
LIMITED LIABILITY COMPANY AGREEMENT

OF

CPAA ACH LLC

A Washington Limited Liability Company

Dated and Effective

as of

February 22, 2017

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of
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A Washington Limited Liability Company

THIS LIMITED LIABILITY COMPANY AGREEMENT, dated February 22, 2017, is made by CHOICE Regional Health Network, a Washington nonprofit corporation (the “Member”), as the sole member of CPAA ACH LLC (the “Company”). The Company is formed as a Washington limited liability company under the Washington Limited Liability Company Act, as it may be amended from time to time, and any successor to such statute (the “Act”).

1. Certificate of Formation.

A Certificate of Formation was filed on February 22, 2017, stated to be effective upon filing, the date on which the term of the Company began. The Company has been formed under the provisions of the Act for the purposes and on the terms set forth in this Agreement.

2. Name.

The name of the Company is “CPAA ACH LLC.”

3. Purpose.

3.1. Charitable Purposes of the Company.

The purpose of the Company is to operate exclusively for charitable, scientific, literary, or educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision, including without limitation to improve individual and community health and well-being in Central Western Washington through aligned cross-sector action.

3.2. Prohibited Activities.

- (a) No part of the Company’s net earnings shall inure to the benefit of any director or officer of the company, or of any private individual.

- (b) No director, officer, or any private individual shall be entitled to share in the distribution of any of the Company's assets upon dissolution of the Company, or upon the winding up of its affairs.
- (c) No substantial part of the activities of the Company shall be the carrying on of propaganda, or otherwise attempting to influence legislation, except as may be permitted to Section 501(c)(3) organizations by the Code, and the Company shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.
- (d) Notwithstanding any other provisions of this Agreement, the Company shall not conduct or carry on activities not permitted to be conducted or carried on by an organization qualified under Section 501(c)(3) of the Code, or any successor provision, or by the Member under the terms of its Articles of Incorporation.

4. Term.

The term of the Company shall continue until the Company is dissolved in accordance with Section 13.

5. Principal Place of Business.

The principal place of business of the Company shall be 1217 4th Avenue East, Suite 200, Olympia, Washington 98506. The Managers may relocate the principal place of business or establish additional offices from time to time.

6. Registered Agent.

The Company's initial registered agent is National Registered Agents, Inc., and the Company's initial registered address is 505 Union Avenue SE, Suite 120, Olympia, WA 98501. The registered address and registered agent may be changed from time to time as determined by the Managers.

7. Member.

7.1. Sole Member.

The sole member of the Company is the Member. The Member shall at all times be the sole member of the Company.

7.2. Powers.

The following powers are reserved exclusively for the Member:

- (a) amending this Agreement, including but not limited to changing the number, qualifications, or manner of selection of members of the Governing Board;
- (b) approving the dissolution or liquidation of the Company;
- (c) assigning its membership interest in the Company;
- (d) approving any merger, consolidation, conversion, or redomestication of the Company;
- (e) approving the sale of substantially all of the Company's assets; or
- (f) approving the incurrence of debt by the Company.

7.3. Tax-Exempt Status of Member.

The Member is an organization qualified under Section 501(c)(3) of the Code. Accordingly, the Member is required by law to act at all times exclusively in furtherance of its charitable purposes within the meaning of Section 501(c)(3) of the Code. The Member shall be permitted to fulfill that responsibility through voting or acting in any other manner with respect to the Company without being considered to be in breach of any duty or other obligation which the Member, but for this Section 7.2, would otherwise have to the Company.

7.4. Compensation and Expenses.

The Company may pay the Member reasonable compensation pursuant to a written agreement between the Company and the Member for the services of the Chief Executive Officer and any other personnel of the Member who perform services for the Company consistent with the Company's and the Member's purposes. The Company may reimburse the Member for actual expenses incurred by the Member for the purpose of operating the Company's programs.

8. Managers; Board of Directors.

8.1. Powers.

The business and affairs of the Company shall be managed by a Governing Board, which shall at all times serve as the manager of the Company, The Governing Board collectively shall have authority, power and discretion to manage and control the business, affairs and properties of

the Company and to perform any and all other acts or activities customary or incident to the management of the Company in the ordinary course of its business, subject to only the limitations provided in this Agreement. No individual member of the Governing Board (each a "Director") shall have authority to take action on the Company's behalf.

8.2. Fiduciary Duties.

Every Director shall bear a fiduciary responsibility to the Company as set out in this section. Every Director shall perform the duties of a Director, including his or her duties as a member of any committee of the Governing Board on which the Director may serve:

- (a) in good faith;
- (b) in a manner such Director believes to be in the best interests of the Company; and
- (c) with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

8.3. Limitations.

8.3.1. Powers Reserved to Member.

The Governing Board shall not exercise any of the powers listed in Section 7.2.

8.3.2. Acts Contravening this Agreement.

The Governing Board shall not perform any act that contravenes this Agreement without the prior written approval of the Member.

8.3.3. Member's Right to Override Manager Action.

The Member may override any action of the Governing Board that the Member determines would be inconsistent with the Member's status as an organization described in Section 501(c)(3) of the Code (the "**Member's Federal Tax Status**"). The Member shall follow the procedure set forth in this section for making any such determination unless the Member determines that following the procedure with respect to a matter would be inconsistent with, or would jeopardize, the Member's Federal Tax Status.

Procedure. If the Member determines that any actual or potential action of the Governing Board could potentially be inconsistent with the Member's Federal Tax Status, then the Member shall enter into dialogue with the Governing Board in an attempt to resolve the potential concern. If such discussion does not resolve the Member's concern, then the Member

shall seek the advice of qualified legal counsel, selected by the Member in its sole discretion, to determine whether the contemplated action is inconsistent with the Member's Federal Tax Status. The Member shall provide to the Governing Board a written summary of the analysis of the Member's legal counsel, but the Member shall not be required to share privileged and confidential attorney-client communications with the Governing Board. If the Member's legal counsel advises the Member that the contemplated action is inconsistent with the Member's Federal Tax Status, then the Member shall have the authority to override or veto in writing the action or potential action of the Governing Board. Responsibility for legal costs incurred as a result of following this procedure shall be shared equally between the Member and the Company.

8.4. Number and Qualification.

The Governing Board shall have up to nineteen (19) Directors, each of whom shall be an individual of at least eighteen (18) years of age.

8.5. Term.

8.5.1. Unlimited Two-Year Terms.

Except as otherwise provided in this section, Directors shall serve terms of two (2) years, or until their successors are elected or appointed and qualified. Directors may serve any number of consecutive or non-consecutive terms.

8.5.2. Initial Three-Year Terms.

Nine (9) of the Directors elected or appointed to serve on the Company's initial Governing Board shall serve terms of three (3) years, for the purpose of ensuring that Directors' terms are staggered as evenly as practicable. The Governing Board shall select the Directors to serve terms of three (3) years by drawing lots after all of the members of the initial Governing Board have been elected or appointed.

8.6. Selection Process.

8.6.1. Sector Representation.

The Governing Board shall include a Director or Directors in the number noted below from each of the following sectors or partners, which sectors or partners have an interest in the promotion of health within Central Western Washington:

Sector/Partner	Number of Directors
Behavioral Health Organization	1
Behavioral Health Provider	1
Community Hospital/Critical Access Hospital	2
Consumer or Medicaid Beneficiary	1
Criminal Justice	1
Education	1
Federally Qualified Health Center/Community Health Center	1
Health System	1
Managed Care Organization	1
Provider Network/PCP	1
Public Health	4
Social Services and Housing	1
Tribal Government Services	1
At Large	2

8.6.2. Appointment by Member and Its Member Organizations.

The procedure set forth in this section shall be used to appoint Directors from the following sectors, to encompass a total of ten (10) Directors: (a) Behavioral Health Provider; (b) Community Hospital/Critical Access Hospital; (c) Federally Qualified Health Center/Community Health Center; (e) Health System; (f) Provider Network/PCP; and (g) Public Health.

Procedure. The member organization of the Member in each sector shall nominate in a record delivered to the Member an individual who is an officer, employee, or representative of the organization to serve on the Governing Board. The nominee must have decision-making authority within the member organization. Additionally, the nominee should be active in the Cascade Pacific Action Alliance (“CPAA”), meaning he or she has attended at least 50 percent of CPAA Council meetings on a consistent basis. This requirement may be waived for initial board nominations. There shall be a strong preference for nominating an individual who serves on the Board of Directors of the Member. Such an individual shall be deemed appointed to the Governing Board upon receipt by the Member of his or her nomination. If the member organization nominates an individual who is not on the Board of Directors of the Member, then such nomination requires the written approval of the Member before the individual shall be deemed appointed to the Governing Board.

In appointing the four (4) Directors from the Public Health sector, the Member and its member organizations shall endeavor to appoint Directors representing a mix of rural and urban areas.

8.6.3. Election by Sector or Appointment by CPAA Council.

Directors in the following sectors, encompassing a total of six (6) Directors, shall be elected or appointed through the procedure set forth in this subsection: (a) Behavioral Health Organization; (b) Consumer or Medicaid Beneficiary; (c) Criminal Justice; (d) Education; (e) Managed Care Organization; and (f) Social Services/Housing. Participants in each sector listed above, defined as members in good standing of CPAA that work in such sector, shall elect the Director representing that sector by a majority vote of all of the participants in the sector. With the exception of the Director representing the Consumer or Medicaid Beneficiary seat, Directors must have decision-making authority within their organization. If at least a majority of all of the participants in a sector are unable to elect a Director, then the CPAA Council shall appoint the Director representing that sector. If a sector has less than two (2) representatives on the CPAA Council then the CPAA Council shall appoint the Director representing that sector. The good standing requirement may be waived for initial board nominations and initial board elections or appointments.

Directors for the two (2) At Large positions shall be elected or appointed through the following procedure. Participants from Cowlitz County, defined as members in good standing of CPAA that work in Cowlitz County, shall elect one (1) Director representing either a clinical or non-clinical sector by majority vote. Participants from Wahkiakum County, defined as members in good standing of CPAA that work in Wahkiakum County, shall elect one (1) Director representing either a clinical or non-clinical sector by majority vote. One (1) At Large position must be filled by a Director representing a clinical sector. The other At Large position must be filled by a Director representing a non-clinical sector. It is expected that the two counties will work together to ensure that this is the case. If at least a majority of all of the participants in a county are unable to elect a Director or if participants from the two counties are unable to agree on one (1) Director representing a clinical sector and the other Director representing a non-clinical sector, then the CPAA Council shall appoint the two (2) At Large Directors, ensuring that the requirements set forth in this section are met. The good standing requirement may be waived for initial board nominations and initial board elections or appointments.

8.6.4. Appointment by Tribes.

The one (1) Director representing Tribal Government Services shall be appointed by the seven (7) federally recognized Tribes in the region. The Tribes shall elect, by their own process, a representative for this sector. If there are multiple nominations, a simple lottery will be utilized

to select the representative from any names sent from Tribes by official Tribal Council action (letter or resolution).

8.6.5. Timing of Election or Appointment.

At least 30 days before the expiration of the term of any Director, the party or parties responsible for electing or appointing the Director shall complete the election or appointment of the Director's successor and, for Directors not appointed under Section 8.6.2, deliver written notice of the election or appointment of the successor Director to the Member.

8.7. Vacancies.

Any vacancy on the Governing Board occurring by reason of the disqualification, death, resignation, or removal of a Director shall be filled through the same procedure that ordinarily would be used under Section 8.6 to elect or appoint that Director's successor. If the vacant position is to be filled by sector participants under Section 8.6.3 or by the Tribes under Section 8.6.4, then the secretary shall provide written notice of the vacancy to participants in the applicable sector or the Tribes, as appropriate, promptly after the Company receives notice of the vacancy. Any Director elected or appointed to fill a vacancy shall serve for the remainder of his or her predecessor's unexpired term.

8.8. Resignation.

A Director may resign at any time by providing written notice to the Chair. The Director's resignation shall be effective as of the date and time stated in the notice.

8.9. Removal.

8.9.1. Automatic Removal.

With the exception of the Director representing the Consumer or Medicaid Beneficiary seat, if a Director ceases to be an officer, employee, or representative of an organization in the sector that nominates or elects the Director, then that Director is automatically removed from the Governing Board and from any position he or she may hold as an officer of the Company.

8.9.2. Removal by Appointing Party.

The Member may remove any Director appointed under Section 8.6.2 at any time. The Tribes may remove any Governing Board member that they appointed at any time. Any Director so removed by his or her appointing party shall be automatically removed from any position he or she may hold as an officer of the Company.

8.9.3. Removal for Cause.

The Governing Board may remove a Director for cause by a vote of two-thirds of all of the Directors in office, subject to the procedure set out in this section. “Cause” for purposes of this section is defined as (a) failure to attend at least 50 percent of the meetings of the Governing Board or (b) repeated behavior that may be detrimental to the operations, purposes or reputation of the Company or the Member.

The Executive Committee shall monitor the participation and behavior of Directors. If the Executive Committee determines that a Director is failing to meet the expectations set out in this section, then the Chair of the Executive Committee shall confer with the Director to clarify the expectations. If the Director’s participation or behavior does not improve after that conference, then the Executive Committee shall notify the Governing Board of the Director’s failure to meet expectations, and the Governing Board may initiate removal proceedings.

The Director to be removed shall have the opportunity to contest the removal in person at a meeting of the Governing Board before the Governing Board votes on his or her removal. The Chair or the Secretary shall provide the Director to be removed with written notice meeting the requirements set forth in Section 9.3 of (a) his or her pending removal and (b) the date, time, and location of the meeting of the Governing Board at which he or she may contest the removal.

8.10. Compensation.

Directors shall not receive compensation for their service on the Governing Board, but may receive reimbursement for reasonable expenses incurred as a result of their service on the Governing Board.

8.11. Conflicts of Interest.

The Governing Board shall adopt a Conflict of Interest Policy governing the conduct of the Company’s Directors, committee members, officers, and any other persons designated in the Conflict of Interest Policy with respect to actual or potential conflicts of interest. The Governing Board shall endeavor to ensure that the Policy is consistent with current IRS guidance addressing the conflict of interest policies of organizations described in Section 501(c)(3) of the Code. The Governing Board shall periodically review and revise the Conflict of Interest Policy to ensure that it remains consistent with IRS guidance and continues to meet the needs of the Company.

8.12. Relationship to CPAA Council.

The CPAA Council shall serve as an advisory body to the Governing Board, and in that capacity shall assist the Governing Board in evaluating major decisions and setting the Company’s strategic direction as requested by the Governing Board. The Governing Board shall

maintain a collaborative relationship with the CPAA Council, which shall include reporting major decisions of the Governing Board to the CPAA Council and providing to the CPAA Council the rationale for any decisions of the Governing Board that differ from the strategic direction of the CPAA Council. Except as provided in Section 8.6.3 with respect to the appointment of Directors, the CPAA Council is an advisory body only with respect to the Company and shall not have any management authority or powers with respect to the Company.

9. Meetings, Voting, and Action of the Board.

9.1. Regular Meetings.

The Governing Board shall hold at least one in-person meeting during each quarter, at a time and place to be determined by the Governing Board. Where practicable, such meetings shall be held immediately before or after meetings of the CPAA Council, in the same location, for the purpose of fostering transparency and providing CPAA Council members with the opportunity to attend.

9.2. Special Meetings.

Special meetings of the Governing Board may be held at any place and time, whenever called by the Chair, Secretary, or any six (6) Directors.

9.3. Notice of Meetings.

Notice of the time and place of every regular and special meeting of the Governing Board shall be given by the secretary, or by the officer or Directors calling the meeting, to all of the Directors and the Member by regular or express mail, private carrier, personal delivery, email, electronic network posting, facsimile, or by personal communication over the telephone or otherwise, at least seven (7) days before the date on which the meeting is to be held. The notice of each meeting must incorporate a description of any pending actions of the Governing Board to be voted on at the meeting of which written notice has been provided to the person or persons giving notice of the meeting.

9.4. Open Meetings.

Meetings of the Governing Board held in person shall be open to the public except for executive sessions, in which personnel or other confidential matters shall be discussed.

9.5. Effect of Attendance at Meeting.

Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where the Director attends a meeting for the purpose of objecting to the

transaction of any business because the meeting is not called or convened according to the requirements of this Agreement.

9.6. Meetings Held by Telephone or Electronic Equipment.

Members of the Governing Board or its committees may participate in a meeting of the Governing Board or such committees by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously understand each other. Participation by such means shall constitute presence in person at a meeting.

9.7. Quorum.

A majority of the Governing Board shall constitute a quorum for the transaction of business. At any meeting of the Governing Board at which a quorum is present, any business may be transacted, and the Governing Board may exercise all of its powers, except as otherwise provided in this Agreement. A Director who is present at such a meeting shall be presumed to have assented to the action taken at that meeting unless the Director's dissent or abstention is entered in the minutes of the meeting, or unless the Director delivers (personally, or by mail, facsimile or email) his or her dissent or abstention to such action to either the person acting as secretary of the meeting before the adjournment of the meeting, or to the secretary of the Company immediately after the adjournment of the meeting, which dissent or abstention must be in writing or in an email. The right to dissent or abstain shall not apply to a Director who voted in favor of such action.

9.8. Voting.

Each Director has one vote. Proxy voting is not permitted. In voting, Directors must honor their fiduciary duties to the Company, as set out in Section 8.2. A Director may consult with organizations in his or her sector before voting, at his or her sole discretion. The Governing Board shall endeavor, but is not required, to make decisions by consensus. Any action approved by a vote of the majority of Directors present at a meeting at which a quorum is present is the act of the Governing Board, except as otherwise provided in this Agreement.

9.9. Supermajority Vote.

A "**Supermajority Vote**" is a vote of two-thirds of all of the Directors in office at a meeting or the written consent of all of the Directors in office without a meeting. A Supermajority Vote is required to take the following actions:

- (a) approving the Company budget;

- (b) awarding a contract;
- (c) appointing or removing officers; and
- (d) removing a director for cause.

9.10. Actions Without Meeting.

9.10.1. Actions Without Meeting Permitted.

To provide an opportunity for dialogue, the strong preference of the Governing Board is to hold meetings in person or by teleconference. Any action required or permitted to be taken at a meeting of the Governing Board or its committees may, however, be taken without a meeting, subject to the requirements of this section. For purposes of this Agreement, “**executed**” means: (a) a writing that is signed; or (b) an email transmission that is sent with sufficient information to determine the sender’s identity.

9.10.2. Actions Not Requiring Supermajority.

Actions of the Governing Board that do not require a Supermajority Vote may be taken by written consent executed by a majority of the Directors in office, provided that the Company provided all Directors with at least seven (7) days’ notice of the proposed action. Such consent shall have the same force and effect as a vote of the same Directors at a meeting at which a quorum is present.

9.10.3. Actions Requiring Supermajority.

Actions of the Governing Board requiring a Supermajority Vote may be taken by written consent executed by all of the Directors in office. Such consent shall have the same force and effect as a unanimous vote of the Governing Board, and may be described as such. If an action requiring a Supermajority Vote is proposed to be taken without a meeting, but does not receive the written consent of all of the Directors in office, then the Chair shall call a special meeting of the Governing Board, subject to the notice requirements generally applicable to special meetings, for the purpose of considering the action.

10. Committees.

10.1. Board Committees.

In addition to establishing an Executive Committee (see 10.2.), the Governing Board may designate and appoint one or more standing or temporary committees (“Board Committees”). The Governing Board shall appoint the chair of any Board Committee, and such vice chairs as

may be necessary. The Governing Board shall have the power at any time to discharge any Board Committee. The designation and appointment of any Board Committee and the delegation thereto of authority shall not operate to relieve the Governing Board, or any individual Director, of any responsibility imposed by law.

10.2. Executive Committee.

The Executive Committee shall be a standing Board Committee and shall comprise the Chair, Vice Chair, Treasurer, Secretary, and immediate past Chair of the Company. The Executive Committee may exercise the authority of the Governing Board to the extent that this Agreement allows or that the Governing Board directly delegates such authority to the Executive Committee by resolution. The Executive Committee shall otherwise make such recommendations and reports to the Governing Board as the Governing Board may request.

11. Officers.

11.1. Officers Enumerated.

The officers of the Company shall be a Chair, a Vice Chair, a Secretary, a Treasurer, a Chief Executive Officer, and such other officers and assistant officers as may be deemed necessary by the Governing Board. Any two (2) or more offices may be held by the same person, except the offices of Chair and immediate past Chair or Chair and Vice Chair. In addition to the powers and duties specified below, the officers shall have such powers and perform such duties as the Governing Board may prescribe.

11.2. Selection.

Each officer except the Chief Executive Officer shall be annually elected by the Governing Board, and shall serve until his or her successor is duly elected and qualified. In electing officers, the Governing Board shall endeavor to be guided by the principle of balanced representation, ensuring diversity of both (a) sectors and (b) geographic representation to the greatest extent practicable in the selection of officers.

11.3. The Chair.

The Chair shall preside at meetings of the Governing Board, and shall carry out such other duties as the Governing Board may delegate from time to time.

11.4. The Vice Chair.

In the absence or disability of the Chair, the Vice Chair shall act as chair, and shall carry out such other duties as the Governing Board may delegate from time to time.

11.5. The Secretary.

The Secretary shall keep records of the proceedings of the Governing Board; keep a register of the address of each Director; sign and execute with the Chair or Chief Executive Officer all deeds, bonds, contracts, and other obligations or instruments, in the name of the Company; and carry out such other duties as the Governing Board may delegate from time to time.

11.6. The Treasurer.

The Treasurer shall have the care and custody of and be responsible for all funds and investments of the Company and shall cause to be kept regular books of account. The Treasurer shall cause to be deposited all funds and other valuable effects in the name of the Company in such depositories as may be designated by the Governing Board. The treasurer shall carry out such other duties as the Governing Board may delegate from time to time.

11.7. The Chief Executive Officer.

11.7.1. Selection.

The Member shall have the authority to appoint or remove the Chief Executive Officer (“CEO”) of the Company at any time, provided that the CEO must be a full-time employee of the Member. The Member shall endeavor to appoint as CEO of the Company either the Executive Director of the Member or his or her designee, but retains authority to appoint another full-time employee of the Member. The CEO shall be automatically removed if he or she is no longer a full-time employee of the Member.

11.7.2. Duties.

The Governing Board delegates to the CEO the authority to manage the Company’s day-to-day affairs under the supervision of the Governing Board, including but not limited to employing from time to time such additional staff members under his or her supervision as may be necessary to carry out his or her responsibilities. The CEO shall also carry out such other functions as the Governing Board may delegate from time to time. The CEO shall provide reports to both the Governing Board and the Board of Directors of the Member on a periodic basis and as may be requested by either body. The Governing Board shall review the CEO’s performance annually.

11.8. Removal.

The Governing Board may remove any officer other than the CEO with or without cause by a vote of two-thirds of the directors in office, subject to the procedure set out in this section.

The officer to be removed shall have the opportunity to contest the removal in person at a meeting of the Governing Board before the Governing Board votes on his or her removal. The Chair or the Secretary shall provide to the officer written notice meeting the requirements set forth in Section 9.3 of (a) his or her pending removal and (b) the date, time, and location of the meeting of the Governing Board at which he or she may contest the removal.

12. Financial Matters.

12.1. Capital Contribution.

The Member has made a capital contribution of \$1.00 to the Company and is not required to make any additional capital contribution.

12.2. Distributions.

The Governing Board may, in its discretion, cause the Company to make distributions to the Member from time to time as permitted by the Act.

12.3. U.S. Federal Income Tax Reporting.

For all periods when there is only one member of the Company, (a) the Company shall be treated for U.S. federal income tax purposes as a disregarded entity that is not separate from the Member pursuant to Treasury Regulation Section 301.7701-3(b)(1)(ii), and (b) all items of income, gain, loss, deduction and credit of the Company attributable to such periods shall be reported on the Member's IRS Form 990 information return or IRS Form 990-T. The Company shall not make an election on IRS Form 8832 or any successor form to classify the Company as an association taxable as a corporation pursuant to Treasury Regulation Section 301.7701-3(b)(1)(I).

13. Dissolution and Liquidation.

13.1. Events of Dissolution.

The Company shall dissolve upon the earlier of:

- (a) the sale, transfer or other disposition of all or substantially all of the Company's assets unless otherwise determined by the Member in writing;
- (b) the written consent of the Member;
- (c) at any time when there are no Members of the Company, unless the Company is continued in accordance with Section 25.15.270 (4) of the Act;

(d) the entry of a decree of judicial dissolution under Section 25.15.275 of the Act; or

(e) its administrative dissolution under Sections 25.15.280 and 25.15.285 of the Act, unless the Company is reinstated under Section 25.15.290 of the Act.

13.2. Review of Usefulness.

No less often than every five (5) years, the Member, in consultation with the Governing Board shall review the usefulness of the Company with respect to promoting the purposes set forth in Section 3.1. If as a result of such review the Member determines that the Company is no longer useful with respect to promoting the purposes set forth in Section 3.1, then the Member shall consent in writing to the dissolution of the Company.

13.3. Distribution of Assets.

Upon dissolution or winding up, after all liabilities of the Company are paid, or provision for such payment is made, the remaining assets of the Company shall be distributed only to the Member. In the event that there is no member of the Company upon its dissolution, remaining assets shall be distributed to any other organization that is then qualified as an organization described in Section 501(c)(3) of the Code for similar or identical uses and purposes.

14. Limitation of Liability; Indemnification.

14.1. Limitation of Liability.

Neither the Member, any Director, nor any officer of the Company shall have any liability to the Company for monetary damages for conduct in such capacity except as otherwise provided by the Act. If the Act is hereafter amended to authorize Company action further limiting the personal liability of members and managers, then the liability of the Member, Directors, or officers shall be eliminated or limited to the full extent permitted by the Act, as so amended. No repeal or modification of the Act or this Section 14.1 shall adversely affect any right or protection of the Member any Director, or any officer existing at the time of such repeal or modification for or with respect to an act or omission of the Member, Director, or officer occurring prior to such repeal or modification.

14.2. Indemnification.

The Company shall indemnify the Member, all Directors, and all officers from and against any judgments, settlements, penalties, fines or expenses incurred in a proceeding to which the Member, Director, or officer is a party because it is, or was, the Member, a Director, or an officer to the fullest extent as permitted by the Act. The right to indemnification and

payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 14.2 shall not be exclusive of any other right the Member, Director, or officer may have or hereafter acquire under any statute, this Agreement or otherwise. No repeal or modification of the Act or this Section 14.2 shall adversely affect any right of the Member or a Director or officer to indemnification existing at the time of such repeal or modification for or with respect to indemnification related to an act or omission of the Member, Director, or officer occurring prior to such repeal or modification.

15. Miscellaneous.

15.1. Assignment.

The Member may assign in whole or in part its membership in the Company.

15.2. Governing Law.

This Agreement shall be construed and enforced in accordance with the internal laws of the State of Washington, including without limitation, the Act.

15.3. Amendments.

This Agreement may not be amended except by the written agreement of the Member.

15.4. Dispute Resolution.

If the Governing Board and the Member are unable to resolve a dispute arising out of the operation of the Company, then the Governing Board and the Member shall attempt in good faith to settle the dispute through mediation administered by a mediator selected through agreement of the Governing Board and the Member. Matters arising under Section 8.3.3 shall be resolved solely under the procedures set out in that Section.

15.5. Severability.

If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.6. Heirs, Successors and Assigns.

Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

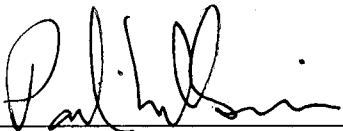
15.7. Creditors.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

Executed as of the date first above written by the undersigned.

MEMBER:

CHOICE REGIONAL HEALTH NETWORK

By 

Name Paul Wilkinson

Title Board Chair