

CATHERINE WASHBURN MEDICAL ASSOCIATION

BY-LAWS

Adopted	Mar. 20, 1972
Amended	May 11, 1974
Amended	May 14, 1977
Amended	Sept. 9, 1982
Amended	May 7, 1988
Amended	May 11, 1991
Amended	May 9, 1992
Amended	May 14, 1994
Amended	May 17, 1997
Amended	June 11, 2005
Amended	May 16, 2009
Amended	May 19, 2012
Amended	May 16, 2015

SECTION 1. MEMBERSHIP

There shall be one class of voting membership: Household, renewable annually. Household membership is comprised of one or more persons sharing the same address. Any household that contributes an amount set by the board, or more, shall be entitled to a calendar year membership in the Association. The Secretary shall ensure that a current roster of membership is maintained and is available for inspection by any member. No certificate of membership shall be issued. Receipts for dues or other contributions shall be acknowledged by mail.

SECTION 2. ANNUAL MEETING OF THE MEMBERSHIP

The Annual Meeting of the membership shall be held at Lopez, Washington in May of each year. The exact date will be determined no later than the regularly scheduled January meeting date of the Board of Directors. Said meeting shall be for the purpose of electing directors and the transaction of any and all other business of the Association which may be brought before the meeting for consideration. Notice and agenda of the Annual Meeting shall be mailed to members of record at least thirty but not more than fifty days prior to the scheduled date of said meeting and shall contain the date, time, and place of said meeting and the list of persons nominated to fill vacancies to occur on the Board of Directors.

SECTION 3. SPECIAL MEETING OF THE MEMBERSHIP

A special meeting of the membership may be called by the Directors. Notice of the meeting and the agenda shall be mailed to members of record at least 30 but not more than 50 days prior to the date of the special meeting. A special meeting may be called with notice given by mail to all members of record one month in advance, upon petition of ten percent of the members of record. Notification of a special meeting shall include the purpose of the meeting and the issues or proposals to be voted upon. Only those issues included in the notification will be subject to discussion and a vote.

The right to vote at a special meeting shall be limited to those members of record on the date of mailing of the notice of the meeting.

SECTION 4. ELECTION OF DIRECTORS

There shall be nine directors elected by the membership. The elected directors shall serve three-year terms staggered, so that no more than three terms shall terminate in any one year. Directors shall be members of the Association and must be permanent residents of Lopez Island.

Persons may be nominated by the Board of Directors to fill any full-term vacancy on the Board of Directors or upon written petition of any ten members of the Association received by the Secretary no less than fifty days prior to the Annual Meeting of the Association. No elected directors may serve more than two consecutive full-terms and may not be reelected to the Board until the Annual Meeting in the year following the year such director's second term ended. Candidates for the position of Director shall provide a brief statement describing their background and the skills they can bring to the Board.

In the event of a mid-term vacancy on the Board of Directors, the remaining directors may appoint a person to fill the unexpired term of his/her predecessor in office. The appointed director shall be eligible to subsequently serve two elected full-terms.

SECTION 4.1. REMOVAL OF DIRECTORS

Directors may be removed only for cause or by a vote of two-thirds of the membership as provided for in this section.

Removal for Cause: A Statement of the Basis for Removal of a Director may be approved by the Board, or may be submitted in writing to the Secretary signed by at least ten percent (10%) of the members of the Association. The statement shall then be provided to the Director, who shall have ten (10) days to prepare a written response. If the board or the members having signed the Statement of Basis for Removal wish to proceed, the Board shall call a special meeting of the membership as provided for in Section 3 of these by-laws. At the special meeting, the Director shall be given adequate opportunity to respond to the charges made. No proposed grounds for removal other than those raised in the initial Statement of Basis for Removal may be considered at this Special Meeting. A majority vote of the members present or by proxy and eligible to vote shall be required for removal of the Director, and the motion to remove must state the specific grounds for cause for removal.

Removal by membership vote without cause: On the motion of the Board or on receipt of a request signed by ten percent (10%) of the members of the Association, the Secretary shall call a special meeting of the membership as provided for in Section 3 of these by-laws for the purpose of voting on the removal of a Director. A two-thirds (2/3) vote of the members present or by proxy and eligible to vote shall be required for the removal of a Director without cause.

In the case of serious misconduct where the continued participation of a Director would, in the judgment of the Board, be significantly detrimental to the Association, the Board may vote to

suspend the Director and relieve him or her of all duties and rights of a Director for not more than 90 days in order to allow the removal process to take place.

If this provision for Removal of Directors is modified by future amendment, such modification may not act to remove any rights or protections for Directors then in office, but shall only apply prospectively to Directors elected after the date of such amendment.

SECTION 5. VOTING

Each Household membership that has a member present or by proxy at the Annual or Special Meetings of the Association is eligible to cast one vote if said membership was established at the time the meeting notice was mailed.

SECTION 6. POWERS OF THE BOARD OF DIRECTORS

The corporate powers, business and property of the Association shall be exercised, conducted, and controlled by the Board of Directors. All powers given to the corporation by the laws of the State of Washington are hereby delegated to the directors with full authority for them to re-delegate such authority as they may see fit.

SECTION 7. ANNUAL MEETING OF THE BOARD OF DIRECTORS

The Board of Directors, including those elected at the Annual Meeting of the membership, shall meet immediately following the Annual Meeting of the members for the purpose of electing officers and thereafter to transact other business which shall come before it, which meeting shall be known at the Annual Meeting of the Board of Directors. The Board of Directors shall meet at such other time and place as they shall from time to time determine by resolution, but in no case shall they meet less than once each calendar quarter, including the Annual Meeting.

SECTION 8. SPECIAL MEETING OF BOARD OF DIRECTORS

Notice of the meetings of the Board of Directors shall be furnished each director at least five days in advance of the meeting, except for the Annual Meeting for which no notice other than that prescribed for the Annual Meeting of the membership is required. Notice of such meetings may be by telephone, in person, or by letter mailed to the address of record of each director at least five days in advance of the meeting. Notice may be waived by unanimous consent of the directors.

SECTION 9. INDEMNIFICATION

To the full extent permitted by the Washington Nonprofit Corporations Act as hereafter amended, The Catherine Washburn Medical Association shall indemnify any person who is made or was 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, by reason of the fact that he/she is or was a director or officer of this corporation or is or was serving at the request of this corporation as a director, trustee, officer, employee, or agent of this or another corporation, partnership, joint venture, trust, or other enterprise, if he/she acted in good faith and in a manner he/she 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 reason to believe his/her conduct was unlawful. Indemnification shall include expenses (including reasonable attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding. However, no indemnification shall be made in respect of any claim, issue, or matter as to which he/she shall have been judged to be liable for negligence or misconduct in the performance of his/her duty to the corporation.

SECTION 10. QUORUM

Ten percent (10%) of the membership represented in person and/or by proxy at any Annual or Special Meeting of the membership shall constitute a quorum for the conduct of any business.

A majority of the whole number of directors shall constitute a quorum for the transaction of any and all business of the Board of Directors, and every act or decision of a majority of the directors present at a meeting at which a quorum is present shall be valid as the act of the full Board.

SECTION 11. CONDUCT OF MEETING

Roberts Rules of Order, Revised, shall govern the conduct of all meetings of the Board of Directors and meetings of the members except as modified by these by-laws.

SECTION 12. OFFICERS

The officers of this Association shall constitute a President, Vice President, Secretary, and a Treasurer to be elected annually at the Annual Meeting of the Board of Directors.

SECTION 13. PRESIDENT

The President of the Association shall be presiding officer at all meetings of the members and the Board of Directors. He/she shall exercise such powers as may be delegated from time to time by the directors. The President with the Secretary signs all notes of evidence of indebtedness or other instruments, in writing, as he/she may be directed by the Board of Directors or by the members, or where required by law or custom.

SECTION 14. VICE PRESIDENT

The Vice President of the Association shall, in the absence or incapacity of the President, have like power and duties as those of the President, shall preside over all meetings of members and over the meetings of the Board of Directors in the absence of the President, and shall perform such additional duties and exercise any additional authority as may be delegated from time to time by the Board of Directors.

SECTION 15. SECRETARY

The Secretary shall keep the minutes of all meetings of the members, meetings of the Board of Directors, keep the corporate minutes, and shall attend to the giving, posting, publishing or service of all notices required by these by-laws or by law and shall supervise the keeping of the membership records of the Association. The Secretary shall, with the President, sign all certificates, deeds, mortgages, leases, contracts and other instruments when authorized to do so by the Board of Directors, except as otherwise provided in these by-laws. He/she shall be custodian of the corporate seal and shall affix the same to all necessary documents. He/she shall perform such other duties as the Board of Directors shall from time to time direct. If the Secretary shall be unable or unwilling to perform any of the duties of his/her office, the Board of Directors may designate any member of the Board to act in his/her behalf.

SECTION 16. TREASURER

The Treasurer shall have custody of the funds of the Association and shall deposit same in such bank or banks as may be designated by the Board of Directors. Funds shall be disbursed in accordance with resolutions of the Board of Directors or agreements entered into with the approval of the Board of Directors. The financial records of the Association shall be assessed annually by a qualified independent financial reviewer. The need for further review shall be established on the basis of that assessment.

SECTION 17. GENDER NEUTRAL

Whenever masculine, feminine, neuter, singular or plural terms are used in these by-laws, such terms shall be construed to include all persons in whatever form as appropriate to make the bylaws applicable to all members of the Association, all directors and all members of the Endowment Committee unless the context of the by-laws clearly indicates otherwise.

SECTION 18. INVESTMENT FUNDS

The Board of Directors holds ultimate authority and responsibility for the oversight and management of all assets of the Association. There are herewith established five separate funds which shall be known as:

1. **Operating Fund** - funds for normal expenses of the Association as defined in the annual operating budget.
2. **Reserve Fund** (previously "Fund A") - assets not otherwise designated by donors and used in support of the Association's medical programs. The assets or principal of the Reserve Fund shall not be invaded except for major capital projects or for operating or capital expenditures of the Lopez Island Medical Clinic or under financial emergency, and then only with the concurrence of at least six out of nine members of the Board of Directors of the Association acting in a meeting at which the Investment Committee members shall be invited to attend and speak.
3. **Endowment Fund** (previously "Fund B") – assets donated to the Association in perpetuity. The assets of the Endowment Fund shall be invested in perpetuity and shall not be invaded except on dissolution of the Association. Income that accrues to the Fund investments may be used at the discretion of the Association Board of Directors for such

purposes as the Board deems appropriate. The concurrence of six of the nine members of the Board of Directors shall be necessary to approve any such expenditures of income.

4. **Sikstrom Fund** – assets in support of the acquisition of capitalized medical equipment and devices and their respective amortization and reimbursement for charitable and bad debt patient care of Lopez Island residents for Lopez Island Medical Clinic and Island Hospital.
5. **Special Projects Fund** – assets for activities normally of a short term that need to be monitored separately at the request of the donor or at the direction of the Board.

The Association may solicit and receive gifts or testamentary bequests of cash, securities and real or personal property or any interest therein, and said gifts and bequests shall be, at the option of the donor, placed in any of the five Funds.

To advise the Board in this function, a three person or other odd number outside committee shall be established of people with experience in business or financial management. This committee shall be known as the Investment Committee, and shall be appointed by and serve at the pleasure of the Association Board of Directors. The Committee shall be chaired by the Treasurer. One of the other members of the Investment Committee shall also be a board member of the association.

The Investment Committee shall meet on an ad-hoc basis at the request of the Board as financial management issues occur. The Investment Committee will revise as necessary for board approval the “Description of Investment Funds” defining the respective investment policies for each fund. It is the fiduciary responsibility of the Treasurer and the Board of Directors in general to insure that these policies are being followed. The Investment Committee, with approval of the Board of Directors, may retain the services of advisors and specialists, charging the costs thereof and other reasonable costs of management, to the Funds.

The books and records of all Funds shall be open for inspection by members or by any donors or their representatives. The Funds shall be audited in accordance with Section 16.

SECTION 19. AMENDMENTS

These by-laws, or any part thereof, may be repealed or amended or new by-laws adopted at any Annual or Special Meeting of the membership called for that purpose provided that the complete written text of any proposed change shall be received by the Secretary at least fifty days in advance of such meeting and provided that the proposed change is either in the form of a resolution of the Board of Directors or a petition signed by at least ten members of the Association. No provision of these by-laws shall be amended more than once in any calendar year.

SECTION 20. DISSOLUTION

Dissolution of the Association may be voted upon only at an Annual Meeting or at a Special Meeting of the membership called for that purpose. Upon the dissolution of the corporation, if ever, for whatever purpose, the Board of Directors shall, after paying, or making provision for

the payment of, all of the liabilities of the corporation, dispose of all of the assets of the corporation to such organization, or organizations, as are tax exempt and providing services similar to those of the Association, as provided in the amended Articles of Incorporation.