



## ARTICLE I: DEFINITIONS

Section 1. Definitions. The terms set forth below are defined as follows:

**Pool** – The Washington State Transit Insurance Pool, a joint self-insurance program formed by Interlocal Agreement pursuant to RCW 48.62 and 39.34 and governed to conform with WAC 200-100.

**Member** – A local governmental public transit entity which participates in the **Pool's** joint self-insurance program as evidenced by such entity's execution of the **Pool's** Interlocal Agreement.

**Board** or **Board of Directors** – The governing body of the **Pool** composed of one voting **Member Representative** from each **Member**.

**Board Member** or **Member Representative** – An individual authorized to exercise the **Member's** voting rights in the **Pool** and to act on behalf of the **Member** with all matters pertaining to the **Pool**. This term includes primary and alternate **Member Representatives**. These individuals may also be known as **Board Members**.

**Executive Committee** – A committee consisting of the President, Vice President, Secretary, immediate Past President, and **Elected Member Representatives** elected by the **Board** to govern delegated areas of **Pool** operations. The **Pool's** Treasurer is an ex officio, non-voting member of the **Executive Committee**.

**Elected Member Representative** – A **Member Representative** elected by the **Board** to represent their size group (small, medium, large, or at-large) on the **Executive Committee**.

Defined terms are in bold throughout these Bylaws.

## ARTICLE II: OFFICES

Section 2. Principal Office. The principal office of the **Pool** shall be located in Olympia, Washington.

Section 3. Other Offices. The **Executive Committee** may, in its discretion, establish other offices for the **Pool**.

## ARTICLE III: GOVERNING BOARD

Section 4. Governance. With respect to the following, the **Pool** shall be governed and controlled by the **Board**:

- a. Adoption and amendment of Bylaws;
- b. Adoption of annual budget;
- c. Assessment of annual and special **Member** allocations and contributions;
- d. Distribution of surplus to **Members**;
- e. Admission and termination of **Members**;

- f. Selection of Executive Director and terms and conditions of employment;
- g. Purchase, lease, sale, and disposal of real property;
- h. Changes to the terms and conditions of coverages to be offered by the **Pool** to its **Members**; and
- i. New lines of coverage for which a Coverage Document must be created and will be offered by the **Pool** to its **Members**; Requires at least ninety days prior to voting upon whether to offer any new line of coverage, the **Pool** shall provide notice thereof to the **Members**, which notice shall include a description of the proposed new line of coverage; and
- j. The definition and parameters of the Governance Documentation Procedure and WSTIP Policy Manual as set forth in Article XIII.
- k. Elections of Secretary, Treasurer, and **Member Representatives**.

**Section 5. Member Representatives.**

- a. Each **Member** shall appoint a **Board Member**, and one or more alternate **Member Representatives**.
- b. If a primary representative is unable to serve or participate in proceedings for any reason an alternate **Member Representative** shall represent the **Member**.
- c. **Members** shall designate and may change designations of **Member Representatives** at any time in writing. **Members** shall promptly notify the **Pool** of any changes.
- d. **Member Representatives** must be Officers or employees of **Member**.
- e. Alternate **Member Representatives** may serve on committees or as Officers only if appointed or elected to the committee or office.

**Section 6. Composition.** The **Board** shall be composed of one **Member Representative** appointed by each **Member**.

**Section 7. Voting Rights.** Each **Member** shall have one vote on each matter submitted to the **Board**. Unless a 3/4 vote of those present is required on some particular matter, a majority vote is sufficient to pass a matter. Voting by proxy is not permitted.

**Section 8. Quorum.** A majority of **Members** represented by a **Member Representative** is sufficient to constitute a quorum.

**Section 9. Board Meetings.**

- a. The Annual Meeting shall be held in November or December; Provided, if extraordinary circumstances require the cancellation of the Annual Meeting, the President may reschedule the Annual Meeting for some other time as a special meeting. The **Board** shall elect the Secretary and new members of the **Executive Committee** and adopt its annual budget and **Member** allocations at the Annual Meeting.
- b. In addition to the Annual Meeting, the **Board** shall meet quarterly, unless cancelled or rescheduled by the President after consultation with the Board Officers and the Executive Director. The Annual Meeting shall be the meeting for the fourth quarter.

**Section 10. Membership Not Transferable.** Membership in the **Pool** is not transferable or assignable.

## **ARTICLE IV: OFFICERS**

Section 11. Designation. The Officers of the **Pool** shall consist of a President, Vice President, and Secretary. All Officers shall be primary or alternate **Member Representatives**. A **Member** may not have more than one Officer hold office simultaneously.

Section 12. President. The President shall chair the **Board** and the **Executive Committee**.

Section 13. Vice President. The Vice President shall perform the duties of the President in the temporary absence or disability of the President.

Section 14. Secretary. The Secretary shall attest to the accuracy of governance policies passed by the **Board** or **Executive Committee**, and meeting minutes of the **Board** and **Executive Committee**.

Section 15. Election and Progression of Officers. The **Board** shall elect a Secretary and fill vacancies in offices that had become vacant since the last election at its Annual Meeting, provided no **Member Representative** shall be elected, or a vacant office filled, that would result in a **Member** having more than one **Member Representative** hold a voting position on the Executive Committee simultaneously. The Secretary shall progress to Vice President, and the Vice President shall progress to President.

Section 16. Vacancies in Offices. Vacancy in the office of the President, Vice President, or Secretary shall be filled by the immediate Past President until the President calls for an election or the annual election occurs. If the immediate Past President has already been appointed to fill a vacancy or if they decline to fill a vacancy, or if appointment of the immediate Past President would result in a **Member** with more than one **Member Representative** holding office simultaneously, the **Board** shall fill the vacancy when an election is called by the President or at the annual election.

Section 17. Terms. The terms of office shall be one year and shall commence immediately following election of the Secretary.

## **ARTICLE V: EXECUTIVE COMMITTEE**

Section 18. Powers. The **Pool** shall be governed and controlled by the **Executive Committee** in all respects except for those matters reserved to the **Board** by Article III, Section 4. The **Executive Committee** shall make recommendations to the **Board** with respect to the annual budget, assessment of **Member** allocations and contributions, distributions of surplus to **Members**, the purchase, lease, sale, and disposal of real property, and all other matters that may come before the **Board**.

Section 19. Composition.

- a. The **Executive Committee** shall consist of the President, immediate Past President, Vice President, Secretary, and four additional **Member Representatives** elected by the **Board** at the Annual Meeting.
- b. All members of the **Executive Committee** shall be primary or alternate **Member Representatives**.
- c. Of the four **Elected Member Representatives**, one shall be from a small transit system, one shall be from a medium transit system, one shall be from a large transit system, and one shall be "at-large"; Provided, if no eligible **Member** from a small, medium, or large system is willing to serve, that position shall be open to any other **Member Representative** from a **Member** not already

represented by a **Member Representative** on the **Executive Committee**. The criteria for small, medium, and large shall be established by the **Executive Committee**.

Section 20. Meetings. The **Executive Committee** shall adopt an annual schedule of regular meetings. The President may cancel a meeting after consultation with the Board Officers and the Executive Director. A majority of members of the **Executive Committee** shall be sufficient to constitute a quorum.

Section 21. Claims Review. The **Executive Committee** shall review and, if appropriate, approve proposed settlements for any claim or lawsuit against any **Member** which is proposed for settlement in an amount greater than the standing settlement authority of the Executive Director.

Section 22. Committees. The **Executive Committee** may, in its discretion, establish committees, either ad hoc or standing.

## **ARTICLE VI: VACANCIES, REMOVALS, AND RESIGNATIONS**

Section 23. Vacancies.

- a. Vacancies in the **Executive Committee** not otherwise filled pursuant to these **Bylaws** shall be filled by the **Board** at a regular meeting as soon as possible. The **Board** may not fill a vacancy with a **Member Representative** that would result in a **Member** having more than one **Executive Committee** member simultaneously. The person appointed to fill the vacancy shall complete the term of their predecessor. (See Article IV: Section 16.)
- b. Vacancies in **Elected Member Representative** positions shall be appointed by the President in the following order: First, by the **Board Member** who received the second most number of votes at the last regular **Member Representative** election, unless such **Board Member** is unwilling or unable to fill the vacancy, or the appointment would result in a **Member** having more than one **Executive Committee** member simultaneously. Second, by a **Member Representative** from a **Member** that meets the size criteria for the vacant position, unless no such **Member Representative** is willing and able to fill the vacancy, or the appointment would result in a **Member** having more than one **Executive Committee** member simultaneously. If no **Board Member** meeting the foregoing criteria is willing and able to fill the vacancy, then the vacancy will be filled at the next regular meeting of **Member Representatives** by election.
- c. A vacancy in the immediate Past President position shall not be filled.
- d. If an **Executive Committee** member ceases to be an Officer or employee of a **Member**, the position shall be considered vacant.
- e. If an **Executive Committee** member becomes an employee of another **Member**, which would result in the employing **Member** having two **Executive Committee** members, the employing **Member** shall choose which of its two employees will keep their position on the **Executive Committee**. If the employing **Member** does not submit its choice in writing to the Executive Director within 30 days of hiring of the new employee, the employee who changes employers will lose their position on the **Executive Committee**.

Section 24. Removal. An **Executive Committee** member may be removed by a two-thirds vote of all **Member Representatives**.

Section 25. Resignation. An **Executive Committee** member may resign by providing written notice to the **Board** or President. Such resignation shall be effective upon receipt or at some other specified time. A resignation shall be effective without acceptance.

## **ARTICLE VII: MEETINGS**

**Section 26. Meeting Time, Date and Place.** The President shall establish the time, date, and place of the **Board's** Annual Meeting and for regular and special meetings of the **Board** and **Executive Committee**.

**Section 27. Notice of Meetings.**

- a. In accordance with RCW 42.30 and WAC 200-110 notice of all meetings shall be provided to all **Member Representatives** and the State Risk Manager and the agenda posted on the **Pool's** website at least 24 hours in advance of the meetings, and in the case of a special meeting, notice will also be posted in a prominent location at the **Pool's** principal location if the meeting isn't held at that location.
- b. The notice shall specify the time, date, and place of each meeting and, in the case of a special meeting, the business to be transacted.

**Section 28. Executive Sessions.** The **Board, Executive Committee**, and any other duly established committee may adjourn to executive session to consider those matters authorized by RCW 42.30.110 and RCW 48.62.101.

**Section 29. Special Meetings.** Special meetings may be called by the President or a majority of **Member Representatives** as authorized by RCW 42.30.080.

**Section 30. Conduct of Meetings.** Meetings shall be conducted consistent with the Open Public Meetings Act (RCW 42.30). Robert's Rules of Order will be used to resolve any procedural issues that may arise during the course of a meeting.

## **ARTICLE VIII: APPOINTED POSITIONS**

**Section 31. Treasurer and Deputy Treasurer.**

- a. The **Board** shall appoint a primary or alternative **Member Representative** as Treasurer pursuant to the requirements of RCW 48.62.111 as now or hereafter amended.
- b. The Treasurer appointment would follow an election/appointment process as specified in the Nominations and Elections Policy and would be for a term of up to three years with the term ending in connection with an annual Board meeting. However, the **Board** may replace the Treasurer at any time.
- c. If the Treasurer is not a member of the **Executive Committee**, they shall be an *ex officio*, non-voting member thereof.
- d. The **Pool's** Deputy Director, Finance Manager or equivalent, shall serve as a Deputy Treasurer.
- e. The duties of the Treasurer and Deputy Treasurer shall be as specified by the **Executive Committee** and documented in policy.

**Section 32. Auditor.** The **Pool's** Executive Director shall serve as its Auditor. The duties of the Auditor shall be as specified by the **Executive Committee** and documented in policy.

**Section 33. Other Positions.** The **Executive Committee** may appoint such other positions as it deems appropriate and, if it does so, shall specify the duties of the position.

## **ARTICLE IX: EMPLOYEES**

### **Section 34. Executive Director.**

- a. The **Board** shall engage an Executive Director upon mutually agreeable terms and conditions. The **Executive Committee** shall evaluate the performance of the Executive Director.
- b. The Executive Director shall be the chief executive officer of the **Pool** and shall be responsible for its efficient operation and overall direction.
- c. The Executive Director shall execute the directives of the **Board** and the **Executive Committee**.

**Section 35. General Counsel.** The **Executive Committee** may engage General Counsel for the **Pool** upon terms and conditions it deems appropriate. The General Counsel shall be the legal advisor to the **Board**, **Executive Committee**, and **Pool** Staff.

### **Section 36. Other Employees.**

- a. The Executive Director is authorized to employ individuals to carry out the Mission of the **Pool**.
- b. As a matter of position control, the Executive Director shall seek approval from the **Board** to increase employee head count. The Executive Director is otherwise authorized to modify positions (non-substantial modifications) within the approved position control to carry out the directives of the **Board** and the **Executive Committee** consistent with budget authority.
- c. The Executive Director shall establish employment and personnel policies for Staff, set the terms of employment for Staff, set Staff compensation within approved wage bands, and provide Staff employee benefits consistent with budget authority.

## **ARTICLE X: OPERATIONS**

**Section 37. Accounts.** The **Pool** shall establish and maintain funds and accounts consistent with generally accepted accounting practices and as may be required by state laws and regulations.

### **Section 38. Internal Controls.**

- a. The books and records of the **Pool** shall be audited annually.
- b. The **Executive Committee** shall establish policies with respect to internal controls, financial reports, audits, and investment policies.

**Section 39. Annual Report.** The Executive Director shall submit an annual report to the **Board** as may be required by the **Executive Committee**.

### **Section 40. Inspection of Records.**

- a. All **Pool** records and files shall be available for inspection and copying by any authorized representative of any **Member** at any and all reasonable times.
- b. As an insurance pool organized under RCW 48.62, the **Pool** is subject to the Washington Public Records Act, RCW 42.56 except pursuant to RCW 48.62.010 (2) funds or liability reserves established for the purposes of satisfying a claim or cause of action unless in a supplemental or ancillary proceeding to enforce a judgment.

**Section 41. Fidelity Bond.** The **Pool** shall obtain a fidelity bond of one million dollars or such greater amount as may be required by the **Executive Committee** to cover all losses of misfeasance and malfeasance by the **Member Representatives** and employees of the **Pool**.

Section 42. Power to Contract. The **Pool's** contractual powers are vested in the **Executive Committee**. The **Executive Committee** may delegate all or part of its contractual powers to the Executive Director or some other agent or employee.

Section 43. No Compensation. **Member Representatives** shall not receive compensation for time or services provided to the **Pool**; Provided, **Member Representatives** shall be reimbursed for necessary and reasonable expenses incurred for activities authorized by the **Board** or **Executive Committee** in accordance with rules set by the **Executive Committee**.

Section 44. Indemnification.

- a. The **Pool** shall indemnify any **Member Representative** or employee of the **Pool** for all costs and expenses incurred in connection with any legal action or proceeding arising as a consequence of activities on the **Pool's** behalf so long as the **Member Representative** or employee of the **Pool** acted in good faith and without intentional wrongdoing.
- b. Any determination whether a **Member Representative** or employee of the **Pool** is entitled to indemnification shall be made by the **Executive Committee**.

Section 45. Reporting Claims. **Members** shall report all claims and losses to the **Pool** irrespective of whether the **Pool** has any indemnification obligation.

Section 46. Notice of Proposed Amendments to Interlocal Agreement. Whenever there is a proposed amendment to the **Pool's** Interlocal Agreement, the **Pool** shall provide notice thereof to the **Members'** governing bodies. The notice shall be directed to "Clerk [name of **Member** transit system]" to the address of the **Member's** primary administrative offices.

## **ARTICLE XI: NEW MEMBERS**

Section 47. Application. A local governmental public transit system situated in Washington State desiring to become a **Member** of the **Pool** may apply for membership by submitting an application to the Executive Director. The application shall contain the information requested by the Executive Director. The application shall be accompanied by a fee in an amount determined by the Executive Director to cover the cost of analyzing the applicant's loss data, risk profile, and other information. The Executive Director shall forward the application first to the **Executive Committee** and then to the **Board** along with the **Executive Committee** recommendation.

Section 48. Consideration by Board. An applicant is approved for membership with the affirmative vote of at least three-fourths of all **Member Representatives**.

Section 49. Start of Membership. An applicant is approved for membership and becomes a **Member** when the new **Member** and the **Pool** sign the Interlocal Agreement and coverage is extended to the new **Member**.

## **ARTICLE XII: COVERAGE DETERMINATION**

**Section 50. Request for Coverage Decision.** Following receipt of a claim or complaint seeking monetary damages, a **Member** on the **Member's** own behalf, or on behalf of an additional covered party as defined in the applicable Coverage Document who believes the **Pool** may have an obligation for such claim or complaint, may forward the claim or complaint to the Executive Director for a determination of coverage. The request for coverage decision shall include a copy of the claim or complaint together with such other information possessed by the **Member** that may affect coverage determination.

**Section 51. Decision by Executive Director.**

- a. Following receipt of the request for a coverage decision, the Executive Director shall promptly review the materials submitted and do whatever additional investigation is necessary to make a coverage determination.
- b. Following review of the materials and investigation, the Executive Director shall:
  1. Accept the request for coverage, thereby acknowledging a defense and indemnity obligation;
  2. Accept the request for coverage but with a reservation of rights, including any limits or conditions with respect to the **Pool's** defense or indemnity obligations determined by the Executive Director to be appropriate, thereby acknowledging a current defense obligation but reserving to the future the right to dispute an indemnity obligation; or
  3. Deny the request for coverage, thereby denying a defense and indemnity obligation.
- c. If the Executive Director accepts a request for coverage, but under a reservation of the rights, or denies such a request, they shall notify the **Member** thereof in writing. The notice shall specify the reasons for the decision.

**Section 52. Appeal to Executive Committee.**

- a. A **Member** or the Executive Director may bring an appeal of the coverage decision to the **Executive Committee** by filing notice thereof with the President and, where the **Member** is the appellant, to the Executive Director. The notice shall specify the identity of the appellant, the decision from which the appeal is taken, and the reasons why the appellant believes the decision of the Executive Director should be reviewed on appeal. Such notice must be filed within 30 days following receipt by the **Member** of such written coverage decision. Extensions may be granted by the President if the appellant **Member** was acting in good faith.
- b. The appeal shall be heard at the next regular meeting of the **Executive Committee** following filing of the appeal or, in the discretion of the President, at a special meeting, but in no case later than two regular meetings.
- c. Any **Executive Committee** member or **Board Member** employed by the **Member** making the appeal shall recuse herself or himself from participation in the proceedings but may attend the public portion of these meetings.
- d. The Parties will follow the procedural process described in the governance policy: Coverage Appeal Hearing Procedures.
- e. Following the hearing, which may consist of more than one session at the **Executive Committee's** discretion, the **Executive Committee** shall issue a written determination on the appeal within 45 days of the **Executive Committee's** decision with respect to the appeal.
- f. After receipt of the **Executive Committee** written determination on the appeal, the appellant **Member** may bring suit against the **Pool**, or request binding arbitration as authorized in this Section, with each Party to bear its own costs and attorney fees, provided:
  1. The appellant **Member** has complied with the **Pool** appeals process and the terms and conditions of the applicable coverage document;



2. The **Member** and the **Pool** have completed a mediation process prior to filing of a suit, or request for binding arbitration, on terms and conditions agreed to in writing, with each party to bear its own costs and attorney fees, including one half of the mediation fee, or in the absence of such an agreement, through the Washington Arbitration and Mediation Service (WAMS) in Seattle. The mediator will be agreed to by the parties or, in the absence of such an agreement, selected by WAMS. With respect to matters in which binding arbitration has been requested, the Parties may agree in writing to forego mediation.
3. Except as described in this Section, suit may be brought against the **Pool**, or a request for binding arbitration made, only after the amount the appellant **Member's** obligation to pay has been established by judgment after exhaustion of any right to appeal the underlying claim, unless the **Pool** agrees in writing this obligation has been met. Suit may also be brought against the **Pool**, or a request for binding arbitration made, after settlement of the underlying claim by the appellant **Member**, provided the appellant **Member's** recovery against the **Pool** shall not exceed the likely judgement against the appellant **Member** had the underlying case been resolved through trial. Subject to the recovery limits provided herein, the amount of recovery against the **Pool** in any case will not exceed the amount the appellant **Member** is entitled under any applicable **Pool** Coverage Document.
  - g. Instead of filing suit against the **Pool**, the appellant **Member** may have the matter referred to binding arbitration within 180 days of the request for binding arbitration for final resolution on terms and conditions agreed to in writing, with each party to bear its own costs and attorney fees, or in the absence of such an agreement, through WAMS in Seattle. The arbitrator shall be agreed to by the parties or, in the absence of such an agreement, selected by WAMS provided no arbitrator may be selected who also served as mediator for the same matter. The arbitration award may not exceed the amount of judgment in the underlying case after exhaustion of any right to appeal or, in the case of settlement of the underlying case before judgment, the likely judgment against appellant Member had the underlying case been resolved through trial. Subject to the recovery limits provided herein, the arbitration award will not exceed the amount the appellant **Member** is entitled under any applicable **Pool** Coverage Document.

### **ARTICLE XIII: GOVERNANCE DOCUMENTATION PROCEDURE**

Section 53. Governance Memorialization Procedure. The **Board of Directors** and its **Executive Committee** may memorialize governance decisions by additions, amendments, or deletions to the "WSTIP Policy Manual," as described in section 55.

Section 54. Procedural Requirements. In order for a section of the policy manual to have binding force, the section must be approved by a majority vote of the **Board of Directors** or **Executive Committee** unless a 3/4 vote of those present is required. The approval of a section shall be memorialized by the signatures of the **Pool's** President and Secretary. The section may also be approved as to form by the **Pool's** counsel but such approval as to form is not necessary for the section to have binding force.

Section 55. WSTIP Policy Manual. The WSTIP Policy Manual shall be known as such. It shall be consistent with the **Pool's** Interlocal Agreement and Bylaws. It shall include a section describing the purpose of the policy, the authority for the policy, a policy statement section which is the substantive portion of the policy, a section describing the historical background for the policy, and other sections as deemed appropriate by the **Board of Directors** or **Executive Committee**.

**ARTICLE XIV: REPEALER**

Section 56. Repealer. Bylaws previously adopted and all amendments thereto are hereby repealed.

Passed by the **Board of Directors** on September 29, 2023.

Attest:

Approved as to form:

DocuSigned by:

*Scott Deutsch*

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Scott Deutsch, President

DocuSigned by:

*Joseph Macdonald*

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Joseph Macdonald, Secretary

DocuSigned by:

*Richard L. Hughes*

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Richard L. Hughes, General Counsel