

— DEREK HUGHES —



**EDUCATIONAL  
FOUNDATION**

**Bylaws  
Adopted July 30, 2015**

**DEREK HUGHES/NAPSLO EDUCATIONAL FOUNDATION BYLAWS**  
**A Missouri Not for Profit Corporation**

**ARTICLE I – NAME**

- A. The name of the corporation is the Derek Hughes/NAPSLO Educational Foundation, Inc. (The “Corporation”). NAPSLO, which is the abbreviation for the National Association of Professional Surplus Lines Office, Ltd., is the professional trade association representing the surplus lines industry and the wholesale insurance distribution system, and it plays an important role in supporting the Corporation, its mission and operations. (Amended July 2015)

**ARTICLE II – OFFICE OF THE CORPORATION**

- A. Principal Office — The principal offices for the transaction of the activities, affairs and business of the Corporation shall be located in the City of Kansas City, State of Missouri.
- B. Other Offices — The Corporation may have such other offices, either within or outside the State of Missouri, as the Foundation’s Board of Directors may determine or as the affairs of the Foundation may require from time to time.

**ARTICLE III – MEMBERS**

- A. Members Prohibited — The Corporation shall not have any members.
- B. Effect of Prohibition — Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest in members under the Missouri General Not For Profit Corporation Law shall vest in the Directors.

**ARTICLE IV – DIRECTORS**

- A. Number — The Board of Directors may, from time to time, by majority vote of the entire Board, increase or decrease the size of the Board of Directors to not less than three (3) or more than fifteen (15) Directors, and fill any new positions or vacancies. (Amended July 2015)
- B. Term — The term of office for each elected Director shall be three years except as subsequently provided in this section. A Director may serve no more than four (4) consecutive terms as Director, with the exception of the NAPSLO Executive Director. Terms of the Directors shall be staggered so that the terms of one third (1/3) of the Directors shall expire each year at the meeting at which elections are held. The initial term of a Director elected to the Board as a result of an increase in the number of authorized Directors shall be determined by the Board in a manner that is consistent with the staggered term requirement of this section. (Amended July 2015)
- C. There shall be no more than two Directors from the same or affiliated firms. The Board will have ninety days to remedy any Director transition that results in more than two Directors from the same or affiliated firms. (Added July 2015)

D. Compensation — The Directors shall serve without compensation except that they may be allowed and paid their actual and necessary expenses incurred in attending the meetings of the Board, and with respect to other activities for the Corporation as may be authorized by the Board. This shall not be deemed to preclude payment of reasonable and just compensation to any Director for services rendered to or for the Corporation in a capacity other than that of Director or payment for or reimbursement of expenses incurred by a Director on behalf of the Corporation in effecting any of its purposes as shall be fixed by the resolutions of the Board of Directors.

E. Meetings

1. Call of Meetings — Regular or special meetings of the Board of Directors may be called by resolutions of the Board or the written consent of a majority of the members thereof. (Amended July 2015)
2. Place of Meetings — All meetings of the Board of Directors shall be held at such place as may be designated from time to time by the Board of Directors.
3. Time of Regular Meetings — Regular meetings of the Board of Directors shall be held on such date and time as may be designated from time to time by the Board of Directors. Such regular meetings shall be held, at least annually, for the purposes of transacting such proper business as may come before the meeting including the election of Directors. If the election of Directors shall not occur at any such meeting, the Board shall cause the election of the Directors to be held at a special meeting called and held as soon as it is reasonably possible after the adjournment of the regular meeting. (Amended July 2015)
4. Notice of Meetings — Notice of meetings of the Board of Directors shall be given by the President or the Secretary by mail or electronic notice of the time and place of the meeting, and in case of a Special Meeting, the purpose for which it is called, at least seven (7) days before the day of such meeting. (Amended July 2015)
5. Waiver of Notice — Whenever notice is required to be given to any Director or member of a committee of Directors under any provision of the Missouri General Not for Profit Corporation Law or the Certificate of Incorporation or Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Directors, or committee of Directors, need be specified in any written waiver of notice. (Amended July 2015)
6. Meetings by Telephone — Members of the Board of Directors, or any committee designated by such Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in a meeting pursuant to

this paragraph shall constitute presence in person at such meeting.

7. Quorum— Except as may be otherwise expressly provided in these Bylaws or by law, a quorum of the entire Board of Directors shall be a majority of the number of Directors in office immediately before a meeting begins. (Amended July 2015)
  8. Transactions of the Board of Directors — Except as otherwise provided in the Certificate of Incorporation, in these Bylaws, or by law, every act or decision done or made by the majority of Directors present at a meeting duly held at which a quorum is present is the act of the Board; provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by law, the Certificate of Incorporation, or these Bylaws.
  9. Conduct of Meetings — The President shall preside at meetings of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the meeting. In the absence of the President, the Vice President or any Director selected by the Directors shall preside at meetings of the Board of Directors. (Amended July 2015)
  10. Adjournment — A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.
- F. Action Without a Meeting — Any action required or permitted to be taken by the Board may be taken without a meeting, if two-thirds (2/3) of the Directors consent in writing to such action. Notice of such action shall be provided to the Board of Directors by the President or Secretary by mail or electronic notice, which shall provide information about the action to be taken, at least seven (7) days before written consents are requested. Such written consent or consents may be electronic and shall be filed with the minutes of the proceedings of the Board. Such written consent shall have the same force and effect as the unanimous vote of such Directors. (Amended July 2015)
- G. Removal of Directors — Any Director may be removed with or without cause by an affirmative vote of not less than two-thirds (2/3) of all the Directors then in office.
- H. Resignation of Director — Any Director may resign effective on giving written notice to the Board of Directors, the President, or the Secretary, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. (Amended July 2015)
- I. Vacancies on the Board of Directors
1. Causes — Vacancies on the Board of Directors shall exist on the death, resignation, or removal of any Director; whenever the number of Directors authorized is increased; and on

the failure in any election to elect the full number of Directors authorized.

2. Filling Vacancies — Vacancies on the Board of Directors shall be filled by election by a majority of the remaining Directors then in office even if less than a quorum, or by the sole remaining Director. A successor Director shall serve for the unexpired term of his/her predecessor. (Amended July 2015)

#### **ARTICLE V—OFFICERS**

- A. Number and Titles — The officers of this Corporation shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers with such titles and duties as shall be elected by the Board. Any number of offices may be held by the same person, provided, that neither the Secretary nor the Treasurer may serve concurrently as the President. (Amended July 2015)
- B. Appointment and Resignation — Each officer shall be elected by the Board from currently serving Board members and serve for a period of two (2) years and until his/her successor has been elected and qualified, subject to the rights, if any, of such officer under any contract of employment. The offices of President and Vice President shall serve no more than three (3) consecutive terms in any one office. Any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. (Amended July 2015)
- C. The President shall fill on an acting basis, by appointment from the Board of Directors, any vacancy occurring during the term of any officer. Such appointment shall be for the unexpired term of the vacant office. (Added July 2015)
- D. Duties of the President — The President shall be the Chief Executive Officer of the Corporation and shall, subject to the supervision and direction of the Board of Directors, supervise and control the affairs of the Corporation. The President shall perform all duties incidental to the office and such other duties as provided in the Bylaws or as may be prescribed from time to time by the Board of Directors. (Amended July 2015)
- E. Duties of the Vice-President — At the request of the President, or in the President's absence, at the request of the Board, the Vice-President shall perform all of the duties of the President and so acting shall have all the powers of and be subject to all restrictions upon the President. The Vice-President shall perform such other duties as may be assigned from time to time by the Board of Directors or by the President. (Amended July 2015)
- F. Duties of the Secretary — The Secretary shall keep minutes of all meetings of the Board, and shall be the custodian of the corporate records, and shall perform all duties incidental to the office of Secretary and such other duties as may be required by law, the Certificate of Incorporation, by Bylaws, or which may be assigned from time to time by the Board of Directors or by the President. (Amended July 2015)
- G. Duties of the Treasurer — The Treasurer shall attend to the following: (Amended July 2015)
  1. Books of Account — The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and

business transactions of the Corporation, including such matters as are customarily included in financial statements. (Amended July 2015)

2. Deposit and Disbursement of Money and Valuables — The Treasurer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors; shall disburse the funds of the Corporation as may be ordered by the Board of Directors; shall render to the President and the Directors, whenever they request it, an accounting of the financial transactions and condition of the Corporation; and shall have other powers in performing such other duties as may be prescribed by the Board of Directors or by the Bylaws. (Amended July 2015)
3. Bond — If required by the Board of Directors, the Treasurer shall give the Corporation a bond, at the expense of the Corporation in the amount and with the surety or sureties specified by the Board for honesty and faithful performance of duties of his/her office. (Amended July 2015)

#### **ARTICLE VI — COMMITTEES**

- A. Committees of Directors — The Board of Directors may, by resolution adopted by a majority of Directors then in office, designate one or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Any officer or officers or a person who is neither an officer nor a Director may also serve on any committee, at the pleasure of the Board, provided that Directors constitute at least a majority of each committee. The President shall be an ex officio member of each committee so established. (Amended July 2015)
- B. Meetings and Actions of Committees — Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article IV of these Bylaws, concerning meetings of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of the committees may also be called by resolution of the Board of Directors or by resolution of the committee. Notice of special meetings of committees shall also be given to any and all committee members, who shall have the right to attend all meetings of the committees. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws. (Amended July 2015)
- C. The President shall appoint the Nominating Committee responsible for the selection of Director and officer candidates. The Nominating Committee shall consist of five members, including at least two current Board members and at least one NAPSLO Past President. The President shall not serve on the Nominating Committee. The Nominating Committee shall:
  1. Be charged with proposing a slate of (1) one-third of the Directors to be presented to the Board of Directors on an annual basis and (2) officers to be presented to the Board of Directors on a bi-annual basis. The Nominating Committee's proposed slate shall be consistent with Articles IV and VI with nominees that will perpetuate the Foundation Board as an effective, credible and representative governing body of the Foundation with

- dedication to encouraging the educational development of all those interested in the excess and surplus lines business and creating an understanding of the excess and surplus lines market.
2. Cultivate and develop talent and expertise within a framework that (1) ensures the right balance of turnover and retention of key Director contributions and (2) ensures effective succession planning for Directors and officers among their terms on the Board and/or service to the Foundation's committees.
  3. Select individual nominees who can speak for the surplus lines industry and have outstanding:
    - i. Integrity;
    - ii. Personal character/reputation; and
    - iii. A history of experience, expertise and service in specialty property/casualty business and dedication to the future success of the excess and surplus lines industry that may include, but is not limited to, NAPSLO committee service, service with state associations and with other organizations supporting the surplus lines industry.
  4. Seek input from and invite NAPSLO's Immediate Past President to participate in the Nominating Committee process, given his/her experience in identifying top candidates among the NAPSLO membership for the NAPSLO Board.
  5. Confirm that each nominee slated for a Director position is able and willing to serve in the position for which he or she is nominated.
  6. Solicit suggestions for Director candidates through outreach to the excess and surplus lines community, including the NAPSLO Board of Directors.
  7. Communicate its proposed Director and officer nominees to the Foundation and NAPSLO Boards at least 45 days prior to the Foundation Board's election. Such communication will be shared in the spirit of coordination between the Foundation and NAPSLO Boards.
- D. The President shall appoint the Finance and Investment Committee responsible for oversight and management of the Foundation's finances and investments. The Finance and Investment Committee shall consist of the Treasurer and any combination of Board members or other NAPSLO members with finance, investment and/or audit expertise to assist the Board in overseeing the Foundation's long-term financial health, management of assets and investments and the annual independent audit process.

(Sections C and D were added in July 2015)

## **ARTICLE VII — CORPORATE RECORDS, REPORTS AND SEAL**

- A. Minutes of Meetings — The Corporation shall keep at its principal office a record of minutes of all meetings of the Board of Directors, a record of all actions taken by the Board of Directors without a meeting, and a record of all actions taken by committees of the Board of Directors. (Amended July 2015)
- B. Books of Account — The Corporation shall keep and maintain full and correct accounts of its properties and business transactions.
- C. Inspection of Records by Directors — The books of account shall at all reasonable times be open to inspection by a Director. Every Director shall have the absolute right at any right reasonable time to inspect all books and records. Inspection may be made either in person or by agent or attorney, and the right of inspection includes the right to make extracts.
- D. Annual Report and Financial Statement — The Board of Directors may provide for the preparation and submission to the Directors of a written annual report including a financial statement accompanied by an auditor's report by an independent certified public accountant designated by the Board of Directors.
- E. Corporate Seal — The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal, if adopted, may be affixed to any and all corporate instruments, but the failure to affix it shall not affect the validity of any such instrument.

## **ARTICLE VIII — EFFECT DATE OF BYLAWS**

- A. These Bylaws shall become effective immediately.

## **ARTICLE IX — AMENDMENT OF BYLAWS**

- A. Subject to any limitations contained in the Certificate of Incorporation, in these Bylaws or any provision of applicable law, these Bylaws may be altered, amended, repealed and new Bylaws may be adopted by an affirmative vote of not less than two-thirds (2/3) of all Directors then in office.

## **ARTICLE X — CERTIFICATE AND INSPECTION OF BYLAWS**

- A. The original or a copy of these Bylaws as amended to date, certified by the Secretary of the Corporation, shall be recorded and maintained in the principal office of the Corporation, and such record shall be open to inspection by the Directors at all reasonable times during office hours. (Amended July 2015)

## **ARTICLE XI — PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

- A. No private individual, whether connected with this Corporation or otherwise, shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation; provided that, subject to the Certificate of Incorporation and Bylaws of the Corporation, this provision shall not prevent payment to any such person of reasonable and just compensation for services rendered to or for the Corporation or the payment for or reimbursement of reasonable and necessary expenses incurred in effecting any of its purposes, providing the same shall be authorized by resolutions of the Board of Directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets upon dissolution of the Corporation. In the event of dissolution of the Corporation, and only upon resolution of the Board of Directors, its corporate assets will be used to support one or more charitable organizations, as defined by the Internal Revenue Code Section 501(c)(3) to be used consistently with the charitable purpose of the Foundation, with primary consideration to be given to charitable organizations that support surplus lines related educational, career development, scholarship and internship programs similar to that administered by the National Association of Professional Surplus Lines Offices, Ltd. The activities of the Corporation shall at all times be conducted in a manner consistent with the exclusively charitable and educational purposes of the Corporation. (Amended July 2015)

## **ARTICLE XII — INDEMNIFICATION**

- A. The Corporation shall indemnify any person who was or is made 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 (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expense (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with their service to the Corporation or to another organization at the Corporation's request. (Amended July 2015)