

Bylaws

Adopted: October 12, 2006

Article I. Office

The name of the organization shall be Mary E. Theler Community Center ("Theler Center").

Mary E. Theler Community Center may also do business as Theler Center, Theler Community Center, METCC, Theler Wetlands, Mary E. Theler Community Center and Wetland Trails, Sam B. Theler Wetlands, Sam B. Theler Wetland Trails, Mary E. Theler Wetlands, Hood Canal Wetlands, and Mary E. Theler Hood Canal Wetlands. Theler Center has previously done business as Mary E. Theler Organization and METO.

The office of Theler Center shall be established and maintained at

22871 NE State Route 3
P.O. Box 1445
Belfair, Washington 98528

in the County of Mason, State of Washington. The Mary E. Theler Community Center Board of Directors (the "Theler Board") may change said office from one location to another within the state.

Article II. Purpose & Authority

The purpose of Theler Center is to maintain and operate 1) "a gymnasium and recreation center, ... for playfield and athletic purposes ... [to] be used as much as feasible for public gatherings and meetings" and 2) a wetlands recreation park, as delineated by Sam B. Theler in his Last Will and Testament that shall be used exclusively for charitable, religious, scientific, literary and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, Chapter 24.03 and other applicable statutes of the Revised Code of Washington (RCW) and all local, state and federal laws that apply to a nonprofit organization.

Article III. Meetings

- 1. Place of Meetings.** Any meeting of the Theler Board may be held at the office of Theler Center, or any other place that the Theler Board may designate.
- 2. Annual Meetings.** Annual meetings of the Theler Board shall be held each year on the second Thursday of January at 6pm, but in case such date shall be a legal holiday, the meeting shall be held at the same hour and place on the next succeeding day not a holiday. At such meetings the reports and proposals concerning the affairs of Theler Center shall be considered and any other business shall be transacted that is within the power of the Theler Board.
- 3. Regular Meetings.** Regular meetings of the Theler Board shall be held on the second Thursday of each month at 6pm or other day or time that the Theler Board may designate.
- 4. Special Meetings.** Special meetings of the Theler Board may be called by the President, or by any two or more of the Directors.
- 5. Teleconferencing.** The Theler Board may hold meetings by teleconferencing where one or more Directors attend the meeting from a remote location via electronic means, transmitting audio or audio/video. At least one member of the Theler Board shall be physically present at the location

"where community and nature walk hand-in-hand"

specified in the notice of the meeting, with the public allowed to access the audio transmission of the meeting at that location. The voice of the all Director(s) attending remotely and in person shall be simultaneously audible to all other Directors and to members of the public in attendance at the announced location.

6. Notice of Meetings. The Secretary shall notify Directors of all meetings by mail, email or telephone and shall provide notices of all meetings to local media, including newspaper(s), radio station(s), and Web site(s), at least seven (7) days prior to the meeting.

7. Open Meetings. All Theler Board meetings shall be open to the public, except those portions of the meeting concerning discussions and deliberations that qualify for executive session under the Open Public Meetings Act (RCW 42.30), in which case participation is limited to Directors and invited guests only.

8. Executive Session. The specific issue to be discussed in executive session shall be announced in the public meeting prior to adjourning to executive session and deliberation shall be limited to that issue. Discussion during executive session will remain confidential. No action may be taken in executive session.

9. Quorum. A majority of the Theler Board shall constitute a quorum for the transaction of business. The act of the majority of Directors present at a meeting at which a quorum is present, shall be the act of the Theler Board. At any meeting of the Theler Board at which a quorum is present, any business may be transacted, and the Theler Board may exercise all of its powers.

10. Meeting Adjournment. Any Theler Board meeting, whether or not a quorum is present, may be adjourned by the vote of a majority of the Directors present. In the absence of a quorum, no other business may be transacted.

11. Voting Powers. At any meeting of the Theler Board, each Director shall be entitled to one vote on each matter submitted to a vote of the Directors.

12. Proxies. Directors may not vote by mail, by electronic transmission, or by proxy.

Article IV. Directors

1. Number and Term. The authorized number of Directors shall be five to seven. Each Director shall serve a two-year term and shall be eligible for re-election.

2. Qualifications. Directors shall be U.S. citizens or legal residents (permanent resident status); 18 years of age; and shall reside in the North Mason School District, or a K-8 district that has designated North Mason School District (the "School District") as its high school district per RCW 28A.540.110, at the time of his or her election. Employees of Theler Center and School District shall be precluded from serving on the Theler Board.

3. Nominations. The Theler Board or the North Mason District School Board of Directors (the "School Board") will nominate individuals to serve on the Theler Board provided that no individual shall be appointed and elected to the Theler Board without appointment by the Theler Board and approval of the School Board.

4. Resignations. Any Director, member of a committee, or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein. If no time is specified, the resignation shall be effective at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

5. Election. Unless the Theler Board is reducing the number of Directors, the Theler Board shall appoint a successor Director to replace each Director whose term is ending; provided that no individual shall be appointed and elected to the Theler Board without the approval of the School Board.

6. Vacancies. The Theler Board may appoint an individual to fill any vacancy in the position of Director, provided that such individual has been approved by the School Board. A Director who fills a vacancy shall serve for the unexpired term of his or her predecessor in office.

7. Removal. Any Director may be removed, with or without cause, by a majority vote of the Theler Board and approved by the School Board, or by a majority vote of the School Board.

8. Compensation. Directors shall not receive any salary for their services as Directors, or as members of committees, but, by resolution of the Theler Board, compensation for the actual cost of attending a meeting may be allowed for each meeting. Nothing herein contained shall be construed to preclude any Director from serving Theler Center in any other capacity, as an officer, agent, or otherwise, and receiving compensation therefore.

Article V. Officers

1. Officers. The officers of Theler Center shall be a President, Vice President, Secretary and Treasurer, and shall be elected by the Theler Board and shall hold office for a period of one year or until their successors are elected. Any two or more offices may be held by the same person, except the offices of President and Secretary. All officers shall be Directors.

2. President. The President shall be the chief executive officer of Theler Center and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation. The President shall preside at all meetings of the Theler Board. The President shall have general supervision, direction and control of the business of Theler Center. The President shall execute bonds, mortgages and other contracts on behalf of Theler Center.

3. Vice President. The Vice President shall have such powers and shall perform such duties as shall be assigned by the Theler Board.

4. Treasurer. The Treasurer shall oversee the custody of Theler Center funds and securities and shall cause the Theler Center Operations Director to keep full and accurate account of receipts and disbursements in books belonging to Theler Center. The Treasurer shall deposit or cause to be deposited all funds and other valuables in the name and to the credit of Theler Center in such depositories as may be designated by the Theler Board.

5. Secretary. The Secretary shall give, or cause to be given, notice of all meetings of the Theler Board, and all other notices required by law or by these Bylaws, and in case of absence or refusal or neglect to do so, any such notice may be given by any person directed to do so by the President, or by the Theler Board. The Secretary shall record all the proceedings of the meetings of the Theler Board in a book to be kept for that purpose, and shall affix the seal to all instruments requiring it, when authorized by the Directors or the President, and attest the same.

Article VI – Risk Management

1. Risk Management Planning. Theler Center shall maintain a risk management plan identifying and assessing risk stemming from physical or legal causes and providing strategies for managing those risks to minimize the potential for both injury and financial loss. The objective of this plan will be to 1) create a safe, secure environment for Theler Center visitors, officers, Directors, staff and volunteers, and School District staff, students, and volunteers; and 2) reduce or limit any financial risk to Theler Center and North Mason School District.

2. Limitation on Liability of Directors. General indemnification (defense of *ultra vires*) for Directors is provided under RCW 24.03.040, 24.03.043 and other applicable statutes.

2.1. A Director shall have no liability to Theler Center for monetary damages for conduct as a Director, except for acts or omissions that involve intentional misconduct by the Director, or a knowing violation of law by a Director, where the Director votes or assents to a distribution which is unlawful or violates the requirements of the articles of

incorporation, or for any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. If the Washington Nonprofit Corporation Act is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director shall be eliminated or limited to the full extent permitted by the Washington Nonprofit Corporation Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a Director of Theler Center existing at the time of such repeal or modification for or with respect to an act or omission of such Director occurring prior to such repeal or modification.

- 2.2. Theler Center will provide proof of insurance, with an A.M. Best's rating of no less than A:VIII, for possible liability of its Directors and Officers, to the NMSD annually on the 31st day of July.

3. Indemnification of Persons

3.1. Right to Indemnification. Each person who was, or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a Director or officer of Theler Center or, while a Director or officer, he or she is or was serving at the request of Theler Center as a Director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Director, trustee, officer, employee or agent or in any other capacity while serving as a Director, trustee, officer, employee or agent, shall be indemnified and held harmless by Theler Center, to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a Director, trustee, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 3.2 with respect to proceedings seeking solely to enforce rights to indemnification, Theler Center shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of Directors of Theler Center. The right to indemnification conferred in Section 3.1 shall be a contract right and shall include the right to be paid by Theler Center the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to Theler Center of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it shall ultimately be determined that such Director or officer is not entitled to be indemnified under Section 3.1 or otherwise.

3.2. Right of Claimant to Bring Suit. If a claim for which indemnification is required under Section 3.1 is not paid in full by Theler Center within sixty (60) days after a written claim has been received by Theler Center, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against Theler Center to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to Theler Center), and thereafter Theler Center shall have the burden of proof to overcome the presumption that the claimant is not so entitled. Neither the failure of Theler Center (including its board of Directors, independent legal counsel or its members, if any) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses of the claimant is proper in the circumstances nor an actual determination by Theler Center (including its board of Directors, independent legal counsel or its members, if any) that the claimant is not entitled to indemnification

or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

3.3. Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of members, if any, or disinterested Directors or otherwise.

3.4. Insurance, Contracts and Funding. Theler Center may maintain insurance at its expense to protect itself and any Director, trustee, officer, employee or agent of Theler Center or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not Theler Center would have the power to indemnify such persons against such expense, liability or loss under the Washington Business Corporation Act, as applied to nonprofit corporations. Theler Center may, without further membership action, enter into contracts with any Director or officer of Theler Center in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

3.5. Indemnification of Employees and Agents. Theler Center may, by action of its board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of Theler Center with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of Theler Center or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act, as applied to nonprofit corporations, or otherwise.

4. Premises Liability. Theler Center will maintain commercial general liability insurance or other similar liability coverage when necessary above and beyond the limit of liability under RCW 4.24.210 and other State and Federal statutes.

Article VII. Miscellaneous

1. Checks. All checks, drafts, or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of Theler Center shall be signed by an officer or officers, agent or agents of Theler Center, and in such manner as shall be determined from time to time by resolution of the Theler Board.

The Operations Director shall disburse the funds of the Theler Center as may be ordered by the Theler Board or the President, taking proper vouchers for such disbursements. He or she shall render to the President and Theler Board at the regular meetings of the Theler Board, or whenever they may request it, an account of all his or her transactions as Operations Director and of the financial condition of Theler Center.

2. Fiscal Year. The fiscal year of Theler Center shall be a calendar year.

3. Loans Prohibited. No loans shall be made by Theler Center to any officer or to any Director.

4. Books and Records. Theler Center shall keep current and complete books and records of account and shall keep minutes of the proceedings of the Theler Board, and committees having any of the authority of the Theler Board. All books and records of the corporation may be inspected by any Director or his or her agent or attorney, for any proper purpose at any reasonable time.

5. Annual Budget. Theler Center will submit a budget summary — including proposed budget expenditures of Trust Distributions income to be distributed — to the School Board for approval at the first School Board meeting of the calendar year. Theler Center and School Board will negotiate in good faith regarding any disagreement about the proposed budget.

6. **Fiduciary Responsibility.** All of Theler Center's expenditures of Trust income shall be consistent with the terms of the Will, which provide that Trust income is to be used for the operation and maintenance of and improvements and additions to the Property.
7. **Committees.** The Theler Board or Chair may establish such advisory committees as required to make recommendations to the Theler Board concerning the business of Theler Center. All committees must include at least one Director, but should also include members of the North Mason community and shall serve until abolished by the Theler Board.
8. **Accountability.** The Theler Board shall establish Standards of Accountability for the Theler Board, approved by the School Board. These Standards of Accountability shall include, as a minimum, conflict of interest; personal and professional integrity of Directors (Code of Ethics); legal compliance; responsible stewardship; openness and disclosure; independent audit; certification of financial statements; whistle-blowing protection and document destruction. These Standards of Accountability shall remain in effect until modified by mutual agreement with the School Board.
9. **Charitable Solicitations.** Theler Center shall register to engage in nonprofit fundraising activities as required by the Charitable Solicitations Act (RCW 19.09) and may engage in such activities as deemed necessary and appropriate by the Theler Board to further its mission.
10. **Membership.** Theler Center shall have no members. (See RCW 24.03.065)

Article VIII. Amendment of Bylaws

These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of the Theler Board present at a meeting at which a quorum is present. Amendments to Theler Center's Articles of Incorporation or Bylaws must be approved by the School Board.

Article IX. Rules of Procedure

The rules of procedure at meetings of the Theler Board shall be the rules contained in Roberts Rules of Order on Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or with any resolution of the Theler Board.

I, the undersigned, being the secretary of this corporation, hereby certify that these Bylaws were adopted at the meeting of the Theler Board held on the date shown on the cover sheet.

Mary Swoboda 10-12-2006

Mary Swoboda, Secretary, Theler Center Board of Directors

The North Mason School District Board of Directors concurs with these bylaws as required by the Letter Agreement of 2/9/2004.

Jeff Werdall 11/21/06
Jeff Werdall, President, NMSD Board of Directors