

BYLAWS

of

PENNSYLVANIA ASSOCIATION FOR HEALTH CARE RISK MANAGEMENT

a Pennsylvania nonprofit corporation

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PENNSYLVANIA ASSOCIATION FOR HEALTH CARE RISK MANAGEMENT

ARTICLE 1. NAME AND PURPOSES

1. Name. The name of the Corporation is “Pennsylvania Association for Health Care Risk Management.”

2. Purposes. The purposes of the Corporation, as stated in its Articles of Incorporation, are as follows:

The Corporation is incorporated under the Nonprofit Corporation Law of 1988 of the Commonwealth of Pennsylvania. The Corporation is organized and operated exclusively for the improvement of business conditions in the professional practice of health care risk management and the promotion of such common business interests of its members (and not for the performance of particular services for individual persons), all within the meaning of Section 501(c)(6) of the Internal Revenue Code, as amended (the “Code”), including the educational purpose of advancing the growth and development of the professional practice of health care risk management by:

- (a) Conducting educational programs and activities to strengthen and promote professional development in the health care risk management industry;
- (b) Providing a forum for the exchange of ideas;
- (c) Creating networking opportunities to facilitate the free exchange of information and solution of mutual concerns;
- (d) Facilitating communication of health care risk management issues with public stakeholders;
- (e) Advocating for the benefit of patients, health care and the profession in regulatory and legislative arenas to the extent permitted by Section 501(c)(6) of the Code; and
- (f) Promoting the certification of health care risk management professionals.

Notwithstanding the foregoing, or anything to the contrary herein, the Corporation shall not be organized or operated to engage in a regular business of a kind ordinarily carried on for profit.

All activities of the Corporation shall be subject to the following restriction:

- (a) The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private shareholders or individuals, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article to the extent permitted by organizations recognized under Section 501(c)(6) of the Code.
- (b) Notwithstanding any other provision of these Bylaws of the Corporation, the Corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from taxation under Section 501(c)(6) of the Code.

ARTICLE 2. OFFICES

The registered office of the Corporation shall be at 50 Glenmaura National Boulevard, Moosic, Pennsylvania 18507. The Corporation may also have offices at such other places as the Board of Directors may from time to time determine or the activities of the Corporation may require.

ARTICLE 3. CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "CORPORATE SEAL, PENNSYLVANIA." Such seal may be used by causing it or a facsimile of it to be impressed or affixed or in any manner reproduced.

ARTICLE 4. MEMBERS; MEETINGS

1. Eligibility. Membership is open to professionals whose job responsibilities include healthcare risk management or who have demonstrated a bona fide

interest in the field of healthcare risk management and who agree to support the mission, vision and code of professional responsibility of the Corporation.

2. Membership Categories.

- A. Regular Membership. A regular member is a professional who is actively involved in the field of healthcare risk management or whose job responsibilities include healthcare risk management, or who has an interest in healthcare risk management. Regular members may vote and hold an elected office in the Corporation. Membership year shall be the calendar year from January 1 through December 31.
- B. Honorary Lifetime Membership. An honorary lifetime member is any regular member who has served as President of the Corporation, has received the Corporation's distinguished service award, or a member who has made an exemplary contribution to the field of risk management or to the Corporation and has been so recognized for such contribution by the Board of Directors. Honorary lifetime membership shall be automatically granted by the Corporation upon completion of term as the Corporation's President, upon receipt of the distinguished service award or recognition by the Board of Directors for the exemplary contribution. Honorary lifetime members may vote and hold an elected office in the Corporation. Such membership shall be subject to the terms and conditions of Section 4E of Article 4 of these Bylaws.
- C. Emeritus Membership. An emeritus member is any member who has been a member of the Corporation in good standing for at least ten (10) years and is retired from employment. Such member must be in good standing at the time of retirement and must request emeritus membership in writing. Emeritus members may not vote or hold an elected office in the Corporation.
- D. Student Membership. A student member is an individual who has demonstrated a bona fide interest in the field of healthcare risk management and who is a full-time student registered at an institution of higher learning and not otherwise eligible for membership under any other section in this Article. Student members may not vote or hold an elected office in the Corporation.
- E. Service Recognition Membership. A service recognition member is an individual who is otherwise not eligible for regular membership, who has been recognized for a significant contribution to the field of healthcare risk management or to the Corporation. The Board of Directors shall bestow this category of membership upon individuals. Service recognition

members may retain their membership for life subject to compliance with Section 4E of Article 4 of these Bylaws. Service recognition members may not vote or hold an elected office in the Corporation.

3. Membership Application and Renewal. Any individual who meets membership eligibility criteria may apply for initial membership in the Corporation by completing a membership application provided by the Corporation. Any member, who continues to meet membership eligibility criteria, including financial obligations to the Corporation, may apply for renewal of membership in the Corporation by completing the membership renewal application provided by the Corporation.

All applications shall be reviewed by the Corporation. In the event there is a question about an individual's eligibility for membership in the Corporation or membership category, the Corporation staff shall submit the membership application to the Board of Directors for review. Any decision of the Board of Directors regarding membership eligibility or category is final.

4. Transfer/Termination of Membership.

- A. Transfer. Membership in the Corporation is vested in individuals and may not be transferred to another individual.
- B. Resignation. Any member may resign from the Corporation by notifying the Corporation's President in writing. Dues are non-refundable if a member resigns. Resignations are effective upon receipt of notice by the Corporation, but the member shall remain liable for financial obligations incurred by the member before the Corporation's receipt of notice of resignation.
- C. Termination as a Result of Ineligibility. Any member who becomes ineligible for continued membership in the Corporation shall notify the Corporation and shall have his membership terminated. Such persons may reapply for membership upon re-establishing eligibility.
- D. Termination for Non-Payment of Dues. Termination shall be presumed if dues are not paid within 60 days of the due date unless a dues waiver has been approved under Section 2 of Article 8.
- E. Termination for Cause. The Board of Directors of the Corporation may suspend or expel any member for cause, at any time, according to the procedures established by the Corporation. For the purposes of this Article, "for cause" shall include, but not be limited to, violation of these Bylaws, any conduct on the part of said member that is detrimental to the mission, or vision of the Corporation, or in violation of the Corporation's

Code of Professional Responsibility. The Board of Directors shall provide notice of charges to the member, and an opportunity to be heard on the charges in accordance with procedures established by the Board. Any member who has been suspended or expelled may apply for reinstatement to the Corporation and may be reinstated at the discretion of the Board of Directors.

5. Annual and Regular Meeting of Members. The members of the Corporation shall meet at least four (4) times per year (weather permitting), one of which shall be considered the Annual Meeting. The Annual Meeting will be held for the transaction of the affairs of the Corporation. A quorum at these meetings shall consist of all regular and honorary members present, but not less than five (5). The purpose of the meetings will be to carry out the objectives of the Corporation, including:

- A. Presenting reports of officers and standing committees.
- B. Electing officers whose terms have expired or been left vacant.
- C. Conducting other such business as may properly come before the membership.

Historically, the Corporation's Annual Meeting is in December each year, with an Annual Educational Forum, if conducted, each September.

6. Special Meetings of Members. Special meetings may be called by the Board of Directors of the Corporation or upon petition of no less than 10 percent of the Corporation's regular and honorary members. Special meetings shall be limited to consideration of subjects listed in the official call for such meetings, unless it is otherwise ordered by the unanimous consent of the members present and voting. Such meetings shall be conducted either in person or via other appropriate communication technology. A quorum shall consist of five percent of the Corporation's regular and honorary members.

7. Notice of Meeting. The Corporation's secretary shall notify the membership by mail or other appropriate communication technology of meetings no less than two weeks prior to the date of the meeting. The secretary shall notify the full membership of the date, time, place, and agenda of Regular and Annual Meetings.

8. Order of Meetings. The Board of Directors shall adopt regulations for conducting meetings of the members and the Board of Directors and may amend them from time to time. Unless otherwise provided or in the event of ambiguity, Robert's Rules of Order Revised shall be consulted and used to govern the transaction of business. The Corporation's President, or designee, shall preside at all meetings.

9. Voting. Only regular and honorary members shall have the right to vote, limited to one vote each. Proxy voting shall not be permitted. Voting may occur by persons in assembly; by mail ballot; or by other mechanisms approved by the Board of Directors.

10. Majority Voting. Except as otherwise specified herein, all matters shall be settled by simple majority of either returned votes or eligible voting members in assembly. A tie vote may defeat any motion before the membership.

ARTICLE 5. DIRECTORS

1. Eligibility. Only regular and honorary members of the Corporation in good standing who have demonstrated active participation in the Corporation and who meet the established qualifications for this position as established by the Board of Directors shall be eligible to serve on the Corporation's Board of Directors.

2. Composition. The Corporation's Board of Directors shall be composed of the following elected officers and designated member:

A. The President

(i) The President shall be a member of the American Corporation for Healthcare Risk Management ("ASHRM").

(ii) The Corporation will pay the President's ASHRM membership dues for the year in which he/she is the Corporation's President.

(iii) Unless otherwise outlined by the Corporation's bylaws, in case of a tie vote, the President may vote to break the tie.

B. The President-Elect shall serve as a director with voting privileges.

C. The Immediate Past-President shall serve in an ex-officio capacity as a designated member without voting privileges.

D. The Secretary shall serve as director with voting privileges

E. The Treasurer shall serve as director with voting privileges

3. Term of Office. The terms for the Corporation's officers shall be one (1) year. The President -Elect shall then succeed the President. The immediate year following completion of the Presidency, he /she serve as ex-officio member Past-President on the Board of Directors for one year.

Directors other than the President and President-Elect and ex-officio member Past-President shall serve no more than two one-year consecutive terms.

The term of office for all Board of Directors shall begin on January 1 and shall conclude on December 31, one year later.

4. Nomination of Board of Directors.

A. Nominating committee shall be appointed at least six (6) months before the election meeting.

(i) A nominating committee shall be appointed at least six (6) months before the election meeting.

(ii) Names of potential candidates shall be submitted to and/or solicited by the nominating committee.

(iii) The nominating committee shall propose candidates for all elected officer positions to be filled. The committee shall select those candidates who, in their judgment, are capable of fulfilling the duties and responsibilities of the offices for which they are selected.

(iv) The nominating committee shall publish and distribute its nominations for candidates to office at the third quarterly general membership meeting.

(v) Additional nominations may be received from the membership until six (6) weeks prior to the election meeting.

5. Election of Board of Directors. All elections for directors shall be conducted by first-class mail or other voting mechanisms approved by the board of directors.

A. Three (3) weeks prior to the date scheduled for the election meeting (the fourth quarterly general membership meeting), the nominating committee shall publish and distribute to all members:

(i) A written ballot including all names of nominees for those offices to be filled.

(ii) The names and qualifications of each candidate for each office.

(iii) Instructions for the return of the ballot by mail or fax to the nominating committee prior to the date of the annual business meeting or by personal delivery at the annual business meeting.

B. Ballots for election of officers shall be opened, counted and announced at election meeting by the election committee:

(i) The Board shall appoint a committee of non-candidate members present to serve as the election committee.

(ii) Voting shall be accomplished by secret ballot.

(iii) Only one ballot received prior to or at the meeting will be valid.

(iv) Only one ballot per member will be valid.

(v) Write-in votes will be valid.

(vi) Proxy votes shall not be valid.

(vii) The candidates receiving the highest number of votes cast for that office shall be declared elected.

C. Results

(i) In the case of a tie vote, there shall be a run-off election at the election meeting between the two (2) candidates receiving the highest number of votes. The candidate receiving the majority of votes of members present shall be declared elected.

(ii) Newly elected officers shall take office on January 1.

6. Powers and Duties.

A. The Board of Directors of the Corporation shall have the authority to conduct the affairs of the Corporation and to act on behalf of the Corporation on issues related to healthcare risk management.

B. The Board of Directors shall have the power to develop plans, objectives, and purposes for the Corporation; approve and revise all rules and regulations for the operation of the Corporation; establish ad hoc committees consistent with the objectives of the Corporation; review and approve the recommendations of committees; provide for the conduct of the Corporation's annual meeting; and maintain fiscal responsibility. The actions of the Board of Directors shall conform to these Bylaws and the Corporation's Articles of Incorporation.

7. Vacancies. The Board of Directors shall fill any vacancy (unless the unexpired term is less than four months) that may occur on the Board, other than a vacancy in the positions of the immediate past president, the president, or president-elect, by appointment of the willing individual who received the next highest number of votes in the previous election. This individual shall serve for the remainder of the unexpired term.

8. Board of Director Meetings. The Board of Directors shall meet not less than two times per year. Additional meetings may be called by the President, as necessary, to conduct the business of the Corporation, or upon request of four members of the Board of Directors. Quorum shall consist of a majority of the Board of Directors. The Secretary shall notify the Board members of the time, place, date and agenda of all Board meetings. A two-week minimum notice is recommended. At meetings of the Board of Directors, the President only votes in the event of a tie. A vote may be cast by the President to break a tie in order to carry or defeat a motion.

9. Forfeiture of Office.

- A. Any director shall automatically forfeit his or her office if he or she loses eligibility for Corporation membership, loses eligibility for office, or is terminated from membership pursuant to these Bylaws.
- B. Any member of the Board of Directors who is absent from two successive meetings during the entire one year term of the Board without adequate reason, in the view of the Chairman of the Board, and with the concurrence of the majority of the members of the Board of Directors, shall be deemed to have resigned his or her position as director, leaving his/her seat vacant.
- C. An Officer may be removed for cause by a unanimous vote of the remaining members of the Board of Directors after a full discussion of the charges against the Officer by the Board. Such vote shall be effective for this purpose even in the presence of recusal or abstentions.

ARTICLE 6. OFFICERS

1. Eligibility. Only regular and honorary members of the Corporation in good standing who have demonstrated active participation in the Corporation, meet the qualifications for the position as established by the board of directors, and are in compliance with the bylaws shall be eligible to serve as officers of the Corporation and shall be subject to the provisions of Section 1 of Article 5.

2. Officers. The officers shall be the President, President-Elect, Immediate Past-President, Secretary, and Treasurer.

3. Term of Office. All officers shall serve a one-year term. The term of office shall begin on January 1 and shall conclude on December 31 of that year.

4. Nomination of President-Elect. A call for nominations shall be mailed, or distributed in a manner approved by the board of directors, annually to all regular and honorary members. The nominating committee shall be responsible for selecting a slate of candidates who have demonstrated active participation and leadership in the Corporation.

5. Election of President-Elect. Elections for president-elect shall be conducted by first-class mail or other voting mechanism approved by the Board of Directors. Ballots for election of the President-Elect shall be mailed, or distributed in a manner approved by the Board of Directors, to all regular and honorary members. The final results shall be binding and shall be communicated to the membership.

6. Powers and Duties of the Members of the Board and Officers. The President of the Corporation shall act as chairman of the Board of Directors and shall preside at all meetings of the Board of Directors. The President shall submit a written annual report to the Board of Directors and general membership at the annual meeting. The President-Elect shall perform the duties of the office of the President in the absence(s) of the President. The voting privileges for the Officers are defined under Section 2 of Article 5 of these Bylaws.

A. Duties

(i) The officers shall be unsalaried and reasonable expenses shall be allowed; for example, printing and/or mailing services.

(ii) The President shall be an ASHRM member in good standing during his/her term of office. In addition he/she shall:

- a. Preside at Board meetings and be the Chief Executive Officer.
- b. Preside at general and special meetings of the members.
- c. Represent the Corporation at meetings of other organizations where official representation is desirable.
- d. Provide leadership for programs and activities.
- e. Appoint such committees as are necessary to have met the objectives of the Corporation.
- f. Perform such additional duties as may be assigned from time to time by the Board.

g. Serve as ex officio member of all committees.

h. Be responsible for the enforcement of these Bylaws.

i. Serve as an ex officio Board member for one (1) year at the conclusion of his/ her term of office as President.

B. The President-Elect shall:

(iii) At the request of the President, in the event of his/her absence or disability, perform any and all duties and shall possess all the powers of the President.

(iv) Assume responsibilities for the work of the committee(s) assigned to him/her by the President.

(v) Succeed the President.

C. The Secretary shall:

(i) Provide for the safekeeping of the organization's records and correspondence.

(ii) Record and distribute meeting minutes.

(iii) Notify members of meetings and agenda.

(iv) Assume the duties of the Treasurer as necessary.

(v) Coordinate the publication and distribution of notifications to the membership.

(vi) Coordinate mail balloting and voting procedures.

D. The Treasurer shall:

(i) Maintain all funds and financial records.

(ii) Receive and disburse all funds as approved by the Board.

(iii) Prepare a quarterly report of income and expenses of the Corporation to be presented to the membership.

(iv) Maintain an accurate membership listing.

(v) Assume the duties of the Secretary as necessary.

E. The immediate past President shall:

(i) Assume responsibilities for the work of the committee(s) assigned to him/her by the President.

7. Vacancies. A position is declared vacant if the Board of Directors, by majority vote, declares the position vacant.

If the office of President becomes vacant, the President-Elect shall assume the office of President for the duration of the unexpired term and shall continue to serve as President for the subsequent term.

If the office of President-Elect becomes vacant within 6 months of the beginning of the term, a special election shall take place to fill the position. Otherwise, the position may not be filled and a President and a President-Elect shall be elected at the next regular election of the Corporation in accordance with these bylaws unless a majority of the Board of Directors approves a motion to call a special election.

If the President-Elect designate is unable to assume office, a special election to fill the position shall take place.

If both the President and the President-Elect shall become unable to perform the duties of their offices, the Board of Directors shall appoint, from the membership of the Board of Directors, a President pro tempore to serve for the remaining portion of the unexpired term of office. At the next regular election of the Corporation, a President and a President-Elect shall be elected in accordance with these bylaws.

In the event that a President and President-Elect are elected at a regularly scheduled election of the Corporation, the process for the election of the president will be the same as the process for the election of the president-elect in accordance with these bylaws.

8. Forfeiture of Office. Any officer shall automatically forfeit his or her office if he or she loses eligibility for Corporation membership, loses eligibility for office, or is terminated from membership pursuant to these bylaws.

ARTICLE 7. COMMITTEES

1. Nominating committee. Only regular and honorary members of the Corporation in good standing who have demonstrated active participation in the society, meet the qualifications for the position as established by the Board of Directors, and are in compliance with these Bylaws shall be eligible to serve on the nominating committee. Members appointed to serve on the nominating committee are ineligible to run for any elected office during their term on the committee. The nominating committee shall be composed of at least two regular or honorary members appointed annually by the membership. The immediate past president shall

serve as an ex officio member of the nominating committee without a vote. Members of the nominating committee shall each serve a one-year term. The term of office shall begin on January 1 and conclude on December 31 of that year. In the event of a special election, the nominating committee will continue to serve until the special election is completed.

2. Forfeiture of Office. Any nominating committee member shall automatically forfeit his or her office if he or she loses eligibility for membership, loses eligibility for office, or is terminated from membership pursuant to these Bylaws. Any member of the nominating committee who is absent from two successive meetings of the committee without adequate reason, in the view of the chairman of the committee, and with the concurrence of the majority of the members of the committee, shall be deemed to have resigned his or her position, leaving his/her seat vacant.

3. Vacancies. The Board of Directors may fill any vacancy that may occur on the nominating committee by appointment of a willing individual. This individual shall serve for the remainder of the unexpired term.

4. Nominating committee Responsibility. The nominating committee shall be responsible for preparing a slate of candidates. The nominating committee shall determine the following:

A. President-Elect--A slate consisting of at least two candidates (or one candidate and at least one write-in opportunity).

B. Board of Directors--A slate consisting of at least two candidates per vacant seat (or one candidate and at least one write-in opportunity).

The final ballot shall provide space for write-in candidates. The nominating committee shall be responsible for selecting slates of candidates in which it considers the various sectors of the healthcare risk management community and geographic regions from which the membership is drawn.

5. Committees/Task Forces. The President of the Corporation may appoint from time to time, committees and/or ad hoc task forces for purposes compatible with the objectives of the Corporation. The Board may, at its discretion, form committees, such as an executive committee, a nominating committee, a membership committee, finance committee, bylaws committee, program/educational committee, professional ethics committee etc. All actions by committees are subject to approval by the Board. Committee members may be drawn from the membership at large at the discretion of the Board.

6. Committee/Task Force Chairpersons and Members. The chairpersons of will be selected by and from among its members. Other chairpersons and members of committees and task forces shall be appointed annually by the president-elect. Such

appointments shall be ratified by a majority of the Board of Directors. In the event of a vacancy, the president may appoint a replacement that is ratified by a majority of the Board of Directors.

7. Meetings. Meetings of the committees shall be called as necessary by the chairperson to conduct the business of the committee. All committee recommendations to the Board of Directors shall be adopted by a majority of the members of the committee.

ARTICLE 8. DUES

1. Annual Dues. Annual dues of the Corporation shall be established by the Board of Directors according to the guidelines established by the Corporation on an annual basis by the final meeting of the preceding calendar year. Annual dues are payable on January 1 of each calendar year. A schedule of dues shall be established for the following categories: regular, student, and inactive memberships. All members shall pay dues unless exempted by the Board of Directors. No portion of the dues paid by any member shall be refundable due to termination of membership for any reason.

2. Dues Waivers. The Board of Directors for inactive members may grant dues waivers. An inactive member is any regular member who is unemployed at the time of membership renewal and who requests inactive membership status. Such members may apply for inactive membership in writing to the Corporation and may be granted a dues waiver for up to six (6) months at the discretion of the board. All such decisions by the Board will be final. Inactive membership shall terminate at the end of the time period prescribed by the board or thirty (30) days after the member has obtained new employment, whichever occurs first. Such status shall not interrupt the member's official tenure in the Corporation.

ARTICLE 9. DONATIONS

1. Any funds or property donated and specifically designated to further the work or programs of the Corporation shall become the property of the Corporation in accordance with policies established by the Corporation and ASHRM. The funds shall be used for the purpose(s) specifically identified. In the event of disaffiliation of the Corporation with ASHRM, the contributed funds will follow the Corporation. In the event of disagreement in connection with disaffiliation or dissolution, the donor's conditions shall be followed, the affiliation agreement between ASHRM and the Corporation shall be consulted, and compliance with Pennsylvania and Illinois law will be actively sought.

ARTICLE 10. LIMITATION ON LIABILITY

1. Director as Fiduciary. Each director of the Corporation shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a director, including

his or her duties as a member of any committee of the Board of Directors upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interest of the Corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- A. One or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent in the matters presented.
- B. Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such persons.
- C. A committee of the Board of Directors upon which he or she does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

2. Considerations. In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and individual directors may, in considering the best interests of the Corporation, consider the effects of any action upon employees, upon suppliers and customers of the Corporation and upon communities in which offices or other establishments of the Corporation are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of Section 1 of this Article 10.

3. Presumption. Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the Corporation.

4. Limitation on Liability. To the fullest extent permitted by Pennsylvania law, as now in effect and as amended from time to time, a director of the Corporation shall not be personally liable for monetary damages for any action taken, or the failure to take any action. Without limiting the foregoing, a director of the Corporation shall not be personally liable as such for monetary damages for any action taken, or the failure to take any action, unless (i) the director has breached or failed to perform the duties of his or her office in accordance with these Bylaws; and (ii) the breach or failure to perform the duties constitutes self-dealing, or a court has determined that the act or failure to act giving rise to the claim constituted willful misconduct or recklessness. The provisions of this Section shall not apply to (i) the responsibility or liability of

a director pursuant to any criminal statute or (ii) the liability of a director for the payment of taxes pursuant to local, state or federal law. Any repeal or modification of this Article shall only be applied prospectively, and shall not affect, to the detriment of any director, any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE 11. INDEMNIFICATION

1. Rights to Indemnification. The Corporation shall indemnify any director or officer and may indemnify any employee or agent of the Corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or while a director or officer, employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer employee or agent of another organization or another Corporation, partnership, joint venture, trust or other enterprise including an employee benefit plan or is or was an administrator, trustee or other fiduciary of one or more of such employee benefit plans of the Corporation or another organization as may or have been in effect, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the Corporation, to the extent that such person is not insured or otherwise indemnified and the power so to indemnify has been or continues to be granted by statute, and is not otherwise prohibited by applicable law.

2. Advance of Expenses. The Corporation shall pay expenses incurred by an officer or director, and may pay expenses incurred by any employee or agent of the Corporation in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an under taking by or on behalf of the director, officer, employee or agent of the Corporation to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation.

3. Procedure for Determining Permissibility. To determine whether any indemnification or advance of expenses under this Article is permissible, the Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceeding may, and on request of any person seeking indemnification or advance of expenses shall be required to, determine in each case whether the applicable standards in any applicable statute have been met, or such determination shall be made by independent legal counsel if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs, provided that if there has been a change in control of the Corporation, between (i) the time of the action or the failure to act given rise to the claim for indemnification or advance of expenses, and (ii) the time such claim is made, then at the option of the person

seeking indemnification or advance of the expense, the permissibility of indemnification or advance of expenses shall be determined by independent legal counsel.

4. Contractual Obligation. The obligations of the Corporation to indemnify a director or officer under this Article, including the advancement of expenses when so determined, shall be considered a contract between the Corporation and such director or officer, and no modification or repeal of any provision of this Article shall affect, to the detriment of the director or officer, such obligations of the Corporation in connection with a claim based on any act or failure to act occurring before such modification or repeal.

5. Indemnification Not Exclusive. The foregoing indemnification and advancement of expenses shall not be deemed exclusive of any other rights to which one indemnified may be entitled, under any agreement, vote of directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs, executors and administrators of any such person.

6. Insurance, Security and Other Indemnification. The Board of Directors shall have the power to (a) authorize the Corporation to purchase and maintain, at the Corporation's expense, insurance on behalf of the Corporation and on behalf of others to the extent that power to do so has been or may be granted by statute, (b) create any fund of any nature, whether or not under the control of a trustee, or otherwise secure any of its indemnification obligations and (c) give other indemnification to the extent not prohibited by statute.

ARTICLE 12. CONFLICTS OF INTEREST

1. Conflicts of Interest Policy. The Corporation's conflicts of interest policy is set forth in this Article. The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations. The Corporation shall distribute this conflicts of interest policy to all directors, officers, and members of committees with director-delegated powers.

2. Definitions.

- A. Interested Person. Any director, officer, or member of a committee with director-delegated powers who has a direct or indirect financial interest in any decision to be made by the Board of Directors or any committee, as defined below, is an interested person.
- B. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family, (1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; (2) a compensation arrangement with the Corporation or with an entity or individual with which the Corporation has a transaction or arrangement; or (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest has a conflict of interest only if the directors decide, pursuant to Section 3 of this Article, that a conflict of interest exists.

3. Procedures.

- A. In connection with any actual or possible conflicts of interest with respect to a transaction or arrangement, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with director-delegated powers considering the proposed transaction or arrangement.
- B. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, such interested person shall leave the director or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors or committee members shall decide if a conflict of interest exists.
- C. If a conflict of interest is determined to exist, an interested person may make a presentation at the Board of Directors or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

The Chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

- D. If the Board of Directors or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

4. Records of Proceedings. The minutes of the Board of Directors and all committees with Board-delegated powers shall contain:

- A. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed; and
- B. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

5. Annual Disclosure Statements. Each director, officer and member of a committee with Board-delegated powers shall execute an annual disclosure statement disclosing

the facts relating to any actual or potential financial interest or stating that he or she has no reportable financial interest. The annual disclosure statement shall also recite that the person:

- A. has received a copy of the conflicts of interest policy;
- B. has read and understands the policy;
- C. has agreed to comply with the policy; and
- D. understands that the Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The Corporation shall distribute copies of the completed annual disclosure statements to the Directors.

6. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. whether compensation arrangements and benefits are reasonable and are the result of arms' length bargaining;
- B. whether partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit; and
- C. whether agreements with third-parties further the Corporation's charitable purposes and do not result in inurement or impermissible private benefit.

7. Use of Outside Experts. In conducting the periodic review provided for in Section 7 above, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

8. Prohibited Self-Dealing. Directors shall not engage in the following forms of self-dealing:

- A. The sale, exchange, or leasing of property or services between the Corporation and a Director, his or her employer, or an organization substantially controlled by the Director, on a basis less favorable to the

Corporation than that on which such property or service is made available to the general public;

- B. The furnishing of goods, services, or facilities by the Corporation to a director, unless such furnishing is made on a basis not more favorable to the director than that on which such goods, services, or facilities are made available to the general public or employees of the Corporation; and
- C. Any transfer to or use by or for the benefit of a director of the income or assets of the Corporation, except by purchase for fair market value.

The prohibitions contained in this Section shall also apply to officers and members of committees with Board-delegated powers.

9. Annual Review. The policies provided in this Article shall be reviewed by the Board annually for the information and guidance of all new directors, officers, and members of committees with Board-delegated powers.

ARTICLE 13. RECORDS

1. Record Retention. The Board shall assure the retention of needed organization and membership records for a period of at least five (5) years. These records will include membership records, affiliation agreement, financial records, minutes and the tax identification number, as well as continuing education credit approvals.

ARTICLE 14. CHAPTER AFFILIATIONS

1. Purpose of Affiliation. The purpose of chapter affiliations of the Corporation is to provide an organized structure at the local, state, and international level for members of the Corporation and others in the field of risk management to address problems of mutual interest; to conduct educational programs; to serve as a resource to related healthcare associations; to enhance communication between the Corporation and affiliates; and to promote the purpose of, and membership in, the Corporation.

2. Affiliation Agreement. The request for affiliation shall be initiated by the local, state or international group and submitted in writing to the Corporation. The affiliation shall be approved by the Board of Directors of the Corporation. The affiliation agreement may be terminated by either party upon 90 days' written notice.

Requirements for Affiliation. The process for ASHRM affiliation includes completing a Chapter Affiliation Agreement; providing a copy of the Corporation's Bylaws; and providing a current roster of the Corporation's membership. To be eligible to be an affiliated chapter of ASHRM at no cost, the Corporation must meet the following criteria:

(i) A minimum of 25 (Twenty five) percent of total membership in the Corporation must be current ASHRM members. This minimum requirement must be maintained. If the Corporation falls below this requirement, it is subject to disaffiliation.

(ii) The Corporation's President must be an ASHRM member in good standing during his /her term of office. This requirement must be stated in the Corporation's Bylaws.

(iii) The Corporation's Bylaws must not conflict with the intent of the ASHRM Bylaws

(iv) Affiliation agreements must be renewed every three (3) years.

3. Affiliated Chapter as Distinct Entity. Any local, state, or international chapter affiliated with the Corporation under this article is not an extension or part of the Corporation or the association but remains a distinct separate entity. Any such affiliated chapter is therefore independently responsible for its own governance and operation, maintaining its own financial records, filing appropriate notices and forms with state, federal, or appropriate governmental tax and/or authorities, maintaining necessary insurance coverage, and so forth. Only the Board of Directors of the Corporation, and not the affiliated chapters, can speak on behalf of the Corporation.

ARTICLE 15. MISCELLANEOUS PROVISIONS

1. Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December of each year.

2. Equal Opportunity/Non-discrimination. This Corporation declares and reaffirms its policy of equal employment opportunity and non-discrimination in the implementation of its purposes and objectives. The policy and practice of the Corporation is non-discriminatory against the individuals it serves on the basis of race, sex, color, national or ethnic origin and religion.

3. Corporate Records. The Corporation shall keep at its registered office in this Commonwealth, or at its principal place of business wherever situated, original or duplicate records of the proceedings of the meetings of the members and the Board of Directors and the original or a copy of its Bylaws, including all amendments and alterations thereto. The Corporation shall keep at its registered office or at its principal place of business complete and accurate books or records of account.

4. Right of Inspection. The members and each member of the Board of Directors shall, upon written demand under oath stating the purpose thereof, have a right to

examine, in person or by agent or attorney during the usual hours for business for any proper purpose, the books and records of account, and records of the proceedings of the members and the Board of Directors and to make copies or extracts therefrom.

ARTICLE 16. DISSOLUTION

1. Upon any sale, dissolution or winding up of the Corporation, the Board of Directors shall, after paying and making a provision for the payment of all of the liabilities and obligations of the Corporation, pay over and transfer all of the assets of the Corporation in furtherance of the exempt purposes of the Corporation within the meaning of Section 501(c)(3) of Section 501(c)(6) of the Code to one or more organizations qualifying for the exemption afforded by Section 501(c)(3) or Section 501(c)(6) as determined by the Board of Directors. No portion of the assets shall inure to the benefit of any director or officer of the Corporation, any private shareholder of individual, or any enterprise organized for profit. The use of any surplus funds by or private inurement to any person in the event of sale or dissolution of the Corporation is expressly prohibited, as required by Section 5 of Pennsylvania Act No. 55 of 1997, as amended and in effect from time to time.

ARTICLE 17. AMENDMENT OF BYLAWS

1. Required Approval. These Bylaws may be amended by a two-thirds vote of regular and honorary members returning a ballot by mail or other mechanism approved by the Board of Directors.

2. Proposal of Amendments. Amendments to the Bylaws may be proposed by the Board of Directors or by petition of at least 10 percent of the members eligible to vote. Amendments proposed by petition of these members shall be filed with the Corporation at least 90 days prior to the annual meeting. Amendments to these Bylaws may be proposed by the Board, by any Board committee, by any five (5) members at large, or by any member if seconded at a meeting whereby Bylaw changes are to be considered.

3. Approval of Amendments. All proposed amendments shall include a proposed effective date. The Board shall publish and distribute to the membership any proposed amendments at least twenty (20) days in advance of the next general membership meeting, at which time action will be taken on those proposed amendments. The votes at that meeting shall be tabulated by the Corporation and reported to the Board of Directors. A two-thirds (2/3) affirmative vote of members present shall be required for amendments to the Bylaws. The results of the voting shall be binding. An approved amendment shall be formally communicated to the membership within 45 days and shall indicate the effective date.