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Dallas School Dist. v. Northeast Pennsylvania School Districts (Health) Trust

Commonwealth Court of Pennsylvania - April 17, 2013 - A.3d - 2013 WL 1641341

Individual school districts not entitled to disgorgement of funds after withdrawing from health trust.

Two school districts brought civil action against health trust to compel an accounting and a disgorgement of funds from the trust following their withdrawal from the trust. The withdrawal occurred after the school districts became dissatisfied with the manner by which the trustees administered the trust.

The trial court sided with the school districts. The appeals court reversed.

The appeals court held that the members of the trust, including the school districts, delegated to the trust's board of trustees broad authority over the management of the affairs of the trust, including determining the amounts that member school districts would contribute to the trust fund and how any assets of the trust fund would be used or distributed. The appeals court found no abuse of the board's discretion and no grounds for the creation of separate, segregated trust accounts.