

BY-LAWS  
OF  
THE EASTERN NEW YORK DRESSAGE AND  
COMBINED TRAINING ASSOCIATION, LTD.

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## Article I. OFFICES

### Section 1.01. NAME

The name of the corporation is the Eastern New York Dressage and Combined Training Association, Ltd. (the "Corporation"). The Corporation is a Charitable/Non-Charitable Not-for-Profit Corporation organized pursuant to Section 102 of the Not-For-Profit Corporation Law and exempt from taxation under 501(a) of the Internal Revenue Code.

### Section 1.02. OFFICE

The principal office of the Corporation shall be in the city of Albany, County of Albany, State of New York. The Corporation may also have offices at such other places within or without this state as the Board may from time to time determine or the business of the Corporation may require.

## Article II. PURPOSES

The purposes for which this Corporation has been organized are as follows:

As a non-profit membership corporation, to promote interest in dressage and combined training in practical and competitive fields of endeavor; to improve skills and abilities of horse and rider through correct fundamental training and provide instructional and athletic recreation for its members; to give and promote lectures, shows, horseback riding events and exhibitions of any and all description for the general enjoyment and improvement of the members; to provide competitive events, shows and dressage and combined training clinics for its members and members of other similarly constituted organizations.

In furtherance of its corporate purposes, in promoting dressage and combined training, the Corporation may from time to time permit non-members to participate in competitive events, shows and clinics for an appropriate fee.

No part of the income of the Corporation shall inure to the benefit of any member, Director, Officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation affecting one or more of its purposes), and no member, Director, Officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

In the event of dissolution, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof, be distributed to such organizations as shall qualify, under section 501 (c) (3) of the Internal Revenue Code of 1954, as amended, subject to an order of a Justice of the Supreme Court of the State of New York.

## Article III. MEMBERSHIP

### Section 3.01. QUALIFICATIONS FOR MEMBERSHIP

Any individual who expresses an interest in furthering the purposes of the Corporation and wishes to affiliate with the Corporation, agreeing to abide by the By-laws of the Corporation, shall be duly admitted as a member of the Corporation in good and regular standing upon submission of a membership application and payment of dues for the first year of membership. Acceptance of the aforesaid application by the President, Treasurer or Recording Secretary shall be required to affect admission.

- (a) There shall be three (3) classes of membership in the Corporation as described herein:
  - (i) Single Membership – individuals twenty-one years of age or over. The annual dues for individual members shall be set by the Board, and shall be payable on December 1 of each calendar year for current members, or upon joining, for new members. Single members may attend all meetings of the Corporation and shall be voting members, entitled to vote on any and all matters affecting the Corporation, including the election of Officers.
  - (ii) Business Membership. The annual dues for a business membership shall be set by the Board, and shall be payable on December 1 of each calendar year, for current members, or upon joining, for new members. Each Business member is entitled to one vote, and may vote on any and all matters affecting the Corporation. Business members may attend all meetings of the Corporation.
  - (iii) Junior Membership – individuals who are under twenty-one years of age. Dues for the junior members shall be set by the Board, and shall be payable on December 1 of each calendar year for current members, or upon joining, for new members. Junior members may attend all meetings of the Corporation but may not vote on any matter affecting the Corporation.
- (b) Removal of a General Member – any general member may be removed from membership with just cause, with a two-thirds vote of the Board. Written documentation of such causes must be delivered to the member 10 days prior to the date of the next Board meeting during which the situation will be discussed. The member will be invited to present a defense at this Board meeting prior to the vote for removal.
- (c) Reinstatement – on written request signed by a former member and filed with the President, the Board of Directors, by the affirmative vote of a two-thirds vote of the members of the Board may reinstate such former member to membership on such terms as the Board of Directors may deem appropriate.

### Section 3.02. MEMBERSHIP MEETINGS

The annual membership meeting of the Corporation shall be held during the month of November of each year, at a date and time to be fixed by the Board of Directors for the purpose of electing Officers and for the transaction of such other business as may come before the meeting. The Board of Directors must give at least thirty (30) days' notice of the annual meeting to all members of the Corporation. The order of business at all annual meetings of members shall be as follows:

- (a) Roll Call
- (b) Reports of Committees
- (c) Reports of Officers
- (d) Old and unfinished business
- (e) New business
- (f) Adjournments

Regular meetings of the Corporation shall be held monthly if and as deemed necessary by the Board. Notice of such regular meetings must be given to the Corporation.

The presence at any annual meeting or regular membership meeting of not less than ten percent of the voting members shall constitute a quorum and shall be necessary to conduct the business of the Corporation; however, a lesser number may adjourn the meeting for a period of not more than six weeks from the date scheduled and the Secretary shall cause a notice of the rescheduled date of the meeting to be sent to those members who were not present at the meeting originally called. A quorum as hereinbefore set forth shall be required at any adjourned meeting.

A membership roll showing the list of members as of the date of a regular, special or annual meeting, certified by the Recording Secretary of the Corporation, shall be produced at any meeting of members upon the request therefore of any member who has given written notice to the Corporation that such request will be made at least ten days prior to such meeting. All persons appearing on such membership roll shall be entitled to vote at the meeting.

### Section 3.03. SPECIAL MEETINGS

Special meetings of the Corporation may be called by the President. The Secretary shall cause a notice of such meeting to be mailed to all members at their addresses as they appear in the membership roll book at least ten days but not more than fifty days before the scheduled date of such meeting. Such notice shall state the date, time, place and purpose of the meeting and by whom called.

No other business but that specified in the notice transacted at such special meeting without the unanimous vote of all present at such meeting.

#### Section 3.04. ACTION BY MEMBERS WITHOUT A MEETING

Whenever members are required or permitted to take any action by vote, such action may be taken without a meeting by written consent, setting forth the action so taken, signed by all the members entitled to vote thereon.

#### Section 3.05. PROXIES

Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the discretion of the member executing it, except as otherwise provided by law.

#### Section 3.06. ORDER OF BUSINESS

All regular meetings are to be governed by Roberts Rules and shall include, at minimum the following:

- (a) Roll call
- (b) Reports of the President, Recording Secretary and Corresponding Secretary, and Treasurer
- (c) Old and unfinished business
- (d) New business
- (e) Adjournments

#### Article IV. DIRECTORS

##### Section 4.01. MANAGEMENT OF THE CORPORATION

The Corporation shall be managed by the Board of Directors which shall consist of the following Officers and members:

- (a) President
- (b) Vice-President
- (c) Recording Secretary
- (d) Corresponding Secretary
- (e) Treasurer
- (f) Member-at-Large
- (g) Member-at-Large
- (h) Editor of the Newsletter
- (i) Volunteer Coordinator

Each Director shall be at least nineteen years of age.

#### Section 4.02. TERM OF DIRECTORS

Each Officer and elected member-at-large, shall serve on the Board of Directors until the expiration of the term for which s/he was elected and until her or his successor has been elected and shall have qualified, or until her or his prior resignation or removal.

#### Section 4.03. MEMBER-AT-LARGE

Two members may be elected to the Board of Directors at the biennial election of Officers by a majority of the members then voting. The members thus elected will be designated as members-at-large and shall serve as members of the Board of Directors until the expiration of the term for which s/he was elected and until her or his successor has been elected and shall have qualified, or until her or his prior resignation or removal. No members may be elected as members-at-large to the Board of Directors unless such member is at least nineteen years of age at the commencement of the term to which elected and shall have been a member in good and regular standing, by the payment of annual dues, for a minimum of one year prior to commencement of term to which elected.

#### Section 4.04. INCREASE OR DECREASE IN THE NUMBER OF DIRECTORS

The number of Directors may be increased or decreased only by a majority vote of all members qualified to vote on matters affecting the Corporation. Newly created directorships shall augment the number of members-at-large on the Board of Directors. Directorships abolished by this provision shall be those of the members-at-large. No decrease in number of Directors shall shorten the term of any incumbent Director. In no event shall the Board of Directors consist of less than six members those members being the Officers of the Corporation.

#### Section 4.05. NEWLY CREATED DIRECTORSHIPS AND VACANCIES

Newly created directorships resulting from an increase in the number of Directors and vacancies occurring in the Board for any reason may be filled by a vote of a majority of the members entitled to vote then present, although less than a quorum exists. Vacancies occurring by reason of the removal of Directors with cause shall be filled by affirmative vote of the Board. A Director elected to fill a vacancy caused by resignation, death or removal shall be elected to hold office for the unexpired term of her or his predecessor.

#### Section 4.06. REMOVAL OF DIRECTORS

Any or all of the Directors may be removed with just cause by a two-thirds vote of the general membership and unanimous action by the balance of the Board.

For purposes of this section, "just cause" shall mean any one or more of the following acts:

- (a) Willful damaging of the Corporation's property, business, reputation or goodwill;
- (b) Commission of a felony;
- (c) Theft, dishonesty, fraud, or embezzlement;



- (d) Inattention to or neglect of the duties to be performed by the Director which is not the result of illness or accident;
- (e) The use of alcohol, narcotics or other controlled substance to the extent that it prevents the Director for efficiently performing services for the Corporation;
- (f) Willfully injuring of any other Director of the Corporation or any person in the course of performance of services for the Corporation; and
- (g) Disclosing to any unauthorized persons confidential information regarding the Corporation.

#### Section 4.07. RESIGNATION

A Director may resign at any time by giving written notice to the Board, the President or the Secretary of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such Officer, and the acceptance of the resignation shall not be necessary to make it effective.

#### Section 4.08. QUORUM OF DIRECTORS

Unless otherwise provided in the certificate of incorporation, a majority of the entire Board shall constitute a quorum for the transaction of business or of any specified item of business.

#### Section 4.09. ACTION OF THE BOARD

Unless otherwise required by law, the vote of a majority of the Directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board. Each Director present shall have one vote.

#### Section 4.10. PLACE AND TIME OF OPEN BOARD MEETINGS

The Board shall hold its regular meetings, which will be open to the general membership, at the office of the Corporation or at such other places, either within or without the state, as it may from time to time determine and notice of such meetings shall be published in the newsletter.

#### Section 4.11. NOTICE OF SPECIAL CLOSED MEETINGS OF THE BOARD, ADJOURNMENT

Special closed meetings of the Board shall be held upon notice to the Directors and may be called by the President upon 10 days' notice to each Director either personally or by mail or by phone; special meetings shall be called by the President or the Recording Secretary in a like manner on written request of three Directors. Notice of a meeting need not be given to any Director who submits a waiver of notice. After such closed Board meeting the general membership will receive notice as to the proceedings of the meeting and final proposals or decisions must be approved by a two-thirds vote of the general membership.

#### Section 4.12. CHAIRPERSON

At all meetings of the Board, the President, or in her absence, a chairperson chosen by the Board shall preside.

#### Section 4.13. EXECUTIVE AND OTHER COMMITTEES

The Board, by resolution adopted by a majority of the entire Board, may designate an executive committee and other committees each consisting of three or more members. Each such committee shall report to the Board and serve at the discretion of the Board.

#### Section 4.14. RESPONSIBILITIES

Subject to the limitation of the Certificate of Incorporation and these By-laws, the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate activities of the Corporation to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors. The responsibilities of the Board of Directors are:

- (a) To conduct, manage, and supervise the affairs and activities of the Corporation in an efficient and timely way.
- (b) To establish and enforce the By-laws and any other rules, regulations, policies or procedures governing the activities of the Corporation.
- (c) To select and remove any employee, agent, or representative of the Corporation.
- (d) To approve the addition, re-election, or replacement of any Director or Officer.
- (e) To approve contracts, agreements, or any other documents with legal, policy or fiscal implications.
- (f) To authorize any Director, Officer, employee, agent or representative to enter into any contract or other agreement for the Corporation.
- (g) To approve the Corporation's annual budget for the coming year.
- (h) To set an annual schedule of meetings.
- (i) To delegate, when necessary, to Officers or other Directors, specific responsibilities that are not stated in the By-Laws.
- (j) To authorized the borrowing of money or the incurring of indebtedness for the Corporation's purposes.
- (k) To accept any contribution, gift, bequest or devise for the Corporation purposes.
- (l) To assign duties to any standing or special committee as necessary.

#### Section 4.15. ELECTION OF DIRECTORS

The Directors of the Corporation shall be elected at the Annual Meeting.

#### Section 4.16. RIGHTS OF INSPECTION

Every Director shall have the absolute right at any responsible time to inspect and copy all books, records, and documents of every kind and to inspect the real and other property owned by the Corporation.

#### Section 4.17. FEES AND COMPENSATION

Directors shall not receive any stated salary for their services as a member of the Board of Directors. However, reasonable expenses incurred while attending external meetings, conferences, and seminars relating to the official business of the Corporation may be reimbursed if approved by the Board of Directors. The Board of Directors may, in its discretion, contract with and pay to Directors rendering services to or for the benefit of the Corporation appropriate to the value of such services.

#### Section 4.18. SELF-DEALING TRANSACTION

The Board shall not approve a self-dealing transaction except as provided herein. A self-dealing transaction is one to which the Corporation is a party and in which one or more of the Directors has a material financial interest, or a transaction between the Corporation and one or more of its Directors, or a transaction involving the Corporation and any person related in a material financial way whatsoever to one or more of its Directors. The Board of Directors may approve a self-dealing transaction if the Board determines that the transaction is in the best interest of and is fair and reasonable to the Corporation, and after a reasonable investigation, determined that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determination must be made by the Board of Directors, in good faith, with knowledge of the material facts concerning the transaction and Directors' interest in the transaction, and by the vote of the majority of the Directors then in office with the interested Director(s) abstaining from voting.

### Article V. OFFICERS

#### Section 5.01. OFFICES, ELECTION, TERM

Officers of the association shall be limited to President, Vice-President, Recording Secretary, Corresponding Secretary, Treasurer and Editor of the Newsletter, who shall have duties, powers and functions as hereinafter provided. Since 1979, all Officers are elected on a biennial basis, the election being held at the annual meeting. Each Officer shall hold office for two years and serve for the term for which he or she was elected until his or her successor has been elected and qualified.

## Section 5.02. REMOVAL, RESIGNATION

Any Officer elected or appointed by the Board may be removed by the Board with cause. In the event of the death, resignation or removal of an Officer, the Board, at its discretion, may elect or appoint a successor to fill the unexpired term. Any two or more offices may be held by the same person with the exception of the President, Recording Secretary and Treasurer. These offices must be held by three separate individuals.

## Section 5.03. PRESIDENT

The President shall be the chief executive officer of the corporation; s/he shall preside at all meetings of the members and of the Board; s/he shall have the general management of the affairs of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He shall also work in close conjunction with the Vice-President concerning all orders of business. This shall include the timely delegation to the Vice-President or other Officers some or all of the following duties:

- (a) Chair meetings of the Board of Directors;
- (b) Facilitate the orderly transaction of the Corporation's business and the attainment of the Corporation's objectives, including the proper functioning of standing committees;
- (c) Sign policy and fiscal documents with prior authorization from the Board of Directors;
- (d) Sign routine administrative documents such as tax forms, reports on behalf of the Board of Directors, and letters relating to fund raising or similar activities;
- (e) Act as the principal representative of the Corporation at public functions;
- (f) Seek, obtain and transmit regular reports from the Board of Directors or any committees of the Corporation;
- (g) Set overall the Corporation's priorities, including short-term and long-term goals, with the other Officers; and
- (h) Perform other duties at the request of the Board of Directors.

## Section 5.04. VICE-PRESIDENT

During the absence or disability of the president, the vice-president shall have all the powers and functions of the president. The vice-president shall perform such other duties as the board shall prescribe and s/he shall keep herself/himself well informed concerning all orders of business.

## Section 5.05. TREASURER

The Treasurer shall have the care and custody of all the funds of the Corporation, and shall deposit said funds in the name of the Corporation in such bank or trust company as the Directors may elect; s/he shall, when duly authorized by the Board of Directors, sign and execute all contracts in the name of Corporation, s/he shall also sign all checks, drafts, notes, and orders for the payment of

money which shall be duly authorized by the Board of Directors. Disbursements in the excess of \$1,500.00 (check or credit card) shall be countersigned by an authorized Director or member. The Treasurer shall at all reasonable times exhibit her or his books and accounts to any Director or member of the Corporation upon application at the office of the Corporation during ordinary business hours. At the end of each corporate year, s/he shall have an audit of the accounts of the Corporation made by a committee appointed by the President, and shall present such audit in writing at the annual meeting of the members, at which time s/he shall also present an annual report setting forth in full the financial conditions of the Corporation. He or she shall meet all obligations to file all IRS forms in a timely manner. He or she shall present a yearly budget which must be approved by the Executive Board.

#### Section 5.06. RECORDING SECRETARY

The Recording Secretary shall keep the minutes of the Board of Directors and also the minutes of the members. S/he shall have the custody of the seal of the Corporation and shall affix and attest the same to documents when duly authorized by the Board of Directors. S/he shall attend to the giving and serving of all notices of the Corporation, and shall have charge of such books and papers as the Board of Directors may direct; and perform all duties incidental to his or her office. S/he shall keep a membership roll containing the names, alphabetically arranged, of all persons who are members of the Corporation, showing their places of residence and the time when they became members. Any reference in these By-laws to the Secretary shall refer to the Recording Secretary only.

#### Section 5.07. CORRESPONDING SECRETARY

During the absence or disability of the Recording Secretary, the Corresponding Secretary shall have all the powers and functions of the Recording Secretary. The Corresponding Secretary shall regularly be responsible for all correspondence on behalf of the association and assist in the publicity for the association.

#### Section 5.08. EDITOR OF THE NEWSLETTER

The Editor shall be responsible for collecting and correlating all material which is to be published in the newsletter. She or he is responsible for its publication and mailing to all members of the organization as well as to people carried on the mailing list. S/he shall also be responsible for seeing that the newsletter is published at least ten (10) times per year. Material which is to be published is to be presented to the Board for discussion and approval, when areas of controversy or major expense are concerned.

#### Section 5.09. VOLUNTEER COORDINATOR

The Volunteer Coordinator shall be responsible for securing and organizing volunteers for the Corporation's events and activities.

#### Section 5.10. SURETIES AND BONDS

In case the Board shall so require, any Officer or agent of the Corporation shall execute to the Corporation a bond in such sum and with such surety or sureties as the Board may direct, conditioned upon the faithful performance of his duties to the Corporation and including responsibility for negligence and for the accounting for all property, funds or securities of the Corporation which may come into his needs.

#### Section 5.11. VACANCIES

A vacancy in an office because of death, resignation, removal, disqualification, or any other such cause shall be filled in the manner prescribed in these By-laws for regular election to such office, provided that such vacancies may be filled at any regular or special meeting.

#### Section 5.12. FEES AND COMPENSATION

Officers shall not receive any stated salary for their services as an Officer of the Corporation. However, reasonable expenses incurred while attending external meetings, conferences, and seminars relating to the official business of the Corporation may be reimbursed if approved by the Board of Directors. The Board of Directors may, in its discretion, contract with and pay Officers rendering services to or for the benefit of the Corporation appropriate to the value of such services.

#### Article VI. SEAL

The seal of the Corporation shall be as follows:

#### Article VII. CONSTRUCTION

If there be any conflict between the provisions of the certificate of incorporation and these By-laws, the provisions of the certificate of incorporation shall govern.

#### Article VIII. AMENDMENTS

The by-laws may be adopted, amended or repealed by the members at the time they entitled to vote in the election of Directors. By-laws may also be adopted, amended or repealed by the Board of Directors but any By-law adopted, amended or repealed by the Board may be amended by the members entitled to vote thereon as hereinbefore provided. If any By-law regulating an impending election of Directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of members for the election of Directors the by-laws so adopted, amended or repealed together with a concise statement of the changes made.

## Article IX. MISCELLANEOUS

The Corporation's fiscal year shall be from December 1 through November 30.

ROBERT'S RULES OF ORDER shall govern all meetings of the Corporation when not in conflict with these by-laws.

## Article X. DISSOLUTION

In the event of the dissolution of the Corporation, all the remaining assets of the Corporation shall, after necessary expenses thereof, be distributed to another organization exempt under Section 501(c)(3) of the Internal Revenue Code, or to the federal government, or the state or local government, for public purposes, subject to the approval of a Justice of the Supreme Court of the State of New York, in which County the office of the Corporation is located.

## Article XI. INDEMNIFICATION

### Section 11.01. INDEMNIFICATION

To the maximum extent permitted by the Not-for-Profit Corporation Law, the Corporation shall indemnify its currently acting and its former Directors and any Director who serves or has served, at the request of the Corporation as a Director, Officers, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against any and all liabilities and expenses incurred in connection with their services in such capacities. The Corporation shall indemnify its currently acting and its former Officers to the same extent that it indemnifies its currently acting and former Directors, and may indemnify its currently acting and its former Officers to such further extent determined by the Board of Directors. The Corporation may also advance expenses, to the extent permitted by the Not-for-Profit Corporation Law, to persons referred to above.

### Section 11.02. INSURANCE

The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation against any liability, other than for violating provisions against self-dealing, asserted against or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against that liability under the provisions of this Article XI.

## Article XII. GENERAL PROHIBITIONS

### Section 12.01. FINANCIAL PROHIBITIONS

The Corporation shall not be operated for profit. No part of the assets of the Corporation shall inure to the private benefit of any Director. The Corporation shall not lend any part of its assets to any Director, employee, agent or representative. The Corporation shall not pay any compensation in excess of a reasonable allowance for travel, necessary expenses or other personal service to any Director, employee, agent or representative. The Corporation shall not

make any part of its services available on preferential basis to any Director. The Corporation shall not make any purchase of securities or any other property for more than adequate consideration to any Director, employee, agent or representative. The Corporation shall not sell any assets for less than adequate consideration to any Director, employee, agent or representative.

#### Section 12.02. POLITICAL INVOLVEMENT

No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in political campaigns on behalf of any candidates for public office.

#### Article XIII. CONFLICT OF INTEREST

##### Section 13.01. PURPOSE

The purpose of the conflict of interest policy is to protect the interest of this tax-exempt organization's (ENYDCTA) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer or Director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

##### Section 13.02. DEFINITIONS

###### 1. Interested Person

Any Director, principal Officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

###### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- (a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- (b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Section 13.03, paragraph (b), a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

##### Section 13.03. PROCEDURES



#### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### Procedures for Addressing the Conflict of Interest

- (a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Conflicts of Interest Policy

- (a) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### Section 13.04. RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### Section 13.05. COMPENSATION

- (a) A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Section 13.06. ANNUAL STATEMENTS

Each Director, principal Officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### Section 13.07. PERIODIC REVIEWS

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### Section 13.08. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 13.07, the Corporation may, but need not, use outside experts. If outside experts are used, their use shall relieve the governing board of its responsibility of ensuring periodic review are conducted.