

BYLAWS  
OF  
SELF INSURED LUMBER BUSINESSES ASSOCIATION, INC.

Section 1. DEFINITIONS.

The following terms as utilized in these bylaws shall have the meanings set forth in this Section.

1.1. Administrator. The administrator shall mean an individual, partnership, corporation or unincorporated association, engaged by the corporation pursuant to Section 4 of these bylaws to carry out the policies established by the board of trustees and to provide daily management of the corporation.

1.2. Application and Indemnity Agreement. The Application and Indemnity agreement shall mean each Application and Indemnity Agreement entered into between this corporation and a member of the corporation and, collectively, all such Application and Indemnity Agreements as from time to time in effect, whether before or after the date of adoption of these bylaws.

1.3. Contribution. A Contribution shall be a payment to the Fund made by a member in response to an assessment in accordance with these bylaws, the Application and Indemnity Agreement, or any other rules, regulations, policies and procedures pursuant or incident thereto. Without limiting the generality of the foregoing, Contributions shall consist in part of required premium payments and other payments made by members to cover the costs of purchasing excess insurance, establishing and maintaining a claims fund account, and establishing and maintaining an administrative fund account.

1.4. Fund. The fund shall mean the sum of all Contributions made by members pursuant to these bylaws, the Application and Indemnity Agreement, and any rules, regulations, policies and procedures pursuant or incident thereto; all monies, contracts, policies or properties received by the board of trustees from the members for the uses and purposes set forth in these bylaws, the Application and Indemnity Agreements, and any rules, regulations, policies and procedures pursuant or incident thereto; and all income, gains and all other increments of any nature whatsoever therefrom.

1.5. Full Fund Year. The Full Fund Year shall mean a Fund Year with a period equal to or greater than twelve (12) months.

1.6. Fund Year. The Fund Year shall mean a period of twelve (12) consecutive months identified from time to time by the board of trustees. The Fund Year shall commence on January 1<sup>st</sup> and end on December 31<sup>st</sup> unless otherwise provided by the board of trustees. A Fund Year may be a period of greater or fewer than twelve (12) months if it is the first or last such year of the Fund or a year involving a change in the commencement or termination date of the Fund Year.

1.7. Group. The Group shall mean this corporation, a workers' compensation self-insurance group established pursuant to and in accordance with Section 25E through 25U of Chapter 152 of the General Laws of the Commonwealth of Massachusetts.

1.8. Insurer. An Insurer shall mean any insurance company providing an insurance contract to the corporation including, without limitation, any policy that the board of trustees or the Administrator deems necessary or prudent for proper operation of the Fund; or providing any benefit, direct or indirect, to any member.

1.9. Risk Reduction Programs. Risk Reduction Programs shall mean programs instituted by the Administrator acting on behalf of the board of trustees and designed to manage and reduce the incidence and severity of illness, injury, and disability on the part of workers employed by the members. Risk Reduction Programs shall be conducted by and in cooperation between the Administrator and each member with the goal of reducing, limiting or managing workers' compensation claims and losses incurred by each member. Risk Reduction Programs shall include, without limitation, the following:

- (a) Injury prevention activities;
- (b) Management systems and training, including modified duty programs;
- (c) Medical delivery systems;
- (d) Case management; and
- (e) Management information systems.

## Section 2. NAME, PURPOSES, LOCATION, CORPORATE SEAL AND FISCAL YEAR

2.1. Name and Purposes. The name and purposes of the corporation shall be as set forth in the articles of organization.

2.2. Location. The principal office of the corporation in the Commonwealth of Massachusetts shall initially be located at the place set forth in the articles of organization of the corporation. The board of trustees may change the location of the principal office in the Commonwealth of Massachusetts effective upon filing a certificate with the Secretary of the Commonwealth.

2.3. Corporate Seal. The board of trustees may adopt and alter the seal of the corporation.

2.4. Fiscal Year. The fiscal year of the corporation shall, unless otherwise decided by the board of trustees, end on December 31 in each year.

## Section 3. MEMBERS

3.1. Number and Selection. The members of the corporation shall be those entities who from time to time are members of the Group; provided that the number of members shall at no time be fewer than five (5). The initial members of the corporation who shall be elected by the incorporator(s) at their initial meeting shall be Street Lumber Co., Martin Millwork, Inc., Howe Lumber Co., Brockway-Smith Co., Keiver-Willard Lumber, Dettinger Lumber Co., and Jackson Lumber and Millwork. Thereafter, the Administrator acting on behalf of the members and in accordance with rules, regulations, policies and procedures adopted by the members and with the approval of the board of trustees of the corporation, may accept new members qualified pursuant to Section 3.2 hereof or may suspend or terminate members who become disqualified pursuant to Section 3.7 hereof.

3.2. Qualifications. To be eligible for membership, an entity must meet all of the requirements of the following subsections (a) through (f):

- (a) Be an organization which is engaged in the lumber/building materials business in the Commonwealth of Massachusetts;
- (b) Be a member or associate member in good standing of the Massachusetts Retail Lumber Dealers Association ("MRLDA");
- (c) Complete and execute an Application and Indemnity Agreement approved by the board of trustees, and deliver the same to the board of trustees or the Administrator;
- (d) Meet such criteria as may be established and provide such information as may be deemed necessary and prudent by the Administrator or an Insurer, including without limitation underwriting criteria and loss control and safety information as well as compliance with any applicable requirements that may be imposed by the Occupational Safety and Health Administration ("OSHA");
- (e) Receive written acceptance of membership pursuant to Section 3.1; and
- (f) Make any and all Contributions to the Fund required under these Bylaws, the Application and Indemnity Agreement, and any other rules, regulations, policies, or procedures pursuant or incident thereto.

An entity that was formerly a member of the Group and that withdrew its membership pursuant to Section 3.7.3. hereof may not re-apply for membership in the Group until at least one (1) year has elapsed from the effective date of such withdrawal.

3.3. Acceptance as Member. Membership shall be effective upon an applicant's satisfying the procedures set forth in Sections 3.1 and 3.2, and upon payment by the applicant of such entry fee, if any, as the board of trustees may specify. Such entry fee shall be calculated as set forth in the Application and Indemnity Agreement.

3.4. Effect of Membership. Upon acceptance as a member pursuant to Section 3.3 hereof, each member shall agree to be bound by the terms and provisions of these bylaws, the Application and Indemnity Agreement, and any other rules, regulations and procedures pursuant or incident thereto, including any rules, regulations, policies and procedures required by an Insurer or the Division of Insurance or other governmental entity, then in effect or adopted from time to time by the board of trustees.

3.5. Powers and Rights. In addition to the right to elect trustees as provided in Section 4.1 hereof; such other powers and rights as are vested in them by law, the articles of organization or these bylaws; in such other powers and rights as the board of trustees may designate; the members shall have the right to coverage of their workers' compensation and employers liability to the extent provided in the Application and Indemnity Agreement or as approved by the board of trustees and to disposition of monies in excess the amount necessary to fund obligations, as approved from time to time by the board of trustees in accordance with Section 4.3.1. hereof.

3.6. Tenure. Status as a member shall be continuous, unless and until terminated or withdrawn in accordance with Section 3.7 hereof.

3.7. Default, Termination and Withdrawal.

3.7.1. Default. A member shall be deemed to be in default upon occurrence of any one (1) of the following conditions:

(a) Termination or cessation for any reason of the member's good standing or membership in the Massachusetts Retail Lumber Dealers Association or such other bona fide industry, trade or professional organization designated by the board of trustees of the Group;

(b) Termination of or default under the Application and Indemnity Agreement executed by the member;

(c) Failure by the member to timely make any Contribution or payment required under these bylaws, the Application and Indemnity Agreement, or any rules, regulations, policies and procedures pursuant or incident thereto;

(d) Failure by the member to continue to meet any criteria or provide any information required by the board of trustees, the Administrator, or an Insurer, including without limitation underwriting criteria;

(e) Failure by the member to comply with any term of these bylaws, the Application and Indemnity Agreement or any rules, regulations, policies and procedures pursuant or incident thereto;

(f) Failure by the member to use best efforts to cooperate with and participate in Risk Reduction Programs as defined in Section 1 hereof;

- (g) Voluntary or involuntary bankruptcy of the member or cessation of the member's business activities;
- (h) Any action or conduct by the member that is determined by the board of trustees to warrant termination.
- (i) Failure of the Member to cooperate with claims agents or attorneys representing the Corporation.

With respect to a default upon occurrence of a failure to make a required payment including but not limited to a failure to make a payment pursuant to the provisions of the Application and Indemnity Agreement or pursuant to the conditions described in Section 3.7.1.(c), all rights and privileges of the member shall terminate in accordance with Section 3.7.2 hereof. The amount due will include the past due amount and the next installment due, if any, and may include interest on the past due amount accumulated at a rate of eighteen percent (18%) per annum or, if such rate is illegal, at the maximum rate allowed by law.

With respect to a default upon occurrence of a condition other than the failure to make a payment or a Contribution, written notice of a default shall be delivered promptly to the member by the Administrator. If the member corrects the condition giving rise to the default, to the reasonable satisfaction of the board of trustees, within thirty (30) days following receipt of notice of default, the default shall be deemed to be cured. If correction does not occur, all rights and privileges of the member shall terminate in accordance with Section 3.7.2 hereof.

**3.7.2. Termination.** If a condition of default is not corrected by the member pursuant to Section 3.7.1 hereof, the Administrator, following notification to the board of trustees in the case of a condition of default involving failure to make a required payment and following approval by the board of trustees in the case of any other condition of default, shall deliver written notice of termination to the member and to the Division of Insurance and the Department of Industrial Accidents, Commonwealth of Massachusetts. All rights and privileges of membership, including workers' compensation and employer's liability coverage and all other benefits hereunder, shall terminate at the end of thirty (30) days following receipt by the member of such written notice of termination (the "Termination Date").

Once a member has received notice of termination as prescribed herein, the member shall not be empowered or authorized to attend any annual, regular or special meeting of the members, or to participate in or vote on any matter considered by the members, whether at a meeting or by writing. The Group shall have all remedies at law or equity and under the terms of the Application and Indemnity Agreement with respect to a member who is terminated.

3.7.3. Withdrawal. A member may withdraw from membership in the group at any time upon the conclusion of one (1) Full Fund Year of membership. The member shall submit written notice of withdrawal to the Administrator at least ninety (90) days in advance of the end of the first Full Fund Year of membership or of any subsequent Full Fund Year. Withdrawal shall be effective at the close of the Full Fund Year in which such timely written notice was received. In the event the Member withdraws its membership without giving the Administrator such prior written notice, the withdrawing Member shall pay to the Group a termination fee equal to 25% of the premium for the Fund Year in question. The Group shall deliver written notice of withdrawal to the Commissioner of Insurance and the Department of Industrial Accidents at least ten (10) days in advance of the effective date of withdrawal.

Termination, suspension, and withdrawal of membership shall in no way affect the indemnification obligations of the member under Section 1 of the Application and Indemnity Agreement or Section 3.19 of these bylaws, including for unpaid premiums, termination fee or assessments.

3.8. Annual Meeting. The annual meeting of the members shall be held in conjunction with the Massachusetts Retail Lumber Dealers Association meeting in November of each year, or any other time designated by the trustees. The annual meeting may be held at the principal office of the corporation or such other place within the United States as the president, members or trustees shall determine.

3.9. Regular Meetings. Regular meetings of the members may be held at such places within the United States and at such times as the members may determine.

3.10. Special Meetings. Special meetings of the members may be held at any time and at any place within the United States. Special meetings of the members may be called by the president or the board of trustees, and shall be called by the clerk, or in the case of death, absence, incapacity or refusal of the clerk, by any other officer, upon written application of members representing at least ten percent of the smallest quorum of members required for a vote upon any matter at the annual meeting of the members.

3.11. Call and Notice.

(a) Annual and Regular Meetings. No call or notice shall be required for annual or regular meetings of members, provided that reasonable notice (i) of the first regular meeting following the determination by the members of the times and places for regular meetings shall be given to absent members, (ii) of an annual meeting not held at the principal office of the corporation shall be given to each member, (iii) specifying the purpose of an annual or regular meeting shall be given to each member if there is to be considered at the meeting contracts or transactions of the corporation with interested persons, amendments to these bylaws (as adopted by the board of trustees or otherwise) or removal or suspension of a member or trustee and (iv) shall be given as otherwise required by law, the articles of organization or these bylaws.

(b) Special Meetings. Reasonable notice of the time and place of special meetings of the members shall be given to each member. Such notice need not specify



the purposes of a meeting, unless otherwise required by law, the articles of organization or these bylaws or unless there is to be considered at the meeting (i) contracts or transactions of the corporation with interested persons, (ii) amendments to these bylaws (as adopted by the board of trustees or otherwise), or (iii) termination or suspension of a member or trustee.

(c) Sufficient Notice. Except as otherwise expressly provided, it shall be sufficient notice to a member to send notice by mail, email or commercial expedited delivery at least five business days before the meeting addressed to the last known address or email address, as appropriate, of the member or to give notice in person or by telephone to a duly authorized representative of the member at least twenty-four hours before the meeting.

(d) Waiver of Notice. Whenever notice of a meeting is required, such notice need not be given to any member if a written waiver of notice, executed by a duly authorized representative of the member before or after the meeting, is filed with the records of the meeting. A waiver of notice need not specify the purposes of the meeting unless such purposes were required to be specified in the notice of such meeting.

3.12. Quorum. At any meeting of the members, at such time as there are twenty (20) or fewer members, a majority of the members (whether present in person or duly represented) shall constitute a quorum, except when a larger quorum is required by law by the articles of organization or by these bylaws. At any meeting of the members at such time as there are more than twenty (20) members twenty percent (20%) of the members (whether present in person or duly represented) shall constitute a quorum, except when a larger quorum is required by law, by the articles of organization or by these bylaws. Any meeting may be adjourned to such date or dates not more than ninety (90) days after the first session of the meeting by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

3.13. Action by Vote. Each member shall have one vote. When a quorum is present at any meeting, a majority of the votes properly cast by members present in person or duly represented shall decide any question, including election to any office, unless otherwise provided by law, the articles of organization or these bylaws.

3.14. Action by Writing. Any action required or permitted to be taken at any meeting of the members may be taken without a meeting if all members entitled to vote on the matter consent to the action in writing and the written consents are filed with the records of the meetings of the members. Such consents shall be treated for all purposes as a vote at a meeting.

3.15 Presence Through Communications Equipment. Unless otherwise provided by law or the Articles of Organization, the Members may participate in a meeting of the Members 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. Participation by such means shall constitute presence in person at a meeting.

3.16. Proxies. Members may vote either in person or by written proxy dated not more than six months before the meeting named therein, which proxies shall be filed before being voted with the clerk or other person responsible for recording the proceedings of the meeting. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of the meeting but the proxy shall terminate after the final adjournment of such meeting.

3.17. Compensation. Members shall be entitled to receive for their services such amount, if any, as the board of trustees may determine, which may include expenses of attendance at meetings. Members shall not be precluded from serving the corporation in any other capacity and receiving compensation for any such services.

3.18. Access to Books, Attorneys. Members shall allow the Administrator reasonable access to their respective facilities and to all records, including but not limited to financial records and budget and audit information for any fiscal year, which reasonably relate to the purposes or powers of the corporation. Members shall agree to be represented by attorneys employed by the corporation, by the Administrator or by an Insurer in connection with investigations, settlement discussions, and all levels of litigation arising out of any claim made against a member within the scope of workers' compensation and employer's liability protection furnished by the Group, and shall cooperate fully with any such attorney.

3.19. Indemnification. The members and the Group shall comply with the provisions of Chapter 152 of the Massachusetts General Laws, as from time to time amended, and shall defend, indemnify and hold harmless each other and every other member of the Group which executes and delivers to the Group or its Administrator an Application and Indemnity Agreement from and against any claim or damage arising from the non-compliance by the indemnitor with a provision of said Chapter 152. Although recourse for any and all payments of workers' compensation and employers' liability benefits covered by the Group's Workers' Compensation and Employer's Liability Insurance Policy to a member shall first be made to the Group's assets (but not the individual assets of any member of the Group), the members understand, acknowledge and agree that, under said Chapter 152, each member is jointly and severally liable for the workers' compensation and employers' liability obligations of the Group and its members which were incurred during the member's period of membership in the Group, irrespective of the subsequent termination of the member's membership in the Group, the insolvency or bankruptcy of another member with the Group, or other facts or circumstances. Notwithstanding any other provision of these bylaws, this Section 3.19 shall not be amended without the approval of the Massachusetts Division of Insurance, so long as the statutory requirements of such joint and several liability remain in place.

#### Section 4. BOARD OF TRUSTEES

4.1. Number, Qualification and Election. The initial members shall elect the board of trustees, which members of the board of trustees shall serve for a period of two (2) Full



Fund Years. After operation of the Group two (2) Full Fund Years and thereafter annually, the members of the Group shall meet to determine the number of members of the board of trustees consistent with these bylaws and shall elect the members of the board of trustees. The members of the Group shall vote to elect the members of the board of trustees in accordance with Section 3.13 of this Agreement. All trustees appointed or elected by the members shall be employees, officers, directors or trustees of the members of the Group. All trustees shall be residents of the Commonwealth of Massachusetts or officers of corporations authorized to do business in the Commonwealth of Massachusetts. The number of trustees serving on the board of trustees shall at all times be not less than five (5) nor greater eleven (11). Members of the board of trustees shall be elected by the members of the Group from a list of nominees that will be submitted to the members of the Group by a Nominating Committee of the board of trustees, which Nominating Committee shall include on the list of nominees, in addition to nominees made by the Nominating Committee, the names of persons submitted to the Nominating Committee by the members of the Group. At any special or regular meeting during the first two (2) Full Fund Years of the Group, an initial member may appoint a new trustee to eliminate a vacancy existing by reason of the death, resignation, removal or disqualification of the trustee appointed by that initial member. At any special meeting or regular meeting following the first two (2) Full Fund Years of the Group, the trustees may appoint a new trustee to eliminate a vacancy existing by reason of the death, resignation, removal or disqualification of a trustee.

4.2. Tenure. Except as provided in Section 4.1 of the Bylaws, each trustee shall hold office for a three year term and until his successor is appointed and qualified, or until he sooner dies, resigns, is removed or becomes disqualified. The three year terms will be staggered, with as nearly equal a number as possible of the trustees up for re-election in a given year.

4.3. Powers. The affairs of the corporation shall be managed by the trustees, who shall have and may exercise all the powers of the corporation except those powers reserved to the members by law, the articles of organization or these bylaws.

4.3.1. Rules, Regulations, Policies and Procedures. Without limiting the generality of the foregoing, the board of trustees shall have the power to adopt and issue rules, regulations, policies and procedures which shall be binding upon the members in connection with the following:

- (a) Acceptance of applicants for membership, including establishment of underwriting and other criteria and qualifications for membership;
- (b) Assessment of Contributions to the Fund based upon recommendations by the Administrator relating to determination of the level of premiums, administrative costs, and other assessments and the timing in form of payments of such Contributions;
- (c) Administration and management of the Fund, including investment and reinvestment of monies;

(d) Disposition of monies in excess of the amount necessary to fund all obligations of the corporation, including but not limited to adequate contingency reserves, based upon recommendations of the actuary;

(e) Payment of workers' compensation claims and losses incurred by members, including approval of reporting obligations and documentation requirements related to such claims investigation procedures and settlement guidelines as recommended by the Administrator;

(f) Purchase of insurance or reinsurance and surety bonds in amounts deemed necessary by the board of trustees;

(g) Institution of Risk Reduction Programs conducted by and in cooperation between the Administrator and the members.

4.4. Committees. The trustees may elect or appoint one or more committees and may delegate to any such committee or committees any or all of their powers. Any committee to which the powers of the trustees are delegated shall consist solely of trustees. Unless the trustees otherwise designate, committees shall conduct their affairs in the same manner as is provided in these bylaws for the board of trustees. The members of any committee shall remain in office at the pleasure of the trustees.

The board of trustees by a resolution adopted by a majority of the full board of trustees may designate an executive committee consisting of the president, immediate past-president, vice-president, treasurer and clerk, and may delegate to such executive committee all the authority of the board of trustees in the management of the corporation's business and affairs, except as limited by law or the resolution establishing the executive committee or any other resolution thereafter adopted by the board of trustees. The executive committee shall keep regular minutes of its proceedings and report the same to the board of trustees, and shall report to the board of trustees at each regular meeting of the board. Members of the executive committee may be removed from office, with or without cause, by resolution adopted by a majority of the full board of trustees.

4.5. Administrator. The board of trustees shall appoint an Administrator as defined in Section 1 hereof, and may delegate to such Administrator such powers and duties of the trustees as are permitted by law, articles of organization or these bylaws. The Administrator shall provide services to the Group in accordance with the terms of the contracts between the corporation and the Administrator.

4.6. Suspension or Removal. During the first two Full Fund years, a trustee appointed by an initial member may be suspended or removed with or without cause by action of the initial member by whom the trustee was appointed. Thereafter, a trustee may be suspended or removed with or without cause by a vote of the members in accordance with Section 3.12.

4.7. Termination or Withdrawal of Member. No trustee shall be empowered or authorized to attend any annual, regular or special meeting of the board of trustees, or to participate in or vote on any matter considered by the trustees, whether at a meeting or by

writing, on or after the date upon which the member by whom the trustee was appointed or with whom the trustee is associated receives written notice of termination pursuant to Section 3.7.2 hereof. The tenure of a trustee shall expire automatically upon effective date of withdrawal or the Termination Date of the member with which such trustee is associated.

4.8. Resignation. A trustee may resign by delivering his written resignation to the principal place of business of the corporation. Such resignation shall be effective upon receipt (unless specified to be effective at some other time) and acceptance thereof shall not be necessary to make it effective unless it so states.

4.9. Vacancies. A vacancy in the board of trustees shall be filled through appointment by the trustees. A successor shall hold office for the unexpired term of his predecessor or until he sooner dies, resigns, is removed or becomes disqualified. The trustees shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number.

4.10. Regular Meetings. Regular meetings of the trustees may be held at such places and at such times as the trustees may determine.

4.11. Special Meetings. Special meetings of the trustees may be held at any time and at any place when called by the president or by two or more trustees.

4.12. Call and Notice.

(a) Regular Meetings. No call or notice shall be required for regular meetings of trustees, provided that reasonable notice (i) of the first regular meeting following the determination by the trustees of the times and places for regular meetings shall be given to absent members, (ii) specifying the purpose of a regular meeting shall be given to each trustee if there are to be considered at the meeting contracts or transactions of the corporation with interested persons, amendments to these bylaws or removal or suspension of a trustee and (iii) shall be given as otherwise required by law, the articles of organization or these bylaws.

(b) Special Meetings. Sufficient notice of the time and place of special meetings of the trustees shall be given to each trustee. Such notice need not specify the purposes of a meeting, unless otherwise required by law, the articles of organization or these bylaws or unless there is to be considered at the meeting contracts or transactions of the corporation with interested persons.

(c) Sufficient Notice. Except as otherwise expressly provided, it shall be sufficient notice to a trustee to send notice by mail, email or commercial expedited delivery service at least forty-eight (48) hours before the meeting addressed to him at his usual or last known business, residence or email address, as appropriate, or to give notice to him in person or by telephone at least twenty-four (24) hours before the meeting.

(d) Waiver of Notice. Whenever notice of a meeting is required, such notice need not be given to any trustee if a written waiver of notice, executed by him (or his attorney thereunto authorized) before or after the meeting, is filed with the records of the meeting, or to any trustee who attends the meeting without protesting prior thereto or at

its commencement the lack of notice to him. A waiver of notice need not specify the purposes of the meeting unless such purposes were required to be specified in the notice of such meeting.

4.13. Quorum. At any meeting of the trustees a majority of the trustees then in office shall constitute a quorum, unless otherwise provided by law, the articles of organization, or these bylaws. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

4.14. Action by Vote. When a quorum is present at any meeting, a majority of the trustees present and voting shall decide any question, including election of officers, unless otherwise provided by law, the articles of organization, or these bylaws.

4.15. Action by Writing. Any action required or permitted to be taken at any meeting of the trustees may be taken without a meeting if all the trustees consent to the action in writing and the written consents are filed with the records of the meetings of the trustees. Such consents shall be treated for all purposes as a vote at a meeting.

4.16. Presence Through Communications Equipment. Unless otherwise provided by law or the articles of organization, members of the board of trustees may participate in a meeting of such board 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.

4.17. Compensation. Trustees shall be entitled for their services, such amount, if any, as the trustees may from time to time determine, which may include expenses of attendance at meetings. Trustees shall not be precluded from serving the corporation in any other capacity and receiving compensation for any such services.

## Section 5. OFFICERS AND AGENTS

5.1. Number and Qualification. The officers of the corporation shall be a president, treasurer, clerk and such other officers, if any, as the trustees may determine. The corporation may also have such agents, if any, as the trustees may appoint. An officer shall be a trustee. The clerk shall be a resident of Massachusetts unless the corporation has a resident agent duly appointed for the purpose of service of process. If required by the trustees, any officer shall give the corporation a bond for the faithful performance of his duties in such amount and with such surety or sureties as shall be satisfactory to the board of trustees.

5.2. Election. The president, treasurer and clerk shall be elected annually by the trustees at their first meeting following the annual meeting of the members. Other officers, if any, may be elected by the trustees at any time.

5.3. Tenure. The president, treasurer and clerk and any other officers shall each hold office until the first meeting of the trustees following the next annual meeting of the members and until his successor is chosen and qualified, and each other officer shall hold office until the first meeting of the trustees following the next annual meeting of the members unless a shorter period shall have been specified by the terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or become disqualified. Each agent shall retain his authority at the pleasure of the trustees.

5.4. President and Vice President. The president shall be the chief executive officer of the corporation and, subject to the control of the trustees, shall have general charge and supervision of the affairs of the corporation. The president shall preside at all meetings of the members and at all meetings of the trustees, except as the members or trustees otherwise determine.

The vice president, if any, shall have such duties and powers as the trustees shall determine. The vice president shall have and may exercise all the powers and duties of the president during the absence of the president or in the event of his inability to act.

5.5. Treasurer. The treasurer shall be the chief financial officer and the chief accounting officer of the corporation. He shall be in charge of its financial affairs, funds, securities and valuable papers and shall keep full and accurate records thereof. He shall have such other duties and powers as designated by the trustees or the president. He shall also be in charge of its books of account and accounting records, and of its accounting procedures.

5.6. Clerk. The clerk shall record and maintain records of all proceedings of the members and trustees in a book or series of books kept for that purpose, which book or books shall be kept within the Commonwealth at the principal office of the corporation or at the office of its clerk or of its residence agent and shall be open at all reasonable times to the inspection of any member. Such book or books shall also contain records of all meetings of incorporators and the original, or attested copies, of the articles of organization and bylaws and names of all members and trustees and the addresses of each. If the clerk is absent from any meeting of members or trustees, a temporary clerk chosen at the meeting shall exercise the duties of the clerk at the meeting.

5.7. Suspension or Removal. An officer may be suspended or removed with or without cause by vote of a majority of trustees then in office.

5.8. Termination or Withdrawal of Member. The tenure of an officer shall expire automatically upon the effective date of withdrawal of a member with whom the officer is associated or upon the date on which the member with whom the officer is associated receives written notice of termination pursuant to Section 3.7.2 hereof.

5.9. Resignation. An officer may resign by delivering his written resignation to the corporation at its principal office. Such resignation shall be effective upon receipt (unless



specified to be effective at some other time), and acceptance thereof shall not be necessary to make it effective unless it so states.

5.10. Vacancies. If the office of any officer becomes vacant, the trustees may elect a successor. Each such successor shall hold office for the unexpired term, and in the case of the president, vice president, treasurer and clerk until his successor is elected and qualified, or in each case until he sooner dies, resigns, is removed or becomes disqualified.

#### Section 6. INSPECTION OF BOOKS AND REPORTS TO MEMBERS

Books, accounts and records of the members shall be open to inspection by the Administrator during the normal business hours of the member. The board of trustees shall as soon as reasonably possible after the close of each Fund Year, or more often if convenient to the trustees, submit to the members a report of operations of the Fund for such Fund Year.

#### Section 7. EXECUTION OF PAPERS

Except as the board of trustees may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the corporation shall be signed by the president or by the treasurer.

Any recordable instrument, purporting to affect an interest in real estate, executed in the name of the corporation by two of its officers, of whom one is the president or a vice president and the other is the treasurer or assistant treasurer, shall be binding on the corporation in favor of a purchaser or other person relying in good faith on such instrument notwithstanding any inconsistent provisions of the articles of organization, bylaws, resolutions or votes of the corporation.

#### Section 8. PERSONAL LIABILITY

The trustees and officers of the corporation shall not be personally liable for any debt, liability or obligation of the corporation. All persons, corporations or other entities extending credit to, contracting with, or having any claim against, the corporation, may look only to the funds and property of the corporation for the payment of any such contract or claim, or for the payment of any debt, damages, judgment or decree, or of any money that may otherwise become due or payable to them from the corporation.

#### Section 9. MEMBERS

These bylaws may be altered, amended or repealed at any annual or special meeting of the members, notice of which shall specify the subject matter of the proposed alteration, amendment or repeal or the sections to be affected thereby by vote of three-quarters (3/4)



of the members. These bylaws may also be altered, amended or repealed by vote of three-quarters (3/4) of the trustees then in office, except with respect to any provision thereof which by law, the articles of organization or these bylaws requires action by the members. Not later than the time of giving notice of the meeting of members next following the amending or repealing by the trustees of any bylaws, notice thereof stating the substance of such change shall be given to all members. Any bylaw so altered, amended or repealed by the trustees may be further altered or amended or reinstated by the members in the above manner.

## Section 10. DISSOLUTION

In the event that this corporation is for any reason unable to function as a workers' compensation self-insurance group in accordance with Sections 25E through 25U of Chapter 152 of the General Laws of the Commonwealth of Massachusetts, the corporation shall be dissolved in accordance with the provisions of law.

## Section 11. ENABLING LAW

11.1. **Compliance with Enabling Law.** It is intended that this Corporation shall operate pursuant to and in accordance with Massachusetts General Laws, Chapters 152, Sections 25E through 25U, as they may be amended from time to time ("the Enabling Law"). The Board of Directors shall cause the Corporation to comply with the provisions of the Enabling Law, including, but not limited to the following:

- (a) Establishment and maintenance of actuarially appropriate loss reserves which shall include reserves for known claims and expenses associated therewith and claims incurred but not reported and expenses associated therewith;
- (b) Submission of a statement of financial condition audited by an independent certified public accountant, and other reports as may be required, to the Commissioner of Insurance in accordance with the provisions of Section 25N;
- (c) Segregation of all monies in a Claims Fund Account and an Administrative Fund Account; and
- (d) Limitation of investments to those permitted under Section 63 of Chapter 175.

11.2. **Prohibited Actions.** Unless such provisions of the Enabling Law are amended or deleted, the Board of Directors shall not:

- (a) Permit the Corporation to extend credit to individual Members of the Corporation for payment of a premium, except pursuant to a payment plan or plans approved by the Massachusetts Commissioner of Insurance; or

- (b) Borrow any money from the Corporation, or in the name of the Corporation, except in the ordinary course of business, without first advising the Massachusetts Commissioner of Insurance of the nature and purpose of the loan, and obtaining the prior approval thereof from said Commissioner.