Exh. MM-09
Docket TP-250574
Witness: Michael Moore

BEFORE THE STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND PILOTS, Respondent.	Docket No. TP-250574

EXHIBIT TO TESTIMONY OF

Captain Michael Moore

ON BEHALF OF

PACIFIC MERCHANT SHIPPING ASSOCIATION

Puget Sound Pilots Bylaws (rev. Nov. 2018)

January 2, 2026

FIRST REVISED BYLAWS OF PUGET SOUND PILOTS

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1. **Name**. The name of the organization is the "Puget Sound Pilots" (herein the "**Association**").

2. **Purpose**.

2.1 The purpose of the Association is to promote a safe, efficient, reliable and professional system of marine pilotage within the Puget Sound Pilotage District.

2.2 Puget Sound Pilots is an organization of individuals, corporations and limited liability companies, with each Member acting independently, for profit or loss, but sharing common services for their mutual interest in the carrying out of a function of providing logistical support, short of actual pilotage of vessels, for Pilots and Members herein. The Association is not intended to be a partnership of any kind, and no Member is authorized to act as agent of any other Member, nor to pledge the credit of any other Member. Only the Board of Directors, and the Officers, or duly appointed and authorized individuals or committees, are authorized to act for the Association, as permitted by these First Revised Bylaws or the Operating Rules.

3. **Definitions**. The following terms used in these First Revised Bylaws (the "**Bylaws**," as they may be amended from time to time) shall have the following meanings (unless otherwise expressly provided therein):

3.1 "**Active Pilot**" shall mean a Pilot whose Membership has not been terminated.

3.2 "**Active Non-Working Pilot**" shall mean a Pilot who is no longer available for Assignments, and who may or may not have relinquished his/her License, but is still entitled to receive distributions until accumulated and unused leave time is fully exhausted.

3.3 "**Active Working Pilot**" shall mean Pilot holding a License who is in regular dispatch rotation or is temporarily unavailable during a period of leave.

3.4 "**Adjusted Gross Income**" is defined in Section 5.5.2 herein.

3.5 "**Annual Election**" is the annual election in which the Directors standing for election are elected as further described in Section 10.1 herein.

3.6 "**Annual Gross Income**" is defined in Section 5.5.1 herein.

3.7 "**Annual Meeting**" shall be the General Membership Meeting that is designated by the Board of Directors as the "Annual Meeting," which Annual Meeting may be held on two separate dates in order to accommodate attendance by all of the Members as further described in Section 6.1 herein.

3.8 "**Assignment**" shall mean an assignment to pilot a vessel.

3.9 "**Association**" shall mean the Puget Sound Pilots Association as further described in Section 1 herein.

3.10 "**Authorized Entity**" is a corporate entity owned by a Pilot who holds a License, which Authorized Entity is a Member of the Association as further described in Section 5.2 herein.

3.11 "**Ballot**" is defined in Section 9.1 herein.

3.12 "**Board of Directors**" shall mean the Directors, elected as provided herein, by the Membership to govern the Association at the direction of the Membership as more specifically provided herein as further described in Section 4.2 herein.

3.13 "**Board Vote**" is defined in Section 9.4 herein.

3.14 "**Claimant**" is a Member (Pilot) against whom a claim has been brought, and who seeks indemnification, as further described in Section 18.1 herein.

3.15 "**Combined Duty Days**" shall mean all of the Duty Days of all of the Pilots during a calendar month as further described in Section 16.3 herein.

3.16 "**Comp Day"** shall mean a day of work that is "earned" and attributed to a Pilot as a result of him/her working a day during his/her Respite Period or Vacation Period as further described in Section 16.4.4.1 herein.

3.17 "**Daily Rate of Income"** shall mean the Total Pilotage Services Fees divided by the Combined Duty Days of all of the Pilots to determine the daily rate of income for that month as further described in Section 16.5.2 herein.

3.18 "**Director"** shall mean a Pilot elected by the Membership as provided herein, to be a member of the Board of Directors as further described in Section 4.2 herein.

3.19 "**Duty Day**" is a day during which a Pilot is an active Member of the Association, and is either on duty and available for an Assignment aboard a vessel, on earned Respite Period, or on Vacation Period, as further described in Section 16.3 herein.

3.20 "**Equal Income Share**" shall mean the Total Pilotage Service Fees evenly divided between the Members and credited to their individual accounts as further described in Section 16.5 herein.

3.21 "**Expense Pool**" shall mean all operating and miscellaneous costs and expenses of the Association and the Pilots paid by the Association during each calendar month as further described in Section 16.6.1 herein.

3.22 "**Expenses,**" are the costs of business paid by the Association as further described in Section 16.6 herein.

3.23 "**General Membership Meeting**" shall mean the quarterly meeting of all of the Members as further described in Section 6.1 herein.

3.24 **"General Account"** shall mean the general and operating bank accounts and funding accounts of the Association, as they may be maintained from time to time. This does not include any trust accounts or specific purpose accounts.

3.25 "**Individual Adjusted Gross Income**" is defined in Section 5.5.3 herein.

3.26 "**Individual Expense Share"** shall mean a number determined by dividing the Expense Pool by the total number of Members for each month as further described in Section 16.6.1 herein.

3.27 "**License**" means a Puget Sound Pilot's License issued by the Board of Pilotage Commissioners of the State of Washington.

3.28 **"Member"** shall mean the Pilot, or the Authorized Entity owned by that Pilot, that is a member of the Association as further described in Section 4.1 herein.

3.29 **"Membership**" shall mean, collectively, all of the Members as further described in Section 4.1 herein.

3.30 "**Membership Payment**" is the payment made by a new Member as part of the qualification to become a Member in the Association as further described in Section 5.5 herein.

3.31 "**Net Income**" is specifically defined in Section 5.5.1 herein as further described in Section 5.5.1 herein.

3.32 "**Operating Rules**" shall mean the rules adopted by the Membership, as they may be revised from time to time, that direct the actual operations of the Association and its Members as further described in Section 5.4.2 herein.

3.33 **"Pilot**" shall mean an individual who holds a License and is either a Member of the Association, or is the owner of an Authorized Entity that is a Member of the Association as further described in Section 5.1 herein.

3.34 "**Pilotage Services Fees**" shall be the fees earned by the Pilots for their services piloting vessels as further described in Section 16.1 herein, and shall not include any Transportation Fees.

3.35 "**President**" shall be the Pilot elected by the Members to fulfill that role.

3.36 "**Respite Period**" is the period of time between Work Periods, when a Pilot is not available for regular scheduling of Assignments to vessels as further described in Section 16.4.2 herein.

3.37 "**Terminating Member"** is the Member whose Membership is being terminated for any reason, as more specifically described in Section 5.7.1 herein.

3.38 "**Termination Payment"** is the payment made to a Member whose Membership in the Association is terminated as further described in Section 5.6.1 herein.

3.39 "**Total Pilotage Services Fees**" shall be all of the Pilotage Service Fees received for all of the Pilots during the calendar month as further described in Section 16.1 herein.

3.40 "**Transportation Fees**" are those fees reimbursed to the Pilots for their costs of transportation to and from Assignments as further described in Section 16.1 herein.

3.41 "**Vacation Period**" is the period of time during which a Pilot not expected to receive Assignments, as further described in Section 16.4.3 herein.

3.42 "**Vote**" and "**Voting**" are defined in Section 9.1 herein.

3.43 "**Voting Period**" shall mean the period of time during which the Members may submit their Ballots for each election as further described in Section 9.3 herein.

3.44 "**Winning Candidate"** shall be the candidate for Pilot Commissioner who received the most votes and is the Association's candidate for Pilot Commissioner as further described in Section 15.1 herein.

3.45 "**Work Period**" is the period of time during which a Pilot is primarily available for Assignments, and receives those Assignments as further described in Section 16.4.1 herein.

4. **<u>Structure and Composition</u>**.

4.1 The authority and power of the Association is vested in its Members (all of the Members may be referred to herein as the "**Membership,**" individual members a "**Member**" and more than one as the "**Members**").

4.2 The power vested in the Membership may be assigned or delegated, as further described herein, to the Board of Directors (the "**Board of Directors**," the members of which are a "**Director**" or the "**Directors**"), and/or the Officers. The Board of Directors may delegate certain powers to the Executive Director. Between meetings of the Board of Directors, the power may be exercised by

the Officers, with the exception of certain issues which are reserved to the Board of Directors or reserved to the Membership.

5. Membership.

5.1 Membership is limited to Pilots, and to Authorized Entities owned by Pilots as more fully described in Section 5.2 herein.

5.2 A Member may be a corporation, or a professional services corporation, a limited liability company or a professional limited liability company ("**Authorized Entity**"), provided that:

5.2.1 The Authorized Entity is duly organized and in good standing under the appropriate corporation or limited liability company laws of the State of Washington;

5.2.2 The Authorized Entity shall have only one stockholder or member, one director and one officer, or one Manager, and the Pilot shall be an employee, and the other employees of the Authorized Entity shall be limited to the Pilot's immediate family members;

5.2.3 Such sole stockholder, member, director, officer, Manager and Pilot employee shall be a person who is the holder of a valid Puget Sound Pilots License issued by the Board of Pilotage Commissioners of the State of Washington, in good standing;

5.2.4 Such Authorized Entity and its Pilot holding a License shall have all of the obligations, responsibilities and duties to the Puget Sound Pilots as an individual Member of the Puget Sound Pilots would have;

5.2.5 Such individual Pilot holding a License shall cause to be exercised and perform all of the rights and duties of the Pilot's Authorized Entity with respect to membership in the Association;

5.3 It is the intent of this Section 5 to permit Members to form corporations or limited liability companies, to be Members without in any way diminishing or changing their duties, responsibilities, and obligations of and to the Association. Notwithstanding the foregoing, the Pilot owning a Member corporation or limited liability company shall have all of the responsibilities and duties of a Member of the Association.

5.4 Admission into Membership.

5.4.1 An applicant for Membership qualified under Section 5.1 and Section 5.2 above must submit an application in writing as prescribed by the Board of Directors.

5.4.2 After application, and upon request from the applicant, the applicant shall be given the opportunity to review the Bylaws of the Association, the Operating Rules of the Association (the "**Operating Rules**"), the Anti-Harassment Policy of the Association, the Puget Sound Pilots Retirement Plan, and all other rules adopted from time to time by the Association. Admission to Membership will be granted by the Association when an applicant has demonstrated that the applicant has fulfilled all the licensing and financial requirements for Membership set forth herein, and that the applicant has agreed in writing to be bound by these Bylaws, by the Operating Rules, and all other policies or rules adopted from time to time by this Association.

5.4.3 At the time of admission, the Officers of the Association shall inform the new Member of all provisions of the Bylaws, Operating Rules, Dispatch Guidelines, the Puget Sound Pilots Retirement Plan, and of the methods of operation of the Association as a business organization.

5.4.4 During the first four (4) months of a Member's membership, a new Member has the option of being assisted during vessel Assignments by another Pilot.

5.5 Membership Payment. Applicants shall, prior to being admitted into Membership, agree to pay to the Association as a condition of becoming a Member a sum (the "**Membership Payment**"). The Membership Payment shall be calculated as follows:

5.5.1 There shall be determined, for each of the three (3) calendar years prior to the year in which the applicant or the applicant's Authorized Entity becomes a Member, the gross income of the Association (the "**Annual Gross Income**");

5.5.2 There shall then be subtracted for each of those three (3) years' Annual Gross Income the mandatory deductions of the Members from their income as set forth in Sections 16.1 through 16.9 herein, and not less the individual expenses set forth in Section 16.10 herein, and the remainder after that subtraction shall be the "**Adjusted Gross Income**" of the Association for that year;

5.5.3 The adjusted Gross Income for each of those three (3) years shall then be divided by the number of Members during each of those applicable years, the quotient from that division shall be the "**Individual Adjusted Gross Income**" for that year;

5.5.4 The Individual adjusted Gross Income for each of those three (3) years shall be added together, and the sum of that addition divided by three (3), to equal the "Membership Payment."

5.6 Payment of Membership Payment.

5.6.1 The Membership Payment shall be paid in equal or nearly equal payments over a period of seventy-two (72) months, or such other period of time as is set by the Board of Directors from time to time, provided that, if prior year Annual Gross Income is not yet known when the applicant or the Applicant's Authorized Entity becomes a Member, it shall be assumed to be the same as for previous year until such time as it becomes known. At the time that it becomes known, the monthly payments shall be adjusted so that the remaining balance of the Membership Payment is paid in equal payments over the remainder of the payment period previously set by the Board of Directors. The first installment of the Membership Payment shall be paid from the first full month's distribution payment to the new Member (not from a partial month prorated distribution payment, if any). These installments of Membership Payments shall be deposited into the General Account of the Association.

5.6.2 The unpaid balance of the Membership Payment shall not bear interest. These payments shall be deducted by the Association from the monthly distribution payment to the new Member. A new Member may make a lump sum payment(s) and thereby reduce the amount of the unpaid balance of the Membership Payment and the number of monthly payments required, but such payment(s) shall not affect the amount of each remaining monthly payment.

5.7 Terminating Member's Payment.

5.7.1 Upon termination of Membership in the Association, the Member whose Membership is being terminated (the "**Terminating Member**"), or the Terminating Member's legal representative, shall be paid an amount equal to the Membership Payment amount calculated for new Members as of the date of the Member's termination, and not the Membership Payment originally paid by that Member (the "**Termination Payment**").

5.7.1.1 Payment of said Termination Payment shall commence at the time the Terminating Member is entitled to receive the first retirement payment pursuant to the terms of the then-effective Puget Sound Pilots Retirement Plan. The unpaid balance of the Termination Payment shall not bear interest. Said payment amounts shall be paid in equal or nearly equal monthly payments over a period of seventy-two (72) months, or such other period as is set by the Board of Directors from time to time, and provided however, that if the payment is based on an average of three (3) years' Adjusted Gross Income and prior year Adjusted Gross Income is not yet known at the time of termination, it shall be assumed to be the same as for previous year until such time as it becomes known. At that time as it is known, the monthly payments shall be adjusted so that the remaining balance of the applicable average is paid in equal payments over the remainder of the applicable period. Notwithstanding the foregoing, in the event that the applicable payment period of time is changed by the Board of Directors, it shall not affect the period of time over which payments are made for any Member whose Membership is already terminated and that is receiving payments.

5.7.1.2 In the event that, at the time of commencement of payment of those Termination Payment payments, or at any time while such

payments are being made, the Terminating Member owes any sum of money to the Association, including pursuant to the terms of Section 16.11 herein, then the Association shall be entitled to deduct all such sums owed from the next Termination Payments due to the Terminating Member.

5.7.2 Notwithstanding the foregoing, however, that in all cases in which the Terminating Member has not been a Member of the Association for the full specified period of payments of his/her/its Membership Payment, the Terminating Member shall receive the payments for the same number of months for which the Terminating Member's Membership Payments were made under Section 5.5 herein**.**

5.8 International Organization of Masters, Mates and Pilots Membership. Upon becoming a Member, each Member (or that Member's owner-Pilot) is admitted as a member of the International Organization of Masters, Mates and Pilots, and continued Membership in this Association is conditioned upon continued membership in the International Organization of Masters, Mates and Pilots.

5.9 Compliance. Every Member and Pilot is obligated to adhere to and follow the terms of these Bylaws, the Operating Rules, and any and all directives, policies or rules promulgated thereunder or promulgated by the Board of Directors. Each Member and each Pilot shall treat fellow Members and Pilots with respect and consideration.

6. <u>Membership Meetings</u>.

6.1 There shall be a general meeting of the Membership ("**General Membership Meeting**") held during each calendar quarter of each year, on a date and at a time set in advance by the Board of Directors, or the President, or the Executive Director. One of those meetings each year shall be designated as the "**Annual Meeting**" by the Board of Directors, and that Annual Meeting may be held in two increments, to accommodate the Pilots who are not able to attend one of the meetings due to his/her schedule.

6.2 The agenda for General Membership Meetings shall be delivered to the Members not later than that date seven (7) days prior to the meeting date. Any five Members may submit in writing, prior to that date of notice, a matter which shall then be included on the agenda.

6.3 Actions specifically reserved to the Membership by these Bylaws may be taken only by Vote pursuant to the terms of Section 9.1 herein, and not at the General Membership Meeting.

6.4 Special Membership Meetings may be called by the President, or by a majority of the Board of Directors, on no less than seven (7) days' notice by delivery to the Members specifying the meeting agenda. Notice of Special Membership Meetings may be made in writing, by electronic notice, or by regular mail. The date that such notice is sent shall be the date of such notice.

6.5 The Board of Directors may determine, from time to time, whether Members may participate in a Membership Meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. If so approved by the Board of Directors, participation in such a meeting by audio and/or video shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

7. Officers.

The Officers of the Association shall consist of a President, a Vice President, and a Secretary, who shall each be a member of the Board of Directors. Functions that would otherwise be performed by a treasurer shall be performed by the Executive Director.

8. Board of Directors.

There shall be a Board of Directors consisting of seven (7) Members, including the Members holding the positions of President, Vice President and Secretary of the Association.

9. Voting Procedure.

9.1 Electronic Voting. Any Vote of the Members required by these Bylaws or by the Operating Rules ("**Vote**" or "**Voting**") may be done by casting an electronic ballot ("**Ballot**"). The manner and method of electronic Voting shall be set by the Board of Directors. The Board of Directors shall not adopt any electronic Voting procedure until it has been certified in writing by the association's primary computer consultant to provide an accurate way to authenticate voter identity by use of at least a password and to preserve voter anonymity. Such written description of the voting procedures and the consultant's certification shall be distributed to all Members upon request. The results of all elections shall be reviewed by the Executive Director, and reviewed and approved by the President and one other Director. The President or the Executive Director shall notify the Membership of all Voting results.

9.2 Proxy. A Member, who is unable to participate in a Vote, may designate another Member (the proxy holder) to cast a Ballot on his/her/its behalf. That proxy holder shall submit to the Secretary satisfactory evidence that that Member holds the proxy for another Member. Said designation shall be in writing and shall be delivered to the Secretary prior to the time Voting is commenced. When exercising a proxy, the proxy holder shall make such arrangements with the President as are then-directed by the President. No Member shall cast more than one proxy Ballot in any Vote.

9.3 Voting Periods. The voting period (the "**Voting Period**") shall commence on the date that the electronic notice of the Vote goes out to the Members.

The Voting Period shall be fourteen (14) days. Each Ballot must be received within the Voting Period or it will not be counted.

9.4 Except as otherwise specified herein, (1) any vote of the Board of Directors ("**Board Vote**") shall be a vote of a majority of the Directors in attendance at the meeting in which the Board Vote is taken, and (2) any Vote of the Membership shall be a Vote of a majority of the Members that cast Ballots in that Vote .

10. Election and Removal of Directors and Officers.

10.1 Election of Directors. Members of the Board of Directors shall be elected by the Members of this Association in good standing in an election commenced in November (specific date as set by the Board of Directors, the "**Annual Election**") and shall serve a term as set forth in Section 10.4 herein. Any decision to change the date of the Annual Election from the same month as the prior year shall be made by the Board of Directors at a meeting held at least thirty (30) days prior to the start of the Annual Election, the published agenda for which Board meeting states that changing the date of the Annual Election will be considered by the Board of Directors.

10.1.1 The Vote for Directors and Officers will be by electronic Ballot, as described in Section 9.1 herein.

10.1.2 There shall be no nominations for the Director's positions, but each Member shall vote for as many Director positions as are open for election that year. The Pilots running for election, for the Director positions that are open for election in that year, receiving the highest number of votes in said election shall be elected to the Board of Directors of the Association.

10.2 Election of Officers. A Ballot for Officers shall be forwarded, within twenty (20) days after each Annual Election of members of the Board of Directors, to the entire Membership, listing the names of the seven (7) Directors, including the newly elected Directors, with instructions for each Member to cast a Ballot for one of those Directors for President, one for Vice President, and one for Secretary. The Director receiving the highest number of votes for each office shall be elected to said office for a one (1) year term. All voting shall be in accordance with the provisions of Section 9 herein.

10.3 Tie Votes. In case of a tie Vote for a Director position or Officer position, another Ballot, listing only the Members tied in the previous Ballot, shall be immediately forwarded to the Membership for an additional Vote to determine which of those receiving the tie Votes shall serve. Each Ballot shall be required to be cast within the Voting Period for that election.

10.4 Terms of Office.

10.4.1 Directors.

10.4.1.1 Subject to the terms of Section 10.4.1.2 herein, the term of each Director shall commence after the date of the Annual Election at which he/she is elected and shall continue until after the date of the second Annual Election thereafter.

10.4.1.2 If the Annual Election starts in November, the terms of office of Directors shall commence on the second (2nd) Tuesday in January immediately following their election. Their term of office shall continue until after the second Annual Election thereafter, when their successors are elected and qualified as described in Section 10.4.1.1 herein.

10.4.2 Officers. The terms of office of the Officers shall commence on the date that the newly elected Directors take office, and shall continue for one (1) year thereafter.

10.5 Removal. An Officer or a Director of the Association may be removed from office by a two-thirds (2/3) Vote of all Members

10.6 Vacancy.

10.6.1 In the event a vacancy is created on the Board of Directors, a Ballot listing all eligible Members shall be submitted to the entire Membership within sixty (60) days after the last day that vacating Director was in office, to fill the existing vacancy. The Member receiving the highest number of votes within the Voting Period shall be elected to complete the current term of office.

10.6.2 If the vacating Director was also an Officer, then, after the Vote for the new Director, a Ballot for Officers shall be forwarded within twenty (20) days to the Membership listing the names of the Directors that are not Officers, with instruction for each Member to vote for a Director to replace the Office position vacated. The Director receiving the highest number of votes shall be elected to that office.

10.7 Commissioners. No Member shall be eligible to serve as Director or as an Officer while serving as a member of the Board of Pilotage Commissioners of the State of Washington. If an incumbent Officer or Director accepts appointment as a member of the Board of Pilotage Commissioners of the State of Washington, the appointee shall be deemed to have resigned from office as Officer or Director.

11. Duties of Officers.

11.1 President. The President shall be the Chief Executive Officer of the Association and shall preside at all Membership meetings. The President shall be a member of the Board of Directors and ex-officio member of all committees of the Association. The President shall supervise the Officers of the Association in accordance with the Bylaws and Operating Rules of the Association or with any other orders or directions of the Association made either through the Board of Directors or the

Membership. The President shall be the chief spokesman for the Association and shall be the only person authorized to represent the Association to third parties unless the Board of Directors or the Membership shall authorize other persons to act as spokesman or representative. The President and Executive Director, or their designee(s), shall each be empowered to authorize expenditures for the purpose of conducting Association business on any item not to exceed Eight Thousand Dollars ($8,000). Expenditures on any item for the purpose of conducting Association business in excess of Eight Thousand Dollars ($8,000) shall be approved in advance by the President and another Officer, the Executive Director and another Officer, or the President and the Executive Director, or their designee(s). In the event that the President or the Executive Director is intending to enter into a contract or agreement with a cumulative obligation in excess of Twenty Thousand Dollars ($20,000), then he/she shall obtain prior approval from the Board of Directors in advance of signing such contract or agreement. The office of the President shall be a full time position; however, at the President's discretion he/she may take an Assignment under high workload peaks if he/she has a valid License, is fit for duty, and is not needing refresher trips.

11.2 Vice President. The Vice President shall act in the place and stead of the President if a vacancy occurs in the office of the Presidency, or in the absence of the President for illness or while out of town or while on authorized leave granted by the Board of Directors, or when the President is otherwise unavailable; the Vice President, while so acting, shall have all the powers of the President. The Vice President shall be a member of the Board of Directors.

11.3 Secretary. The Secretary, or designee, shall cause to be kept full and accurate minutes of all meetings of the Association and of the Board of Directors. The Secretary shall be Secretary of the Board of Directors and a member thereof and shall attend all its meetings that he/she is able to attend. The Secretary shall sign all such papers and documents and perform such duties as may be required of the Secretary as prescribed by the Board of Directors, the Association, the President or the Membership. The Secretary shall act in the place and stead of the President if both the President and the Vice President are otherwise unavailable for any reason; the Secretary, while so acting, shall have all the powers of the President.

12. <u>Duties of the Board of Directors</u>.

12.1 The authority and power of the Association is vested in its members, except as otherwise specifically described herein, and may be delegated by the Membership to the Board of Directors.

12.2 The Board of Directors shall, subject to the reservation of, or exercise of, powers by or to the Members, have supervision, control and direction of the management, affairs and property of the Association; and shall actively pursue its purposes and objectives and supervise the disbursement of its funds. The Board of Directors may, subject to the powers of the Membership, adopt, by majority Vote, such rules and regulations for the conduct of its business and the business of the Association

as shall be deemed advisable. Under no circumstances, however, shall any actions be taken which are inconsistent with these Bylaws.

12.3 It shall additionally be the duty of the Board of Directors: to administer the Operating Rules of the Association; to retain a Certified Public Accountant to audit the books and accounts of the Association at the conclusion of each fiscal year; to authorize the President or Executive Director, subject to powers reserved to the Membership as described herein and subject to the terms of Section 11.1 herein, to sign leases, charters, contracts, notes, agreements or other documents as may be necessary in the conduct of the business of the Association; to inform the Membership of such leases, charters, contracts, notes, agreements or other documents with a cumulative obligation in excess of Twenty Thousand Dollars ($20,000); to open bank accounts and to authorize any one or all of the Board of Directors to countersign all checks issued by the Secretary; to submit the Association's nominee(s) for the Pilot Commission as described in Section 15 herein; to take any other action not inconsistent with these Bylaws.

12.4 Members may attend Board meetings in person, or by telephone or electronic transmission (method of which shall be determined by the Board from time to time), except for those meetings that are deemed by the Board of Directors to be held in executive session.

13. Meetings of the Board of Directors.

13.1 The Board of Directors shall normally meet once per month.

13.2 A quorum at a meeting of the Board of Directors shall consist of four (4) members of said Board of Directors.

13.3 The Board of Directors is authorized to submit issues for Vote to the Membership on any matter, or matters, which, in its sound discretion, it determines is appropriate. In doing so, the Board of Directors shall make reasonable efforts to not "bundle" more than directly related issues for one Ballot. More than one (1) related or unrelated issue may be submitted by the Board of Directors for separate Ballot, at the same time.

13.4 Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

14. Rules of Order.

In all Membership meetings of this Association, the rules contained in Robert's Rules of Order, Revised (the then most current edition) shall govern, to the extent that they are not inconsistent with the Bylaws of this Association.

15. Pilot Commissioner Nominee(s).

15.1 Sixty (60) days prior to the expiration of the term of office of an incumbent Pilot Commissioner, the President shall submit to the Membership an electronic notice advising the Members of this expiration date. Within seven (7) days after the date of that letter all eligible Active Pilots who choose to be a candidate for Pilot Commissioner shall submit their name in writing to the Board of Directors. If only one Pilot submits his or her name as a candidate, the President shall so notify the Membership and submit the candidate's name to the Governor as the choice of the Association. If more than one Pilot submits his or her name as a candidate, the President shall, without delay, submit the names of all voluntary candidates to the entire Membership for a Vote. In all elections provided for in this Section 15, Members shall only vote for one candidate. Voting must be completed within seven (7) days and the candidate receiving the highest number of votes shall be the winning candidate (the "**Winning Candidate**") and the Association's choice for Pilot Commissioner.

15.2 If two (2) or more Members are tied in total votes for the first choice, a runoff election to determine that choice shall be held among those tied. These runoff procedures for tie Votes shall be repeated until there is a Winning Candidate and a second choice.

15.3 When the name of the Winning Candidate has been determined, the President shall, without delay, submit the name of the Winning Candidate to the Governor of the State of Washington for his or her approval or rejection. The President shall submit the Members' second choice only if so directed by the Governor's office, in which event the President shall indicate which choice is preferred by the Members.

16. Pooling and Distribution of Income and Expense.

16.1 Income. The fees for pilotage services earned by each Member under the tariff contained in WAC 363-116-300 (the "**Pilotage Services Fees**"), and fees for transportation to and from vessels and stations ("**Transportation Fees**"), are invoiced and collected by the Association. The total of the Pilotage Services Fees collected during a month for all of the Pilots is herein the "**Total Pilotage Services Fees**."

16.2 Transportation Fees. The Transportation Fees are then allocated, and paid, specifically to the Member (Pilot) who earned them, and are not, for the purposes hereof, considered part of the Pilotage Service Fees or the Total Pilotage Service Fees. The Board may determine from time to time that the Transportation Fees are to be allocated in a manner different than that set forth in this Section 17.2.

16.3 Duty Days. Unless otherwise specified by the Board of Directors, each day during which an Active Working Pilot is either on Duty and available for an Assignment, during the Pilot's assigned Work Period, or on Respite Period, or on Vacation Period, is defined herein as a "**Duty Day**." The number of Duty

Days for all Pilots for that month shall be combined to be the total Duty Days for all the Pilots (the "**Combined Duty Days**").

16.4 Work Period; Respite Period; Vacation Period.

16.4.1 Each Pilot shall be assigned a series of periods for his/her active Assignment (the "**Work Period**").

16.4.2 Each Pilot shall be assigned respite time between Work Periods (the "**Respite Period**"). The Association shall make reasonable efforts to offer Assignments to Pilots on their Work Period before offering Assignments to Pilots on their Respite Period.

16.4.3 Each Pilot shall be assigned vacation time ("**Vacation Period**"). Vacation Period shall be the period of time during which a Pilot is not expected to receive Assignments. The Association shall make reasonable efforts to offer Assignments to Pilots on their Work Period or Respite Period before offering Assignments to Pilots on their Vacation Period.

16.4.4 Compensatory Days.

16.4.4.1 In the event that a Pilot works an Assignment(s) outside of his/her Work Period, he/she shall be deemed to have earned a compensatory day ("**Comp Day**").

16.4.4.2 In the event that a Pilot takes a day off during the Pilot's assigned Work Period, then, at the election of the Pilot, either: (1) the Pilot can replace that day off with a previously earned Comp Day; or (2) the Pilot's (Member's) total Duty Days for that month shall be deemed reduced by two (2) Duty Days. In the event that that Pilot takes a day off during the Pilot's assigned Work Period, and in the event that that Pilot does not have a Comp Day to replace that day off, then that action may be considered by the Board of Directors to be misconduct, and be subject to the terms of Section 17 herein.

16.4.4.3 The Board of Directors may elect to forego the requirements of Section 16.4.4.2 in the event that a Pilot, due to exceptional circumstance, has used all available Comp Days, but requires additional days off from his/her Work Period(s). In such instance the Pilot's total Duty Days shall be deemed to be reduced by two (2) Duty Days for each day off during his/her assigned Work Period.

16.5 Allocation of Total Pilotage Services Fees.

16.5.1 The Total Pilotage Services Fees, except as otherwise specifically described herein, and except as otherwise determined by the Board of Directors from time to time or on a case to case basis, shall be evenly divided between the Members and credited to their individual accounts (the "**Equal Income Share**").

16.5.2 In the event that a Member's Equal Income Share is to be reduced pursuant to the terms of Section 16.4.4.2 herein, then the Total Pilotage Services Fees shall be divided by the Combined Duty Days to determine the daily rate of income (the "**Daily Rate of Income**"), and the Member's Equal Income Share shall be reduced by the Daily Rate of Income multiplied by the Duty Days forfeited as described.

16.6 Determination and Allocation of Expense Share. Expenses of the Association, and the Members (the "**Expenses,**"), subject to the terms of Section 16.4 herein, are then determined and allocated as follows.

16.6.1 Determination of Expense Share. All operating and miscellaneous costs and expenses of the Association and the Pilots paid by the Association during each calendar month are referred to herein in the aggregate as the "**Expense Pool.**" The Expense Pool shall be divided by the total number of Members each month to yield the "**Individual Expense Share**."

16.6.1.1 In the event that (1) a Pilot is unable perform the Pilot's duties for a period of more than thirty (30) consecutive days for physical reasons or other health reasons beyond the Pilot's control, or as described in Section 16.4.3.3 herein, and (2) said Pilot has performed no pilotage services in the calendar month for which the Member owned by that Pilot seeks exemption, then, upon majority Board Vote, that Member shall not be charged his/her/its Individual Expense Share for that month.

16.6.1.2 In addition to the foregoing, the Board of Directors may give special treatment to the distribution of irregular or extraordinary expenses, costs or expenditures that are non-recurring and that would result in inequitable charges to any Member or Members due to (1) formal exemption from monthly charges under this Section 16; or (2) the death or termination of Membership of a Member; or (3) admission of a new Member.

16.6.2 Allocation of Expense Share.

16.6.2.1 Each Member's account shall be charged each month, except as set forth in Sections 16.6.1.1 and 16.6.1.2 herein, with his/her/its resulting Individual Expense Share.

16.7 New Members.

16.7.1 In the event that a new Pilot commences his/her first Assignment(s) on other than the first day of a calendar month, that Pilot or the Member owned by that Pilot shall be paid for that partial calendar month of service, starting with that Member's Equal Income Share, and then reducing that Equal Income Share by an amount determined by multiplying the Daily Rate of Income by the number of Duty Days not worked by the Pilot or accrued in that calendar month by that new Pilot.

16.7.2 New Members shall be charged, for his/her/its first month or partial month of service, a pro-rated share of the Expense Pool which is calculated by multiplying the Individual Expense Share for that month by a fraction, the numerator of which is the number of Duty Days worked or accrued by that Member or the Pilot owning that Member during the month, and the denominator of which is the number of days in that month.

16.8 Terminating Members.

16.8.1 A Terminating Member shall be paid, for his/her/its last month of service (or the last month of service of its member/shareholder Pilot), an amount equal to his/her/its Equal Income Share, and then reducing that Equal Income Share by an amount determined multiplying the Daily Rate of Income by the number of days remaining in that calendar month after the effective date of Termination of the Member's Membership.

16.8.2 Members whose Membership is terminated after the first day of a month shall be charged a pro-rated Share of the Expense Pool which is calculated by multiplying the Individual Expense Share for that month by a fraction, the numerator of which is the number of Duty Days worked or accrued by that Member (or that Member's member/shareholder Pilot) during the month, and the denominator of which is the number of days in that month. By way of further clarification, a Member whose Membership is terminated on or before the last day of a calendar month shall be charged no part of the Expense Pool for the full month following the last day of Membership.

16.9 Payment of Benefits. The amounts necessary for payment of benefits under the Puget Sound Pilots Trust Contract of 1952, the Puget Sound Pilots Retirement Agreement of 1978, and the Amended Retirement Program of Puget Sound Pilots shall be deducted and paid to the designated beneficiaries thereunder, prior to distribution of income.

16.10 Individual Expenses. The following expense items are individual expenses which may be, as determined by the Board of Directors from time to time, (1) either pooled and allocated, or (2) paid by the Association on behalf of Members, and then deducted from the account of the Members:

16.10.1 Personal accident, liability and license insurance of each Pilot.

16.10.2 Personal transportation costs charged to the Association.

16.10.3 Other personal charges that a Member may charge to the Association.

16.11 Subrogation. In the event that, pursuant to Association policy, or by determination the Board of Directors or the Membership, the compensation as

described herein shall be continued for any period of time for a Pilot that is injured or incapacitated, and that injured or incapacitated Pilot has a claim for compensation or damages against any other person or entity or governmental body, or a claim for workmen's compensation or other injury benefits, or a claim under insurance covering the injury or loss of income, then, upon recovery or receipt of proceeds from any such body for any of the described causes, the Pilot shall immediately compensate the Association for any such compensation paid to the Pilot or the Member owned by the Pilot during the period when the Pilot was not taking Assignments.

17. **Misconduct**. Violation of these Bylaws, the Operating Rules, or any directive or policy or other matter, including the Puget Sound Pilot's Anti-Harassment Policy, as they may be amended from time to time, duly adopted by the Membership or the Board of Directors shall constitute misconduct for which a Pilot or a Member owned by the Pilot can be punished by fine, suspension, expulsion, or sanctions, as determined by the Board of Directors. A charge of misconduct can only be brought against a Pilot or a Member owned by that Pilot by direction of the Board of Directors, or by the President, by written specification setting forth the particulars of conduct alleged to be misconduct, so as to fairly advise the Pilot and/or Member charged of the nature of the accusation and circumstances surrounding same. In order to assure a fair and speedy determination of any charges of misconduct, and in order to assure the fairness of the punishment to be accorded, if any, the following rules are adopted:

17.1 The written accusation shall be delivered to the Pilot and/or the Member charged with misconduct

17.2 The Pilot and/or Member so charged shall have an opportunity to address the Board of Directors. Following such presentation the Board of Directors shall determine the nature and extent of the punishment, if any.

17.3 Except as otherwise specified in these Bylaws, the Board of Directors may issue fines in amounts not to exceed Five Thousand Dollars ($5,000).

17.4 In the event that the recommendation by the Board of Directors with respect to such violation is expulsion, suspension, or a fine in excess of Five Thousand Dollars ($5,000), then at the next General Membership Meeting, or at a Special Membership Meeting called for this purpose, the recommendation of the Board of Directors shall be submitted to the Membership. There shall thereafter be taken a Vote of the Membership on the recommendation of the Board, in such manner as shall be determined by the Board of Directors, for subsequent approval, or modification, of the Board of Directors recommendation, by majority Vote of those Members that cast Ballots in that Vote, except as specified in Sections 17.5 and 17.6 herein, not including the vote of the subject Member.

17.5 If the recommendation of the Board of Directors is for expulsion of the Member, it shall be considered approved and final only upon affirmative Vote of two-thirds (2/3) of the entire Membership, not including the vote of the subject Member.

17.6 If the recommendation of the Board of Directors is for a fine in excess of Five Thousand Dollars ($5,000), it shall be considered approved and final only upon a majority Vote of the entire Membership, not including the vote of the subject Member.

17.7 If the recommended punishment covered in this Section 17 and required to be submitted to the Membership is not approved as described by the Membership, then the punishment recommendation will be re-submitted to the Board of Directors for reconsideration, followed by re-submission to the Membership at the next General Membership Meeting or at a Special Membership Meeting called for that purpose. If the recommended result is not approved as described by the Membership upon second submission, the action shall be deemed terminated.

17.8 To the extent that a violation of Puget Sound Pilots' Anti-harassment Policy by a Pilot or a Member exposes the Association, or another Member, to financial liability, including liability for attorney's fees, the violating Member, and/or the Member owned by the violating Pilot, shall reimburse the Association or such other Member for all expenditures made in connection with such liability, including any amounts reasonably paid in settlement of any claims, whether or not a lawsuit is filed. The right of reimbursement set forth herein shall be in addition to any other right of reimbursement, contribution or payment existing or created in the future under state or federal law. Any sums due the Association under this Section 17.8 may be automatically withheld by the Association from distributions of the Member's share of Total Pilotage Service Fees, unless sooner paid by the Member. All sums past due hereunder shall accrue interest at the rate of twelve (12%) per annum.

17.9 Failure of a Pilot or a Member to abide by a directive or other Board of Directors or Membership approved sanction shall be cause for additional sanction or termination of Membership, upon affirmative Vote of two-thirds (2/3rds) of the Members, not including the vote of the subject Member.

18. Limitation of Liability and Indemnification.

18.1 Indemnification. Each person who was, or is threatened to be made a party to or is otherwise involved (including 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, Officer, employee or advisor of the Association, whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or advisor or in any other capacity while serving as a Director, Officer, employee or agent or advisor (herein "**Claimant**"), shall be indemnified and held harmless by the Association, to the full extent permitted by applicable law then in effect, against all expense, liability and loss (including attorneys' fees, judgments, fines, or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such Claimant in connection therewith. Such indemnification shall continue as to a person who has ceased to be a Director, Officer, employee or agent or advisor and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in

Section 18.2 below with respect to proceedings seeking solely to enforce rights to indemnification, the Association shall indemnify and such Claimant seeking indemnification in connection with a proceeding initiated by such Claimant only if such proceeding was authorized by the Board of Directors.

18.2 Right of Claimant to Bring Suit. If a claim for which indemnity is required under Section 18.1 herein is not paid in full by the Association within sixty (60) days after a written claim has been received by the Association, the Claimant may at any time thereafter bring suit against the Association 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.

18.2.1 The Claimant shall be presumed to be entitled to indemnification under this Section 18 upon submission of a written claim, and thereafter the Association shall have the burden of proof to overcome the presumption that the claimant is not so entitled.

18.2.2 Neither the failure of the Association (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the Claimant is proper in the circumstances nor an actual determination by the Association (including its Board of Directors or independent legal counsel) 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 so entitled.

18.3 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 Section 18 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, Board Vote of disinterested Directors or otherwise.

18.4 Limitation. Notwithstanding the provisions of Sections 18.1 and 18.2 herein, the Association may not indemnify a Director or Officer or employee from or on account of:

18.4.1 acts or omissions not in good faith which involve an intentional material breach of these Bylaws;

18.4.2 acts or omissions of the Director or Officer or employee finally adjudged to be intentional misconduct or a knowing violation of law by the Director, Officer, employee or agent;

18.4.3 any transaction with respect to which it was finally adjudged that such Director or Officer or employee received a benefit in money, property, or services to which such Director or Officer or employee was not legally entitled.

18.5 Insurance, Contracts and Funding. The Association may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Association against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the Washington statutory law applicable to the Association.

19. Amendment of Bylaws and Operating Rules.

19.1 Amendment of Bylaws.

19.1.1 One or more proposed amendments to these Bylaws shall be submitted to the Membership for approval, including a copy of such proposed amendment(s) in the event that: (1) there is an affirmative Board Vote to submit such amendment(s) to the Membership for approval; or (2) a petition to submit such amendment(s) to the Membership for approval is signed by not less than one third (1/3) of the Members.

19.1.2 These Bylaws shall then be amended, as proposed, upon a two thirds (2/3) majority Vote of those Members that cast Ballots in that Vote.

19.2 Amendment of Operating Rules.

19.2.1 One or more proposed amendments to the Operating Rules may be submitted to the Membership for approval, including a copy of such proposed amendment(s) in the event that: (1) there is an affirmative Board Vote to submit such amendment(s) to the Membership for approval; or (2) a petition to submit such amendment(s) to the Membership for approval is signed by not less than one third (1/3) of the Members.

19.2.2 The Operating Rules shall then be amended, as proposed, upon a majority Vote of those Members that cast Ballots in that Vote.

20. General Obligations; Non-Competition.

20.1 Each Pilot, and each Member, agrees, as a condition to his/her/its Membership in the Association, to abide by the provisions of all contracts, agreements, Operating Rules, or obligations of the Association legally constituted, now in effect or which may in the future be adopted in accordance with the Bylaws in effect at that time. Each Pilot and each Member agrees, as a condition to his/her/its Membership in the Association, to seek and secure pilotage work in Puget Sound and adjacent inland waters only pursuant to the Operating Rules of the Association in effect at the time.

20.2 Each Pilot shall be bound by any agreement or obligation or responsibility of the Member owned by that Pilot, pursuant to the terms hereof. Likewise, each Member shall be bound by any agreement or obligation or responsibility of the Pilot that owns that Member, pursuant to the terms hereof.

20.3 Each Member and Pilot agrees that should such Member's Membership in the Association be terminated for any reason whatsoever, such Member and the Pilot owning such Member will not seek, secure or accept any pilotage work whatsoever in Puget Sound and adjacent inland waters, and will not otherwise compete with the business of the Association and its Pilots, for a period of five (5) years after the effective date of such termination of Membership.

20.3.1 Because the extent of damages that would be suffered by the Association and its Members from violation of this covenant not to compete contained herein would be difficult to ascertain, it is agreed by all Members, now and in the future, that an amount equal to the total monies that would otherwise be paid, or that have then been paid, to that violating Member or former Member as Termination Payment pursuant to the terms of Section 5.6 herein, and under any unvested Pension Plan, be agreed to be reasonable as liquidated damages for any such violation.

20.3.2 The Members further agree that, in addition to the foregoing, an action for specific enforcement may be brought by the Association in a court of competent jurisdiction, and that that court may specifically enforce the terms hereof and enjoin any such Member or former Member from violating the terms of this Section 20.

20.4 The Members, bound by the provisions of these Bylaws, now and in the future, further agree that upon withdrawal, resignation, expulsion or termination of Membership for any reason from the Association, the Pilot-Member or the Pilot owning the Member will promptly surrender his/her License to the appropriate state agency for cancellation. The Members further agree that no monies shall be paid as Termination Payment under Section 5.6 herein unless and until said License is canceled.

These Bylaws are adopted effective as of the 5th day of November, 2018.