

**NORTHERN TIER INSURANCE CONSORTIUM
AMENDED AND RESTATED
OPERATING AGREEMENT AND BYLAWS
ORIGINAL EFFECTIVE DATE JULY 1, 1996
FIRST RESTATEMENT EFFECTIVE DATE JULY 1, 2002
SECOND AMENDMENT AND RESTATEMENT
EFFECTIVE DATE OCTOBER 1, 2014**

THIS SECOND AMENDMENT AND RESTATEMENT of the Operating Agreement and Bylaws (“Bylaws”) (collectively the Operating Agreement and Bylaws shall also be referred as the “Agreement”) of the Northern Tier Insurance Consortium (“Consortium”) is made as of the 1st day of October, 2014, by and between Athens Area School District, BLaST Intermediate Unit #17, Canton Area School District, Northeast Bradford School District, Northern Tioga School District, Northern Tier Career Center, Sayre Area School District, Southern Tioga School District, Sullivan County School District, Towanda Area School District, Troy Area School District, Wellsboro Area School District and Wyalusing Area School District (hereinafter referred to as a “Member” or collectively as the “Members”), all organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania:

THEREFORE, the Members hereto do hereby covenant and agree as follows and intend to be legally bound:

ARTICLE I

GENERAL

Section 1.01. **NAME OF CONSORTIUM.** The name of the Consortium shall be the Northern Tier Insurance Consortium (“Consortium”).

Section 1.02. **PURPOSE.** The Northern Tier Insurance Consortium is a tax-exempt Voluntary Employees’ Beneficiary Association (“VEBA”) under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended (“Code”) and is an unincorporated association of its respective Members. In entering into this Agreement, the Members agree to authorize, empower and designate the Northern Tier Insurance Consortium as the entity or agency through which the purchase of health, .coverage from an insurer (“Insurer”, as hereinafter defined) through Member Contributions, (as hereinafter defined) can be authorized in an effort by the Members to contain and limit, insofar as possible, the cost of such coverage to the respective Members’ employees and in certain cases, their dependents, while at the same time enabling the Members, through their designated Delegates (as hereinafter defined) of the Consortium, to establish Premium Stabilization Funds (as hereinafter defined) which will be used to pay settlement charges and accumulate and invest deposit refunds, if any, and which may be ultimately be used to contain cost of such insurance coverage for such employees and dependents.

Section 1.03. DEFINITIONS.

(a) Administrative Expenses: Include operating expenses and business expenses. Also included are conversion and contingency charges as well as a sufficient risk charge.

(b) Agreement: This Agreement.

(c) Consortium: Northern Tier Insurance Consortium.

(d) Contract Period: July 1 to the following June 30.

(e) Delegate(s): The designated representative of each Member functioning as one of the voting Members of the Northern Tier Insurance Consortium. Delegates shall be limited to the Business Manager (with the Superintendent as an alternate Delegate) of their respective Member school entity. Collectively the Delegates shall sometimes hereinafter be referred to as the "Board" or the "Board of Delegates".

(f) Fiscal Year: July 1 through June 30.

(g) Insurer: An agency and/or organizations contracted with by the Consortium to provide requested coverage.

(h) Member Contributions: An agreed to payment rate per contract, per covered employee, paid monthly. The payments are used to reconcile incurred claims, administrative expenses and the contracted reserve level.

(i) Premium Stabilization Funds: Accumulated funds held by the Consortium, which are in excess of monies necessary to satisfy claims and administrative expenses. The Premium Stabilization Funds are held on a pooled basis, not a segregated basis and, as such, in the event that any Member withdraws from the Consortium, it shall not be entitled to any Premium Stabilization Funds upon its withdrawal from the Consortium nor shall it be responsible for any deficit in such Premium Stabilization Funds which may exist after its date of withdrawal from the Consortium.

Section 1.04. REGISTERED OFFICE. The registered office of the Northern Tier Insurance Consortium ("Consortium") in Pennsylvania shall be at BLaST IU #17, 33 Springbrook Drive, Canton, Pennsylvania, until otherwise established by an amendment of the articles or by the Delegates.

Section 1.05. OTHER OFFICE. The Consortium may also have offices at such other places as the Delegates may from time to time appoint or the business of the Consortium may require.

ARTICLE II

OFFICERS

Section 2.01. OFFICERS GENERALLY.

(a) Number, qualification and designation. The officers of the Consortium shall be a president (“President”), a vice president (“Vice President”), a secretary (“Secretary”), a treasurer (“Treasurer”), and such other officers as may be elected in accordance with the provisions of Section 2.03. Officers may, but need not be, Delegates of the Consortium. The President, Vice President and Secretary shall be natural persons of full age. The Treasurer may be a bank or other appropriate financial institution, but if a natural person shall be of full age. The President shall serve as Chairman of the Board of Delegates and the Vice President shall serve as Vice Chairman. Any number of offices may be held by the same person.

(b) Resignations. Any officer may resign at any time upon written notice to the Consortium. The resignation shall be effective upon receipt thereof by the Consortium or at such subsequent time as may be specified in the notice of resignation.

(c) Bonding. The Consortium may secure the fidelity of any or all of its officers by bond or otherwise.

(d) Standard of care. Except as otherwise provided in the articles, an officer shall perform his or her duties as an officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Consortium and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his or her duties shall not be liable by reason of having been an officer of the Consortium.

Section 2.02. ELECTION AND TERM OF OFFICE. The officers of the Consortium shall be elected annually for the succeeding Fiscal Year by the Board of Delegates on or before June 30 of the then current Fiscal Year, and each such officer shall hold office for a term of one (1) year and until a successor has been selected and qualified or until his or her earlier death, resignation or removal.

Section 2.03. SUBORDINATE OFFICERS, COMMITTEES AND AGENTS. The Board of Delegates may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the Consortium may require, including one (1) or more assistant secretaries (“Assistant Secretary”), and one (1) or more assistant treasurers (“Assistant Treasurer”), each of whom shall hold office for such period, have such authority, and perform such duties as are provided in this Agreement or as the Board of Delegates may from time to time determine. The Board of Delegates may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 2.04. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board of Delegates or by the officer or committee to which the power to fill such office has been delegated, as the case may be, and if the office is one for which this Agreement prescribes a term, shall be filled for the unexpired portion of the term.

Section 2.05. AUTHORITY. All officers of the Consortium, as between themselves and the Consortium, shall have such authority and perform such duties in the management of the Consortium as may be provided by or pursuant to resolution or orders of the Board of Delegates or in the absence of controlling provisions in the resolutions or orders of the Board of Delegates, as may be determined by or pursuant to this Agreement.

Section 2.06. THE CHAIRMAN OF THE BOARD. The Chairman of the Board if there be one, or in the absence of the Chairman, the Vice Chairman of the Board, shall preside at all meetings of the Board of Delegates and shall perform such other duties as may from time to time be requested by the Board of Delegates.

Section 2.07. THE PRESIDENT. The President shall be the Chief Executive Officer of the Consortium and shall have general supervision over the business and operations of the Consortium, subject however, to the control of the Board of Delegates. The President shall sign, execute, and acknowledge, in the name of the Consortium, contracts or other instruments authorized by the Board of Delegates, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Delegates, or by this Agreement to some other officer or agent of the Consortium; and, in general, shall perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Board of Delegates.

Section 2.08. THE SECRETARY. The Secretary or an Assistant Secretary shall attend all meetings of the Board of Delegates and shall record all votes of the Board of Delegates and the minutes of the meetings of the Board of Delegates and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the Consortium as required by law or this Agreement; shall be the custodian of the seal of the Consortium and see that it is affixed to all documents to be executed on behalf of the Consortium under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned by the Board of Delegates or the President.

Section 2.09. THE TREASURER. The Treasurer or an Assistant Treasurer shall have or provide for the collection of monthly insurance premiums from the Member in a timely manner, pay such insurance premiums as and when the same become due and payable, provide for the custody of the funds or other property of the Consortium; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the Consortium; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the Board of Delegates may from time to time designate; shall, whenever so required by the Board of Delegates, render an account showing all transactions as Treasurer and

the financial condition of the Consortium; and, in general, shall discharge such other duties as may from time to time be assigned by the Board of Delegates or the President.

Section 2.10. SALARIES. No salaries shall be paid to the officers unless otherwise authorized by the Board of Delegates shall be fixed from time to time by the Board of Delegates or by such officer as may be designated by resolution of the Board of Delegates.

ARTICLE III

DELEGATES

Section 3.01. POWERS; PERSONAL LIABILITY.

(a) General rule. Unless otherwise provided by this Agreement, all powers vested by law in the Consortium shall be exercised by or under the authority of, and the business and affairs of the Consortium shall be managed under the direction of, the Members through their respective Delegates. Each Member is entitled to one (1) vote through its designated Delegate.

(b) Standard of care; justifiable reliance. A Delegate shall stand in a fiduciary relation to the Consortium and shall perform his or her duties as a Delegate, including duties as a member of any committee of the Consortium upon which the Delegate may serve, in good faith, in a manner the Delegate reasonably believes to be in the best interests of the Consortium and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Delegate 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 or presented by any of the following:

(1) One or more officers or employees of the Consortium whom the Delegate reasonably believes to be reliable and competent in the matters presented.

(2) Legal counsel, public accountants, consultants or other persons as to matters which the Delegate reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the Delegates upon which the Delegate does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Delegate reasonably believes to merit confidence.

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

(c) Consideration of factors. In discharging the duties of their respective positions, the Delegates, committees of the Delegates and individual Delegates may, in considering the best interests of the Consortium, consider the effects of any action upon Members, the Members

respective employees, Insurers and the beneficiaries of the Consortium and upon communities in which offices or other establishments of the Members are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (b).

(d) Presumption. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Delegate or any failure to take any action shall be presumed to be in the best interests of the Consortium.

(e) Personal liability of Delegates.

(1) A Delegate shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:

(i) the Delegate has breached or failed to perform the duties of his or her office under this section; and

(ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to the responsibility or liability of a Delegate pursuant to any criminal statute, or the liability of a Delegate for the payment of taxes pursuant to local, State or Federal law.

(f) Notation of dissent. A Delegate who is present at a meeting of the Members, or of a committee of the Members, at which action on any matter is taken shall be presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless the Delegate files a written dissent to the action with the Secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the Secretary of the Consortium immediately after the adjournment of the meeting. The right to dissent shall not apply to a Delegate who voted in favor of the action. Nothing in this section shall bar a Delegate from asserting that minutes of the meeting incorrectly omitted his or her dissent if, promptly upon receipt of a copy of such minutes, the Delegate notifies the Secretary in writing, of the asserted omission or inaccuracy.

Section 3.02. QUALIFICATION AND SELECTION OF DELEGATES.

(a) Qualifications. Each Delegate of the Consortium shall be a natural person of full age who is the Business Manager (with the Superintendent as an alternate Delegate) of their respective Member school entity.

(b) Election of Delegates. Except as otherwise provided in this Agreement, Delegates of the Consortium shall be elected by a majority vote of the by the Board of Directors of their respective school entity held at a duly convened public meeting of such school entity.

Section 3.03. NUMBER AND TERM OF OFFICE.

(a) Number. The Board of Delegates shall consist of one (1) Delegate and one (1) alternate Delegate from each Member school entity.

(b) Term of office. Each Delegate shall hold office until removed and a successor has been selected by the Board of Directors of such Delegate's respective Member school entity and qualified or until his or her earlier death, resignation or removal of employment from such Delegate's respective Member school entity.

(c) Resignation. Any Delegate may resign at any time upon written notice to the Consortium. The resignation shall be effective upon receipt thereof by the Consortium or at such subsequent time as shall be specified in the notice of resignation.

Section 3.04. VACANCIES.

(a) General rule. Vacancies in the Board of Delegates shall be filled by the Board of Directors of such Delegate's respective Member school entity at a special meeting or its next regularly scheduled public meeting, whichever occurs first.

Section 3.05. REMOVAL OF DELEGATES.

(a) Removal by the Board of Delegates. The Board of Delegates may declare vacant the office of a Delegate who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment for a term of more than one (1) year.

Section 3.06. PLACE OF MEETINGS. Meetings of the Board of Delegates may be held at such place as the Board of Delegates may from time to time decide.

Section 3.07. EXECUTIVE AND OTHER COMMITTEES.

(a) Establishment and powers. The Board of Delegates may, by resolution adopted by a majority of the Delegates in office, establish one or more committees to consist of one or more Delegates of the Consortium. Any committee, except to the extent provided in the resolution of the Board of Delegates, shall not have and may not exercise any of the powers and authority of the Board of Delegates.

ARTICLE IV

MEETINGS

NOTICE - WAIVERS - MEETINGS GENERALLY

Section 4.01. REGULAR MEETINGS. Meetings of the Officers of the Consortium will be held quarterly, the date and place to be determined by the President. An annual meeting will

be held (each March) for all Delegates. Additional meetings may be called as necessary either by the President or at the request of a majority of the Delegates.

Section 4.02. MANNER OF GIVING NOTICE.

(a) General rule. Notice of a meeting may be given to the Delegate either personally or by sending a copy thereof by first class or express mail, postage pre-paid, by facsimile transmission or by email to the regular business email address of the Delegate at his or her respective Member school entity. If the notice is sent by mail, facsimile transmission, email or hand delivered, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with confirmation in the case of a facsimile transmission that it was sent and that the sending thereof was confirmed as “ok” or by email transmission by confirmation that the email transmission has been received. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of this Agreement.

Section 4.03. NOTICE OF MEETINGS OF DELEGATES. Notice of a regular meeting of the Delegates need not be given. Notice of every special meeting of the Board of Delegates shall be given to each Delegate by telephone or in writing (including email) at least five (5) days before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Delegates need be specified in a notice of a meeting.

Section 4.04. WAIVER OF NOTICE.

(a) Written waiver. Whenever any written notice is required to be given under the provisions of this Agreement, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Except as otherwise required by this subsection, neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting. In the case of a special meeting of the Delegates, the waiver of notice shall specify the general nature of the business to be transacted.

(b) Waiver by attendance. Attendance of a person at any meeting shall constitute a waiver of notice of the meeting.

Section 4.05. MODIFICATION OF PROPOSAL CONTAINED IN NOTICE. Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of this Agreement, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

Section 4.06. EXCEPTION TO REQUIREMENT OF NOTICE.

(a) General rule. Whenever any notice or communication is required to be given to any person under the provisions of this Agreement or by the terms of any agreement or other

instrument or as a condition precedent to taking any action and communication with that person is then unlawful, the giving of the notice or communication to that person shall not be required.

Section 4.07. USE OF CONFERENCE TELEPHONE AND SIMILAR EQUIPMENT. One or more persons may participate in a meeting of the Delegates by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

ARTICLE V

QUORUM, ADJOURNMENT, ACTION BY BOARD OF DELEGATES AND VOTING

Section 5.01. QUORUM AND ADJOURNMENT.

(a) General rule. A meeting of the Delegates of the Consortium duly called shall not be organized for the transaction of business unless a quorum is present. The presence of Delegates entitled to cast at least a majority of the votes that all Members are entitled to cast on a particular matter to be acted upon at the meeting, not just a majority of the Members present at such meeting, shall constitute a quorum for the purposes of consideration and action on the matter.

(b) Withdrawal of Quorum. The Delegates present at a duly organized meeting can continue to discuss business, but, in such event, not vote on any business until adjournment notwithstanding the withdrawal of enough Delegates to leave less than a quorum.

(c) Adjournment for lack of a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting at such time and place as they may determine.

Section 5.02. ACTION BY DELEGATES.

(a) General rule. Each Member is entitled to one (1) vote through its designated Delegate. Except as otherwise provided in this Agreement, wherever any action is to be taken by vote of the Members of the Consortium, through their respective Delegates, it shall be authorized by a vote of fifty-one (51%) percent of all Delegates (not just those Delegates attending the meeting, but of all Delegates of the Consortium) at a duly organized meeting of the Delegates. In the event a vote is to be taken concerning the admission or readmission of a Member or former Member, as the case maybe, or any Amendment and Restatement of this Agreement, then it shall be authorized by a vote of seventy-five (75%) percent or more of all Delegates (not just those Delegates attending the meeting, but of all Delegates of the Consortium) at a duly organized meeting of the Delegates.

Section 5.03. CONSENT OF DELEGATES IN LIEU OF MEETING

(a) Unanimous written consent. Any action required or permitted to be taken at a meeting of the Delegates may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the Delegates who would be entitled to vote at a meeting for such purpose shall be filed with the Secretary of the Consortium in writing, including email.

(b) Partial written consent. Any action required or permitted to be taken at a meeting of the Delegates may be taken without a meeting upon the written consent of Delegates who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all of the Delegates entitled to vote thereon were present and voting. The consents shall be filed with the secretary of the Consortium in writing, including email. The action shall not become effective until after at least ten days' written notice of the action has been given to each of the Members of the Delegates entitled to vote thereon who have not consented thereto.

ARTICLE VI

INDEMNIFICATION OF DELEGATES, OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

Section 6.01. SCOPE OF INDEMNIFICATION.

(a) General rule. The Consortium shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

- (1) where such indemnification is expressly prohibited by applicable law;
- (2) where the conduct of the indemnified representative has been finally determined:
 - (i) to constitute willful misconduct or recklessness sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or
 - (ii) to be based upon or attributable to the receipt by the indemnified representative from the Consortium of a personal benefit to which the indemnified representative is not legally entitled; or
- (3) to the extent such indemnification has been finally determined to be otherwise unlawful.

(b) Partial payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Consortium shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

(d) Definitions. For purposes of this Article:

(1) “indemnified capacity” means any and all past, present and future service by an indemnified representative in one or more capacities as a Delegate, officer, employee or agent of the Consortium;

(2) “indemnified representative” means any and all Delegates and officers of the Consortium and any other person designated as an indemnified representative by the Board of Delegates of the Consortium;

(3) “liability” means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense, of any nature (including, without limitation, attorneys’ fees and disbursements); and

(4) “proceeding” means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Consortium, a class of its security holders or otherwise.

Section 6.02. PROCEEDINGS INITIATED BY INDEMNIFIED REPRESENTATIVES. Notwithstanding any other provision of this Article, the Consortium shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the Delegates. This section does not apply to a reimbursement of expenses incurred in successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 6.03. ADVANCING EXPENSES. The Consortium shall pay the expenses (including attorneys’ fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of any legal proceeding for which the initiation of or participation in which of the indemnified representative is authorized by the Board of Delegates, provided, however, that such indemnified representative shall repay the amount if it is ultimately determined that such person is not entitled to be indemnified by the Consortium

pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 6.04. SECURING OF INDEMNIFICATION OBLIGATIONS. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Consortium may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Consortium, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board of Delegates shall deem appropriate. Absent fraud, the determination of the Board of Delegates with respect to such amounts, costs, terms and conditions shall be conclusive against all Members, Delegates and officers and shall not be subject to voidability.

Section 6.05. PAYMENT OF INDEMNIFICATION. An indemnified representative shall be entitled to indemnification within thirty (30) days after a written request for indemnification has been delivered to the secretary of the Consortium.

Section 6.06. ARBITRATION.

(a) General rule. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article, shall be decided only by arbitration in the county in which the principal executive offices of the Consortium are located at the time, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the Consortium, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, or if one of the parties fails or refuses to select an arbitrator or if the arbitrators selected by the Consortium and the indemnified representative cannot agree on the selection of the third arbitrator within thirty (30) days after such time as the Consortium and the indemnified representative have each been notified of the selection of the other's arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the County Court of Common Pleas in such county.

(b) Burden of proof. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof.

(c) Expenses. The Consortium shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration.

(d) Effect. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction, except that the Consortium shall be entitled to interpose as a defense in any such judicial enforcement proceeding any prior final judicial

determination adverse to the indemnified representative in a proceeding not directly involving indemnification under this Article. This arbitration provision shall be specifically enforceable.

Section 6.07. CONTRIBUTION. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Consortium shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this article or otherwise.

Section 6.08. MANDATORY INDEMNIFICATION OF DELEGATES, OFFICERS, ETC. To the extent that an authorized representative of the Consortium has been successful on the merits or otherwise in defense of any action or proceeding or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by such person in connection therewith.

Section 6.09. CONTRACT RIGHTS; AMENDMENT OR REPEAL. All rights under this Article shall be deemed a contract between the Consortium and the indemnified representative pursuant to which the Consortium and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 6.10. SCOPE OF ARTICLE. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of the Board of Delegates or otherwise both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 6.11. RELIANCE OF PROVISIONS. Each person who shall act as an indemnified representative of the Consortium shall be deemed to be doing so in reliance upon the rights provided in this Article.

ARTICLE VII

BUSINESS RECORDS PROVISIONS

Section 7.01. CHECKS. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the Board of Delegates or any person authorized by resolution of the Board of Delegates may from time to time designate.

Section 7.02. CONTRACTS.

(a) General rule. Except as otherwise provided in this Agreement, in the case of transactions that require action by the Board of Delegates, the Board of Delegates may authorize

any officer or agent to enter into any contract or to execute or deliver any instrument on behalf of the Consortium, and such authority may be general or confined to specific instances.

(b) Statutory form of execution of instruments. Any note, evidence of indebtedness, contract or other document, or any assignment or endorsement thereof, executed or entered into between the Consortium and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the President or Vice President and Secretary or Assistant Secretary or Treasurer or Assistant Treasurer of the Consortium, shall be held to have been properly executed for and on behalf of the Consortium, without prejudice to the rights of the Consortium against any person who shall have executed the instrument in excess of his or her actual authority.

Section 7.03. DEPOSITS. All funds of the Consortium shall be deposited from time to time to the credit of the Consortium in such banks, trust companies or other depositories as the Board of Delegates may approve or designate, and all such funds shall be withdrawn electronically in the ordinary and customary course of business or upon checks signed by such one or more officers or employees as the Board of Delegates shall from time to time determine.

Section 7.04. CONSORTIUM RECORDS.

(a) Required records. The Consortium shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators and Board of Delegates. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) Right of inspection. Every Member, through its respective Delegate, shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the books and records of account, and records of the proceedings of the Board of Delegates and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a member of the Board of Delegates. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the member of the Board of Delegates. The demand shall be directed to the Consortium at its registered office in Pennsylvania or at its principal place of business wherever situated.

Section 7.05. FINANCIAL REPORTS. The Consortium shall furnish to its Board of Delegates annual financial statements, including at least a balance sheet as of the end of each fiscal year and a statement of income and expenses for the fiscal year. The financial statements shall be prepared on the basis of generally accepted accounting principles, if the Consortium prepares financial statements for the fiscal year on that basis for any purpose. The financial statements shall be mailed or emailed by the Consortium to each of its Members within one hundred twenty (120) days after the close of each fiscal year and, after the mailing and upon written request, shall be mailed by the Consortium to any member of the Board of Delegates or beneficial owner entitled thereto to whom a copy of the most recent annual financial statements

has not previously been mailed. Statements that are audited or reviewed by a public accountant shall be accompanied by the report of the accountant; in other cases, each copy shall be accompanied by a statement of the person in charge of the financial records of the Consortium:

(1) Stating his reasonable belief as to whether or not the financial statements were prepared in accordance with generally accepted accounting principles and, if not, describing the basis of presentation.

(2) Describing any material respects in which the financial statements were not prepared on a basis consistent with those prepared for the previous year.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. OPERATING PROCEDURES.

(a) Each Member shall appoint one (1) Delegate and one (1) Alternate to serve on the Board of Delegates of the Consortium. Said Delegates unless otherwise authorized by their appointing party, shall function only as Delegates in accordance with this Agreement.

(b) Delegates are authorized to enter into any legally authorized premium payment plan or to contact the Insurer for the purchase of health and medical insurance coverage for the respective employees and beneficiaries of the Members hereto. Such coverage may also include, but not be limited to, health insurance, vision, dental and prescription drug insurance.

(c) The Consortium will have full power and authority to invest and reinvest monies. Said investments shall be restricted to those legally available to Members and authorized by a majority of the Members, through their respective Delegates. Further, the Consortium has the authority to expend funds for appropriate services.

(d) All parties hereto specifically agree that it is their intent that this Agreement, under all circumstances and in every respect, shall comply with all applicable statutes, governmental regulations and judicial decisions, and if it shall be determined by proper authority that this Agreement, or any part hereof, is in conflict with said statutes, governmental regulations or judicial decisions, such provision shall be considered void, but all other valid provisions hereof shall remain in full force and effect.

(e) For purposes of simplicity, each copy of this Agreement shall be considered an original when duly executed by one of the parties hereto, and shall be effective and binding upon all those parties duly signing the same only in the event that a minimum seventy-five (75%) percent of the Members, through their respective Delegates, have duly signed and executed an identical copy hereof and returned the same to the Secretary of the Consortium. The Secretary shall confirm the receipt of this Agreement to all Members.

Section 8.02. RESPONSIBILITY FOR FEDERAL EXCISE AND OTHER TAXES CONCERNING MEMBER SCHOOL ENTITIES OF CONSORTIUM. Notwithstanding any other provision of this Agreement, if any Member school entity's health insurance or other health and welfare benefit plan and its provisions results in the imposition of any federal excise tax or fee or any other state or local tax or fee as a result of the Affordable Care Act ("ACA") or other applicable law, such tax or fee shall be added to such Member's Contributions, as such Member school entity shall be solely and absolutely responsible for the collection, payment and remission of such tax or fee, as and when the same becomes due and payable and shall save, hold harmless and indemnify the Consortium and its other Member school entities with respect to the same.

Section 8.03. WITHDRAWAL AND ADMISSION OF MEMBER SCHOOL ENTITIES; TERMINATION OF CONSORTIUM. In the event that a Member school entity of the Consortium wishes to withdraw from the Consortium, then and in such event, it shall be required to give six (6) months' notice prior to the end of the then current Contract Period/Fiscal Year in which it intends to withdraw from the Consortium (i.e., June 30) and upon withdrawal from the Consortium, it shall be responsible for and shall pay to the Consortium any and all run out claims; that is, claims that are submitted for payment after the date of withdrawal which are attributable to health insurance premiums for the twelve (12) month period ending with the date of withdrawal ("Run Out Claims"). For example, if a Member school entity wishes to withdraw on June 30 of year 2016, then it must provide notice to the Consortium of its intent to withdraw no later than December 31 of 2015, and it shall be responsible for paying the Run Out Claims submitted after its withdrawal date of June 30 of 2016. Once a Member school entity withdraws from the Consortium, it shall be barred and precluded from readmission as a Member of the Consortium for a period of three (3) Fiscal Years after its date of withdrawal. Otherwise, any school entity which wishes to become a Member of the Consortium, including former Member school districts or school entities that had previously withdrawn at least three (3) Fiscal Years previously, can only be admitted as a Member if seventy-five percent (75%) of all of the then current Board of Delegates agree to the admission of such new Member school entity. In such event, such applicant for membership shall be required to submit its health and other relevant insurance premiums, claims data and other information as shall be reasonably requested by the Consortium for review and analysis by the Consortium to determine the terms, conditions, premiums, reserves and the like that would apply to such applicant school entity prior to its becoming a Member of the Consortium and such applicant must agree to pay the costs of such analysis prior to being admitted as a Member of the Consortium, whether or not it subsequently is admitted as a Member. In the event that all of the then existing Members of the Consortium wish to terminate the Consortium, then and in such event, any and all remaining funds of the Consortium, after the payment of administrative expenses and the costs of winding up the affairs of the Consortium, shall be expended on the continuation and payment of insurance premiums and claims of the remaining Members' employees and beneficiaries until fully depleted, as no funds of the Consortium shall revert back to its Members or to the inurement of any private individual.

Section 8.04. TAX-EXEMPT STATUS. The Consortium is a tax-exempt VEBA under Section 501(c)(9) of the Code and is an unincorporated association of its respective Members. Neither the Members, nor their respective Delegates, shall take any action, or fail to take any action, which would violate, jeopardize or disqualify the Consortium's tax-exempt status as a

VEBA under Section 501(c)(9) of the Code, under the Employees' Retirement Income Security Act of 1974, as amended ("ERISA"), if applicable, under any other provision of the Code or Treasury regulations thereunder, under any statute, regulation or rule of the U.S. Department of Labor or other applicable federal, state and local law.

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