

**RESTATED BYLAWS
OF
OREGON CONTRACTORS WORKERS COMPENSATION TRUST, INC.**

Article 1. MEMBERS

1.1 **MEMBERS.** Each employer to which the Corporation provides Workers' Compensation and Employers Liability Coverage shall be a member of the Corporation during the period for which such coverage is in effect. Membership does not extend to any person or entity that controls, is controlled by or under common control with an employer that is a member. To be eligible for membership in the Corporation, a member must (i) satisfy the underwriting criteria established from time to time by the Board of Directors, (ii) execute and deliver an agreement to be bound by the Articles of Incorporation, these Bylaws and the Pooling Agreement and (iii) pay all contributions, premiums, assessments, fees or other monies that may be charged by the Corporation at the required times and in the required amounts. The Board of Directors, in its sole discretion, may adopt, amend or repeal additional membership rules (the "Membership Rules") that govern qualifications for membership, membership rights and privileges, termination of membership status and rights or any other matter affecting the members or membership in the Corporation. Members shall have only those rights and privileges which are expressly granted to them in these Bylaws, the Membership Rules or under applicable law. The Corporation shall consist of an unlimited number of members.

1.2 **ANNUAL MEETING.** The annual meeting of the members shall be held on the third Friday in the month of July in each year at the hour of 10:00 a.m. for the purpose of electing directors and transacting such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Oregon, the meeting shall be held on the next succeeding business day. If the annual meeting of the members is not held at the designated time, the President or the Board of Directors may call the annual meeting not more than sixty (60) days after the designated time by proper notice designating the meeting as the annual meeting. The annual meeting shall be called by the President or the Board of Directors upon the written demand of not less than one-tenth of all members entitled to vote at the meeting. Failure to hold an annual meeting on the stated date shall not affect the validity of any corporate action.

1.3 **SPECIAL MEETINGS.** Special meetings of the members may be called by the President or the Board of Directors and shall be called by the President or the Board of Directors at the request of not less than one-tenth of all members entitled to vote at the meeting.

1.4 **PLACE OF MEETINGS.** Meetings of the members shall be held in the State of Oregon at a place specified in the written notice of such meeting.

1.5 **NOTICE OF MEETINGS.** Written notice stating the date, time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be mailed to each member entitled to vote at the meeting at the member's address shown in the Corporation's current record of members, with postage thereon prepaid, not less than ten (10) days nor more than sixty (60) days before the date of the meeting.

1.6 WAIVER OF NOTICE

1.6.1 Whenever any notice is required to be given to any member, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records shall be deemed equivalent to the giving of such notice.

1.6.2 A member's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

1.7 **ADVANCE NOTICE OF MEMBER PROPOSALS.** At any annual meeting or special meeting of the members, proposals by the members shall be considered if advance notice has been timely given as provided in this Section 1.7, and such proposals are otherwise proper for consideration under applicable law and the Articles of Incorporation and these Bylaws. Notice of any proposal to be presented by any member shall be given in writing to the Secretary of the Corporation not less than sixty (60) days prior to the meeting and shall include: (i) the text of the proposal to be presented; (ii) a brief written statement of the reasons why such member favors the proposal to be presented; (iii) such member's name and address; and (iv) any material interest of such member in the proposal. The Board of Directors or the person presiding at the meeting shall determine whether notice under this Section 1.7 has been given and shall direct that proposals not be considered if such notice (or any other information required to be submitted under this Section 1.7) has not been given.

1.8 FIXING OF RECORD DATE

1.8.1 For the purpose of determining members entitled to notice of or to vote at any meeting of the members or any adjournment thereof, or members entitled to receive payment of any distribution, or in order to make a determination of the members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of the members, such date in any case to be not more than seventy (70) days prior to the date on which the particular action, requiring such determination of the members, is to be taken. If no record date is fixed for the determination of the members entitled to notice of or to vote at a meeting of the members, or members entitled to receive payment of any distribution, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution is adopted, as the case may be, shall be the record date for such determination of the members.

1.8.2 A determination of the members entitled to notice of or to vote at a meeting of the members is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

1.8.3 If a court orders a meeting adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting, it may provide that the original record date continue in effect or it may fix a new record date.

1.9 **QUORUM.** Those members who are entitled to vote and are present, in person or by proxy, shall constitute a quorum at a meeting of the members. A majority of the members present, in person or by proxy, may adjourn the meeting from time to time without further notice to any member of the adjournment, except that notice is required if a new record date is or must be set for the adjourned meeting. At an adjourned meeting, any business may be transacted that might have been transacted at the meeting originally held.

1.10 **VOTING**

1.10.1 Each member shall be entitled to one vote upon each matter submitted to a vote at a meeting of the members and one vote for each director to be elected at such meeting. Fractional voting shall not be permitted. No cumulative voting for directors shall be permitted.

1.10.2 The affirmative vote of a majority of the members voting, in person or by proxy, at a meeting of the members shall decide any question unless the vote of a greater number shall be required by applicable law, the Articles of Incorporation or these Bylaws.

1.11 **PROXIES**

1.11.1 At all meetings of the members, a member may vote either in person or by proxy. A member may appoint a proxy by signing an appointment form either personally or by a duly authorized attorney-in-fact. An appointment of a proxy shall be effective when received before or at the time of the meeting by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months from the date of its execution unless a longer period is provided in the appointment form. An appointment is revocable by a member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest that has not been extinguished.

1.11.2 The death or incapacity of a member appointing a proxy shall not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment.

1.12 **ACTION BY WRITTEN BALLOT.** Any action which may be taken at an annual or special meeting of members may be taken without a meeting if the Corporation delivers a written ballot to every member entitled to vote on the matter. A written ballot shall (i) set forth each proposed action and (ii) provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Section 1.12 shall be valid only when the number of affirmative votes approving such matter equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall (i) indicate the number of responses needed to meet the quorum requirements, (ii) state the percentage of affirmative votes necessary to approve each matter other than the election of directors and (iii) specify a reasonable time by which a ballot must be received by the Corporation in order to be counted. A written ballot may not be revoked.

1.13 CORPORATION'S ACCEPTANCE OF VOTES

1.13.1 If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a member, the Corporation, if acting in good faith, is entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member.

1.13.2 If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a member, the Corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member if:

(a) the member is an entity and the name signed purports to be that of an officer or agent of the entity;

(b) The name signed purports to be that of an attorney-in-fact of the member and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the member has been presented with respect to the vote, consent, waiver or proxy appointment;

(c) Two or more persons hold the membership as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners;

(d) the name signed purports to be that of an administrator, executor, guardian or conservator representing the member and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to the vote, consent, waiver or proxy appointment; or

(e) the name signed purports to be that of a receiver or trustee in bankruptcy of the member and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the vote, consent, waiver or proxy appointment.

1.13.3 The Corporation is entitled to reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

1.13.4 The Corporation and its officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the standards of this Section 1.13 are not liable in damages to the member for the consequences of the acceptance or rejection. Corporate action based on the acceptance or rejection of a vote, consent, waiver or proxy appointment under this provision is valid unless a court of competent jurisdiction determines otherwise.

1.14 MEMBERS' LIST FOR MEETING. After the record date for a meeting of the members is fixed by the Board of Directors, the Secretary shall prepare an alphabetical list of the names of all its members entitled to notice of the meeting. The members' list must be available for inspection by any member, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office. The Corporation shall make the members' list available at the meeting, and any member or the member's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the members' list does not affect the validity of action taken at the meeting.

1.15 COMMUNICATIONS WITH OTHER MEMBERS

1.15.1 A member has the right to communicate in accordance with Section 1.15.2 with other members regarding any matter related to the Corporation's business and affairs, except for improper communications described in Section 1.15.3.

1.15.2 If a member desires to communicate with other members, the following procedures shall be followed:

(a) The member shall give the Corporation a written request to communicate with other members. If the proposed communication is in connection with a meeting of the members, the request shall be given not less than sixty (60) days prior to the meeting and shall comply with Section 1.7.

(b) The Corporation shall reply to the written request to communicate with other members not more than thirty (30) days after receiving the written request. The Corporation's reply shall provide either that (i) the Corporation will mail the proposed communication, in which case the reply will specify the number of the Corporation's members and the estimated reasonable cost to the Corporation of mailing the proposed communication to the members, or (ii) the Corporation has determined not to mail the proposed communication to the members because it is an improper communication described in Section 1.15.3.

(c) If the Corporation agrees to mail the proposed communication, then, after receiving payment of the estimated cost of mailing and sufficient

copies of the communication to complete the mailing (in the form previously reviewed and approved by the Corporation), the Corporation shall mail the communication to all members of record, by a class of mail specified by the requesting member, either: (i) within fourteen (14) days; (ii) within seven (7) days if the communication is in connection with a meeting of the members; or (iii) on a later date specified by the requesting member.

(d) If the Corporation refuses to mail the proposed communication, it shall return the requesting member's materials together with a written statement of the specific reasons for the Corporation's refusal.

1.15.3 A communication with the other members is an "improper communication" if it contains material which:

(a) At the time and in the light of the circumstances under which it is made (i) is false or misleading with respect to any material fact or (ii) omits a material fact necessary to make the statements therein not false or misleading or necessary to correct a statement in an earlier communication on the same subject which has become false or misleading;

(b) Relates to a personal claim or a personal grievance or is solicitous of personal gain or business advantage by or on behalf of any party;

(c) Relates to any matter, including a general economic, political, racial, religious, social or similar matter, that is not significantly related to the business of the Corporation, is not within the control of the Corporation or is not a proper matter for consideration at a meeting of the members;

(d) Directly or indirectly and without expressed factual foundation either: (i) impugns the character, integrity or reputation of the Corporation, any of its officers, directors or members or its administrator; (ii) makes charges concerning improper, illegal or immoral conduct; or (iii) makes statements impugning the stability and soundness of the Corporation; or

(e) Promotes activities or matters that will or may violate applicable law, substantially reduces the security of or service to be rendered to members or jeopardizes the financial stability of the Corporation.

1.16 TERMINATION OF MEMBERSHIP

1.16.1 A member shall continue to be a member only during the period that the Corporation provides Workers' Compensation and Employers Liability Coverage to the member. The membership of a member shall terminate automatically, effective as of the date of termination of Workers' Compensation and Employers Liability Coverage (including, without limitation, any expiration, nonrenewal, cancellation or retroactive termination or voidance of such coverage in accordance with its terms) provided by the Corporation to the member. The

termination of Workers' Compensation and Employers Liability Coverage shall be in accordance with the terms of coverage thereof.

1.16.2 A member shall be given not less than thirty (30) days' prior written notice of termination of Workers' Compensation and Employers Liability Coverage. Within ten (10) days after the Corporation has given written notice of termination of Workers' Compensation and Employers Liability Coverage to a member, the member may request in writing the opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of such termination, at a meeting of the Peer Review Committee regarding such termination. The procedures for such hearing before the Peer Review Committee shall be determined by the Peer Review Committee, in its sole discretion. Any determination by the Peer Review Committee that the member's Workers' Compensation and Employers Liability Coverage should be terminated (and consequently that the member's membership in the Corporation shall be terminated) shall be conclusive and binding upon the member. Any written notice given by mail under this Section 1.16 shall be given by first class or certified mail sent to the last address of the member shown on the Corporation's records and shall be deemed to have been given two (2) business days after such notice has been deposited in the United States mail.

1.16.3 The termination of membership of any member shall not relieve the member of any liabilities or obligations accrued or accruing to the Corporation, including, without limitation, any liability for the payment obligations.

Article 2. BOARD OF DIRECTORS

2.1 **GENERAL POWERS.** All corporate powers shall be exercised by or under the authority of the Board of Directors, and the business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

2.2 **NUMBER AND QUALIFICATION.** The number of directors of the Corporation shall be not less than five (5) directors nor more than thirteen (13) directors. The number of directors of the Corporation shall be fixed by resolution of the Board of Directors or the members. Directors need not be residents of the State of Oregon. Each director shall be affiliated with a member; a director shall be deemed to have resigned if the director is no longer affiliated with a member or if the membership of the member terminates in accordance with Section 1.16. A director shall not be employed by the Corporation or engaged in any other capacity by the Corporation, except for serving as an uncompensated officer of the Corporation.

2.3 **TERMS OF DIRECTORSHIP.** The terms of the directors shall be staggered, pursuant to which the directors shall be divided into three (3) groups, with each group as nearly equal in number as possible. At each annual meeting of members, the term of one group shall expire, and new directors shall be elected for a term of three (3) years; provided, however, that each director shall continue to serve until the director's successor is elected and qualified. The number of directors may be increased or decreased from time to time by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director.

2.4 NOMINATION PROCEDURE. Except as provided in Section 2.10, a person shall be eligible for election as a director of the Corporation only if (i) nominated by the Nominating Committee or (ii) nominated by five (5) or more members, which nomination by five (5) or more members must be filed in proper written form with the Secretary at least thirty (30) days prior to the election of directors. To be in proper written form, a nomination by five (5) or more members shall set forth in writing as to each person proposed to be nominated for election as a director (who is not an incumbent director) (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person for the last five (5) years, (iii) all positions of such person as a director, officer, partner, member, employee or holder of a controlling interest in any business entity, (iv) any actual or potential conflicts of interest with the Corporation, whether direct or indirect, and (v) the written consent of such person to being named as a nominee and to serving as a director if elected. In addition, as to the five (5) or more members nominating such person, such members shall set forth in writing the name and address of such members as they appear on the records of the Corporation. Any person nominated for election as a director shall furnish to the Secretary any other information reasonably requested by the Board of Directors. In the event that five (5) or more members seek to nominate a director, the Secretary of the Corporation shall appoint two inspectors, who are not affiliated with the Corporation, to determine whether such nomination is in compliance with these Bylaws. If the inspectors determine that the members have not complied with these Bylaws, then the inspectors shall direct the person presiding at the meeting to declare to the meeting, and the person presiding shall so declare, that the nomination was not made in accordance with these Bylaws, and the defective nomination shall be disregarded.

2.5 MEETINGS

2.5.1 A regular meeting of the Board of Directors shall be held without other notice than this Section 2.5.1 immediately after, and at the same place as, the annual meeting of the members. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Oregon, for the holding of any additional regular meetings of the Board of Directors without other notice than such resolution.

2.5.2 Special meetings of the Board of Directors may be called by the President and shall be called by the Secretary upon the written request of two (2) or more directors that is filed with the Secretary. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Oregon, as the place for holding any special meeting of the Board of Directors.

2.6 NOTICE. Written notice of any special meeting of the Board of Directors shall be given at least five (5) days prior to the meeting by any means provided by applicable law. If mailed, notice shall be deemed to be given when deposited in the United States mail addressed to the director at the director's business address, with postage prepaid. If by facsimile, notice shall be deemed to be given on the date of transmission. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director at the beginning of the meeting, or promptly on arrival, objects to the transaction of any business and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted

at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

2.7 WAIVER OF NOTICE. A director may at any time waive any notice required by applicable law, the Articles of Incorporation or these Bylaws. Unless a director attends or participates in a meeting, a waiver must be in writing, must be signed by the director entitled to notice, must specify the meeting for which notice is waived and must be filed with the minutes or corporate records.

2.8 QUORUM. A majority of the number of directors fixed in accordance with Section 2.2 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

2.9 MANNER OF ACTING

2.9.1 The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as provided by applicable law, the Articles of Incorporation or these Bylaws.

2.9.2 A meeting of the Board of Directors may be held by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting.

2.9.3 Any action which is required or permitted to be taken by the directors at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the directors entitled to vote on the matter. The action shall be effective on the date when the last signature is placed on the consent or at such earlier or later time as is set forth therein. Such consent, which shall have the same effect as a unanimous vote of the directors, shall be filed with the minutes of the Corporation.

2.9.4 Attendance at meetings of the Board of Directors is limited to persons who are directors; provided, however, that persons who are not directors may attend meetings of the Board of Directors upon invitation by the President or the Board of Directors.

2.10 VACANCIES. Any vacancy occurring in the Board of Directors, whether by an increase in the number of directors or otherwise, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors or by a sole remaining director. A director elected to fill a vacancy shall hold office until the next annual meeting of the members and until a successor shall be elected and qualified. At such meeting, the members shall elect a director to serve for the unexpired term of the predecessor director. A vacancy that will occur at a specific later date, by reason of a resignation or otherwise, may be filled before the vacancy occurs, and the new director shall take office when the vacancy occurs.

2.11 NO COMPENSATION OF DIRECTORS. Directors may be paid their expenses, if any, of attendance at meetings of the Board of Directors, but may not be compensated for service as a director.

2.12 PRESUMPTION OF ASSENT. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken (i) unless the director's dissent to the action is entered in the minutes of the meeting, (ii) unless a written dissent to the action is filed with the person acting as the secretary of the meeting before the adjournment thereof or forwarded by certified or registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting or (iii) unless the director objects at the beginning of the meeting (or promptly on arrival) to the holding of the meeting or transacting business at the meeting. The right to dissent shall not apply to a director who voted in favor of the action.

2.13 OTHER CONSTITUENCIES. When evaluating any proposal from a person or entity to merge or consolidate the Corporation with another corporation or to purchase or otherwise acquire all or substantially all of the assets of the Corporation, the Board of Directors may, in determining what is in the best interests of the Corporation, give due consideration to the social, legal and economic effects on employees, agents, members and suppliers of the Corporation and on the communities and geographical areas in which the Corporation operates, the economy of the state and nation, the long-term interests as well as short-term interests of the Corporation and its members, including the possibility that these interests may be best served by the continued independence of the Corporation and other relevant factors.

2.14 DIRECTOR CONFLICT OF INTEREST

2.14.1 A transaction in which a director of the Corporation has a direct or indirect interest shall be valid notwithstanding the director's interest in the transaction under any of the following circumstances: (i) the material facts of the transaction and the director's interest are disclosed or known to the Board of Directors or a committee thereof and it authorizes, approves or ratifies the transaction by a vote or consent sufficient for the purpose without counting the votes or consents of directors with a direct or indirect interest in the transaction; (ii) the material facts of the transaction and the director's interest are disclosed or known to the members and they authorize, approve or ratify the transaction as set forth in Section 2.14.3; or (iii) the transaction is fair to the Corporation.

2.14.2 A conflict of interest transaction may be authorized, approved or ratified if it receives the affirmative vote of a majority of the directors on the Board of Directors, or on a committee thereof, who have no direct or indirect interest in the transaction. If a majority of such directors vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action.

2.14.3 A conflict of interest transaction may be authorized, approved or ratified by the affirmative vote of a majority of the members entitled to vote at a duly organized meeting of the members (whether or not the member is present, in person or by proxy, or actually votes at the meeting). A director or an entity

controlled by a director who has a direct or indirect interest in the transaction is entitled to vote as a member at a meeting of the members with respect to a conflict of interest transaction.

2.14.4 A director has an indirect interest in a transaction if (i) another entity in which the director has a material financial interest or in which the director is a general partner is a party to the transaction or (ii) another entity of which the director is a director, officer or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the Corporation.

2.15 **RESIGNATION.** Any director may resign by delivering written notice of resignation to the Board of Directors or the President. Unless the notice specifies a later effective date, such resignation shall be effective (i) on receipt, (ii) five (5) days after its deposit in the United States mail if mailed postpaid and correctly addressed or (iii) on the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by the addressee. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors.

2.16 **REMOVAL.** All or any number of the directors may be removed, with or without cause, at a meeting of the members by the affirmative vote of a majority of the members.

2.17 **DIVIDENDS.** The Board of Directors may by resolution declare that a dividend or other distribution shall be paid by the Corporation to the members. Any dividend or other distribution to the members shall be allocated among the members in such manner as the Board of Directors shall determine, in its sole discretion. Any decision by the Board of Directors regarding the amount or timing of any dividend or other distribution to the members or the allocation thereof among the members shall be conclusive and binding upon the members.

Article 3. COMMITTEES OF THE BOARD OF DIRECTORS

3.1 **APPOINTMENT OF COMMITTEES; AUTHORITY OF BOARD OF DIRECTORS.** The Board of Directors shall have the power to establish committees as set forth in this Article III. The Board of Directors shall have the power at any time to increase or decrease the number of members of a committee, to fill vacancies on a committee, to change any member of a committee or to change the functions or terminate the existence of a committee. The creation of a committee and the appointment of members of a committee shall be approved by a majority of the directors fixed in accordance with Section 2.2 when the action is taken, unless a greater number is required by the Articles of Incorporation or these Bylaws.

3.2 **EXECUTIVE COMMITTEE.** The President shall be the chairman of the Executive Committee and shall preside at all meetings of the Executive Committee. The Board of Directors shall designate three (3) or more directors to constitute an Executive Committee. The designation of an Executive Committee, and the delegation of authority to it, shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by applicable law. During the interval between meetings of the Board of Directors, and subject to such limitations as may be imposed by resolution of the Board of Directors, the Executive Committee may have and may exercise all of the authority of the Board of Directors in the

management of the Corporation, provided that the Executive Committee shall not have the authority of the Board of Directors with respect to the following matters: authorizing distributions; approving or proposing to the members actions that are required to be approved by the members under the Articles of Incorporation or these Bylaws or by applicable law; filling vacancies on the Board of Directors or any committee thereof; amending the Articles of Incorporation; or adopting, amending or repealing these Bylaws.

3.3 AUDIT COMMITTEE. The Board of Directors shall designate three (3) or more directors to constitute an Audit Committee. The purposes of the Audit Committee shall be as follows: (i) recommend the accounting firm to be engaged as the Corporation's external auditor and review any proposed discharge or termination of such firm; (ii) review the external auditor's compensation, the proposed terms of its engagement and its independence; (iii) serve as a channel of communication between the external auditor and the Board of Directors; (iv) review the results of each external audit of the Corporation, the report of the audit, any related management letter and the responses to recommendations made by the external auditor in connection with the audit; (v) review the Corporation's annual financial statements, any certification, report, opinion or review rendered by the external auditor in connection with the annual financial statements and any significant disputes with the external auditor that arose in connection with the preparation of the annual financial statements; (vi) in consultation with the external auditor, consider and make recommendations regarding the adequacy of the Corporation's internal controls; (vii) consider major changes and other major questions of choice respecting the appropriate auditing and accounting principles and practices to be used in the preparation of the Corporation's financial statements, when presented by the external auditor, the Corporation's administrator or otherwise; (viii) meet periodically with the Corporation's administrator to review the Corporation's major financial risk exposures; (ix) recommend the actuarial firm to be engaged as the Corporation's actuary and review any proposed discharge or termination of such firm; (x) review the annual operating and capital budgets of the Corporation; and (xi) perform such other additional functions as may be assigned by the Board of Directors.

3.4 INVESTMENT COMMITTEE. The Board of Directors shall designate three (3) or more directors to constitute an Investment Committee. The purposes of the Investment Committee shall be as follows: (i) recommend an investment policy for the Corporation and periodically review the investment policy and recommend any necessary or appropriate changes; (ii) review and approve the Corporation's investment transactions; (iii) recommend the firm to be engaged as the Corporation's investment manager or to otherwise advise the Corporation and to review any proposed discharge or termination of such firm; (iv) monitor the Corporation's investment returns and compliance with the Corporation's investment policy; and (v) perform such other additional functions as may be assigned by the Board of Directors.

3.5 ADMINISTRATOR CONTRACT REVIEW COMMITTEE. The Board of Directors shall designate three (3) or more directors to constitute an Administrator Contract Review Committee. The purposes of the Administrator Contract Review Committee shall be as follows: (i) recommend the firm to be engaged as the Corporation's administrator and to review any proposed discharge or termination of such firm; (ii) review the performance of the Corporation's administrator on a periodic basis (but not less frequently than annually); (iii) authorize a claims audit to be performed on a periodic basis (but not less frequently than every three (3) years); (iv) review and make recommendations regarding the contract between the Corporation and the

Corporation's administrator; and (v) to perform such other additional functions as may be assigned by the Board of Directors.

3.6 NOMINATING COMMITTEE. The Board of Directors shall designate three (3) or more directors to constitute a Nominating Committee. Except as otherwise provided in this Section 3.6, the Nominating Committee shall have the exclusive power to nominate persons, on behalf of the Board of Directors, to serve as directors of the Corporation. The Nominating Committee shall not nominate any current member of the Nominating Committee to serve as a director of the Corporation. The Nominating Committee shall not have authority to fill a vacancy occurring on the Board of Directors.

3.7 PEER REVIEW COMMITTEE. The Board of Directors shall designate three (3) or more directors to constitute a Peer Review Committee. The purposes of the Peer Review Committee shall be as follows: (i) to act upon and make binding decisions with respect to member requests for a hearing regarding termination of Workers' Compensation and Employers Liability Coverage under Section 1.16.2; (ii) to exercise the authority conferred upon the Peer Review Committee under Section 1.16.2; and (iii) to perform such additional functions as may be assigned by the Board of Directors.

3.8 OTHER COMMITTEES. The Board of Directors, by resolution, from time to time may establish, fix the membership, define the duties and appoint the members of such other committees as it shall determine.

3.9 PROCEDURES FOR MEETINGS OF COMMITTEES

(a) Except as provided in Section 3.2, the Board of Directors shall appoint a chairperson from among the members of the committee and shall appoint a secretary who may, but need not, be a member of the committee. The chairperson shall preside at all meetings of the committee, and the secretary of the committee shall keep a record of its acts and proceedings.

(b) Regular meetings of the committee, of which no notice shall be necessary, shall be held on such days and at such places as shall be fixed by resolution adopted by the committee. Special meetings of the committee shall be called at the request of any member of the committee and shall be held upon such notice as is required for special meetings of the Board of Directors, provided that notice by word of mouth or telephone shall be sufficient if received by a member not later than the day immediately preceding the day of the meeting.

(c) Attendance of any member of the committee at a meeting shall constitute a waiver of notice of the meeting. All members of the committee shall have voting rights. A majority of the members of the committee shall be necessary to constitute a quorum for the transaction of any business, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Members of the committee may hold a meeting of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear

each other, and participation in such a meeting shall constitute presence in person at the meeting.

(d) Any action which is required or permitted to be taken at a meeting of the committee may be taken without a meeting if a consent in writing setting forth the actions so taken is signed by all members of the committee entitled to vote on the matter. The action shall be effective on the date when the last signature is placed on the consent or at such earlier or later time as is set forth therein. The consent shall have the same effect as a unanimous vote of the members of the committee.

Article 4. OFFICERS

4.1 **NUMBER.** The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. Such other officers and assistant officers as may be deemed necessary may be appointed by the Board of Directors and shall have such powers and duties as may be prescribed by the Board of Directors. Any two or more offices may be held by the same person. All officers of the Corporation shall be directors.

4.2 **APPOINTMENT AND TERM OF OFFICE.** The officers of the Corporation shall be appointed by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the members. If the appointment of officers shall not be held at the meeting, it shall be held as soon thereafter as is convenient. Each officer shall hold office until a successor shall have been duly appointed and shall have qualified or until the officer's death, resignation or removal in the manner hereinafter provided.

4.3 **REMOVAL.** Any officer appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer shall not of itself create contract rights.

4.4 **NO COMPENSATION OF OFFICERS.** Officers may be paid their expenses, if any, incurred in performing their duties if such expenses are approved by the Board of Directors. An officer shall not be compensated for service as an officer.

4.5 **PRESIDENT.** The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Corporation. The President shall preside at all meetings of the members and the Board of Directors. The President may execute on behalf of the Corporation all contracts, agreements or other instruments. The President shall perform all duties incident to the office of President and shall perform such other duties as may be assigned from time to time by the Board of Directors.

4.6 **VICE PRESIDENTS.** In the absence of the President or in the event of the President's death or inability or refusal to act, the Vice President (or, in the event there is more than one Vice President, the Vice Presidents in the order designated at the time of their appointment, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the President and, when so acting, shall have all the powers of, and be

subject to all the restrictions upon, the President. Any Vice President shall perform other duties assigned from time to time by the President or by the Board of Directors.

4.7 **SECRETARY.** The Secretary shall keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws or as required by applicable law, be custodian of the corporate records and the seal of the Corporation, and in general perform all duties incident to the office of Secretary and such other duties as may be assigned from time to time by the President or by the Board of Directors.

4.8 **TREASURER.** The Treasurer shall supervise, direct, oversee and control such business and affairs delegated to and conducted by the Corporation's administrator on behalf of the Corporation, which delegated business and affairs include, without limitation: (i) having charge and custody of and being responsible for all funds and securities of the Corporation; (ii) receiving and giving receipts for monies due and payable to the Corporation from any source whatsoever, and depositing all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors pursuant to a resolution thereof; and (iii) causing to be kept adequate and correct accounts of the business transactions of the Corporation, including, without limitation, accounts of its assets, liabilities, receipts, disbursements, gains and losses, together with such other accounts which may be required, and upon the termination of the administrator's contract with the Corporation, turning over to its successor or to the Board of Directors all property, books, papers and money of the Corporation in its possession. The Treasurer shall coordinate the exercise of such authority with the Administrator Contract Review Committee. The Treasurer shall perform such other duties as may be assigned from time to time by the President or by the Board of Directors.

Article 5. INDEMNIFICATION

5.1 **INDEMNIFICATION.** The Corporation shall indemnify to the fullest extent not prohibited by law any person who was or is a party or is threatened to be made a party to any Proceeding against all expenses (including, without limitation, attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such Proceeding.

5.2 **ADVANCEMENT OF EXPENSES.** Expenses incurred by a person in defending a Proceeding shall in all cases be paid by the Corporation in advance of the final disposition of such Proceeding at the written request of such person, if the person:

(a) Furnishes the Corporation a written affirmation of the person's good faith belief that such person is entitled to be indemnified by the Corporation under this Article V or under any other indemnification rights granted by the Corporation to such person; and

(b) Furnishes the Corporation a written undertaking to repay such advance to the extent it is ultimately determined by a court that such person is not entitled to be indemnified by the Corporation under this Article V or under any other indemnification rights granted by the Corporation to such person. Such advances shall be made without regard to the person's ability to repay such

expenses and without regard to the person's ultimate entitlement to indemnification under this Article V or otherwise.

5.3 **PROCEEDING.** The term "Proceeding" shall include any threatened, pending or completed action, suit or proceeding, whether brought in the right of the Corporation or otherwise and whether of a civil, criminal, administrative, investigative or other nature, in which a person may be or may have been involved as a party or otherwise by reason of the fact that the person is or was a director or officer of the Corporation, is or was a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the Corporation, or is or was serving at the request of the Corporation as a director or officer, or as a fiduciary of an employee benefit plan of another corporation, partnership, joint venture, trust or other enterprise, whether or not serving in such capacity at a time any liability or expense is incurred for which indemnification or advancement of expenses can be provided under this Article V.

5.4 **NON-EXCLUSIVITY AND CONTINUITY OF RIGHTS.** The indemnification and entitlement to advancement of expenses provided by this Article V shall not be deemed exclusive of any other rights to which those indemnified may be entitled under the Articles of Incorporation or any statute, agreement, general or specific action of the Board of Directors, vote of the members or otherwise, shall continue as to a person who has ceased to be a director, officer or fiduciary of an employee benefit plan, shall inure to the benefit of the heirs, executors and administrators of such person and shall extend to all claims for indemnification or advancement of expenses made after the adoption of this Article V.

5.5 **AMENDMENTS.** Any repeal of this Article V shall only be prospective and no repeal or modification hereof shall adversely affect the rights under this Article V in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any Proceeding.

5.6 **DIRECTORS AND OFFICERS LIABILITY INSURANCE COVERAGE.** The Corporation shall have the power to purchase and maintain directors and officers liability insurance on behalf of any person who is or was a director or officer of the Corporation, who is or was a fiduciary within the meaning of the Employment Retirement Income Security Act of 1974 with respect to an employee benefit plan of the Corporation, or who is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under this Article V.

Article 6. CONTRACTS, LOANS, CHECKS, AND OTHER INSTRUMENTS

6.1 **CONTRACTS.** The Board of Directors may authorize any officer or officers and agent or agents 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.

6.2 **LOANS.** No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

6.3 **CHECKS; DRAFTS.** All checks, drafts, or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers and agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

6.4 **DEPOSITS.** All funds of the Corporation not otherwise employed 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.

6.5 **ADMINISTRATOR.** The Board of Directors may authorize the Corporation to enter into a contract with an administrator to perform certain services on behalf of the Corporation, including, without limitation, the services set forth in Section 4.8.

Article 7. MISCELLANEOUS PROVISIONS

7.1 **AMENDMENT.** These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors. Alteration, amendment or repeal of these Bylaws shall require the approval of at least a majority of the directors fixed in accordance with Section 2.2. Any proposed alteration, amendment or repeal of the Bylaws shall be submitted in writing to the Secretary not less than thirty (30) days in advance of the date when such alteration, amendment or repeal is to be considered by the Board of Directors, and the Secretary shall give written notice to each director of such proposed alteration, amendment or repeal of the Bylaws not less than ten (10) days in advance of the date when such alteration, amendment or repeal is to be considered by the Board of Directors.

7.2 **FISCAL YEAR.** The fiscal year of the Corporation shall be the calendar year.

7.3 **PRINCIPAL OFFICE.** The principal office of the Corporation shall be located at the principal office of its administrator, and shall change if the administrator changes, or if the principal office of the administrator changes. The Corporation may have such other offices as the Board of Directors may designate or as the business of the Corporation may from time to time require.

7.4 **REGISTERED OFFICE.** The registered office of the Corporation required by the Oregon Nonprofit Corporation Act to be maintained in the State of Oregon may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

7.5 **SEVERABILITY.** These Bylaws shall be governed by and construed in accordance with the laws of the State of Oregon. A determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

7.6 **PRIOR BYLAWS SUPERSEDED.** These Bylaws supersede any bylaws previously adopted by the Corporation.



Secretary

Adopted: April 26, 2002