

BY-LAWS OF THE HAWAIIAN ACRES ROAD CORPORATION

(draft changes to February 1999 adopted by-laws:

Amended ??? 2019

Green = proposed changes/additions/revisions August/2019
Red = proposed elimination/change of wording from 2/1999
Blue = proposed changes October/2019

ARTICLE I

SECTION 1. **Name.** The name of the corporation is Hawaiian Acres Road Corporation; hereafter for convenience called "HARC" or the "corporation."

SECTION 2. Purposes. The purposes of the corporation shall be as specifically set forth in the Articles of Incorporation.

SECTION 3. Nonprofit Character. The corporation shall be a non-profit corporation and any net income or earnings which may be derived from its operation shall not be distributed to any director or officer of the corporation except to make reimbursements for expenses actually incurred in service to the corporation, and to make payments and distribution in furtherance of the purposes to the corporation.

SECTION ~~2~~4. **Principal Office.** The principal office of the corporation shall be maintained at the place stated in the ~~Charter~~Articles of Incorporation or at such other place on the Island of Hawaii as the Board of Directors, hereinafter referred to as the "Board," from time to time shall determine.

SECTION 5. Registered Agent and Office. The corporation shall maintain a registered office and a registered agent in the State of Hawaii. The registered office may, but is not required to, be identical with the principal office.

SECTION ~~3~~6. **Place of Meetings.** All meetings of the members and of the Board shall be held at the principal office of the corporation or at such other place as is stated in the call for the meeting. Meetings shall only be held on the Island of Hawaii. All meetings shall be open to all members.

SECTION 47. **Fiscal Year.** The fiscal year of the corporation shall be such as may from time to time be established by the Board. If no other fiscal year is established by the Board, the fiscal year shall begin on January 1 of each year and end on December 31 of the same year.

SECTION ~~5~~8. **Rules of Procedure.** Robert's Rules of Order Revised shall be the parliamentary authority for all matters of procedure not specifically covered by these By-Laws or special rules of procedure adopted by the Board.

ARTICLE II

MEMBERSHIP

SECTION 1. **Eligibility, Admission, Effective Date.** Every owner of a lot within the subdivision known as Hawaiian Acres in the District of Puna, County and State of Hawaii, which property is more particularly shown on Map 49 filed with the Land Court Application No. 1053 (amended) of W.H. Shipman, Limited, in the office of the Assistant Registrar of the Land Court of the State of Hawaii, shall be a member of the corporation. No such owner shall for any reason be denied membership in the corporation. The term "owner" as used in the By-Laws shall include a vendee under a valid contract of sale and shall mean the singular or plural member, individuals, trustees or corporations, and each of their respective successors, executors, administrators and permitted assigns. No such owner, whether one or more individuals, trustees, or corporations, shall be eligible for more than one (1) membership per lot. "Lot" as used in these By-Laws means each separate parcel shown as a lot on said Map 49, save and except any such lot which is or may be designated as a roadway lot on said Map 49. If there is more than one owner of a lot, they may designate in whose name the membership will be held, but upon their failure to do so, any one of them may be designated as a member. Each such owner shall be admitted to membership by the entry of said owner ~~his name~~ upon the membership roll of the corporation and no other or further formality shall be required to constitute any such owner a member of the corporation. The effective date of membership of each owner shall be the date of the instrument, act or occurrence by which such person becomes an owner of a lot.

SECTION 2. **Expulsion, Withdrawal, Transfer.** No membership shall be terminated or forfeited nor member be expelled, except upon sale of that member's lot; provided, however, that upon execution and delivery of a valid contract of sale of any lot, the vendor's membership, including voting rights adhering thereto, shall be considered as having been temporarily transferred to the vendee, such transfer becoming permanent upon subsequent delivery of a deed compliance

with said contract of sale or reverting in the vendor the event of termination of said contract of sale. No member may withdraw, nor shall any member transfer or otherwise dispose of that member's membership, except upon lawful conveyance (including contract of sale as aforesaid) of that member's lot.

SECTION 3. ~~Fees Voting Rights~~. Membership ~~dues fees~~ shall be ~~forty five sixty~~ dollars (\$60.00) per lot per year, unless some other amount shall be approved by the unanimous vote of the Board. If at any time the Board proposes to increase the dues fees by more than ten percent (10%), such increase shall not be effective unless and until the members in good standing approve the increase as set forth in Section 5 of the Article III. A member shall be considered to be a member in good standing and entitled to vote in person or by mail at any meeting of the membership only if that member has paid dues for the current year. In the event that any member owns, or has a legal or equitable interest in, more than one lot, said member shall be entitled to as many votes as the person owns lots and for which the person has ~~paid membership dues~~.

SECTION 4. ~~Use of Dues Fees~~. Dues Money from fees shall go into the general fund and be used for the operating expense of the corporation and other legal purposes to maintain the roads as determined by the Board by majority vote. Dues Fees and additional donations are intended to cover project costs or any operating expenses resulting therefrom, and may be applied at the discretion of the Board by a majority vote provided that so doing does not significantly impair the ability of the corporation to meet its operating expenses and prior obligations.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. **Annual Meeting**. The annual meeting of the members of the corporation shall be held on the ~~first~~ second Sunday in December unless the Board shall designate, before the end of the month of ~~June~~ September, another date for the annual meeting. At the annual meeting the President, Treasurer, and standing committee chairpersons shall make their annual reports to the members, and the members shall elect the members of the ~~board~~ Board, may transact any general business, which may be brought before the meeting and may take corporate action.

SECTION 2. **Special Meetings**. Special meetings of the members of the corporation may be held at any time upon the call of the President, or upon the call of a majority of the Board, or upon a petition of any thirty (30) members in good standing who present to the President or the Board a request for such meeting, giving the necessity or specific reason for calling a special meeting. No business other than that for which this special meeting is called shall be transacted at such meeting.

SECTION 3. **Notice of Meetings**. Written notice of every meeting of the members, stating whether it is an annual or special meeting, the authority for the call of the meeting, the place, day and hour thereof and the purposed therefore shall be given by the Secretary or by the person or persons calling the meeting. Such notice shall be given at least fourteen (14) days before the day set for such meeting. The notice shall be given to each member in any of the following ways: (A) by leaving it with the member personally, (B) by leaving it at the member's resident or usual place of business, (C) by mailing it, postage prepaid, addressed to the member at the member's address as it appears on the membership roll of the corporation, (D) by telephone or other form of wire or wireless communication, (E) by electronic transmission, or (F) by notice posted at each of the main entrances into Hawaiian Acres subdivision (Kuauli, S. Kulani, Olaa and Ainaloa), on the HARC website and Facebook page, and or at the Hawaiian Acres HACA Community Center. If notice is given pursuant to the provisions of this section, the failure of any member to receive actual notice of meeting shall in no way invalidate the meeting or any proceedings at it there at. Attendance of any member at any meeting shall constitute waiver of notice of that meeting, unless the member attends for the express purpose of objecting to the holding of the meeting because of non-compliance with this Section 3.

SECTION 4. **Mailing Address**. It shall be the responsibility of each member to provide the Secretary with that member's current mailing address and email address, if applicable, which shall be recorded in the membership roll of the corporation by the Secretary within ten (10) days of receipt thereof. If a lot has more than one owner, such owners shall tell the Secretary which of them shall receive notices of meetings from the corporation, and the owner so designated shall have the responsibility of providing the Secretary with the owner's current mailing address and email address, if applicable.

SECTION 5. **Quorum**. At any meeting of the members of which proper notice has been given, twenty (20) members in good standing, present in person ~~or by proxy or by written ballot~~, shall constitute a quorum. The concurring vote of a majority of the voting members in good standing, present in person or by written ballot, constituting a quorum shall be valid and binding upon the corporation, except as otherwise provided by law or these By- Laws or the ~~Charter~~ Articles of Incorporation.

SECTION 6. **Voting Rights.** ~~At every meeting of the members of the corporation, each member in good standing shall be entitled to vote in person. There shall be proxy voting. Except there may be no Proxy voting when the issue or candidate has been the subject of a mail out ballot pertaining to the meeting at which the vote is taken. Each member shall be entitled to only one vote.~~ A member shall be considered to be a member in good standing and entitled to vote in person or by mail at any meeting of the membership only if that member has paid dues fees for the current year. In the event that any member owns, or has a legal or equitable interest in, more than one lot, said member shall be entitled to as many votes as the person owns lots and for which the person has paid membership fees dues.

Any member who is in default in the payment of membership dues fees (as specified set forth in Section 3 of the Article II, ~~Section 3~~) shall not be a member in good standing, and while the member may attend meetings, that member shall not be entitled to vote. However, if any such member shall pay membership dues fees in full at or before the start of any meeting of the membership, or shall make payment in full at the time the member submits that member's ballot for the annual meeting, then the member shall be considered a member in good standing and shall be full entitled to vote.

Any member may in good standing may transfer membership to another designated individual via an affidavit signed by both parties and witnessed by a notary public. The designated individual shall have all rights and privileges described in these by-laws, as long as the "member" remains in good standing.

SECTION 7. **Voting At the Annual Meeting.** Voting for directors of the Board at the annual meeting shall be conducted by written ballot. The ballot shall be mailed to each member at least forty-five (45) days prior to the date of the annual meeting. Voting may be done in person at the annual meeting, or by mailing the ballot to the corporation in such a manner as may be prescribed by the Board; but in any case, all voting shall be conducted before the close of the annual meeting in such a manner as to insure facility of voting and secrecy of the ballot. There shall be no proxy voting permitted.

During the course of the annual meeting the Secretary shall deliver all the ballots to the Nomination Committee, which shall count and tally the same. The Nomination Committee shall report the results to the Secretary, who will announce the results of the election during the annual meeting.

SECTION 8. **Adjournment.** Any meeting of the members of the corporation may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting. Such adjournment may be to such time and place as shall be determined by a majority vote of the members present. However, if any meeting cannot be held because a quorum is not present in person, the members present may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted by a quorum at the original meeting as originally called.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. **Number.** There shall be a Board of Directors of the corporation consisting of no less than five (5) and no more than seven (7) members. Each director shall be a member in good standing of the corporation and shall be a resident of the Island of Hawaii.

SECTION 2. **Election and Term.** The directors shall be elected at the annual meeting of the members of the corporation and shall, unless sooner removed by the members of the corporation as provided in these By-laws, hold office until their successors shall be duly elected. Each director shall be elected for a term of ~~1 year~~ 2 years. Nominations for the directors to be elected shall be presented to the Secretary by the ~~Nominating~~ Nomination Committee ~~on or before the first day of September of the year in which the election is to occur.~~ as set forth in Section 3 of the Article VIII. No director shall serve ~~four (4)~~ more than three (3) consecutive terms, whether said term results from election or from appointment by the Board to fill a vacancy.

SECTION 3. **Annual Meeting of the Board.** (A) Immediately following the annual meeting of the members, the ~~annual meeting of the Board~~ Annual Board of Directors meeting shall be held to determine the officers of the corporation for the ensuing year. The new ~~board of directors~~ Board may also transact any general business that may be brought before the meeting and may take any corporate action.

(B) The new Board of ~~Directors~~ members shall sign the Board Member Oath taken upon their election ~~AND~~ and the ~~Officers~~ officers shall sign an Executive Officers agreement ~~Agreement~~ to follow the HARC Policies and Procedures Manual and the GAAP (Generally Accepted Accounting Principles) while conducting the corporation's business.

These two documents have been developed to ensure record keeping compliance with the requirements and rules of the By-Laws and applicable State and Federal Statutes. Copies of these signed documents shall be kept in the Corporate files.

SECTION 4. **Regular Meetings.** At the annual meeting of the Board, the Board shall establish the date and place of its

regular meetings, which shall occur at least quarterly. At least seven (7) days prior to each regular meeting, notice of it shall be posted in a prominent place and manner at each of the main entrances into the Hawaiian Acres subdivision (Ola'a, Kuauli, S. Kulani, and Ainaloa Drive), on the HARC website and Facebook page, or at the Hawaiian Acres Community Center.

SECTION 5. **Special Meetings.** Special meetings of the Board may be called at any time by the President or by any two (2) directors. ~~Written notice~~ Notice of each special meeting of the directors of the corporation, stating the authority for the call of the meeting and the place, day, and the hour thereof, shall be given to each director by the Secretary or by the persons calling the meeting at least three (3) days before the date set for such meeting.

SECTION 6. Notice of Meetings. ~~Such notice~~ Notice of regular or special meetings shall be given to each director in any of the following ways: (A) by leaving it with the director personally, ~~or~~ (B) by leaving it at the director's residence or usual place of business, ~~or~~ (C) by mailing it, postage prepaid, addressed, to the director at the director's address as it appears on the books of the corporation, (D) by telephone or other form of wire or wireless communication, or (E) by electronic transmission. If notice is given pursuant to the provisions of this section, the failure of any director to receive actual notice of the meeting shall in no way invalidate the meeting or any proceedings thereat. ~~The presence~~ Attendance of any director at any meeting shall ~~be equivalent of~~ constitute a waiver of ~~the requirement giving~~ notice of the that meeting to such director, unless the director attends for the express purpose of objecting to the holding of the meeting because of non-compliance with this Section 6.

~~SECTION 67.~~ **Rights of Members at Board Meetings.** Any member attending a meeting of the Board has the right to be recognized in the manner set forth by the Board for the purpose of addressing issues or expressing opinions concerning matters that are properly before the Board.

~~SECTION 78.~~ **Quorum.** ~~Four (4) directors shall constitute a quorum to transact business. To be valid, any act or business must receive the approval of a majority of such quorum. A vacancy or vacancies in the membership of the Board shall not affect the validity of any action of the Board, provided there is present at the meeting a quorum of all members to which the Board is entitled.~~ At any meeting of the Board, a majority of the number of directors in office immediately before the meeting shall constitute a quorum for the transaction of business at such meeting. The affirmative vote of the majority of the directors present at any meeting at which there is a quorum shall be valid as an act of the Board, except as otherwise provided by law, these By-Laws, or the Articles of Incorporation.

SECTION 9. Action Without a Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without meeting if all directors (A) execute a consent in writing setting forth the action to be taken, or (B) transmit an electronic transmission consenting to the action to be taken, which electronic transmission contains information from which the corporation may determine that the electronic transmission was authorized by the director who sent the electronic transmission. The consent shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this Section is effective when the last director signs the consent or gives consent by electronic transmission, unless the consent specifies a different effective date.

SECTION 10. Meeting Through Electronic or Other Means of Communication. The Board may permit any regular or special meeting to be conducted by any means of communication through which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by these means is deemed to be present at the meeting and any associated cost for such participation shall be the responsibility of the director.

SECTION ~~8~~11. **Adjournment.** In the absence of a quorum at the date, time and place of the meeting duly called, and at any called and held, the presiding officer, or a majority of the Board present may adjourn the meeting from time to time without further notice to convene or reconvene the meeting when a quorum may be present.

SECTION ~~9~~12. **Powers.** Subject to any limitations which may be set forth in the ~~Charter~~ Articles of Incorporation or in these By-Laws, the Board shall have full power to control and direct the business and affairs of the corporation and to do and provide for any and every lawful act, whether in the ordinary course of business of the corporation or otherwise.

SECTION ~~10~~13. **Removal and Resignation.** Any director may be removed from office by the concurring vote of three-fourths (3/4) of the voting members in good standing of the corporation present at any such meeting duly called and held for such purpose. A director may resign at any time by giving written notice thereof to the President or Secretary. A director shall be considered to have resigned (A) any time the director ceases to be a full-time resident of the Island of Hawaii, (B) misses three (3) consecutive meetings ~~or six total in one year~~, or (C) ceases to be a member in good standing of the corporation.

Permanent Removal. Should it be found that any current or former ~~board~~Board member/~~or~~ officer having acted with a documented pattern of failure to abide by the HARC By-Laws; failure to adhere to the established record keeping policies and procedures; and/or abuse of authority, including but not limited to using verbal threats and intimidations; said person(s) may be permanently prohibited from holding any position on the Hawaiian Acres Road Corporation. The Board ~~of Directors~~ must have a three-fourths (3/4) majority vote to approve said action against said individual(s).

SECTION ~~11~~14. **Vacancies.** If any vacancy occurs on the Board, the results of the most recent election will be reviewed, and the candidate(s) who were not elected will be contacted in order of the most votes received and asked if that candidate wishes to fill the vacancy. If any such candidate(s) wish to fill the vacancy, the candidate who received the most votes in the most recent election shall be appointed by the Board to fill the vacancy.

If none of the previous candidates now wishes to serve, a notice shall be posted on the HARC website and Facebook page, or at the Hawaiian Acres ~~Community Association~~Community Center, informing all members of the vacancy and asking interested members to submit resumes for the Board's review before the next scheduled ~~monthly~~ Board meeting, at which time the Board will review the resumes and fill the vacancy by affirmative majority vote.

If there are neither previous candidates willing to serve nor any members who submit resumes, the Board shall do its best to find a member willing to fill the vacancy. Any such member recruited by the Board shall be approved by affirmative majority vote of the Board at the next regular Board meeting after the member indicates a willingness to fill the vacancy.

Any successor selected to fill a vacancy shall serve out the term of the person whom the successor replaces.

SECTION ~~12~~15. **No Compensation of Directors.** Members of the Board shall receive no compensation for their services as directors but they may be reimbursed for actual expenses incurred on behalf of the corporation.

ARTICLE V

OFFICERS

SECTION 1. **Appointment and Term.** The officers of the corporation shall be a President, a Vice-President, a Treasurer, and a Secretary. Each of the officers shall be selected at the annual meeting of the Board and shall hold office until the next annual meeting of the Board or until a successor shall be duly appointed and qualified. ~~One person may not hold more than one office.~~ Only members in good standing who have been duly elected as directors may be officers. ~~If a vacancy occurs in any office, the Board may appoint a successor and those selected in accordance with ART. IV, Section 11 "Vacancies." fill such a vacancy for the remainder of the term.~~

SECTION 2. **Salaries.** The salaries and compensation, if any, of agents and employees shall be determined by the Board. The authority to fix the salary and compensation of agents and employees may not be delegated.

SECTION 3. **Bonds.** Any officer must be bondable before becoming a signatory officer. If such is required by the Board, a surety company bond for the faithful discharge of the officer's duties in such sum as the Board may require shall be deposited as the Board may direct.

SECTION 4. **President: Powers and Duties.** The President when present shall preside at all meetings of the members of the corporation and of the Board. Subject to the control of the Board, the President shall be the chief executive officer of the corporation, shall exercise general supervision and direction over the management and conduct the business and affairs of the corporation and shall have the right to inspect at all times any and all of the records, accounts and property of the corporation. The President shall also have such other powers and duties as are given elsewhere by law or in these se By-Law's and as may be assigned from time to time by the Board.

SECTION 5. **Vice-President: Powers and Duties.** The Vice-president shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. The Vice-President shall have such other powers and duties as ~~may be elsewhere~~ given by law or in these By-Laws and as may be assigned from time to time by the Board.

SECTION 6. **Treasurer: Powers and Duties.** The Treasurer shall receive all monies belonging to the corporation and deposit the same in a reliable bank or credit union. The Treasurer shall maintain a current membership list. The Treasurer shall pay out money only as approved by the President or as directed by the Board. The Treasurer shall account for all funds and disbursements at such time and in such manner as the Board may specify, and shall render a report of all receipts and disbursements at annual meetings. The Treasurer shall ~~also have the such other~~ powers and perform the duties customarily incidental to the office of the Treasurer and ~~such other powers and duties~~ as ~~may be given~~ elsewhere given by law or in these By-Laws ~~or and~~ as may be assigned from time to time by the Board.

SECTION 7. **Secretary: Powers and Duties.** The Secretary shall maintain minutes of meetings ~~for at least 7 years~~, one copy of which shall be secured digitally on the HARC website and the other of which shall be available for office use in an annual corporation binder. The Secretary shall attend and keep the minutes of all meetings of the members of the corporation and of the Board and of any committee. Minutes ~~may shall~~ be kept ~~by the in~~ electronic and written ~~formats minutes~~. The Secretary shall give all notices ~~provided~~ required by the By-Laws and shall have such other powers and perform the duties ~~as may be customarily~~ incidental to the office of the Secretary ~~or and~~ as elsewhere given by law or in these By-Laws and as may be assigned from time to time by the Board. ~~The Secretary shall be able to select a volunteer from the membership to be the corresponding secretary. The volunteer so selected shall be subject to approval by majority vote of the Board, and may be removed at any time by the Board, with or without cause.~~

SECTION 8. **Secretary Pro Tem.** If the Secretary shall not be present at any meeting, the presiding officer shall appoint a Secretary pro tem. The Secretary pro tem shall keep the minutes of such meeting and ~~record them in the books provided for that purpose~~ provide them to the Secretary to be secured in the manner set forth in Section 7 of the Article V.

SECTION 9. **Auditor.** The members in good standing of the corporation may at any annual meeting, or at any special meeting called for that purpose, appoint some person, firm or corporation engaged in the business of auditing to act as Auditor of the corporation. No director, officer of member shall be eligible to serve as Auditor of the corporation. The Auditor shall, as often as is required by the Board, examine the books and papers of the corporation and compare the statement of the Treasurer with the books and vouchers of the corporation and otherwise make a complete audit of the books of the corporation, and thereafter make appropriate reports to the Board, who shall within thirty (30) days of the completion of such audit make a copy thereof available to each member on the HARC website.

SECTION 10. **Removals, Vacancies, Resignations, and Absences.** The Board may at any time remove from office or discharge ~~from employment~~ any officer, subordinate officer, agent, or employee appointed by it or any person under authority delegated by it, except so far as such removal would be contrary to law.

If the office of any officer shall become vacant by reason of death, resignation, removal, disqualification, or otherwise the Board may appoint a successor who shall hold the office for the unexpired term.

An officer may resign at any time by giving written notice thereof to the ~~Board~~ President or Secretary. An officer shall be considered to have resigned any time that officer ceases to be qualified as a director as set forth in Section 13 of the Article IV or ceases to be a member in good standing of the corporation.

In the absence of the Treasurer or in the Treasurer's inability to act, or if that office is vacant, the duties thereof shall be performed by the Secretary.

In the absence of the Secretary or in the Secretary's inability to act, or if that office is vacant, the duties thereof shall be performed by ~~such Assistant Secretary as may have been designated by the Board, or otherwise by~~ the Treasurer.

ARTICLE VI

EXECUTION OF INSTRUMENTS

SECTION 1. **Authorized Signatures.** All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and all other instruments shall be signed by such person or persons as shall be provided by general or special resolution of the Board, and in the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the President and Treasurer or Secretary, or such other ~~board~~ Board member the Board may from ~~time to time~~ time to time determine, or in the absence of the President, by the Vice-President and ~~by the~~ Treasurer or Secretary or such other ~~board~~ Board member the Board may from ~~time to time~~ time to time determine.

SECTION 2. **No signatures by Related Persons.** The persons whose signatures are authorized under Section 1 of the Article VI shall not be related to each other by blood or marriage.

~~SECTION 3. **Annual Meeting.** The new Board of Directors Members shall sign the Oath taken upon their election AND the Officers shall sign an agreement to follow the HARC Policies and Procedures Manual and the GAAP (Generally Accepted Accounting Principles) while conducting the corporation's business. These two documents have been developed to ensure recorded keeping compliance with the requirements and rules of the By-Laws and applicable State and Federal Statutes. Copies of these signed documents shall be kept in the corporate files.~~

ARTICLE VII

LIABILITY OF OFFICERS AND DIRECTORS

SECTION 1. **Exculpation.** Each director and officer shall be free from all personal liability for any acts done on behalf of the corporation or for any losses incurred or sustained by the corporation unless the same have occurred through that director's or officer's willful negligence or willful misconduct.

SECTION 2. **Indemnification.** Every director or officer shall be indemnified by the corporation against all reasonable costs, expenses, and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon that director or officer in connection with or resulting from any claim, action, suit, proceeding, investigation or inquiry of whatever nature in which that director or officer may be involved as a party or otherwise by reason of his/her being or having been a director or officer of the corporation whether or not that director or officer continues to be such director or officer of the corporation at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which that director or officer shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct, willful neglect or negligence toward the corporation in the performance of the duties as such director or officer. As to whether or not a director or officer was liable by reason of willful misconduct, willful neglect or negligence toward the corporation in the performance of the duties as such director or officer, in the absence of such final adjudication of the existence of such liability, the Board and each director and officer may conclusively rely upon an opinion of legal counsel selected by or in the manner designated by the Board. The foregoing right to indemnification shall be in addition to and not in limitation of all other rights to which such person may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.

ARTICLE VIII

COMMITTEES

SECTION 1. **Term and Authority.** The chairperson and members of all committees shall serve at the pleasure of the Board and may be removed by the Board with or without cause. All committees shall be accountable to the Board

and shall report directly to it. All committees shall have such duties and authority as shall be prescribed by the Board or these By-Laws.

SECTION 2. **Special Committees.** There shall be special committees as may from time to time be created by the Board. All such committees shall have the term, duties, and authority as specified by the Board.

SECTION 3. **Standing Committees.** Standing committees shall consist of at least three (3), but not more than five (5) members, including the chairperson. Such committee members are to be chosen by the chairperson of said committee, who unless otherwise specified, shall be elected by and from the Board. Non-members may serve on subcommittees or in any advisory capacity on standing committees, subject to approval of the Board. There shall be such standing committees as may be determined from time to time by the Board; but in any case, there shall be the following standing committees:

A. **Executive Committee.** The officers of the corporation shall constitute an Executive Committee to meet on the call of the President or any two members of the Executive Committee for consideration of special matters in the interim between meetings of the Board. Such meetings shall be reported on by the President at the next meeting of the Board. A majority of the members of the Executive Committee shall constitute a quorum to transact business, and, in order to be valid, any act of business must receive the approval of the majority of the quorum. All appointments made by the President, to be valid, must be approved by the Executive Committee. Regardless of any other provisions of this section, the Executive Committee shall only have such powers and authority as may be delegated to it by the Board.

B. **Nominating Nomination Committee.** Not less than one hundred twenty (120) days in advance of the annual meeting, the Board shall establish a **Nominating Nomination** Committee by selecting one director as chairperson, who in turn will select two (2) additional committee members, neither of whom shall be directors but who shall be subject to confirmation by the Board. The **Nominating Nomination** Committee shall submit to the Board the name of at least one (1) member for each of the director positions to be filled by election at the next annual meeting. Subject to membership qualifications for directorship as specified elsewhere in these By-Laws, and an expression by the nominees of willingness to serve and to accept committee chair if it is offered, the names of nominees submitted by the **Nominating Nomination** Committee shall be approved by the Board.

Additional nominations of qualified members shall be accepted by the **Nominating Nomination** Committee, provided a petition signed by a minimum of ten (10) members in good standing is submitted to the **Nominating Nomination** Committee not later than seventy-five (75) days in advance of the regular annual meeting.

The **Nominating Nomination** Committee shall submit to the Secretary the names of all nominees, however determined, in alphabetical order in ballot form, not later than sixty (60) days in advance of the annual meeting and shall include a short, self-descriptive paragraph composed by each nominee, stating his or her qualifications, experience and stand on current corporation issues. The **Nominating Nomination** Committee shall also help plan, complete arrangements for, and assist in the conduct of the annual balloting; and shall also perform such duties as may be prescribed by the Board from time to time.

ARTICLE IX

INSPECTION OF CORPORATE RECORDS BOOKS AND RECORDS

SECTION 1. **Corporate Records.** The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board, and committees having any of the authority of the Board. The corporation shall keep a copy of the following records at its principal office: (A) Articles of Incorporation and all amendments currently in effect; (B) By-Laws and all amendments currently in effect; (C) Policies and Procedures and all amendments currently in effect; (D) Minutes of all meetings of members and records of all actions approved by the members for the past three (3) years; (E) Annual financial statements for the past three (3) years; (F) The most recent annual report filed with the Director of the Department of Commerce and Consumer Affairs. ~~The books of accounts and the minutes of proceedings of the members and directors shall be open to inspection (1) by any director, (2) upon written request of any member, at any reasonable time, and (3) at any time when required by the request of any member entitled to cast at least ten percent (10%) of the votes represented at any members' meeting. Such inspection may be made at the principal office of the corporation in person or by an agent or attorney and shall include the right to make extracts, but shall not include the right of removal of original documents from the principal office.~~

SECTION 2. ~~Charter of Incorporation and By-Laws~~Inspection of Corporate Records. The records required to be kept at the corporation's principal office set forth in Section 1 of this Article IX, and any other records as required by law, shall be open to inspection at a reasonable time upon written demand of any director or member providing notice of five (5) business days or more.~~The corporation shall keep in its principal office for the transaction of business a copy of the Charter of Incorporation and the By-Laws of the corporation as amended or otherwise altered to date, which shall be open to inspection by the members at all reasonable times during office hours.~~

ARTICLE X

RULES AND REGULATIONSPOLICIES AND PROCEDURES

SECTION 1. **Adoption.** The Board may from time to time adopt such ~~rules and regulations~~policies and procedures, as it deems necessary to effectuate the purpose of these By-Laws. Any such ~~rules and regulations~~policies and procedures shall be approved by the affirmative vote of a majority of the directors ~~full Board~~ and shall become effective upon such approval.

SECTION 2. **Availability of Rules Policies and Procedures.** All ~~rules and regulations~~policies and procedures adopted by the Board shall be put into written form and shall be available to and open to inspection by any member in the manner provided in Article IX of these By-Laws.

ARTICLE XI

CONFLICT OF INTEREST TRANSACTIONS

SECTION 1. **Conflict of Interest.** A conflict of interest transaction is a transaction in which a director of the corporation has a direct or indirect interest. For purposes of this Article XI, a director has an indirect interest in a transaction if: (A) Another entity in which the director has a material interest or of which the director is a general partner is a party to the transaction; or (B) Another entity of which the director is a director, officer, or trustee is a party to the transaction.

SECTION 2. **Conflict of Interest Transaction.** No transaction effected or proposed to be effected by the corporation in which a director has a conflict of interest shall be enjoined or set aside, or shall give rise to an award of damages or other sanctions in a proceeding by a member of the corporation if the transaction was fair at the time it was entered into or is approved in one of the following manners:

(A) The material facts of the transaction and the director's interest are disclosed or known to the Board and the transaction receives the affirmative vote of the majority (but no fewer than two) of the directors on the Board who have no direct or indirect interest in the transaction. A majority of the uninterested directors on the Board constitutes a quorum for the purposes of this subsection.

(B) The material facts of the transaction and the director's interest are disclosed or known to the members and the transaction receives the affirmative vote of the majority of the members entitled to vote. The members entitled to vote under this subsection are those members whose vote is not cast by or under the control of (a) a director with a direct or indirect interest in the transaction, or (b) an entity with a material interest in, or which is a general partner of, the transaction. A majority of the members in good standing entitled to vote under this subsection constitutes a quorum for purposes of this subsection.

ARTICLE XII

AMENDMENTS TO BY-LAWS

SECTION 1. **Procedure.** These By-Laws may be altered, amended, added to or repealed by an affirmative vote of ~~50% plus 1 of the members in good standing. A yes vote of~~ 50% plus 1 of the members in good standing who return written ballots at the annual meeting of the members ~~will complete the change.~~