

BYLAWS OF
SOUTH CENTRAL TRUST RISK SHARING POOL

ARTICLE ONE

INTRODUCTION

1.01 These Bylaws constitute the code of rules adopted by the South Central Trust Risk Sharing Pool, for the regulation and management of its affairs.

Purposes and Powers

1.02 The South Central Trust Risk Sharing Pool shall share in the purposes or powers as stated in the Trust Agreement dated the 20th day of July 1995, as originally created by the Carlisle Area School District, and as amended on the 28th day of September 2018, in addition to the policies and procedures outlined in this Agreement.

ARTICLE TWO

EXECUTIVE COMMITTEE

Definition of Executive Committee

2.01 The Executive Committee Trustees (“Trustees”) are the group of persons vested with the management of the business and affairs of the South Central Trust Risk Sharing Pool (SCT RSP).

Number of Trustees

2.02 Each Member Local Educational Agency (LEA) shall be entitled to appoint a maximum of four (4) Trustees consisting of active managerial employees of a Member LEA. Managerial employees are persons employed in the capacity of a business official comparable to a business administrator, business manager, treasurer, school business executive or director of finance.

Terms of Trustees

2.03 Trustees serve at the pleasure of the Member LEA making the appointment, and for such term or terms as the appointing Member LEA may set or until the expiration of his term or office, death, resignation or incapacity to serve due to disqualification under applicable law.

Vacancies on the Board

2.04 In the event of vacancies as a result of death, legal incapacity, resignation or otherwise of the Member LEA appointed Trustee(s), a successor shall be appointed by the appropriate Member LEA. The term of office of any successor Trustee appointed during an unexpired term of a predecessor Trustee shall be the remainder of that unexpired term.

Voting Members

2.05 Only duly appointed Trustees shall vote at the meetings of the Trustees of the SCT RSP.

Location of Trustee Meetings

2.06 Meetings of the Trustees, regular or special, shall be held at such place or places as the Trustees designate by Resolution duly adopted.

Regular Trustees Meetings

2.07 Regular meetings of the Board of Trustees will be held no less often than quarterly, but may also be held at such more frequent intervals as may be determined by the Trustees.

Notice of Special Trustee Meetings

2.08 Written or printed notice stating the place, day and hours of any special meeting of the Board of Trustees will be delivered to each Trustee by the Chairperson or Consultant not less than two (2) or more than five (5) days before the date of the meeting, either personally, by first class mail or by electronic mail. If mailed, the notice will be deemed to be delivered two days after the date deposited in the United States mail, by first class mail addressed to the Trustees with postage prepaid accompanied by a notice to that states the business to be transacted at or the purpose of the meeting.

Staff

2.09 The Trustees shall have the authority to employ a Consultant to provide such administrative functions as they deem to be appropriate for the efficient operation of the Trust, and to compensate said Consultant in a fair and reasonable manner, and to employ such other

paid staff as the Trustees deem to be appropriate for the efficient management of the Trust. Although employed staff may be compensated for the regional value of their efforts on behalf of the Trust, no Trustee shall receive compensation from the Trust, or for work performed on behalf of the Trust.

ARTICLE THREE

OFFICERS

Roster of Officers

3.01 The Officers of the SCT RSP will consist of the following personnel:

1. Chairperson
2. Vice Chairperson
3. Secretary
4. Treasurer

Selection of Officers

3.02 The Trustees shall elect officers annually. Each Officer will remain in office until a successor to the office has been selected and qualified. Elections will be held at the first regular meeting of the Trustees taking place in the Trust's fiscal year.

Multiple Officeholders

3.03 In any election of Officers, the Trustees may elect and appoint a single person to more than one office simultaneously.

Chairperson

3.04 The Chairperson will, subject to the control of the Trustees, supervise and control the affairs of the SCT RSP. The Chairperson will perform all duties incident to the office and any other duties that may be required by these Bylaws or prescribed by the Trustees.

Vice Chairperson

3.05 The Vice Chairperson will perform all duties and exercise all powers of the President when the President is absent or is otherwise unable to act. The Vice Chairperson will perform any other duties that may be prescribed by the Trustees.

Secretary

3.06 The Secretary will cause minutes to be kept of all meetings of Members and of the Board of Trustees, and shall cause the minutes to be distributed and permanent records of the minutes kept, by the custodian of the Trustee records, give all notices as are required by law or by these Bylaws, and generally, perform all duties incident to the Office of Secretary and any other duties as may be required by law, by the terms of the SCT RSP, or that may be assigned by the terms of the SCT RSP, or that may be assigned by the Trustees.

Treasurer

3.07 The Treasurer will have charge and custody of all funds of the SCT RSP, and will deposit the funds as required by the Trustees, keep and maintain adequate and correct accounts of the SCT RSP's properties and business transactions, render reports and accountings to the Trustees as required by the Trustees or by law. The Treasurer will perform in general all duties as may be required by law, by the terms set by the SCT RSP, or by these Bylaws, or which may be assigned by the Trustees. The Treasurer need not be a Trustee and the duties herein set forth may be delegated with the approval of the Trustees.

Removal of Officers

3.08 Any Officer elected or appointed to office may be removed by the persons authorized under these Bylaws to elect or appoint said Officer whenever in their judgment the best interests of this SCT RSP will be so served.

ARTICLE FOUR

INFORMAL ACTION

Waiver of Notice

4.01 Whenever any notice is required to be given under law, under terms set by the Trustees, or these Bylaws, a waiver of the notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in the waiver, will be deemed equivalent to the giving of the notice. The waiver must, in the case of a special meeting of the Trustees, specify the general nature of the business to be transacted.

Action by Consent

4.02 Any action required by law or under the terms set by the Trustees or these Bylaws, or any action that otherwise may be taken at a meeting of the Trustees, may be taken without a meeting and via electronic voting if a consent, setting forth the action taken, is agreed upon by all the persons entitled to vote with regard to the subject matter of the consent.

ARTICLE FIVE

COMMITTEES

Definition of Executive Committees

5.01 The Trustees, by Resolution duly adopted by a majority of the Trustees in office, may designate one or more Executive Committees, and delegate to these Committees a specific and prescribed authority of the Trustees to exercise in the management of the SCT RSP. The creation of Executive Committees will not operate to relieve the Trustees, or any individual Trustee, of any responsibility imposed by law.

5.02 The Chairperson may create, or the Trustees by a majority vote of the Trustees in office, may create such additional Committees as may be useful and appropriate for the proper management of the affairs of the SCT RSP.

ARTICLE SIX

OPERATIONS

Fiscal Year

6.01 The fiscal year of the SCT RSP shall be July 1 through June 30.

Execution of Documents

6.02 Except as otherwise provided by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness of the SCT RSP will be signed by the Treasurer, or his duly authorized agent. Contracts, leases, or other instruments executed in the name of and on behalf of the SCT RSP will be signed by the Chairperson and countersigned by the Secretary, and will have attached copies of the resolutions of the Trustees certified by the Secretary authorizing their execution.

6.03 The Trustees, to the extent permitted by applicable law, may rely on any instrument in writing purporting to have been signed by the designated SCT RSP representative as conclusive evidence of that fact that the SCT RSP has taken the action stated to have been taken in such instrument.

Books and Records

6.04 The SCT RSP will keep true, correct and complete books and records of account, and will also keep minutes of the proceedings of its meetings, all of which shall be available to each Trustee. The original or a copy of the Bylaws, including amendments to date, certified by the Secretary of the SCT RSP, shall be available at each regular meeting of the Trustees.

Inspection of Books and Records

6.05 All books and records of the SCT RSP may be inspected by any Trustee, or the Member LEA agent or attorney, for any proper purpose at any reasonable time on written demand under oath stating the purpose of the inspection.

ARTICLE SEVEN

FINANCES

Deposit Contribution Rates

7.01 Each Member LEA will receive a Deposit Funding Contribution Rate, determined and recommended by the Consultant, which they will forward to the Treasurer on a monthly basis, due by the first of each month, to cover the applicable amount of the cost for claims, administrative payment, consulting fee and reinsurance premium. The Treasurer shall deposit payments from each Member LEA into accounts established and maintained for the SCT RSP Member LEAs and collateralized in the maximum amount available, and shall forward such funds drawn on such account to the applicable insurance carrier or carriers.

7.02 In the event a Member LEA delays or fails to pay its portion of the Deposit Funding Rate, the Trustees may impose a surcharge or late fee on said non-compliant Member LEA. A non-compliant Member LEA shall have sole responsibility for the consequences of a failure to remit funds, including but not limited to any loss or interruption of coverage. In addition, the non-compliant Member LEA shall be liable to the SCT RSP, and the insurers, for any unpaid premium or late payment charges imposed by the insurer, and shall indemnify and hold the SCT RSP harmless from any costs, claims, penalties, fines, damages, accrued interest, losses and/or expenses, including but not limited to reasonable legal fees relating to such failure.

Accounting Records

7.03 The Treasurer will provide each Member LEA with both a quarterly and annual accounting which will include, but is not limited to, the monthly payments collected from the Member LEA, the amount of the funds paid to the applicable insurance carrier or carriers, the amount of interest income earned or other income earned and the amount of expenses incurred.

Asset Balance Review

7.04 The SCT RSP will review the asset balances maintained in the SCT RSP accounts prior to December 31 preceding the renewal Plan Year with a target goal of four (4) to six (6) months in reserves to cover expected monthly costs and expenses which are calculated based on the SCT RSP renewal calculation for the renewal Plan year minus the application of surplus funds.

- a) If the SCT RSP asset balance is in excess of six (6) months of expected monthly costs and expenses, the SCT RSP will take action to reduce the asset balance over a three (3) year period by applying one-third (1/3) of the excess during the renewal process to the reduced deposit rates. The resulting asset funds will be applied to the renewal projection proportionally based on each Member LEA initial projected deposit contribution for the upcoming Plan Year.
- b) If the SCT RSP asset balance falls below four (4) months of expected monthly costs and expenses, the SCT RSP Trustees will vote upon a method to increase deposit contribution in excess of the renewal calculation in order to build necessary reserves.

ARTICLE EIGHT

GENERAL PROVISIONS

8.01 All current Member LEA Collective Bargaining Agreements must be on file with the Consultant.

8.02 All Member LEA proposed plan designs are to be presented and approved by the Trustees.

8.03 Medical renewal projections and deposit calculations shall be weighted and based seventy-five (75) percent on the SCT RSP experience and twenty-five (25) percent on Member LEA specific experience.

8.04 Renewal for Stop Loss will be conducted annually, with approval of premium rates and any applicable carrier changes requiring a two-thirds (2/3) vote by the Trustees.

ARTICLE NINE

INCLUSION OF NEW MEMBER LOCAL EDUCATION AGENCIES

9.01 The Trustees are authorized to extend participation in the SCT RSP to new Member LEAs as the Trustees shall agree upon through a two-thirds (2/3) vote of the current participating Member LEAs.

9.2 Participation of new Member LEAs into the SCT RSP will be reviewed and permitted only during the open enrollment period of June 1 to August 1, and must be requested and approved through formal notice to the Chairperson and Consultant prior to December 31 of the year preceding the Plan Year of entry.

9.03 New Member LEAs will be given the option to participate under the following financial guidelines:

- a) No buy-in required for the existing rate stabilization fund (RSF) balance, with the existing RSF to be grandfathered for current participating Member LEAs and a new RSF of between four (4) and six (6) months of reserves to be established for the new Member LEA.
- b) A buy-in to the existing RSF to be permitted based on the calculation of the per employee surplus, multiplied by the number of employees of the new Member LEA.

ARTICLE TEN

WITHDRAWAL FROM THE SOUTH CENTRAL TRUST RISK SHARING POOL

10.01 Member LEA withdrawal from the SCT RSP is permitted after a three (3) year period for new Member LEAs not currently participating as of the date of this Agreement, and must be requested through formal written notice to the Chairperson and Consultant prior to December 31 of the year preceding the Plan Year of termination.

10.02 Upon notice of intent to withdraw, Member LEA account surplus or deficit will be determined based on the following, subject to a prorated share determined by their tenure within the SCT RSP.

- a) SCT RSP Surplus
 - a. The affected Member LEA's share of the then existing surplus, to be determined at the end of the Plan Year following notice of termination, is calculated by the ratio of the historical deposit contribution of that Member LEA, divided by the total historical deposit contribution of the SCT RSP.
 - b. The result of that total will be multiplied by the vesting schedule for the terminating Member LEA and the result will be the maximum developed under the applicable portion of the formula; known as "Maximum A".
 - c. The historical experience, surplus or deficit, of the Member LEA will be calculated and this calculation, known as "Maximum B", will analyze Member LEA specific experience as if the Member LEA had not been participating in the SCT RSP.
 - d. The lesser of the two (2) calculations, Maximum A and Maximum B, will be the settlement or reconciliation of the departing Member LEA.

b) SCT RSP Deficit

- a. The affected Member LEA's share of the then existing deficit, to be determined at the end of the Plan Year following notice of termination, is calculated by the ratio of the historical deposit contribution of that Member LEA, divided by the total historical deposit contributions of the SCT RSP.
- b. The result of that total will be multiplied by the vesting schedule for the terminating Member LEA and this result will be the maximum developed under the applicable portion of the formula; known as "Maximum A".
- c. The historical experience, surplus of deficit, of the Member LEA will be calculated and this calculation, known as "Maximum B", will analyze Member LEA specific experience as if the Member LEA had not been participating in the SCT RSP.
- d. The greater of the two (2) calculations, Maximum A and Maximum B, will be the deficit payment requirement. Should the result demonstrate a positive number (>\$0), then there will not be a required payment by the Member LEA into the SCT RSP.

10.03 The Vesting Schedule for Surplus Distribution for Member LEAs is as follows:

<u>Years of Participation</u>	<u>Percentage of Ownership</u>
0 to 5 Years	0%
6 to 10 Years	50%
11 + Years	90%

ARTICLE ELEVEN

AMENDMENT

Modification of Bylaws

11.01 These Bylaws may be altered, amended or repealed by a two-thirds (2/3) membership vote of the Trustees presently in office at any special or regular SCT RSP meeting.

ARTICLE TWELVE

Adoption of Bylaws

12.02 Adopted by the SCT RSP Trustees by vote of Six (6) for, to None (0) against on the 28th day of September 2018.

A handwritten signature in cursive script, appearing to read "Roger Cal", is written over a horizontal line.

Chairperson