

**AMENDED AND RESTATED BYLAWS
OF
VALLEY ISLE ROAD RUNNERS, INC.**

**ARTICLE 1
ACTIVIES AND AFFILIATIONS**

Section 1.1 Purpose. The purpose and mission of Valley Isle Road Runners, Inc. (the “Corporation”) is to promote running and support a vibrant running community in Maui County.

Section 1.2 Activities. In furtherance of its purposes, the Corporation may hold championships, races on roads or tracks, lectures, fun runs, track workouts, trail runs, educational activities, demonstrations, clinics, social events, and fundraising. The Corporation may publish and distribute books, magazines, newsletters, and electronic media (*e.g.*, emails and web site content), present awards, and do all such other things as may be conducive to the promotion and pursuit of the Purpose of the Corporation.

Section 1.3 Affiliations. The Corporation shall be a chapter of The Road Runners Club of America, Inc., a Virginia corporation (the “RRCA”), and all measures adopted by that body must be considered by the Corporation. The Corporation shall submit a portion of the annual dues described in **Section 3.3** to the RRCA, as Membership in that body shall require. Subject to the discretion of the Board of Directors, the Corporation may affiliate with, and pay dues or other charges to local, national, or international organizations having similar or purpose to the Corporation.

Section 1.4 Nonprofit Character. The Corporation shall be a nonprofit corporation. The Corporation shall not authorize or issue shares of stock. No dividend shall be paid and no part of the income or earnings which may be derived from its operations in pursuance of the purposes of the Corporation, shall be distributed to or inure to benefit of any Member, Director or officer of the Corporation, or any private individual, but shall be used to promote the Purpose of the Corporation.

**ARTICLE 2
OFFICES AND AGENT**

Section 2.1 Registered Agent. The Corporation shall continuously maintain in the State of Hawaii a registered agent as required by law.

Section 2.2 Principal and Other Offices. The principal office of the Corporation, being the office designated from time to time in the annual report where the principal offices of the Corporation are located, and other offices of the Corporation, if any, may be located at any place in or out of the State of Hawaii as the Board of Directors may designate or as the purposes of the Corporation may require.

ARTICLE 3 **MEMBERS**

Section 3.1 Membership. The Members of the Corporation shall consist of all Directors and all other persons admitted as Members in accordance with these Bylaws. Membership in the Corporation shall be evidenced by the Membership roll of the Corporation.

Section 3.2 Admission of Members. The power to admit Members shall be vested solely in the Board of Directors. No person who owes dues or other amounts to the Corporation shall be a Member of the Corporation or have any rights of Membership until such dues and other amounts are paid in full, whereupon such person shall be admitted or re-admitted as a Member in good standing. The Board of Directors shall prescribe from time to time the qualifications and other requirements for Membership and shall have the power to create classes of Membership conferring such rights and privileges and imposing such obligations as may be determined from time to time by the Board of Directors.

Section 3.3 Dues. The Board of Directors shall determine from time to time the amount of dues, fees, fines, assessments, or any other charges, to be remitted, in order to maintain a status of good standing for a Member.

Section 3.4 Termination, Expulsion, and Suspension. A Member's Membership may be terminated and the Member may be expelled or suspended by the vote of **two-thirds (2/3rds)** of the Directors then in office. At least **fifteen (15) days** prior to the termination, expulsion or suspension of any Member, the Board of Directors or the President shall provide in a written notice to the Member, the reasons for the effective date of any proposed termination, expulsion, or suspension. Written notice given by mail shall be given by first class or certified mail sent to the last known address of the Member shown on the Corporation's records. The Member shall have not less than **five (5) days** prior to the effective date of the termination, expulsion or suspension to respond, orally or in writing, to the Board of Directors as to why the proposed termination, expulsion, or suspension should not take place. A Member whose Membership has been terminated, or who has been expelled or suspended, shall be liable to the Corporation for dues, fees, and/or assessments, as a result of obligations incurred or commitments made prior to the termination, expulsion or suspension.

ARTICLE 4 **MEETINGS OF MEMBERS**

Section 4.1 Annual Meetings. The annual meeting of Members shall be held each year at such time and location as the Board of Directors shall determine. At the annual meeting, the President and the Treasurer shall report on the activities and financial condition of the Corporation and the Members shall consider and act upon other matters as may be raised consistent with the notice requirements of these Bylaws and applicable law, including the election of Directors every other year.

Section 4.2 Special Meetings. The Corporation shall hold a special meeting of Members on call of the Board of Directors, the President, or the holders of at least **five percent (5%)** of the voting power of the Corporation, who sign, date, and deliver to any corporate officer

one (1) or more written demands for a meeting describing the purpose or purposes for which it is to be held. The close of business on the **thirtieth (30th) day** before delivery of the demand or demands for a special meeting to any corporate officer, shall be the record date for the purpose of determining whether the **five percent (5%)** requirement has been met. If a notice for a special meeting demanded by the voting Members is not given pursuant to **Section 4.5** within **thirty (30) days** after the date the written demand or demands are delivered to a corporate officer, any person signing the demand or demands may set the time and place of the meeting and give notice pursuant to such section. Only those matters that are within the purpose or purposes described in the meeting notice required by such section may be conducted at a special meeting of Members.

Section 4.3 Place of Meeting. The Board of Directors may designate any location as the place of meeting for any annual meeting or any special meeting of the Members.

Section 4.4 Action by Written Consent. Any action required or permitted to be taken at a meeting of the Members, may be taken without a meeting of Members if the action is approved by Members holding at least **eighty percent (80%)** of the voting power. The action must be evidenced by **one (1)** or more written consents describing the action taken, signed by those Members representing at least **eighty percent (80%)** of the voting power, and delivered to the Corporation for inclusion in the Minutes or filing with the corporate records. A consent signed under this **Section 4.4** has the effect of a meeting vote. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent. If written notice is required, Member approval pursuant to this Section shall be effective **ten (10) days** after the written notice is given. Except as otherwise required by law, the failure to give written notice of Member approval shall not affect the validity of any Membership action.

Section 4.5 Notice of Meeting. The Corporation shall give written notice to each Member of the place, date, and time of each annual, regular and special meeting of Members no fewer than **ten (10)** nor more than **sixty (60) days** before the meeting date. Notice of an annual or regular meeting shall include a description of any matter or matters that must be approved by the Members; indemnification of Directors; amendment of the Articles of Incorporation; a plan of merger; the sale, lease, exchange or disposition of all, or substantially all, of the assets of the Corporation other than in the usual and regular course of activities; or dissolution of the Corporation. Notice of a special meeting shall include a description of the matter or matters for which the meeting is called. If an annual, regular, or special meeting of Members is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place, if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed per **Section 4.7**, however, notice of the adjourned meeting shall be given under this **Section 4.5** to the Members of record as of the new record date.

Section 4.6 Waiver of Notice. A Member may waive any notice before or after the date and time stated in the notice. The waiver shall be in writing, be signed by the Member entitled to the notice, and be delivered to the Corporation for inclusion in the Minutes or filing with the corporate records. A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes

described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 4.7 Record Date. The Board of Directors may fix the record date to determine the Members entitled to notice of a Members' meeting, to determine the Members entitled to vote at a Members' meeting, to determine the Members entitled to approve actions taken with written consent as described in **Section 4.4** above, or to determine the Members entitled to exercise any rights in respect of any other lawful action, provided that the record date is not more than **seventy (70) days** before the meeting or action requiring a determination of Members occurs. A determination of Members entitled to notice of or to vote at a Membership meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote, which it must do if the meeting is adjourned to a date more than **seventy (70) days** after the record date for determining Members entitled to notice of the original meeting.

Section 4.8 Membership List for Meetings. After fixing a record date for a notice of a meeting, the Corporation shall prepare an alphabetical list of the names of all its Members who are entitled to notice of the meeting. The list shall show the address of each Member entitled to vote at the meeting. The Corporation shall prepare on a current basis through the time of the Membership meeting, a list of Members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. This list shall be prepared on the same basis and be part of the list of Members. The list of Members must be available for inspection by any Member for the purpose of communication with other Members concerning the meeting, at the Corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held, beginning **two (2) business days** after notice of the meeting for which the list was prepared is given, and continuing through the meeting. A Member, or a Member's agent, or Member's attorney, is entitled on written demand to inspect and, subject to the limitations of Hawaii Revised Statutes Sections 414D-302(c) and 414D-305 (as the same may be amended or recodified from time to time), to copy the list, at a reasonable time and at the Member's expense, during the period it is available for inspection. The Corporation shall make the list of Members available at the meeting, provided that a request for the list is submitted no fewer than **five (5) business days** prior to the scheduled date of the meeting. Any Member, Member's agent, or Member's attorney, is entitled to inspect the list at any time during the meeting or any adjournment.

Section 4.9 Voting Entitlement of Members. Each Member shall be entitled to **one (1) vote** on each matter submitted to a vote of Members.

Section 4.10 Quorum Requirements. **Ten percent (10%)** of the votes entitled to be cast on a matter shall be represented at a meeting of Members to constitute a quorum on that matter. A Bylaws amendment to decrease the quorum for any Member action may be approved by the Members or by the Board of Directors. A Bylaws amendment to increase the quorum for any Member action must be approved by the Members. Unless **one-third (1/3rd)** or more of the voting power is present in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of Members are those matters that are described in the meeting notice.

Section 4.11 Voting Requirements. Unless the Articles of Incorporation, these Bylaws or the Hawaii Nonprofit Corporations Act requires a greater vote, if a quorum is present, the affirmative vote of the votes represented and voting (which affirmative votes also constitute a majority of the required quorum) is the act of the Members. A Bylaw amendment to increase or decrease the vote required for any Member action must be approved by the Members.

Section 4.12 Action by Ballot. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Corporation delivers a ballot to every Member entitled to vote on the matter. The Corporation may deliver ballots by electronic transmission and votes may be cast via electronic submission.

Section 4.12.1 Ballot Requirements. A ballot shall: **(a)** be either in written form or in the form of an electronic transmission; **(b)** set forth each proposed action; **(c)** provide an opportunity to vote for or withhold a vote for each candidate for election as a Director or officer; and **(d)** provide an opportunity to vote for or against each proposed action.

Section 4.12.2 Validity. Approval by ballot pursuant to this **Section 4.12** shall be valid only if: **(a)** the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting to authorize the action; and **(b)** the number of affirmative votes equals or exceeds the number of affirmative votes for approval that would be required to approve the action at a meeting

Section 4.12.3 Solicitations. All solicitations for votes by ballot shall: **(a)** indicate the number of responses needed to meet the quorum requirements; **(b)** state the percentage of approvals necessary to approve each action; and **(c)** specify the time by which a ballot shall be received by the Corporation in order to be counted.

Section 4.12.4 No Revocation. A ballot shall not be revoked.

Section 4.13 Proxies. A Member may appoint a proxy to vote or otherwise act for the Member by signing an appointment form either personally or by an attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for **eleven (11) months** unless a different period is expressly provided in the appointment form, provided that no proxy shall be valid for more than **three (3) years** from its date of execution. An appointment of a proxy is revocable by the Member. The death or incapacity of the Member appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises authority under the appointment. An appointment of a proxy is revocable by the Member.

Section 4.14 Acceptance of Votes. If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a Member, the Corporation, acting in good faith, is entitled to accept the vote, consent, waiver, or proxy appointment and to give it effect as the act of the Member. Subject to any express limitation on a proxy's authority appearing on the face of the appointment form, the Corporation is entitled to accept the proxy's vote or other action as that of the Member making the appointment. The Corporation is entitled to reject a vote, consent,

waiver, or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or the signatory's authority to sign for the Member. The Corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards of this **Section 4.14** are not liable in damages to the Member for the consequences of the acceptance or rejection. Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under this Section is valid unless a court of competent jurisdiction determines otherwise.

ARTICLE 5 **DIRECTORS**

Section 5.1 Authority of Board of Directors. All corporate powers shall be exercised by or under the authority of its Board of Directors, including the management of the Corporation's affairs.

Section 5.2 Qualifications, Number of Directors and Chairman. Each Director shall be an individual and a Member in good standing of the Corporation. A Director need not be a resident of Hawaii. The Board of Directors shall consist of **seven (7)** individuals. The number of Directors may be increased or decreased [but to no fewer than **seven (7)**] from time to time by the Board of Directors. The Board of Directors may appoint from among its Directors a chairman who shall preside at all meetings, serve during the pleasure of the Board of Directors, and perform such other duties as may be assigned by the Articles of Incorporation, these Bylaws or the Board of Directors.

Section 5.3 Election. At the first annual meeting after adoption of these Bylaws, all the Directors shall be elected. Thereafter, their successors shall be elected at each other annual meeting of the Members or at any special meeting of the Members held for that purpose. Directors shall be elected by a majority vote of the Members present in person or by proxy at any such meeting. If all nominees are unopposed, the entire slate may be voted on at once. Otherwise, the candidate(s) for each Director position shall be voted on separately.

Section 5.4 Term of Office. From and after the election of Directors at the first annual meeting after adoption of these Bylaws, the term of each Director shall be **two (2) years**. Despite the expiration of a Director's term, the Director continues to serve until the Director's successor is elected or until there is a decrease in the number of Directors. A decrease in the number of Directors or term of office does not shorten an incumbent Director's term. The term of a Director filling a vacancy in the office of a Director expires at the end of the unexpired term that the Director is filling. Directors may serve staggered terms by dividing the total number of Directors into groups. The terms of office of the groups need not be uniform.

Section 5.5 Resignation of Directors. A Director may resign at any time by delivering written notice to the Board of Directors, the chairman of the Board, the President, or the Secretary. Unless the notice specifies a later effective date, the resignation is effective at the earliest of the following: when the notice is received; **five (5) days** after its deposit with the U.S. Postal Service as evidenced by the postmark, provided the notice is correctly addressed with first class postage; on the date shown on the return receipt, if sent by registered or certified mail,

return receipt requested and the receipt is signed by or on behalf of the addressee; or **thirty (30) days** after its deposit with the U.S. Postal Service as evidenced by the postmark, if correctly addressed but with other than first class, registered, or certified postage. If a resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

Section 5.6 Removal of Directors. The Members or a majority of the remaining Directors may remove **one (1)** or more Directors elected by them for cause or conduct inconsistent with the best interest of the Corporation, if the number of votes cast to remove the Director would be sufficient to elect the Director at a meeting to elect Directors. A Director may be removed by the Members only at a meeting called for the purpose of removing the Director, and the meeting notice must state that the purpose, or one of the purposes of the meeting, is removal of the Director. An entire Board of Directors may be removed. A majority of the Directors then in office may remove any Director elected in accordance with **Section 5.3** for missing **three (3)** Board meetings in any **twelve (12) month** period.

Section 5.7 Vacancy on Board. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Board of Directors or the Members may fill the vacancy. If the Directors remaining in office constitute less than a quorum, the Board of Directors may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, however, the new Director may not take office until the vacancy occurs.

Section 5.8 Compensation of Directors. Directors shall serve without compensation. The Board of Directors may provide for reimbursement of all or part of Directors' reasonable expenses of attending meetings of the Board of Directors or committees.

Section 5.9 Meetings of the Board of Directors. A regular meeting of the Board of Directors shall be held at the same place as and immediately after the annual meeting of Members without notice other than this Bylaw for the purpose of appointing any officers to be appointed by the Board of Directors and transacting such other business as may come before the meeting. Regular meetings are meetings whose time and place has been fixed by the Board of Directors or these Bylaws. The Board of Directors may hold other regular meetings or special meetings in the State of Hawaii. The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting. The Board of Directors shall have the discretion to invite non-Directors to Board meetings, provided, however, that all or any portion of a Board meeting may be declared a closed session by a majority vote of the Directors present.

Section 5.10 Action Without a Meeting. Action required or permitted to be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all Members of the Board of Directors. The action must be evidenced by **one (1)** or more written consents describing the action taken, signed by each Director, and included in the Minutes filed

with the corporate records reflecting the action taken. Action taken by unanimous written consent of the Directors is effective when the last Director signs the consent, unless the consent specifies a different effective date. A unanimous written consent as described, has the effect of a meeting vote and may be described as such in any document.

Section 5.11 Call and Notice of Meetings. Regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Special meetings of the Board of Directors must be preceded by at least **two (2) days** notice of the date, time, and place of the meeting. The notice need not describe the purpose of the special meeting. The chairman of the Board, the President, or **twenty percent (20%)** of the Directors then in office may call and give notice of a meeting of the Board of Directors.

Section 5.12 Waiver of Notice. A Director may waive any required notice before or after the date and time stated in the notice. The waiver shall be in writing, signed by the Director entitled to the notice, and filed with the Minutes or corporate records, except that a Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting, unless the Director at the beginning of the meeting or prior to the vote on a matter not noticed in conformity with the law or the Bylaws, objects to lack of notice and does not thereafter vote for or assent to the objected to action.

Section 5.13 Quorum and Voting. A quorum of the Board of Directors consists of a majority of the Directors in office immediately before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board unless the Hawaii Nonprofit Corporations Act, the Articles of Incorporation, these Bylaws or other applicable law requires the vote of a greater number of Directors.

Section 5.14 Committees of the Board. The Board of Directors may create **one (1)** or more committees of the Board and appoint Directors of the Board to serve on them. Each committee must have **two (2)** or more Directors who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of Directors to it must be approved by the greater of: **(a)** a majority of all the Directors in office when the action is taken; or **(b)** the number of Directors required to take action per **Section 5.13. Sections 5.9 to 5.13**, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors, apply to committees and their Directors as well. To the extent specified by the Board of Directors, each committee may exercise the authority of the Board of Directors, provided, however, a committee may not:

- (1)** Authorize distributions;
- (2)** Approve dissolution, merger, or the sale, pledge or transfer of all or substantially all of the Corporation's assets;
- (3)** Elect, appoint, or remove Directors or fill vacancies on the Board of Directors or on any of its committees; or
- (4)** Adopt, amend, or repeal the Articles of Incorporation or Bylaws.

Section 5.15 Advisory Committees. The Board of Directors or the President may create **one (1)** or more advisory committees and appoint individuals to serve on them. Any committee having at least **one (1)** Member who is not a Director of the Corporation shall be an advisory committee. Each advisory committee member shall serve at the pleasure of the Board of Directors. No advisory committee may exercise any authority of the Board of Directors.

ARTICLE 6 **OFFICERS**

Section 6.1 Required Officers. The Corporation shall have a President, a Secretary and Treasurer, each appointed by the Board of Directors. The Corporation may have a Vice President and such other officers as may be appointed from time to time by the Board of Directors. The same individual may simultaneously hold more than one (1) office in the Corporation. Each officer shall have the authority and shall perform the duties prescribed by the Board of Directors or by direction of an officer authorized by the Board of Directors to prescribe the duties of other officers. The duties of such officers shall be as described:

Section 6.1.1 President. The President shall preside at all meetings of the Board of Directors and the Members, and shall represent the Corporation in the RRCA and any other organizations with which the Corporation may from time to time be affiliated. Unless the Board of Directors shall decide otherwise, the President shall be the chief executive officer of the Corporation and shall have general charge and supervision of the day to day business of the Corporation. The President shall perform other duties as are incident to the President's office or as are required of the President by the Board of Directors.

Section 6.1.2 Vice-President. In the absence of the President, the Vice-President shall perform all of the duties of the President. When so acting, a Vice-President shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall have powers and perform other duties as may be prescribed by the President, the Board of Directors or these Bylaws.

Section 6.1.3 Secretary. The Secretary shall have responsibility for preparation and custody of Minutes of the Directors' and Members' meetings, and for authenticating records of the Corporation. The Secretary shall keep the Minutes of all meetings of the Members, the Board of Directors and committees of the Board of Directors (if any). The Secretary shall give notice in conformity with these Bylaws of all meetings of the Members and the Board of Directors. In the absence of the chairman of the Board and of the President and any Vice-President, the Secretary shall have the power to call meetings of the Board of Directors and committees of the Board of Directors. The Secretary shall also perform all other duties assigned to the Secretary by the President or the Board of Directors. The Assistant Secretary or assistant secretaries shall, in the order prescribed by the Board of Directors or the President, perform all the duties and exercise all the powers of the Secretary during the Secretary's absence or disability, or whenever the office is vacant. An Assistant Secretary shall perform all the duties assigned to the Assistant Secretary or assistant secretaries by the President or the Board of Directors.

Section 6.1.4 Treasurer. The Treasurer shall be the chief financial and accounting officer of the Corporation. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds and the keeping of corporate financial records. The Treasurer shall perform all other duties assigned to the Treasurer by the President or the Board of Directors. The Assistant Treasurer or Assistant Treasurers, shall, in the order prescribed by the Board of Directors or the President, perform all the duties and exercise all the powers of the Treasurer during the Treasurer's absence or disability, or whenever the office is vacant. An Assistant Treasurer shall perform all the duties assigned to the Assistant Treasurer or Assistant Treasurers by the President or the Board of Directors.

Section 6.1.5 Chief Operations Officer. The Chief Operations Officer ("COO"), who may or may not be a Director, shall manage the operations and events of the Corporation and shall report to the President and the Board of Directors. The COO shall perform all other duties assigned to the COO by the President or the Board of Directors. The COO may create committees in accordance with the provisions of **Section 5.14**.

Section 6.2 Resignation of Officers. An officer may resign at any time by delivering notice to the Board of Directors. Unless a written notice specifies a future effective date, the written notice is effective at the earliest of the following: when the notice is received; **five (5) days** after its deposit with the U.S. Postal Service as evidenced by the postmark, provided the notice is correctly addressed with first class postage; on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee; or **thirty (30) days** after its deposit with the U.S. Postal Service as evidenced by the postmark, if correctly addressed but with other than first class, registered or certified postage. Unless an oral notice specifies a future effective date, an oral notice is effective when communicated, if communicated in a comprehensible manner. If a resignation is made effective at a future date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

Section 6.3 Removal of Officers. The Board of Directors may remove any officer at any time with or without cause.

ARTICLE 7

CONFLICT OF INTEREST POLICY

Section 7.1 Conflict of Interest Transactions, Generally. A conflict of interest transaction is a transaction with the Corporation in which a Director of the Corporation has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the Director if the transaction was fair at the time it was entered into or is approved as provided in this **Section 7.1**. A transaction in which a Director has a conflict of interest, may be approved if the material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors and the transaction was authorized, approved, or ratified by the Board of Directors or committee of the Board of Directors.

A Director of the Corporation has an indirect interest in a transaction if: **(1)** another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction; or **(2)** another entity of which the Director is a Director, officer, or trustee, is a party to the transaction. A conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors either on the Board or on the committee, who have no direct or indirect interest in the transaction; provided that a transaction may not be authorized, approved, or ratified under this **Section 7.1** by a single Director. If a majority of the Directors on the Board who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this **Section 7.1**. The presence of or a vote cast by a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this **Section 7.1**, provided the transaction is otherwise approved as provided in this **Section 7.1**.

Section 7.2 Interested Person. Any Director, officer, or Member of a committee with Board of Directors delegated powers, who has a direct or indirect financial interest, as defined in **Section 7.3**, is an interested person.

Section 7.3 Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (1)** An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
- (2)** A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
- (3)** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation has a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are significant in the ordinary course of business.

A financial interest is not necessarily a conflict of interest. Per **Section 7.5**, a person who has a financial interest may have a conflict of interest only if the appropriate Board of Directors or committee decides that a conflict of interest exists.

Section 7.4 Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person as defined, 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 Board of Directors delegated powers considering the proposed transaction or arrangement.

Section 7.5 Procedures for Determination of a Conflict of Interest. The following procedures will be followed to address the existing conflict of interest:

(1) An interested person may make a presentation to the Board of Directors or committee meeting, 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;

(2) The chairman of the Board of Directors or committee may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement;

(3) After exercising due diligence, the Board of Directors 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; and

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or a 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.

Section 7.6 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 Board of Directors 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.

Section 7.7 Violations of the Conflict of Interest Policy. The following procedures shall be taken if a possible conflict of interest has not been disclosed:

(1) If the Board of Directors or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose; and

(2) If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action necessary.

Section 7.8 Proceedings. The Minutes of the Board of Directors and all committees with Board-delegated powers making a determination of Conflict of Interest, shall contain:

(1) 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 Board of Director's or committee's decision as to whether a conflict of interest in fact existed; and

(2) 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 7.9 Compensation. The following provisions concern compensation:

(1) A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Board of Directors' compensation;

(2) 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; and

(3) No voting member of the Board of Directors 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 7.10 Annual Statements. Each Director, principal officer and member of a committee with Board of Directors-delegated powers, shall annually sign a statement which affirms such person:

(1) Has received a copy of the conflicts of interest policy;

(2) Has read and understands the policy;

(3) Has agreed to comply with the policy; and

(4) Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish **one (1)** or more of its tax-exempt purposes.

Section 7.11 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:

(1) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining; and

(2) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's 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 7.12 Use of Outside Experts. When conducting the periodic reviews as provided for in **Section 7.11** of these Bylaws, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 8

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 8.1 Contracts. A majority of the Board of Directors may by general or special resolution authorize any officer or officers of the Corporation or any agent or employee of the Corporation, to enter into any contract or to execute and deliver any document, instrument, or writing of any nature in the name of and on behalf of the Corporation. In the absence of such determination by the Board of Directors, such instruments shall be signed by: **(a)** the President, or Chief Executive Officer, or Chief Financial Officer, or Vice-President; and **(b)** the Treasurer or Assistant Treasurer.

Section 8.2 Checks, etc. All checks, letters of credit, drafts, or orders for the payment of money, notes, or other evidence of indebtedness shall be signed by such persons (including, but not limited to, an officer, agent or employee of the Corporation) as shall be authorized by a general or special resolution of the Board of Directors. In the absence of such a determination by the Board of Directors, such instruments shall be signed by: **(a)** the President, or Chief Executive Officer, or Chief Financial Officer, or Vice-President; and **(b)** the Treasurer or Assistant Treasurer.

Section 8.3 Deposit of Funds. All funds of the Corporation not otherwise employed shall be deposited in such banks, trusts companies, credit unions, or other reliable depositories as the Board of Directors may determine.

Section 8.4 Facsimile Signatures. The Board of Directors may from time to time by resolution, provide for the execution of any corporate instrument or document including, but not limited to, checks, letters of credit, drafts, and other orders for the payment of money, by a mechanical device or machine or by the use of facsimile signatures, under such terms and conditions as shall be set forth in any such resolution.

ARTICLE 9
MISCELLANEOUS PROVISIONS

Section 9.1 Corporate Records. The Corporation shall keep as permanent records Minutes of all meetings of the Members and the Board of Directors, a record of all actions taken by the Members or Directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The Corporation shall maintain appropriate accounting records. The Corporation or its agent shall maintain a record of its Members in a form that permits preparation of a list of the names and addresses of all Members, in alphabetical order, showing that each Member is entitled to cast **one (1)** vote. The Corporation shall maintain its records in written form or in another form capable of conversion within a reasonable time into written form. The Corporation shall keep a copy of the following records at its principal office:

(1) Articles or restated Articles of Incorporation and all amendments to them currently in effect;

(2) Bylaws or restated Bylaws and all amendments to them currently in effect;

(3) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of Members;

(4) Minutes of all meetings of Members and records of all actions approved by the Members for the past **three (3) years**;

(5) All written financial statements furnished to any Member for the past **three (3) years**;

(6) A list of the names and business or home addresses of its current Directors and officers;

(7) The most recent annual report delivered to the Hawaii Department of Commerce and Consumer Affairs;

(8) A copy of the Corporation's application for recognition of exemption under Section 501(a) of the Internal Revenue Code, filed with the Internal Revenue Service with all supporting documents and any letter issued by the Internal Revenue Service in response; and

(9) A copy of the Corporation's **three (3)** most recent annual tax returns.

Section 9.2 Inspection of Records of Members. Except as provided in **Section 3.4**, a Member is entitled to inspect and copy, at a reasonable time and location specified by the Corporation, any of the records of the Corporation described in **Section 9.1**, if the Member gives the Corporation written notice or a written demand at least **five (5) business days** before the date on which the Member wishes to inspect and copy. A Member is entitled to inspect and copy, at a reasonable time and reasonable location specified by the Corporation, the accounting records of

the Corporation and the Membership list, provided the Member gives the Corporation written notice at least **five (5) business days** before the date on which the Member wishes to inspect and copy; the Member's demand is made in good faith and for a proper purpose; the Member describes with reasonable particularity the purpose and the records the Member desires to inspect; and the records are directly connected with this purpose. Without the consent of the Board of Directors, a Membership list or any part thereof, shall not be obtained or used by any person for any purpose unrelated to a Member's interest as a Member. For example, without the consent of the Board of Directors, a Membership list or any part thereof shall not be used to solicit money or property unless the money or property will be used solely to solicit the votes of the Members in an election to be held by the Corporation; used for any commercial purpose; sold to or purchased by any person; or published in whole or in part to the general public.

Section 9.3 Financial Statements for Members. The Corporation, upon written demand from a Member, shall furnish that Member its latest annual financial statements, which may be consolidated or combined statements of the Corporation and **one (1)** or more of its subsidiaries or affiliates, as appropriate, that include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the Corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis. If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the statements must be accompanied by the statement of the President or the person responsible for the Corporation's financial accounting records:

(1) Stating the President's or other person's reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and

(2) Describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 9.4 Report of Indemnification to Members. If the Corporation indemnifies or advances expenses to a Director in connection with a proceeding by or in the right of the Corporation, the Corporation shall report the indemnification or advance in writing to the Members with or before the notice of the next meeting of Members.

Section 9.5 Fiscal Year. The fiscal year of the Corporation ends on December 31. The fiscal year may from time to time be established by a resolution by the Board of Directors.

Section 9.6 Gifts. The Board of Directors may accept on behalf of the Corporation any contributions, gifts, bequests, or devices for the general purpose or for any special purpose of the Corporation. The Corporation will not accept any gift other than cash or publically traded securities without prior review and approval by the Board of Directors and/or its designated committee.

Section 9.7 Liquidation of Assets. In the event of liquidation or dissolution of the Corporation, whether voluntarily or involuntarily, or by operation of law, the remaining assets of

the Corporation shall be distributed in such matter as the Board of Directors deem suited to further the purpose for which the Corporation was established, but in any event such distribution shall only be to an organization or organizations as may then be exempt from income tax under Section 501(c)(3) of the US Internal Revenue Code of 1954, as amended.

Section 9.8 Annual Reports. The Board of Directors shall cause an annual report to be delivered to the Director of the Department of Commerce and Consumer Affairs for filing, as required by Hawaii Revised Statutes section 414D-308.

ARTICLE 10 **INDEMNIFICATION**

Section 10.1 The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such persons is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorneys' fees and expenses), judgments, fines and amounts paid in settlement actually, and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of this Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of this Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful.

Section 10.2 The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees and expenses) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of this Corporation and, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjusted to be liable for negligence or misconduct in the performance of duty to this Corporation, unless any and only to the extent that the court in which such action or suit was brought, or in any other court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all or the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 10.3 To the extent that a Director, officer or employee of the Corporation or a person serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, or other enterprise, has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in **Section 10.1** or **Section 10.2** of this **Article 10**, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees and expenses) actually and reasonably incurred by such person in connection therewith.

Section 10.4 Any indemnification under **Section 10.1** or **Section 10.2** of this **Article 10** (unless ordered by the court), shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, officer or employee is proper in the circumstances because such person has met the applicable standard of conduct set forth in **Section 10.1** or **Section 10.2**. Such determination shall be made **(a)** by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or **(b)** if such quorum is not obtainable or, even if obtainable, if a quorum of disinterested Directors so direct, by independent legal counsel in a written opinion to the Corporation.

Section 10.5 Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board of Directors in a particular case upon receipt of an undertaking by or on behalf of the Director, officer or employee, to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Corporation as authorized in this **Article 10**.

Section 10.6 Any indemnification pursuant to **Article 10**, shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled, and shall continue as to a person who has ceased to be a Director, officer or employee, and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such a person.

Section 10.7 The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such status, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this **Article 10**.

ARTICLE 11 **EMERGENCY BYLAWS**

Section 11.1 Emergency Bylaws. The provisions of this **Section 11.1** shall be effective only in an emergency where a quorum of Directors cannot readily be assembled because of some catastrophic event. All of the other provisions of these Bylaws consistent with this **Section 11.1** remain effective during the emergency.

Section 11.2 Notice of Emergency Board Meeting. Any one Member of the Board of Directors, or any one of the officers, may call a meeting of the Board of Directors. Notice of such meeting need be given only to those Directors whom it is practicable to reach, and may be given in any practical manner, including by publication and radio.

Section 11.3 Temporary Directors and Quorum. One (1) or more officers present at a meeting of the Board of Directors, shall be deemed to be Directors for the meeting, in order of rank, and within the same rank, in order of seniority, as necessary to achieve a quorum. In the event that less than a quorum (as determined by **Section 5.13**) of the Directors is present (including any officers who are to serve as Directors for the meeting), those Directors present (including the officers serving as Directors) shall constitute a quorum.

Section 11.4 Permitted Actions. The Board as constituted in **Section 11.3** and, after notice, as set forth in **Section 11.2**, may:

- (1) Prescribe emergency powers to any officer;
- (2) Delegate to any officer or Director, any of the powers of the Board of Directors;
- (3) Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
- (4) Relocate the principal place of business, or designate successive or simultaneous principal places of business; and
- (5) Take any other action, convenient, helpful, or necessary to carry on the purposes of the Corporation.

ARTICLE 12 **AMENDMENT OF ARTICLES AND BYLAWS**

Section 12.1 Amendment of Articles of Incorporation. The Corporation may amend its Articles of Incorporation at any time to add or change a provision that is required or permitted in the Articles, or to delete a provision not required in the Articles, upon receiving at least **ten percent (10%)** of the votes that Members present at the meeting or represented by proxy are entitled to cast. The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at an annual or special meeting of the Members. Written notice setting forth the proposed amendment, or a summary of the changes to be effected thereby, shall be given to each Member entitled to vote at the meeting within the time and in the manner provided in **Section 4.5**.

Section 12.2 Amendment of Bylaws. The Board of Directors may alter, amend, repeal, or adopt new Bylaws.