**SDSC**

School Districts Service Corporation

**Bylaws**

Adopted (October 10, 2002)

Amended March 10, 2016

PREAMBLE

SCHOOL DISTRICTS SERVICE CORPORATION (SDSC)

 The School Districts Service Corporation (SDSC) is formed for the purpose of promoting the efficient administration of its members which shall be school districts, intermediate units, and public vocational-technical schools located in the Commonwealth of Pennsylvania. In so doing, SDSC shall formulate, develop, and administer programs on behalf of its members which take advantage of savings and improved administration achieved through the joint purchasing of goods and services and the pooled operation of services for members. In accomplishing its purposes, SDSC shall engage in activities that may include but shall not be limited to casualty risk sharing, information sharing, the administration of group insurance programs, sponsoring training programs, the establishment of group purchasing programs and providing facilities, staff, equipment, legal assistance and billing and premium collection services related to such programs. In carrying out such purposes, SDSC shall be authorized to engage in all purposes permitted under the Pennsylvania Nonprofit Corporation Law of 1988, which shall include, but shall not be limited to, the ownership of real estate for the purpose of providing facilities to operate its programs. No part of SDSC’s income shall be distributed to any party other than a member, and no income of the Association shall accrue to any private person or entity. At dissolution of SDSC, after payment of the liabilities of SDSC, the remaining assets of SDSC shall be distributed to its members.

**ARTICLE I**

**DEFINITIONS**

**§ 1.01 Definitions –** The terms defined in the Section (1.01) and in the Preamble hereto (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposed of the Agreement and of any amendment or supplement hereto shall have the respective meanings specified in this Section 1.01 and said Preamble.

Articles – The original Articles of Incorporation, all amendments thereof, and any other articles, statements, or certifications permitted or required to be filed in the Department of State.

Board of Delegates – The body of Members of the Corporation, also known as the General Membership.

Board of Directors – The group of persons vested with the management of the business and officers of the Corporation.

Bylaws – The code of rules adopted for the regulation or management of the business affairs of the Corporation.

Corporation – The School Districts Service Corporation (SDSC)

Delegate/ Alternate Delegate – A representative chosen by a Member to function on behalf of the Corporation and to serve on the Board of Delegates.

Dissolution – The termination of corporate existence effected by the filing of Articles of Dissolution with the Department of State.

Fiscal Year – The Corporation fiscal year shall be from July 1 to June 30.

General Membership – The total of current members, also known as the Board of Delegates.

Interim Board of Directors – The initial group of persons vested with the management of the Corporation, with their term to be two (2) years.

Members – School districts, intermediate units, and public vocational-technical schools which are current members of the School Districts Insurance Consortium (SDIC).

Pennsylvania Nonprofit Corporation Law of 1988 – Title 15, Section 21, P.L. 1444, No. 177 §103, effective October 1, 1989. Statute applicable to the School Districts Service Corporation.

Registered Office – That office maintained by the Corporation in the Commonwealth of Pennsylvania as required by Section 5507 of the Pennsylvania Nonprofit Corporation Law 0f 1988.

School Districts Insurance Consortium (SDIC) - An unincorporated non-profit association which provides worker’s compensation services to Pennsylvania school districts, intermediate units, and public vocational- technical schools.

Service Agents – One or more service companies or consultants employed by the Board of Directors to be responsible for administration activities, legal representation, accounting and such other duties as determined by the Board of Directors.

**ARTICLE II**

**OFFICE AND FISCAL YEAR**

**§2.01 Registered Office –** The registered office of the Corporation in the Commonwealth of Pennsylvania shall be at the Pennbrook Business Center Condominium, located in Upper Gwynedd Township, Montgomery County, more specifically know and located at Unit IV on the Declaration of Plan of the Condominium prepared by Fore Site Land Services, dated March 9, 2000, and last revised November 14, 2000. The aforesaid location shall be the registered office unless and until otherwise established by a vote of a majority of the Board of Directors in office, and a statement of such change filed in the Department of State; or until changed by an appropriate amendment of the articles of the Corporation.

**§ 2.02 Other Offices** – The Corporation may also have offices at such other places within or without the Commonwealth of Pennsylvania and the United States of America as the Board may from time to time appoint as the business of the corporation requires.

**§ 2.03 Fiscal Year** – The fiscal year of the Corporation shall begin on the first day of July in each year.

**ARTICLE III**

**MEMBERS**

**§ 3.01 Qualifications of Members** –

1. The initial members of the School Districts Service Corporation shall be those school districts, intermediate units, and public vocational- technical schools located in the Commonwealth of Pennsylvania, which are members of the School Districts Insurance Consortium (SDIC) on the date of the adoption of these Bylaws by the Interim Board of Directors.
2. When a school district, intermediate unit, or public vocational- technical school elects to become a member of the School Districts Insurance Consortium (SDIC) that entity new to the SDIC thereby becomes a members of the School Districts Service Corporation.
3. Continued membership in the SDIC is a requirement for membership in the SDSC. However, SDSC may provide services to non-SDIC members. If a school district, intermediate unit, public vocational-technical school for any reason terminates membership in the SDIC, such termination thereby automatically terminates membership in the SDSC.

**§ 3.02 Rights, Duties and Obligations of Members** –

1. Each member shall have one vote, which entitles that Member through its appointed Delegate or Alternate Delegate, to vote at all Board of Delegates meetings. Board of Delegates members may serve until replaced by the Member.
2. Each member must designate a Delegate and Alternate Delegate to attend meetings of the Board of Delegates and to cast that Member’s vote at such meetings.
3. Each member of the School Districts Service Corporation shall be entitled to a pro-rata share of the Corporation’s assets upon the dissolution of the Corporation, subject to payment of any and all liabilities that may exist at dissolution. A Member’s pro-rata share of the Corporation’s assets, after payment of liabilities, shall be based upon the numbers of Members existing at the vote for dissolution occurred.

**ARTICLE IV**

**BOARD OF DIRECTORS and GENERAL MEMBERSHIP**

**§ 4.01 Powers** – The Board of Directors shall have full power to conduct, manage and direct the business and affairs of the Corporation; and all powers of the Corporation are hereby granted to and vested in the Board, subject to and excepting those powers of amendment of the Bylaws on policy and/or purpose issues, election of members of the Board of Directors, and dissolution of the Corporation, by the Board of Directors, as more specifically set forth herein.

**§ 4.02 Qualification of Director** –

1. A Director shall be an employee of a Member of the School Districts Service Corporation.
2. A Director shall not be employed by or have any direct or indirect financial interest in any Service Agent or other organization providing services to the Corporation.

**§ 4.03 composition of the Board of Directors** –

1. The Corporation shall initially be governed by an Interim Board of Directors consisting of seven (7) members. There shall be no more than three (3) members of the School Districts Insurance Consortium Board of Trustees sitting as Members of the School Districts Service Corporation Board of Directors.
2. The interim Board shall govern for one (1) year term, which term ends June 30, 2003. Prior to the end of the initial term, the General Membership shall elect the Board of Directors for the subsequent term. Said election shall occur no later than sixty (60) days prior to the end of the interim Board’s one-year term. Subsequent to the initial term, all Directors shall serve four- year terms.

**§ 4.04 Resignation of a Director** – A Director may resign by giving at least thirty (30) days’ prior notice in writing sent by registered mail or electronic mail to the Chairperson of the Board of Directors. Such notice shall state the date said resignation takes effect.

**§ 4.05 Removal of Directors** – A Director shall be removed from office automatically is he/she fails, or subsequently ceases to meet the qualifications of Section 4.02 hereof; and may be removed from office if he/she fails to attend without cause or excuse three (3) consecutive meetings of the Board of Directors, or is terminated for cause by a two-thirds (2/3) vote of the Board of Directors. Upon removal of a Director the position shall be filled pursuant to Section 4.06 hereof.

**§ 4.06 Vacancy** –

1. All vacancies that exist on the Board of Directors shall be filled by a representative of a Member who shall be elected by the General Membership and shall serve out the remainder of the term of the former Director. Each Member of the General Membership shall be entitled to cast one ballot by mail to fill a vacancy, provided written notice of such mail ballot is sent to the Chairperson of the Board of Directors, or his/her designee, at least fifteen (15) days prior to election date.
2. Any Director, upon leaving office, shall forthwith turn over and deliver to principal office of the Corporation, any and all records, books, documents, or other property in his/her possession or under his/her control which belongs to the Corporation.

**§ 4.07 General Membership** –

1. Each member shall have one (1) vote. Each Member shall designate one (1) individual in writing to the Secretary of the Corporation to represent the Member in all matters to the Corporation.
2. The General Membership shall vote on all amendments to these Bylaws in accordance with the provisions of Article X hereof. The adoption of such amendments shall require a two-thirds (2/3) majority vote of the Members present. All other votes shall require a quorum, with a quorum being a simple majority of the then current General Membership.

**ARTICLE V**

**OPERATION OF THE BOARD OF DIRECTORS**

**§ 5.01 Officers – Duties**

1. The officers of the Board of Directors shall be the Chairperson, Vice- Chairperson, Secretary and Treasurer.
2. The Chairperson, Vice-Chairperson, Secretary and Treasurer shall be elected by a majority vote of the Board of Directors.
3. With the exception of the interim Board of Directors, offices are held for a term of two (2) years. The four (4) officers of the Corporation shall be selected from the Board of Directors.
4. The duties of the officers are:
5. Chairperson – The Chairperson shall preside at all meetings of the Board of Directors and the General Membership. The Chairperson, with the Secretary shall sign all written contracts and obligations of the Corporation, and perform all other duties required of that office as defined by these Bylaws.
6. Vice-Chairperson – The Vice- Chairperson shall assist the Chairperson and perform all the Chairperson’s duties in the absence of the Chairperson.
7. Secretary – The Secretary shall attend all meetings and shall record all the votes of the Directors and the minutes of the meetings of the Board of Directors in a book to be kept for that purpose; shall provide proper notice and keep records and reports and file same as required by law for corporations; shall be the custodian of the seal of the Corporation and ascertain that it is affixed to all documents to be executed on behalf of the Corporation under its seal, and in general perform all duties incident to the Office of Secretary.
8. Treasurer - The Treasurer shall provide for the custody of the funds or other property of the Corporation and shall keep a separate bank account in the name of the Corporation; shall collect or provide for the collection and receipt of monies due to the Corporation; shall deposit all funds in such bank or other place of deposit as the Board of Directors may from time to time designate; shall, when required by the Board of Directors, render an account indicating all Treasurer transactions and the financial condition of the Corporation.
9. The Corporation shall provide a bond for the faithful discharge of the duties of the officers, if the Board of Directors so requires.
10. The duties of the Officers may be delegated to appropriate individuals such as the Executive Director or Controller as authorized by a majority vote of the Board of Directors.
11. No officers of the Board of Trustees of the School Districts Insurance Consortium may function as an officer of the Board of Directors of the School Districts Service Corporation.
12. The Board of Directors shall appoint an Executive Director and a Controller, who shall administer, manage, and supervise the business of the Corporation. The Board of Directors shall also appoint a General Counsel, who shall provide on all matters pertaining to the Corporation.
13. The Corporation shall function in accordance with the organization chart set forth below:

**§ 5.02 Quorum, Waiver of Acting and Adjournment** – A majority of the members of the Board of Directors in office shall be present at each meeting in order to constitute a quorum for the transaction of business. Each Director shall be entitled to one vote. The acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

**§ 5.03 Committees** – The Board may, by resolution adopted by a majority of the Directors present, establish one or more committees, each committee to consist of two or more Directors of SDSC. The Board may designate on or more Directors as Alternate Members of any committee, who may replace any absent or disqualified Member at any meeting of the committee. In the absence or disqualification of a Member and the Alternate Member, or Alternate Members, if any, designated for such Member or any committee, the Member or Members thereof present at any meeting and not disqualified from voting, whether or not he/she or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of any such absent or disqualified Member.

Each committee of the Board shall serve at the pleasure of the Board.

The establishment of any committee of the Board and the delegation thereof of power and authority shall not alone relieve any Director of his/her fiduciary duty to the SDSC.

A majority of the Directors in office designated to a committee, or Directors designated to replace them as provided in this section, shall be present at each meeting to constitute a quorum for the transaction of business and the acts of majority of the Directors in office designated to a committee or their replacements shall be the acts of the committee. Each committee shall keep regular minutes of its proceedings and report such proceedings periodically to the Board.

**ARTICLE VI**

**LIMITATION OF PERSONAL LIABILITY OF DIRECTORS;**

**INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES**

**§ 6.01 Limitation of Personal Liability of Directors** –

1. A Director of the Corporation shall not be personally responsible for monetary damages as such for any action taken, or any failure to take any action, unless;
2. The Director has breached or failed to perform the duties of his/her office as defined in Section 5.02 above; and
3. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.
4. The provisions of this Section shall not apply to:
5. The responsibility or liability of a Director pursuant to any criminal statute; or
6. The liability of a Director for the payment of taxes pursuant to local, state or federal law.

§ **6.02 Standard of Care and Justifiable Reliance**

* 1. A Director of the Corporation shall stand in a fiduciary relationship to the Corporation, and shall perform his/her duties as a Director including his/her duties as a Member of any committee of the Board upon which he/she serve, in good faith, in a manner he/she reasonably believes to be in the best interests of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his/her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared of presented by any of the following:
		+ 1. One or more officers or employees of the Corporation whom the Director reasonable believes to be reliable and competent in the matters presented;
			2. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person;
			3. A committee of the Board upon which he/she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonable believes to merit confidence.

A Director shall not be considered to be acting in good faith if he/she has knowledge concerning the matter in question that would cause his/her reliance to be unwarranted.

b. In discharging the duties of their respective positions, the Board, committees of the Board and individual Director may, in considering the best interests of the Corporation, consider the effects of any action upon employees, upon persons with whom the Corporation has business and other relations and upon communities which the office is located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of Subsection A of this Article.

c. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interests of the Corporation.

**§ 6.03 Indemnification in Third Party Proceedings** – The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney’s fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe is conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not itself create a presumption that the person did not act in good faith and in a manner which he or she reasonable believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

**§ 6.04 indemnification in Derivative Actions** – The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a representative of the Corporation, or is or was serving at the request of the Corporation as a representative of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys’ fees), actually and reasonable incurred in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjusted to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonable entitled to indemnity for such expenses which the Court of Common Pleas or such other court shall deem proper.

**§ 6.05 Mandatory Indemnification**- Notwithstanding any contrary provision of the articles of incorporation or these by-laws, to the extent that a representative of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in either Section 5.03 or Section 5.04 above, he or she shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him or her in connection therewith.

**§ 6.06 Determination of Entitlement to Indemnification** – Unless ordered by a court, any indemnification under Section 5.03 or 5.04 above shall be made by the Corporation only as authorized in the specific case upon determination that indemnification of the representative is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such paragraph. Such determination shall be made: (a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (b) if such a quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

**§ 6.07 Advancing Expenses** – Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in a specific case upon receipt of an undertaking by or on behalf of the representative to prepay such amount unless it shall ultimately be determined that he is entitles to be indemnified by the Corporation as authorized in paragraphs 1 through 3 above.

**§ 6.08 Indemnification of Former Representatives** – Each such indemnity may continue as to a person who has ceased to be a representative of the Corporation and may inure to the benefit of the heirs, executors and administrators of such person.

**§ 6.09 Insurance** – The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any capacity or arising out of such person’s status as such, whether or not the Corporation would otherwise have the power to indemnify such person against such liability.

**§ 6.10 Reliance on Provisions**- Each person who shall act as an authorized representative of the Corporation shall be deemed to be doing so in reliance upon the rights of indemnification provided by this Article.

**ARTICLE VII**

**MEETINGS OF THE BOARD OF DIRECTORS**

**§ 7.01 Place of Meetings** – Meetings of the Board of Directors may be held at such place within or without Pennsylvania as the Board may from time to time appoint, or as may designated in the notice of the meeting.

**§ 7.02 Regular Meetings** – There shall be at least one (2) regular meeting semi-annually of the Board of Directors on a day and at a place designated by the Board of Directors. At such meetings, the Board shall transact such business as may properly be brought before the meeting. These meetings may be conducted in person or via teleconference.

**§ 7.03 Special Meetings** – Special meetings of the Board of Directors may be called at any time by the Chairperson or by the Board of Directors by two-thirds (2/3) vote, evidenced by a written notice all Members of the Board of Directors. Where a proper written notice has been given for a special meeting, the Secretary shall fix a date of the meeting to be held not more than thirty (30) days after the receipt of the written request, and to give notice thereof. Attendance by four (4) Members of the Board of Directors shall be required to constitute a quorum, which is required for all matters to come before the Board of Directors.

In the event that a Member of the Board of Directors determines that an urgent situation exists for which a meeting is required, a telephone conference call may be utilized to address the urgent situation. A quorum shall be required; a written record of all matters discussed shall be prepared within forty-eight (48) hours and mailed either electronically or via US Mail to all Board Members who shall authenticate and return to the Secretary. Members of the Board of Directors may participate in any meeting by means of conference, telephone or similar communicating equipment by means of which all persons participating can hear one another.

**§ 7.04 Vote by Proxy** – The Members of the Board of Directors shall have the right to vote on all matters by proxy. The proxy must designate in writing the name of the person who will act for the absent Director and indicate the matter to which the proxy pertains.

**ARTICLE VIII**

**NOTICE**

**§ 8.01 Notice – What Constitutes** – When written notice is required to be given to any person or entity under the terms of the Articles of Incorporation, these Bylaws or the Non-profit Corporation Law of 1988, it may be given to such person or entity, either personally or by first-class, registered or certified mail, postage prepaid, return receipt requested or when transmitted by cable, telex, telegraph or electronic mail, if such delivery method can be verified as such address(es) for such notices, requests, demands or other communications to the Board of Directors and each Member shall be provided to the Secretary or his/her designee.

A notice of a meeting shall designate the place, day and hour of the meeting and any other information required by law or these Bylaws.

**§ 8.02 Waivers of Notice** – Whenever any written or electronically transmitted notice is required to be given under the provisions of the Articles of Incorporation, these Bylaws or the Non-profit Corporation Law of 1988, a waiver thereof in writing utilizing a method set forth in Section 8.01 above, shall be deemed equivalent to the giving of such notice except as it pertains to amendments to the Bylaws. Neither the business to be transacted at nor the purpose of a meeting need to be specified in the waiver of notice of such meeting.

**ARTICLE IX**

**MISCELLANEOUS**

**§ 9.01 Corporate Seal** – The Corporation shall have a corporate seal in the form of a circle containing the name of the Corporation and the year of incorporation.

**§ 9.02 Checks** – All checks, notes or other documents of similar purpose shall be signed by such person or persons as the Board may from time to time designate.

**§ 9.03 Contracts** – Except as otherwise provided in the Bylaws, the Board may authorize any officer or employee or agent to enter into any contract or to execute or deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

**§ 9.04 Deposits** – All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositaries as the Board may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the Board shall from time to time determine.

**§ 9.05 Annual Reports to the Board and Members** – The Board of Directors shall direct the Chairperson and Treasurer to present at an annual meeting of the Members and at a regular meeting of the Board of Directors a report showing in appropriate detail the following:

1. The assets and liabilities of the Corporation as of the end of the fiscal year immediately preceding the date of the report;

2. The principal changes in assets and liabilities during the year immediately preceding the date of the report;

3. The revenue of receipts of the Corporation for the year immediately preceding the date of the report;

4. The expenses or disbursements of the Corporation during the year immediately preceding the date of the report.

The annual report from the Board of Directors shall be distributed to the Members no later than thirty (90) days after the end of the prior fiscal year.

**ARTICLE X**

**AMENDMENTS**

**§ 10.1 Voting** – The following matters require a two-thirds (2/3) vote of the Board of Delegates for approval, which vote must occur at a meeting scheduled in accordance with notice requirements set forth herein, and at which meeting a quorum is present, which is a simple majority of the current members:

1. Amendment of the Bylaws involving issues of policy and/or purpose of the School Districts Service Corporation;

2. Election of Members to serve on the Board of Directors, subsequent to the Interim Board of Directors;

3. Dissolution of the School Districts Service Corporation.

**§10.2 Notice Requirement for Board of Delegates Meeting** – In addition to the right of the Board of Directors to call for a Board of Delegates meeting, the General Membership shall be entitled to convene a Board of Delegates meeting. Twenty-five percent (25%) of the current members shall make a written request for such a meeting, such written request to be presented to the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall provide written notice of a General Membership meeting to all members of the Corporation in accordance with relevant provisions of these Bylaws, Article VIII, Section 8.01 herein.

**Signature page**