute a fixed sum for ADA of the district.

35. The Co-op budget shall ensure that member districts have the resources necessary to provide their special education students with a free and appropriate public education as required by law.

36. Administrative costs, including, but not limited to, all costs and salaries related to the Director, supervisor(s), vocational adjustment coordinators, homebound teachers, diagnosticians, counselors, Speech Therapists, Teachers of the Hearing Impaired and Visually Impaired, and Co-op office aides, as well as any legal costs, actual damages, court costs, attorneys' fees, or other uncontrollable costs incurred by the Co-op, shall be prorated among member districts based on the prior year December 1st count used to determine entitlement to Federal funds.

37. **A Member District is eligible to withdraw from the Co-op only after it has completed its commitment to remain in the Co-op for a minimum of three years after entry into the Co-op. An October 1st notice of withdrawal means the Member District's withdrawal from the Co-op becomes effective at the end of the current Agreement term, assuming the District has completed at least a three-year commitment as a Coop Member.** If a Member District wishes to withdraw from the Co-op, prior approval by the Member District's Board is required. Upon withdrawal of individual Member Districts, all material and equipment coded specifically to that district

will remain with the district. Other material and equipment bought with appraisal funds and/or current operating monies will become property of the remaining districts. The withdrawal will take effect on the July 1st at the end of the current three year agreement and after the above notice has been properly given.

After official notice of withdrawal in October, the Member District will continue to remain solely liable for any actions brought by any party against the district for events, acts, or omissions that occurred prior to or on July 31st of the year in which the Member District withdraws from the Co-op. The Member District will remain liable for a prorated share of the uninsured portion of any legal defense, judgment and/or award arising from legal actions or proceedings brought against the Co-op, its Management Board, and/or individually by a Co-op student, parent, guardian, employee or any other party arising out of events, acts, or omissions occurring prior to or on July 31 of the year in which the Member District withdraws from the Co-op.

The withdrawing Member District will be entitled to a percentage of the Co-op's unallocated state and local fund balance based on the percentage of the students served during the last year of membership, and IDEA-B Carry-Over Funds will be based upon child counts that generated those funds and were reported back to the Co-op by the Texas Education Agency for the current year. Funds will be distributed after the annual financial audit is completed by the Fiscal Agent auditors.

If the Co-op acquires an interest in real property, a withdrawing member district shall not receive its investment share in such property until and if such property is sold. Member districts cannot force the sale of such real property, and hereby waive any potential legal right to take action to do so. If the Co-op leases real property, a withdrawing member district would remain responsible for their portion of the lease or purchase amount through the entirety of the lease or purchase term.

When the Co-op's configuration changes, the Fiscal Agent and the affected Member District or Districts (i.e., the Member District or Districts joining or withdrawing from the Co-op) must submit a letter of notification to the Division of Federal Fiscal Compliance and Reporting by February 1st for changes that will become effective for the next school year. The revised Co-op Shared Services Arrangement Agreement must be submitted to the Division of Federal Fiscal Compliance and Reporting by June 1.

38. If a school district not in the Co-op seeks to become a member district of the Co-op, the requesting district's membership must be unanimously approved by the Management Board, and the new Member District must agree to be bound by the terms of this Agreement. As a condition for acceptance into the Co-op, a new Member District must commit to remain a member of the Co-op for at least seven years after their entry into the Co-op. The new Member District must pay all legal expenses and/or attorney's fees and other costs incurred in becoming a Co-op member. Specifically, an entering district must agree to financially contribute to any Co-op purchase or lease of real property, in the appropriate proportional amount. Should the Management Board choose to waive an entering district's responsibility for a portion of the costs of purchase or lease

of real estate, then that district would not be entitled to any part or interest in that real estate should the district subsequently withdraw from the Co-op.

39. If a school district that has withdrawn from the Co-op wishes to reenter the Co-op, the full membership of the Co-op must approve the requesting district's re-entry into the Co-op. The Management Board may require compensation from the requesting district as part of the re-entry into the Co-op.

40. Member Districts will insure against, or be responsible for, any and all legal costs, damages, court costs, and attorney's fees involving individual employees under contract to the Member District and subject to the Member District's personnel policies that result from an act of omission by the employee that is deemed in the course and scope of their duties of employment on behalf of the Member District or the Co-op arising from their employment with the Member District.

41. Member Districts will insure district vehicles used in the transportation of children with disabilities for the statutory maximum limits of school district liability for motor vehicle accidents.

42. Each Member District is solely responsible for any action brought by a parent, student, guardian of the student, or any other party against the Member District. Court costs, legal fees, legal expenses, and/or damages awarded in litigation against the Co-op that are not covered by insurance will be the sole responsibility of the Member District within which the party initiating the litigation is a legal resident, with no joint and several liability of remaining member districts. If no individual party is named as plaintiff or petitioner, or no individual district or districts are named defendants or respondents, or the legal costs are not associated with litigation, such costs will be borne by the Member Districts on a prorated basis, depending on the current percentages used to determine each district's funding contributions, as with other prorated costs under this Agreement.

43. Any court costs, legal fees, legal expenses and/or damages incurred as a results of actions or omissions of the Management Board, Co-op support staff, or Co-op itinerant personnel will be shared by the Member Districts on a prorated basis, depending on the current percentages used to determine each district's funding contributions, as with other prorated costs under this Agreement.

44. Every Member District is responsible for complying with "Maintenance of Effort" (MOE) requirements. Each Member District shall provide information pertaining to MOE to the Fiscal Agent in a timely manner. Should the Texas Education Agency (TEA) monitor a Member District with respect to funding maintenance of efforts (MOE) requirements and determine the Member District to be out of compliance with the requirement, if the amount determined by TEA to be lacking in local effort is then reduced from the IDEA-B funds allocated to the Co-op on behalf of the district, the Director will increase the amount of local funds due to the Co-op on behalf of the district in an amount equal to the amount of MOE non-compliance.

45. Uncontrollable costs not anticipated in the annual budgeting process will be addressed through budget amendment procedures, and any such additional costs will be charged to the Member Districts using the same prorated formula used in the original budget.

46. Cost of residential placement for each child shall be the sole responsibility of the Member District within which the student is a legal resident, with no joint or several liability of remaining member districts, **other than in the method of calculating set-aside funding, as required by TEA (see section 47 below).**

47. As set forth above, the cost of day-school or residential placement shall be the sole responsibility of the Member District within which the child requiring such placement resides, except as follows:

As required by regulation, the Co-op will reserve for such a Member District funds equivalent to 25% of the member district's prorated portion of the Co-op members' total **combined** IDEA-B formula federal fund entitlement for the prior year. Said entitlement shall be determined in accordance with TEA instructions relating to the Standard Application System. The remaining costs, if any, of a day-school or residential placement shall be the sole responsibility of the Member District within which the child requiring such placement resides, with no joint or several liability of remaining member districts. If the affected member district's 25% set-aside described above is insufficient to fund the selected day-school or residential placement, the Co-op Director will assist the Member District in applying for discretionary TEA funding for such placement, including assisting with necessary forms and documentation. If, for some reason, the necessary 25% of IDEA-B formula entitlement is not set aside for such a placement, an equivalent amount of state/local fund combination will be contributed by each member district prorated in accordance with the method set forth above for Co-op administrative costs. Member Districts must recognize that, in accordance with the Least Restrictive Environment mandate of the IDEA, residential placement is a placement of last resort, to be considered only when no District or Co-op placement is able to provide an appropriate education to an IDEA-eligible child.

48. In the event that the Management Board should decide that the Co-op should be dissolved, the following plan would be followed:

- A. All materials and equipment coded specifically to an individual district will remain with that district.
- B. A fair market value would be placed on all other materials and equipment in the Co-op inventory. Each Member District would receive materials and equipment based on the percentage of students served based on the following formula:

Value of Co-op inventory X the percent of students served.

- C. Office machines and equipment will be sold, and the proceeds divided among Member Districts through the use of the above formula.

D. All monies will be distributed to each Member District based on the following formula:

Total monies X the percent of students served.

49. For any years that the Co-op Management Board opts to bill for services reimbursable through Medicaid, all Member Districts shall participate in the reimbursement process. Any Medicaid-reimbursed funds shall be paid directly to each Member District based on services provided to each Member District's students. The Co-op shall not receive any reimbursed funds. Each Member District is responsible for complying with SHARS (School Health and Related Services) reimbursement rules and completing all required forms and reports.

50. Upon proper execution, this Agreement will be effective June 1, 2018. Thereafter, it will be automatically renewed each subsequent July 1st for an additional three year term, unless notice of withdrawal or dissolution is given other Member Districts under the terms of this Agreement (see sections 29 and 37)..

51. Dissolution of the Co-op shall require an affirmative vote of 5 of the 9 Member Districts. The dissolution would take effect on July 1, after the January 1st following the Management Board's dissolution vote.

52. This Agreement will apply to and bind the representatives and successors in interest of the parties to this Agreement.

Executed this _____ day of _____, 2018.

Superintendent
Blooming Grove Independent
School District

Board President
Blooming Grove Independent
School District

Superintendent
Dawson Independent School District

Board President
Dawson Independent School District

Superintendent
Dew Independent School District

Board President
Dew Independent School District

Superintendent
Fairfield Independent School
District

Board President
Fairfield Independent School
District

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Superintendent
Rice Independent School District

Board President
Rice Independent School District

Superintendent
Wortham Independent School
District

Board President
Wortham Independent School
District