

BY-LAWS
OF
THE NON PROFIT INSURANCE PROGRAM

ARTICLE 1

Offices

The principal office of the Non Profit Insurance Program (hereafter "the Program" or "the Corporation") shall be located within the state of Washington at the offices of the Third Party Administrator. The Corporation may have such other offices, either within or outside of the state of Washington, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

The Corporation shall have and continuously maintain in the state of Washington a registered office, and a registered agent whose office is identical with such registered office, as required by the Washington Non Profit Corporation Act, Chapter 24.03 Revised Code of Washington. The registered office may be, but need not be, identical with the principal office of the Corporation, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2

Members

Section 2.1. *Members and Qualifications for Membership.* The Corporation shall have Members. Eligibility for Membership in the Corporation shall be limited to nonprofit entities. Nonprofit entities wishing to become Members of the Corporation shall submit an application to the Corporation on a form prescribed by the Corporation. Members elected to membership pursuant to Section 2.3 must sign the Non Profit Insurance Program Membership Agreement (the "Agreement").

Section 2.2. *Member Representative.* Each Member shall appoint one representative who shall be authorized to exercise the Member's voting rights in the Corporation, if any, and to act on behalf of the Member with respect to all matters pertaining to the Corporation. Only directors, officers and employees of a Member shall be eligible to be appointed as a representative of a Member. The name of the person appointed as a Member's representative shall be submitted to the Corporation directly or via member's agent/broker via mail, email, or application. A change in a Member's appointed representative shall not become effective until the Corporation has received notice of such change. The alternate Member representative indicated on the renewal application will be used, if necessary, to serve and act in the absence of the Member's representative.

Section 2.3. *Selection of Additional Members.* Additional Members shall be admitted when approved by the Board of Directors. An affirmative majority vote of the Board of Directors present at a regular or special meeting shall be required for admission.

Section 2.4. *Voting Rights and Procedures.* Each Member shall be entitled to one vote on each matter submitted to a vote of the Members on the date the vote is taken, unless a record date for voting purposes is fixed by the Board of Directors. Members present on the day of the meeting of the membership shall be entitled to vote at such meeting, per applicable state law. The vote may be taken by mail or by electronic transmission (if the name of each candidate and the text of each proposal to be voted upon are set

forth in a record accompanying or contained in the notice of meeting). An election may be conducted by electronic transmission if the Corporation has designated an address, location, or system to which the ballot may be electronically transmitted and the ballot is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record. Members voting by mail or electronic transmission are present for all purposes.

Section 2.5. *Cancellation of Membership.* The membership of any Member of the Corporation may be canceled, pursuant to the provisions of Section 3.14 of the Agreement.

Section 2.6. *Resignation.* Any Member may resign from the Corporation, pursuant to the procedures and limitations specified in Sections 3.13 and 3.15 of the Agreement.

Section 2.7. *Transfer of Membership.* Membership in this Corporation is not transferable or assignable.

ARTICLE 3

Meetings of Members

Section 3.1. *Annual Meeting.* At the discretion of the Board of Directors, an annual meeting of the Members shall be held each year, with a date designated on the Corporation's website, ten days before the meeting, per applicable state law, for the purpose of delivering the Annual Report of the Program and/or transacting such business as may come before the meeting. The Annual Report of the Program shall also be posted to the Corporation's website or delivered to each Member by electronic or regular mail

Section 3.2. *Special Meetings.* Special meetings of the Members may be called by the Board of Directors or not less than one-fourth of the Members having voting rights. Notice to the Members of the program and the State Risk Manager will be provided by electronic mail twenty-four hours in advance of the meeting.

Section 3.3. *Place of Meeting.* The Board of Directors may designate any place as the place of the meeting for any meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the office of the Third Party Administrator in the state of Washington.

Section 3.4. *Notice of Meetings.* Written notice stating the place, day, and hour of any meeting of Members shall be delivered to each Member entitled to vote at such meeting and the State Risk Manager, not less than ten days before the date of such meeting, by or at the direction of the Chair of the Board of Directors, or the Third Party Administrator or persons calling the meeting. Notice to the Members of the program will be provided pursuant to Washington law.

Section 3.5. *Manner of Acting.* For deciding all matters referred to the membership, a quorum consists of those present. A majority of the votes cast on a matter to be voted upon by the Members present at a meeting, at which a quorum is present, shall be necessary for the adoption thereof, unless a greater proportion is required by law, the Agreement, or by these By-Laws.

Section 3.6. *Rule of Procedure for Meetings.* All meetings of the membership shall be conducted in accordance with meeting operating procedures established by the Board of Directors from time to time, except where such rules are in conflict with applicable law, the Agreement, or these Bylaws.

ARTICLE 4
Board of Directors

Section 4.1. *General Powers.* The affairs of the Corporation shall be managed by its Board of Directors.

Section 4.2. *Composition.* The Board will be comprised of seven (7) elected member representatives to be known as Directors. One (1) Regional Director will be elected from each of the four Regions of the state (See 4.3). Three (3) At-Large Directors will also be elected.

Section 4.3. *Regions.* There will be four geographical regions in the state, each comprised of a balanced, contiguous set of Washington counties. A Member wishing to serve on the Board of Directors may represent a region based either on address of Registered Agent listed on the Corporation's Annual Report to the Washington Secretary of State or an area of service listed in the Member's annual report.

Section 4.4. *Term of Office.* The term of office is four years. Terms shall be staggered by two years to create a rotation in Board Membership. Regional Directors 1 and 3 and At-Large Director 1 and 3 will form one group. Regional Directors 2 and 4 and At-Large Director 2 will form the second group.

Section 4.5. *Elections and Voting.* At-Large Directors and Regional Directors will be elected by the Members. A Director must receive a majority of the votes cast for the position. Elections will be conducted by ballot, in accordance with procedures detailed in WAC 200-150, or applicable state law.

Section 4.6. *Voluntary Resignation and Vacancies.* A Director who is absent from three consecutive, regularly scheduled Board of Directors meetings or one-half of the Board of Directors meetings during the prior twelve months, without acceptable excuse, shall be deemed to have voluntarily resigned from the Board of Directors. At any meeting of the Board of Directors at which there are absences, the Board of Directors shall determine if they are excused. Any vacancy on the Board of Directors shall be filled by the nomination and election by a majority vote of the remaining Directors and will remain in the position for the remainder of the term.

Section 4.7. *Regular Meetings.* Members of the Program shall be provided with a notice of the time and place of each regular meeting of the Board of Directors. This notice will be made at least ten days prior to the meeting, per applicable state law. The notice, including the time and location of each meeting, shall be delivered in electronic or paper form and posted on the Corporation's public website. Notice to the Members of the Corporation will be provided, pursuant to state law. Meetings of the Board of Directors may be held by conference telephone or individual Directors may attend any regular Directors meeting by telephone.

Section 4.8. *Special Meetings.* Special meetings of the Board of Directors may be called by, or at the request of, the Chair or any three Directors. Special meetings of any committee of the Board of Directors may be called by, or at the request of, the Chair of the Board of Directors or any two Directors. The person or persons authorized to call special meetings of the Board of Directors or of any committee of the Board of Directors may fix any place, either within or out of the state of Washington, as the place for holding any special meeting of the Board of Directors or committee called by them. Special meetings may be held by conference telephone or individual Directors may attend special meetings by telephone.

Section 4.9 *Notice.* Notice of any special meeting of the Board of Directors shall be given at least twenty-four hours in advance. Notice will be sent by electronic or paper form to each Member and posted on the Corporation's public website. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or any committee of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws. Directors or any member of any Committee of the Board of Directors may participate in a special meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting. Notice to the Members of the program will be provided, pursuant to state law.

Section 4.10. *Quorum.* A majority of the currently-serving Board of Directors shall constitute a quorum for the transacting of any business of the Board of Directors. For the purpose of a quorum a Director, upon approval of the board, may telephone conference into the meeting. However, if less than a majority of the currently-serving Board of Directors members are present at said meeting, a majority of the Board of Directors members present may adjourn the meeting without further notice.

Section 4.11. *Manner of Acting.* The act of a majority of the Board of Directors members, or a majority of the members of any committee of the Board of Directors, present at a meeting at which a quorum is present shall be the act of the Board of Directors or its committee, unless the act of a greater number is required by law, by Agreement, or by these Bylaws.

Section 4.12. *Termination or Dissolution.* Upon the adoption of a resolution of termination or dissolution of the program, the Board of Directors shall conduct only such affairs as may be necessary for the winding up thereof. Except for Directors who voluntarily resign, the Board will continue as constituted until articles of dissolution are filed with the Secretary of State regardless of whether that Director's nonprofit entity member employer has withdrawn or cancelled its membership, provided, however, that the Member did not withdraw prior to the adoption date of the resolution of termination or dissolution.

Section 4.13. *Rule of Procedures for Meetings.* All meetings of the Board of Directors or a committee of the Board of Directors shall be conducted in accordance with meeting operating procedures adopted by the Board of Directors from time to time, except where such rules are in conflict with applicable law, and Agreement, or these Bylaws.

Section 4.14. *Compensation.* Board of Directors members or its committee members, as such, shall not receive any stated salaries for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors or any of its committees.

Section 4.15. *Action by Board of Directors Members Without a Meeting.* Any action required by law to be taken at a meeting of the Board of Directors or any of its committees, or any action which may be taken at a meeting of the Board of Directors or any of its committees, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors or committee members.

ARTICLE 5
Officers

Section 5.1. *Officers.* The officers of the Corporation shall be a Chair, a Vice Chair, a Fiscal Officer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, as it shall deem desirable, such officers to have the authority to perform the duties prescribed, from time to time, by the Board of Directors. No more than one office may be held by the same person simultaneously.

Section 5.2. *Election and Term of Office.* The officers of the Corporation shall be elected every year by the Board of Directors from among its Members at the first meeting of each fiscal year. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until resignation or until such time as a successor shall have been duly elected and qualified.

Section 5.3. *Removal.* Any officer elected or appointed by the Board of Directors may be removed by a majority vote of the Board of Directors at its sole discretion.

Section 5.4. *Vacancies.* A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.5. *Chair.* The Chair of the Board of Directors shall be the principal executive officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. The Chair shall preside at all meetings of the Members and the Board of Directors. The Chair may sign, with any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases when the signing and execution thereof shall be expressly delegated by the Board of Directors, or by these Bylaws, or by statute, to some other officer or agent of the Corporation. Subject to limitation by the Board of Directors, statute, or these Bylaws, the Chair shall perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5.6. *Vice Chair.* In the absence of the Chair or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall perform such other duties as from time to time may be assigned to him or her by the Chair or by the Board of Directors.

Section 5.7. *Fiscal Officer.* The Fiscal Officer shall be responsible to act with the Third Party Administrator as directed by the Chair of the Board to carry out Board of Directors fiscal policies and procedures.

ARTICLE 6
Committees

Section 6.1. *Committees of the Board of Directors.* The Board of Directors may designate and appoint one or more committees as desired. Each shall consist of two or more Board of Directors members.

As resolved by the Board of Directors, a specific committee can have and exercise the authority of the Board of Directors in the management of the Corporation, except that no such committee shall have the authority of the Board of Directors in reference to amending, altering, or repealing the Bylaws; electing, appointing, or removing any member of any such committee; amending the Articles of Incorporation; restating Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another Corporation; authorizing the sale, lease, exchange, or mortgage of all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings, therefore, adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee or doing any act in conflict with the duties of the Board of Directors as set forth in the Agreement.

The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Board of Directors member, of any responsibility imposed upon it or him or her by law.

Standing Committees of the Board are as follows. No other committee established is considered a standing committee of the board and is based solely on need.

1. Executive Committee. Comprised of: Chair, Vice Chair, Fiscal Officer

Function: Discuss legal issues and possible time-sensitive Board issues, initiate and conduct regular reviews for TPA and Brokerage services, per contracts. Work with and evaluate governmental relations professionals, per Board guidelines. Handle advocacy: recommendations on state, regional, and national issues for nonprofits, recommend action on these issues when asked for support from other nonprofit stakeholders and associations.

2. Fiscal Committee. Comprised of: Fiscal Officer and two additional directors.

Function: Monthly meetings to approve vouchers, review receivable reports, write-offs. Review budget and provide Board recommendation upon budget renewal. Work on renewal terms with staff, when needed, outside of full Board meetings. Other tasks are delegated to the committee such as review of tax and/or dividend issues, if applicable. When this occurs, the ideas should be discussed in committee with a goal of recommendation to the full Board.

Section 6.2. *Other Committees.* Other Committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be appointed in such manner as may be designated by a majority of the Board of Directors members present at a meeting at which a quorum is present. Members of each such committee shall be representatives of Members of the Corporation, and the Chair of the Corporation shall appoint the Members thereof. Any Member thereof may be removed by the person or persons authorized to appoint such Member whenever, in their judgment, the best interests of the Corporation shall be served by such removal.

Section 6.3. *Term of Office.* Each member of a committee shall continue as such until a successor is appointed, unless the committee shall be sooner terminated, the member is removed from such committee, or such member shall cease to qualify as a member thereof.

Section 6.4. *Chair.* One member of each committee shall be appointed Chair by the person or persons authorized to appoint the members thereof.

Section 6.5. *Vacancies.* Vacancies in the membership of any committee may be filled by appointments made in the same manner, as provided in the case of the original appointments.

ARTICLE 7

Administrator & Program Brokerage Services

Section 7.1.1. *Administrator Appointment and Removal.* The Board of Directors shall engage a Third Party Administrator of the Corporation (the "Administrator"), who shall be selected by and subject to termination by the Board of Directors pursuant to a written contract procured and consistent with the requirements set forth in WAC 200-150-038.

Section 7.1.2. *Powers and Duties.* The Administrator shall be the chief administrator of the Corporation and shall have control of the administrative functions of the Corporation. The Administrator shall carry out the orders of the Board of Directors and shall be responsible to the Board of Directors for the efficient administration of the affairs of the Corporation. The Administrator shall keep the Board of Directors fully advised of the financial condition and needs of the Corporation.

Section 7.1.3. *Administrator.* The Administrator shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive, and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected, in accordance with the provisions of these Bylaws; and in general, perform such other duties as from time to time may be assigned to him by the Chair or by the Board of Directors.

The Administrator shall keep the minutes of the meetings of the Members, the Board of Directors, and any committees of the Board of Directors, see that all notices are duly given, in accordance with the provisions of these Bylaws, or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized, in accordance with the provisions of these Bylaws; keep a register of the post office address of each Member and each representative of each Member which shall be furnished to the Administrator by each Member. The Administrator shall be bonded in an amount determined by the Board of Directors.

Section 7.1.4. *Compensation.* The Administrator shall receive such compensation as the Board of Directors shall fix by budget acceptance.

Section 7.2.1. *Program Brokerage Services Appointment and Removal.* The Board of Directors shall appoint and employ a Program Broker for the Corporation (the "Broker"), who shall be selected by and subject to termination by the Board of Directors pursuant to a written contract. The Broker can also serve as the Administrator.

Section 7.2.2. *Powers and Duties.* The Broker shall carry out the orders of the Board of Directors and shall be responsible to the Board of Directors. The Broker shall keep the Board of Directors fully

advised of the market conditions and insurance needs of the Corporation. The Broker shall provide the duties agreed upon in writing, including but not limited to placement of insurance coverage for the Program.

Section 7.2.3. *Compensation.* The Broker shall receive such compensation as the Board of Directors shall fix by budget acceptance.

ARTICLE 8 *Indemnification*

The Board of Directors and Members of the Corporation; its directors, officers, employees and the Administrator, Broker, its agents, directors, officers, and employees shall:

1. Use reasonable and ordinary care in the exercise of their duties as relates to the Corporation;
2. Not be liable for, and be held harmless and defended by the Corporation, for any act of negligence, any mistake of judgment, or any other action, made, taken or omitted in good faith and on behalf of the Corporation;
3. Not be liable for any loss incurred through investment of funds or failure to invest such funds so long as they are invested, according to the direction of the Board of Directors.

The Corporation will purchase, subject to availability and cost, insurance providing coverage for Board of Directors members and the Administrator/Broker.

The Corporation shall indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a member of the Board of Directors, any other committee of the Corporation, employee, or agent of the Corporation, or the Administrator, its agents, directors, officers, or employees in the furtherance of Corporation business, against expenses (including counsel fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her, in connection with such action, suit, or proceeding, to the full extent permitted by applicable law. Such indemnification may, in the discretion of the Board of Directors, include advances of his or her expenses, in advance of final disposition of such action, suit, or proceeding, subject to the provisions of any applicable statute. The indemnification provided in this Article shall not extend to suits, claims, actions, administrative procedures, or investigations brought by or at the request of the Corporation. No indemnification shall extend to any person named above in any litigation, administrative proceeding, or process of any type where the Corporation and the individual are opposing each other.

ARTICLE 9 *Coverage Determinations and Appeal Rights*

Section 9.1. *Coverage Determinations.* All coverages are limited to those coverages provided through the Corporation as identified in Section 3.4.3 of the Agreement, as follows:

The insurance afforded to each Member, pursuant to this Agreement, is limited to the insurance provided by any insurer of the Program and the coverages defined in the policies of insurance issued by any insurer of the Program. No coverage, benefit or insurance, in excess or different from that afforded by any insurer of the Program, is offered or afforded to any Member by execution of this Agreement.

The Administrator, acting on behalf of the Corporation, shall make all initial coverage determinations as respects the Corporation's self retention or deductible, when applicable, under the jointly purchased policy or policies of insurance. Such determinations shall be made according to the procedures set forth in this Article and subject to the right of appeal set forth in Section 9.2. Such determination shall be made after appropriate consultation with the Corporation's insurance carrier.

- (a) Upon receiving notice of a claim or a Summons and Complaint against a Member and/or persons requesting coverage (the "Covered Party"), the Administrator shall, within forty-five (45) days or such other reasonable time as agreed after receipt of said notice, make an initial coverage determination.
- (b) Upon making a coverage determination, the Administrator shall notify the Covered Party of the determination in writing. If the claim or complaint may exceed the Corporation's self retention or deductible, when applicable, the Administrator shall inform the Member or Covered Party of that determination.
- (c) The written coverage determination shall address the following issues:
 - (1) Whether the Corporation will provide the Covered Party legal counsel for defense of the Summons and Complaint;
 - (2) Whether the Corporation is reserving any rights to make subsequent coverage determinations; and
 - (3) Whether the Corporation is denying coverage for the claims made in the claim or Summons and Complaint under review. In the event that coverage is denied, the Administrator shall inform the Covered Party, in writing, of the appeal process contained in Section 2 of this Article.
- (d) In the event the Administrator determines that the Program should: (1) reserve its rights to make subsequent coverage determination, or (2) deny coverage, then the written notice shall also state the reasons for any such reservation or denial.
- (e) In the event that a final coverage determination cannot be made by the Administrator until after the facts of the claim or Complaint are determined in a legal proceeding, the Administrator shall make a final coverage determination within sixty (60) days or such reasonable time, as agreed, after the final disposition of the legal proceeding is provided to the Administrator. The determination shall be provided in writing to the Covered Party and shall contain the information required by Sections 9.1(c) and 9.1(d).
- (f) All written determinations by the Administrator shall be deemed final and binding upon all parties, unless the Covered Party files a timely notice of appeal with the Board of Directors in the manner specified in Section 9.2. The determination of the Administrator is only binding upon the Corporation and relates only to the self retention or deductible in place at that time under the policy of insurance which insures the Program. The determination of the Administrator is not binding upon the carrier who insures the Program. Covered Parties are

required to resolve coverage disputes with the insurance carrier pursuant to the terms of the policy issued by that carrier.

If a claim or Complaint is of such an amount or magnitude that in the opinion of the Administrator that claim or Complaint may exceed the amount of the self retention or deductible in terms of exposure and/or costs of defense, then the Administrator shall not be entitled to make a determination of coverage. In those instances, all determinations of coverage shall be made in accordance with the terms of the insurance policy issued by the Program's carrier. The Covered Party shall deal with that carrier through the Administrator's office, unless otherwise instructed by the Administrator. The provisions of this Article shall not apply in those instances where the claim or Complaint is of such an amount or magnitude that in the opinion of the Administrator that claim or Complaint may exceed the amount of the self retention or deductible in terms of exposure and/or costs of defense. In those instances, if a Covered Party or Member has requested a coverage determination, the Administrator shall notify the Covered Party or Member in writing that the Administrator has determined he or she may not issue a determination of coverage and refer the requesting party to the terms of the policy of insurance for resolution of coverage issues.

- (g) The Administrator shall not be obligated to make any coverage determinations until a claim or a Summons and Complaint has been served upon the Covered Party and until the Administrator has received notice thereof. However, the Administrator shall issue tentative written coverage determinations before a Summons and Complaint has been filed upon the written request of the Covered Party. If the Administrator makes a tentative coverage determination, he or she shall remain obligated to provide a subsequent final written coverage determination after a Summons and Complaint has been served and the Administrator has received notice thereof, as provided in Sections 9.1(a), (b), (c), (d), (e), and (f).

Section 9.2. *Appeal.* Any written determination made by the Administrator pursuant to Section 9.1(c) and (d) denying coverage to a Covered Party shall be final, as provided in Section 9.1(f), unless the procedures for appeal, provided hereafter, are followed by the Covered Party. The following appeal procedures shall apply in those cases where the Administrator has not determined the claim or Complaint is of such an amount or magnitude that in the opinion of the Administrator that claim or Complaint may exceed the amount of the self retention or deductible, in terms of exposure and/or costs of defense. There is no appeal from a determination of the Administrator that the claim or Complaint is of such an amount or magnitude that the claim or Complaint may exceed the amount of the self retention or deductible, in terms of exposure and/or costs of defense.

- (a) Any Covered Party aggrieved by the Administrator's written coverage determination may appeal the decision to the Board of Directors. The appeal must be initiated by the Covered Party within thirty (30) days following receipt of the Administrator's written determination. If an appeal is not initiated within thirty (30) days, as provided herein, the Covered Party shall be deemed to have waived any further right to appeal the decision of the Administrator.
- (b) An appeal is deemed initiated for purposes of this Article when the Covered Party, or his, her, or its legal representative, serves a written Notice of Appeal upon the Administrator or upon the Chair of the Corporation. The written Notice of Appeal shall include the following information:

- (1) The name of the Covered Party initiating the appeal;
 - (2) A brief statement identifying the subject of, and basis for, the appeal. A copy of the Administrator's written determination should be attached to the Notice of Appeal; and
 - (3) The signature of the Covered Party initiating the appeal or the signature of the Covered Party's legal representative.
- (c) At the next scheduled Board meeting, or such time as is agreed after an appeal has been initiated, the Board of Directors will hear the appeal. Notice of the date set for meeting to hear the appeal by the Board of Directors shall be sent to the Covered Party not later than ten (10) days prior to the date set. The Chair of the Board of Directors shall have the authority to set dates to hear the appeal and to grant continuances where good cause is shown.
- (d) The hearing by the Board of Directors may occur when a quorum of the Board, pursuant to Section 4.6, is present. Voting by the Board of Directors and the procedures for the meeting of the Board of Directors on the appeal hearing shall be as provided in Sections 4.6 and 4.7. However, members of the Board of Directors shall abstain from participating or voting in any appeals involving a Member with which they are affiliated.
- (e) The hearing of the Board of Directors on the appeal shall proceed as follows:
- (1) The Chair of the Board of Directors shall administer the hearing and make all necessary procedural rulings during the hearing;
 - (2) The Covered Party or his, her, or its legal representative, if any, shall begin the proceeding with an explanation of the basis for the appeal. The Covered Party shall present to the Board of Directors all evidence, testimony, argument, and legal authority relevant to and in support of the appeal. Thereafter, the Administrator and/or Corporation's legal representative may present all evidence, testimony, argument, and legal authority relevant and in opposition to the Covered Party's position. Each side shall be provided an opportunity to present rebuttal evidence and argument;
 - (3) Following the presentation of evidence, testimony, argument and legal authority, the Board of Directors may retire into executive session to discuss consideration of the appeal. Thereafter, the Board of Directors shall reconvene in public session to consider and vote on any motion made to decide the appeal. The Board of Directors may vote to uphold the decision of the Administrator or to modify or reverse the decision of the Administrator. The decision of the Board of Directors shall be reduced to writing and signed by the Chair of the Board of Directors and a copy thereof sent to the Covered Party within seven (7) days following the final decision of the Board of Directors; and
 - (4) The Chair may adjourn and reconvene any hearing on an appeal, as may be necessary, to preserve a fair hearing.
- (f) A final decision of the Board of Directors denying the Covered Party the full relief sought shall not preclude the appealing party from seeking judicial review of the Administrator's and/or the Board of

Directors' coverage determination. However, no Covered Party may maintain any lawsuit or complaint against the Corporation alleging any improper or incorrect coverage denial unless the Covered Party has first exhausted the appeal procedures provided herein. Exhaustion of these appeal procedures shall be a condition precedent to any subsequent legal action or suit by a Covered Party.

ARTICLE 10

Conflict of Interest and Appearance of Fairness Procedure

All Members of the Corporation, the Board of Directors, and its committees, shall exercise every effort to avoid conflicts of interest, or the appearance thereof, in their actions relating to the Corporation. Any person who has a personal interest in any matter before the Board of Directors or one of its committees, which would tend to prejudice his or her action, shall so indicate publicly and may abstain from the deliberations and voting on such matter.

ARTICLE 11

Contracts, Checks, Deposits, and Funds

Section 11.1. *Contracts.* The Board of Directors may authorize any officer or officers, agent or agents, of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 11.2. *Checks, Drafts, etc.* All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Administrator and countersigned by the Board of Directors Chair, Board of Directors Vice Chair, or Fiscal Officer of the Corporation.

Section 11.3. *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 depositories as the Board of Directors may select and as are allowed by the laws of the state of Washington and the Program's adopted investment policy.

ARTICLE 12

Books and Records

The Administrator, at the direction of the Board of Directors, shall keep complete books and records of account and shall also keep minutes of the proceedings of its Members and Board of Directors and shall keep, at its registered or principal office, a record giving the names and addresses of the Members entitled to vote. All books and records of the Corporation may be inspected by any Member, or its attorney, for any proper purpose at any reasonable time.

ARTICLE 13

Fiscal Year

The fiscal year of the Corporation shall be from June 1 through May 31 of the next calendar year, or as set by the Board of Directors.

ARTICLE 14
Waiver of Notice

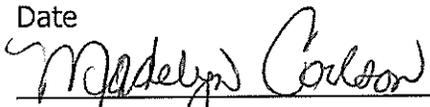
Whenever any notice is required to be given under the provisions of the Washington Non Profit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 15
Amendments to Bylaws

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by an affirmative vote of a majority of the current Board members of the Board of Directors at any regular meeting or at any special meeting. The Board of Directors will give each Member of the Program and the State Risk Manager notice in electronic or paper form at least thirty days in advance of the Board of Directors' meeting in which a vote on the proposed change(s) will occur, or pursuant to State law, whichever notice is greater. Such notice shall include a copy of proposed changes.

June 6, 2016

Date



Madelyn Carlson, Chair



Darlene Riley, Vice Chair