

SECOND AMENDED AND RESTATED CORPORATE BYLAWS

Watchic Lake Association, Inc. (A Maine Nonprofit Public Benefit Corporation With Members)

PREAMBLE

The following, as amended from time to time, shall constitute the Bylaws of Watchic Lake Association, Inc. (hereinafter the "Corporation"). The Corporation has been organized and shall exist as a nonprofit, public benefit membership corporation, pursuant to its Articles of Incorporation and the Maine Nonprofit Corporation Act, Title 13-B, Sections 101 et Seq., M.R.S.A. (the "Act"). Notwithstanding the foregoing, the Corporation shall be operated at all times as a 501(c)(3) organization within the meaning of the U.S. Internal Revenue Code of 1986 as amended from time to time (the "Code") and the activities of the Corporation shall be limited accordingly.

ARTICLE 1. IDENTITY

1.1 Name; Purpose: The name of the corporation shall be as set forth in the Articles of Incorporation of this corporation (hereinafter the "Corporation") as shall be filed with the Secretary of State of the State of Maine as amended from time to time. The Corporation may register to do business under one or more assumed names by filing appropriate registrations with the Secretary of State of the State of Maine. These Corporate Bylaws, the powers of the Corporation, its Directors, Officers and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Articles of Incorporation in effect from time to time. The purpose of the Corporation may be changed by amendment of its Articles of Incorporation; provided, however, that if an amendment of the articles of incorporation results in a material change in the nature of the activities conducted by the Corporation, then the corporation shall give notice to the Attorney General of the amendment simultaneously with the filing of the amended articles with the Secretary of State pursuant to Section 802.5 of the Maine Nonprofit Corporation Act, Title 13-B, Section 101 et seq., M.R.S.A. (the "Act").

1.2 Offices: The principal office of the corporation shall be located at such place in the Town of Standish, County of Cumberland and State of Maine as the Directors may determine from time to time. The location of the Corporation's principal office may be changed by the Directors from time to time without amendment of these Corporate Bylaws. The Corporation may also have offices at such other places, within or without the state of Maine, as its business and activities may require, and as the Directors may, from time to time, designate.

1.3 Registered Agent and Office: In compliance with the Maine Nonprofit Corporation Act, the Corporation shall have, and continuously maintain, a statutory registered agent who shall be a resident of the state of Maine. The Directors shall have the power to change the identity of the registered agent from time to time by filing an appropriate form with the Secretary of State of the State of Maine. The registered agent shall maintain a registered office within the state of Maine. The address of the registered office may be changed from time to time by either the registered

agent, or the Directors, upon filing an appropriate form with the Secretary of State of the State of Maine.

1.4 Corporate Seal: If it is desired, the Corporation shall have a circular seal containing the name of the Corporation, the year of its incorporation and the word "Maine." A corporate seal may be adopted at any time by a vote of the Directors at a meeting duly called and held in accordance with these Bylaws. Unless a formal corporate seal is desired, the official corporate seal shall be the common wafer seal.

ARTICLE 2. PURPOSES

2.1 Purposes: This benevolent and eleemosynary institution has been organized and is incorporated as a public benefit corporation under the Maine Nonprofit Corporations Act, Title 13-B, Sections 101 et seq., M.R.S.A. (the "Act") and shall be operated exclusively for charitable, scientific, or educational purposes within the meaning of §501(c)(3) of the U.S. Internal Revenue Code of 1986 as the same may be amended from time to time (the "Code"). To this end, this Corporation is organized and shall exist for all purposes not inconsistent with the exclusively charitable, scientific and educational purposes permitted by Section 501(c)(3) of the Code that may be permitted by the Maine Nonprofit Corporation Act including, but not limited to, the following:

- (a) To educate the public regarding Watchic Lake which is declared by law to be public property owned and controlled by the State of Maine for the benefit of the public and promote communication with the public, state and local conservation organizations and the Town of Standish to improve public understanding and support of the important public benefits and natural resources of Watchic Lake including the broad impact of the Watchic Lake watershed on the Saco River water corridor;
- (b) To educate the public regarding the preservation and protection of Watchic Lake including the prevention of pollution of the waters of the lake to preserve the health of the Watchic Lake watershed and improve water quality, while promoting appropriate stewardship of the lake as a natural resource for the benefit of the public;
- (c) To encourage and disseminate scientific research regarding Watchic Lake and to inform and educate the public (including landowners within the Watchic Lake watershed) concerning the prevention of degradation of water quality from erosion, sedimentation and phosphorus transported from sources attributable to both historic and current land use practices in the watershed, including road maintenance and residential development and promote a "phosphorus free zone" within the Watchic Lake watershed;
- (d) To inform and educate members of the public who access the waters of Watchic Lake in order to preserve water quality, prevent algae blooms and minimize the

risk of the spread of invasive aquatic plant and animal species to or from Watchic Lake through improper use of boat launch facilities by the public;

- (e) To manage existing long-term public access to Watchic Lake through appropriate stewardship of the lake as a natural resource including flood control, management of water levels within the lake and downstream flows from the Lake by means of effective routine and emergency management, maintenance and operation of the dam at the outlet of the lake all for the benefit of all users of the lake, its watershed and the downstream tributaries of the lake;
- (f) Through education and monitoring of water quality, to guard the waters of Watchic Lake against pollution, to limit the spread of invasive plant and animal species, to preserve the environmental health of the Watchic Lake watershed and to protect and enhance the beauty of the Lake and its adjacent area for the benefit of all users of the lake;
- (g) To develop an effective integrated emergency response program for Watchic Lake and the Watchic dam in collaboration with the Town of Standish, the State of Maine Department of Environmental Protection, Cumberland County Sewer and Water District, the Saco River Corridor Commission and other appropriate public authorities and educate the public concerning implementation of the integrated emergency response plan;
- (h) To promote and facilitate instruction and training programs for individuals for the purpose of improving or developing the capabilities of the individual (within the meaning of U.S. Department of Treasury Regulations §1.501(c)(3)-1(d)(3)(i)(a)); and
- (i) Instructing the public on subjects useful to the individual and beneficial to the community (within the meaning of U.S. Department of Treasury Regulations §1.501(c)(3)-1(d)(3)(i)(b)).
- (j) To maintain the Watchic Lake dam and to keep it in good repair. To manage the water level and to operate the dam in a fashion that promotes water quality.

In furtherance hereof, but not by way of limitation, the Corporation shall be organized and empowered to do everything necessary, proper, advisable or convenient for the accomplishment of the foregoing purposes, and to do all other things incidental to them, or connected with them, that are not forbidden by law, the Articles of Incorporation, or these Corporate Bylaws; provided, however, that the Corporation shall not engage in any transaction, or do or permit any act or omission, which shall operate to deprive it of its tax exempt status as a Corporation described in §501(c)(3) of the Code.

2.2 Tax-Exempt Purpose: It is intended that the Corporation shall have the status of a Corporation (i) which is exempt from Federal income taxation under Section 501(a) of the Code by being described within Section 501(c)(3) of the Code, (ii) contributions to which are

deductible under Section 170(c)(2), 2055(a)(2) or 2522(a)(2) of the Code and (iii) which is "other than a private foundation" as defined in Section 509(a) of the Code. The Articles of Incorporation and these Corporate Bylaws shall be construed accordingly and all powers and activities of the Corporation shall be limited accordingly. In this regard:

- (a) The Corporation shall not engage in any transaction, or do or permit any act or omission, which shall operate to deprive it of tax exempt status under Section 501(c)(3) of the Code;
- (b) No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; provided, however, that notwithstanding the foregoing, nothing in this Article shall be construed to prevent this Corporation from making the election available under Section 501(h) of the Code;
- (c) This Corporation shall not, in any manner or to any extent, participate or intervene (including publishing or distribution of statements) in any political campaign on behalf of any candidate for public office; and
- (d) This Corporation shall not engage in any activities that are unlawful under applicable federal, state, or local laws.

2.3 Dedication of Assets to Tax-Exempt Activities: All the assets and income of the Corporation shall be used exclusively for its charitable, educational, or scientific purposes and no part thereof shall inure to the benefit of any Member, director, officer, or private individual; provided, however, that nothing contained herein shall be construed to prevent the payment or reimbursement by the Corporation of salaries and expenses of its Officers and employees.

If this Corporation be dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any member, director, officer, or private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed by affirmative vote of the Directors exclusively to one or more nonprofit organization or organizations having similar aims and objects as those of the Corporation and which may be selected as an appropriate recipient of such assets by the Directors, as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the Code as an organization described in §501(c)(3) of such Code and as a public benefit corporation within the meaning of the Act.

In the event the assets of the Corporation are not so distributed, said assets shall be distributed by a court of competent jurisdiction in the county where the principal office of the Corporation is located to a non-profit organization or organizations having similar aims and objects as the Corporation and which may be selected as an appropriate recipient of such assets as long as such organization, or each of such organizations, shall then qualify as an organization exempt from federal income taxation under §501(a) of the Code as an organization described in §501(c)(3) of such Code and as a public benefit corporation within the meaning of the Act.

ARTICLE 3. MEMBERSHIP

3.1 Identification of Members: There shall be six (6) classes of Members of this Corporation to be known as Regular Members, Lifetime Members, Friends of Watchic Lake/Associate Members, Entity Members (with deeded lake access), Entity Members (without deeded lake access), and Junior Members.

- (a) On the date of adoption of these Bylaws, the members of this Corporation shall be those persons listed on the membership rolls of the Corporation in each of said membership categories as maintained by the Secretary of the Corporation. Additional individuals may become Members of the Corporation from time to time upon application to the Secretary of the Corporation, satisfaction of such criteria as the Directors may establish at their discretion and approval by vote of the Board of Directors; provided, however, that such application must be accompanied by a check in the amount of the then current annual dues applicable to the relevant membership category. Membership fees and dues as well as any other criteria required for Membership in the Corporation shall be established by the Directors of the Corporation from time to time.
- (b) The criteria for eligibility for Regular, Lifetime, Friends of Watchic/Associate, Entity (with deeded lake access), Entity (without deeded lake access), and Junior membership shall be as follows:
 - (1) **REGULAR MEMBER**-Regular membership shall be available to owners of any parcel of land bounded by the shore of Watchic Lake and to owners of any parcel of land with a deeded right of way for access to the shore of Watchic Lake. The Regular Member's name must appear as the title holder on the property deed (referred to in these bylaws as a "Title Holder"). **Provided however, a Title Holder is only permitted one Regular Membership regardless of the number of parcels such Title Holder owns.** One Regular Membership can be extended to a second individual who has a relationship to the Title Holder and may be a spouse, partner/significant other, or adult child over the age of eighteen (18) (a "Designee") which Designee shall have the same rights as a Regular Member. Individuals who meet this criteria on one property cannot apply for or receive similar rights on any other or multiple properties. Limited liability companies serving as a real estate holding entity may also be considered as a Regular Member provided that the other criteria for regular membership are satisfied. In addition, any person who has been elected as a Director or Officer of this Corporation, for so long as such person serves in such capacity, he or she shall be included as a Regular Member but without the ability to appoint a Designee. Dues must be paid by each Regular Member as required by the Board of Directors. Additional requirements for Regular Membership include:

- (i) Applications for Regular membership shall be delivered to the Secretary of the Corporation no later than July first of each year; and
 - (ii) Applications for Regular membership shall be accompanied by appropriate documentation establishing eligibility for Regular membership and a check in the amount of the then current Regular membership fee established from time to time by the Board of Directors.
- (2) **LIFETIME MEMBER**-A Lifetime Member can be a Regular Member, as described above, but will only have the same voting rights as a Regular Member if they are a Title Holder or the designee of a Title Holder (such Lifetime Member is referred to in these bylaws as a “Voting Lifetime Member”). Lifetime membership shall be granted, in the discretion of the Board of Directors, to specifically named individuals. In no circumstances will lifetime membership be transferable. Lifetime membership will terminate upon death. Lifetime membership shall be available to any person eligible for Regular membership who pays the then current Lifetime membership fee established from time to time by the Board of Directors;
- (3) **FRIENDS OF WATCHIC/ASSOCIATE MEMBER**-Friends of Watchic/Associate membership shall be available to individuals over the age of eighteen (18) who do not meet the requirements for Regular membership, but who have an interest in supporting the Watchic Lake Association and its activities, and who have paid the then current Associate membership fee established from time to time by the Board of Directors. This category of membership shall have no voting rights;
- (4) **BUSINESS ENTITY MEMBER (WITH DEEDED LAKE ACCESS)**-To qualify for Business Entity Member (with Deeded Lake Access), the business entity must be a Title Holder of property with access to Watchic Lake. Upon application for this class of membership, the Business Entity member must provide the name(s) of their shareholders and/or voting members to the Secretary of the Corporation. Business Entity Members (with Deeded Lake Access) shall have the same voting rights as Regular Members, however, the Business Entity must pay dues for each shareholder and/or voting member of the Business Entity. Lifetime membership is not available to Business Entity Members (with Deeded Lake Access).
- (5) **BUSINESS ENTITY MEMBER (WITHOUT DEEDED LAKE ACCESS)**-Membership as a Business Entity Member (without Deeded Lake Access) is available to any Business Entity which is interested in supporting Watchic Lake Association and its activities, however, this category of membership shall have no voting rights.

- (6) **JUNIOR MEMBER**-This category of membership is available to any individual between the ages of six (6) and eighteen (18) who wishes to join the Watchic Lake Association to support its activities and who also pays the then current Junior membership fee established from time to time by the Board of Directors. This category of membership shall have no voting rights.
- (c) The membership of Regular, Friends of Watchic Lake/Associate, Business Entity (with deeded lake access), Business Entity (without deeded lake access) and Junior Members shall be renewable annually upon payment of then current Membership fees and dues as well as satisfaction of any criteria for continued Membership as the Directors may determine. Lifetime Members shall continue as Members of the Corporation as long as they satisfy the criteria for Lifetime membership as the Directors may determine. The Secretary of the Corporation shall maintain a roster of the current Members of the Corporation.
- (d) Each Regular, Business Entity (with deeded lake access), and Voting Lifetime Member of the Corporation, and his/her/its designee, whose names appear on the membership rolls of the Corporation as maintained by the Secretary of the Corporation shall have one vote on any matter put to a vote of the Members of the Corporation at any meeting of the Members **regardless of the number of parcels of land, or the amount of land, owned by the member**. When title is held as tenants in common or in joint tenancy, one vote only per member shall be permitted upon payment of dues. The secretary of the corporation shall be notified in writing as to who the member entitled to vote shall be; when any change is made in the identity of the person designated as voter, such notification in writing must be in the hands of the clerk or secretary at least one week prior to the date of the annual meeting or special meetings at which the vote is to be cast.
- (e) Members entitled to vote may vote at all meetings, whether annual or special either in person or by proxy appointed by instrument in writing signed by such member and granted not more than eleven (11) months, or such other period as may at the time be provided by statute, before the meeting. In order for such written proxy to be voted, it shall be filed with the secretary of the corporation at least one week prior to the time of the opening of such meeting. The Secretary may close the membership rolls up to one week prior to any meeting of the Members and only those Members listed on the membership rolls maintained by the Secretary of the Corporation shall be entitled to vote at any meetings of the Members of the Corporation.
- (f) Each Regular, Business Entity (with deeded lake access), and Voting Lifetime Member shall have all the voting rights set forth in the Articles of Incorporation, these Corporate Bylaws, or under Chapter 6 of Title 13-B M.R.S.A. These rights include:
- (1) The election of Directors and Officers;

- (2) The removal of Directors and Officers;
- (3) The changing of the number of Directors constituting the Board of Directors within the limitations prescribed in the Articles of Incorporation or the Bylaws of the Corporation;
- (4) The amendment, restatement, or modification of the Articles of Incorporation or Bylaws of the Corporation, but only if the text of such amendment, restatement or modification has first been recommended by the Directors and is circulated to the Members at least fourteen (14) days prior to the meeting at which a vote is to be taken;
- (5) The approval of the sale, mortgage, lease, or other disposition (but not the mortgage or pledge) of all, or substantially all, of the assets and property of the Corporation, the dissolution of the Corporation, or its merger with or consolidation into another corporation; and
- (6) Any other matter that the Directors may vote to submit for approval by the Membership.

3.2 Election of Members: Each application for membership shall be considered by the Directors at a regular meeting or any special meeting of the Directors, and be approved or disapproved by a majority vote of the Directors. Applicants whose applications are so approved shall become members of the corporation on payment of the required initiation fee, if any, and dues. The action of the Directors on Membership applications shall constitute final action by the Corporation.

3.3 Dues: The Corporation shall have the power to raise money for the general improvement of the property of the corporation, in order to pay its legitimate expenses, and to pay for all lawful expenditures, by raising revenue through dues to be charged for continued membership in the Corporation. The amount of dues for each class of membership shall be fixed by the Directors.

3.4 Termination of Membership:

- (a) Any member may resign by tendering a written resignation to the Secretary of the Corporation. Any member whose dues are not paid on or before July 1 of any calendar year may be considered to have resigned. Any member who no longer qualifies for membership due to the sale of land shall be considered to resign and such member shall, as soon as reasonably possible, notify the secretary of the corporation of such fact in writing, giving the name of the new owner.
- (b) The Board of Directors may vote to terminate the membership of any member for cause; provided that due notice of intent to terminate has been given to that member.

3.5 Resignation: Any member may resign by filing a written resignation with the secretary, but such resignation shall not relieve a member so resigning of the obligation to pay any dues, fees, or other charges theretofore accrued and unpaid.

3.6 Reinstatement: On written request signed by a former member and filed with the secretary, the directors, by the affirmative vote of two-thirds, may reinstate such former member to membership on such terms as the directors may deem appropriate.

3.7 Transfer of Membership: Membership in this corporation is not transferable or assignable.

ARTICLE 4. BOARD OF DIRECTORS

4.1 Identity & Qualifications: Unless the Members shall act to set a larger number of Directors, the activities, property and affairs of the Corporation shall be managed by a Board of twelve (12) Directors elected by the Members from among the Members of the Corporation at the Annual Meeting of the Members. The number of Directors may be increased or decreased from time to time by the Members, but shall not be less than five (5) Directors nor more than fifteen (15) Directors, and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Each Director shall be selected for his or her ability to participate effectively in fulfillment of the responsibilities of the Directors. In the process of selection of individual candidates as Directors, consideration should be given to those individuals with financial management skills and experience, and those with interests and expertise in areas of value to the Corporation. When selecting Directors, the Directors shall observe the requirement that no more than 49% of the Directors may be "financially interested persons" as hereinafter defined. For purposes of the preceding sentence, the term "financially interested persons" shall mean any person who (i) receives compensation from the corporation for performing personal services, (ii) is entitled to receive a portion of the net income of a business that is paid for providing personal services to the corporation, or (iii) is the spouse, brother, sister, parent or child of any of the foregoing people.

4.2 Terms of Office: Starting with the 2008 Annual Meeting, the Directors elected by the Members of the Corporation as Directors shall serve for terms of three (3) years and until their successors are elected and qualified, or until their prior death, removal, or resignation; provided, however, that no director shall be re-elected to a fourth consecutive full three year term of office as a Director without a one year absence from the Board of Directors. Notwithstanding the foregoing, if a Director is a Committee Chair and the work he or she is involved in on behalf of the Corporation is integral or critical to the Corporation and which will, in the judgment of the other Directors, be detrimental to the Corporation if such person is required to step down from the Board of Directors, the remaining Directors may vote to allow that such individual may serve one (1) additional term.

4.3 Rights and Powers: All of the business and affairs of the Corporation not expressly reserved to the Members shall be managed by the Board of Directors. The Board of Directors shall manage the activities of the Corporation in a manner consistent and in compliance with the purposes, objectives, philosophy, and limitations set forth in the Articles of Incorporation, these Corporate Bylaws and as otherwise required by law.

The Board of Directors may delegate any part of its power to any Officer, or to any committee of the Corporation. No assignment, referral or delegation of authority by the Board of Directors, however, shall preclude the Board of Directors from exercising the authority required to meet its responsibility for the conduct of the affairs of the Corporation. The Board of Directors shall retain the right to rescind any such delegations.

The Directors shall have as their primary function the establishment of policies consistent with the purposes of the Corporation and the assumption of responsibility for resource management or stewardship on behalf of the Corporation. The Directors shall have all the rights set forth in the Articles of Incorporation, these Bylaws, or under Chapter 6 of Title 13-B of the Maine Revised Statutes as amended by and through §604(4) thereof. These rights include, but shall not be limited to the following:

- (a) To propose or recommend any amendment, restatement, or modification of the Articles of Incorporation of the Corporation or these Corporate Bylaws to the Members for their approval;
- (b) To recommend approval of the sale, or other disposition of all, or substantially all, of the assets and property of the Corporation, the dissolution of the Corporation, or its merger with or consolidation into another corporation for action by the Members;
- (c) To acquire or take by purchase, gift, grant, lease, devise, bequest or in any other manner and form, any and all property, real and personal, absolutely, in trust or otherwise; and also to give, grant, bargain, sell, encumber, mortgage, pledge, lease, exchange, convey or otherwise dispose of any and all property; to borrow money and to execute notes or other evidences of indebtedness, and to do all acts necessary and proper for the carrying into effect of the purposes above set forth;
- (d) To authorize any officer or officers in the name of and on behalf of the corporation, to enter into any contract or execute and deliver any instrument, or to sign checks, drafts or other orders for the payment of money or notes or other evidences of indebtedness and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer shall have power or authority to bind the Corporation by any contract or engagement or to render it liable for any purpose in any amount;
- (e) All funds of the Corporation not otherwise employed shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by the Treasurer

or any other officer of the Corporation to whom such power may, from time to time, be delegated by the Board, or shall be invested in such securities (of any nature) as the Board may determine from time to time;

- (f) In all cases where gifts are made and accepted under grants which restrict the use thereof to specified purposes, the Corporation may, at the option of the Directors, hold and manage the funds and property so given for purposes of investment and management, and if commingled with any other fund or funds, the principal or income of such special gift shall at the time of any determination thereafter, be considered to be that portion of the principal or income of the combined fund as the amount of such special gift shall bear to the total amount of such combined fund;
- (g) To determine and periodically review the purposes and mission of the Corporation;
- (h) To exercise responsibility for overall direction of the corporation by determining annual operating and capital budgets as well as the general, financial and investment policies of the Corporation, reviewing those policies periodically, and delegating authority for implementation of Board policy and day-to-day management to the President and/or other appropriate persons;
- (i) To establish, review and approve changes in the activities of the Corporation consistent with the corporate purpose;
- (j) To carry out appropriate strategic planning for the corporation in order to develop and maintain cost-effective programs responsible to community needs and the purpose of the Corporation; and
- (k) To select and appoint an auditor and legal counsel as needed for the Corporation.

The foregoing listing shall not be deemed to limit any authority granted by law to the Board of Directors not otherwise restricted in these Bylaws or the Articles of Incorporation.

4.4 Compensation: Directors shall not receive compensation for service as Directors of the Corporation. Directors may be reimbursed for reasonable expenses incurred in their service as Directors upon submission of detailed receipts.

4.5 Loans to Directors and Officers Prohibited: The Corporation shall make no loans to any Director or Officer.

4.6 Minutes: A written record of all meetings of the Directors and the Members shall be maintained by the Secretary in one or more Corporate Books reserved for this purpose.

4.7 Rules: The Board of Directors may adopt rules governing the conduct of business and procedures for meetings that are not inconsistent with law, the Articles of Incorporation and

these Corporate Bylaws. Such rules may be amended by the Board of Directors at any meeting, without notice. Except as modified by action of the Board of Directors, All meetings shall be conducted under Roberts Rules of order.

ARTICLE 5. OFFICERS

5.1 Number and Designation: The Officers of the Corporation shall be a President, Vice President (who shall be President Elect), Secretary, Treasurer and Historian. In addition, the Board of Directors may appoint one or more vice-presidents, assistant secretaries, or assistant treasurers, and assign such duties to them, as from time to time it deems advisable.

5.2 Duties: Except as otherwise provided in these Corporate Bylaws, the Officers of the Corporation shall perform the duties usually pertaining to their respective offices in corporations organized under the Maine Nonprofit Corporations Act, such duties as may be required by the Articles of Incorporation or these Corporate Bylaws, and such other duties as may be prescribed from time to time by the Board of Directors. In addition, Officers shall have the following duties:

- (a) The President shall be the duly authorized representative of the Board of Directors in all matters in which the Board of Directors or these Corporate Bylaws have not formally designated some other person for that purpose. The President shall advise the Board of Directors as to the formulation and implementation of policies for the organization and operation of the Corporation. The President shall report to the Board of Directors at each of its meetings on the activities of the Corporation and on developments that affect the delivery of services to the community served by the Corporation. The President shall represent the Corporation in its relationships with other organizations and agencies. The President, or her designee, shall attend all meetings of the Board of Directors of the Corporation and any committees of the Board. The President shall preside at all meetings of the Board of Directors and shall be, ex officio, a voting member of all committees. The President shall appoint all members of committees, except as otherwise provided in the Articles of Incorporation or these Corporate Bylaws. The President may determine the order of business at meetings of the Board of Directors and shall serve as chairperson of such meetings. The President shall perform any other duties normally within the expressed or implied terms of the office that may be necessary for the best interest of the Corporation. The President shall perform such other duties as the Board of Directors shall, from time to time, direct.
- (b) In the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall serve as President Elect. The Vice President shall have such other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors or the President.

- (c) The Secretary shall be responsible for assuring that proper minutes of all meetings of the Board of Directors and/or the Members of the Corporation are maintained, shall maintain an accurate and complete membership roll for the Corporation and shall be responsible for the maintenance of an attendance record of Directors in accordance with Sections 7.9 and 8.1. The Secretary, with the approval of the Board of Directors, may delegate any of these duties to such person, acting under the direction of the Secretary, as the Board of Directors may approve.
- (d) The Treasurer shall have custody of all funds of the Corporation, making payments therefrom as the Board of Directors authorizes, and with the approval of the Board of Directors, may delegate any of these duties to such person, acting under the direction of the Treasurer, as the Board of Directors may approve. The Treasurer, acting on behalf of the Board of Directors, shall require that appropriate records be kept to give a full and accurate history of the financial transactions of the Corporation in order to present its financial condition, and to render such periodic and other reports as the Board of Directors may require. The Treasurer, as directed by the Board of Directors, shall have authority to endorse for transfer in the name and on behalf of the Corporation stock certificates, bonds, and other securities and evidence of indebtedness standing in the name of the Corporation. If required by the Board of Directors, the Treasurer, at the expense of the Corporation, shall be bonded for the faithful performance of his or her duties in such form and amount and with such sureties as shall be determined by the Board of Directors.
- (e) The Historian shall maintain the permanent records of the Association.

5.3 Election and Tenure: Except as otherwise provided herein, the Officers of the Corporation shall be elected by the Members of the Corporation at the annual meeting of the Members from among the Directors; provided, however, that the President of the Corporation shall be the individual previously serving as Vice President of the Corporation. The term of office for each Officer of the Corporation shall be two (2) years, and each Officer shall hold office until the second annual meeting of the Members following his or her election or re-election or until a successor has been duly elected and qualified, or until his or her prior death, resignation or removal. Except as otherwise provided herein, an Officer may be elected to succeed himself or herself; provided, however, that no person shall be elected as an officer for more than two consecutive two-year terms, except Treasurer.

ARTICLE 6. COMMITTEES OF THE CORPORATION

6.1 Standing Committees: There shall be such standing committees as may be established by these Bylaws or Resolution of the Directors from time to time to coordinate the primary activities of the Corporation. These standing committees shall include (but need not be limited to) a Dam Management / Emergency Response Committee, a Membership Committee, an Education Committee, a Water quality / Environmental Committee and a Capital Management / Fundraising Committee each of which shall be structured as set forth below. Each committee

chair of a standing committee shall submit to the President in writing not later than May 15th of each calendar year an outline of the objectives, goals and specific action plans that they are planning for that calendar year. In addition, not later than December 1st of each calendar year they should submit a brief summary of their accomplishments along with work in progress updates and recommendations for longer term actions for their committee. The Board of Directors may organize such additional standing committees as may be appropriate or desirable. Additional standing committees shall be established by resolution of the Board of Directors or amendment of these Corporate Bylaws.

- (a) There shall be a Dam Management / Emergency Response Committee and its responsibilities shall include, but shall not be limited to, maintaining the structural integrity of the dam and supervising the normal functioning of the dam to appropriately control the water level of the lake during all seasons and climate changes. In addition, it has the responsibility for arranging for appropriate inspection of the dam by an engineer, as well as necessary or desirable repairs, painting and any other maintenance that may be required. It shall be the board liaison with Town, County and State authorities and has the responsibility to work with appropriate constituencies in development of an emergency response program.
- (b) There shall be a Membership Committee and its responsibilities shall include, but shall not be limited to, determination of selection criteria for prospective Directors and identification and recruitment of candidates for the Board. The Membership Committee shall be responsible for the development, implementation and management of programs that will increase membership in the Corporation to a target of at least 80% of those eligible for membership in the Corporation in incremental increases based on objectives and goals to be established annually.
- (c) There shall be an Education Committee and its responsibilities shall include, but shall not be limited to, effecting programs that gain support, commitment and effective communication dialogue with property owners, abutters, Town and State officials. In addition, this committee shall formulate both ongoing and annual education programs on significant issues of importance and shall disseminate information promptly through channels the Committee believes to be most effective.
- (d) There shall be a Water quality / Environmental Committee and its responsibilities shall include, but shall not be limited to, establishing mechanisms that communicate and promote increased understanding and support regarding the broad impact of the Watchic Lake watershed and its impacts on the Saco River water corridor. In addition, it shall be responsible for inspecting for invasive plant species and identifying causes of water quality problems that may emerge. It shall undertake specific programs as it deems appropriate to either control, if necessary, or improve issues affecting the lake ecosystem and reporting to the appropriate authorities.

- (e) There shall be a Capital Management / Fundraising Committee and its responsibilities shall include, but shall not be limited to, development of both short and long range programs designed to provide both capital for year-to-year operations and establish and set goals and objectives for a capital campaign designed to provide the Watchic Lake Association with significant and sufficient funds to deal with catastrophic events. Furthermore, it shall have the responsibility of working with those entities that could provide grant money should a major negative event occur.

6.2 Special Committees: The President may appoint, from time to time, such special committees as may be (in his or her discretion) advisable to carry out the purposes of the Corporation. Such special committees shall serve as long as the purpose for which they were created exists, unless dissolved by the Board of Directors. The purposes and authority of such committees shall be set forth in the Minutes of the meeting of the Directors at which the President announces the establishment of the committee.

A Nominating Committee will be appointed by the President at least sixty days in advance of the annual meeting and shall be comprised of at least two Directors. Furthermore, the President or the immediate incoming President shall not serve on the Nominating Committee.

6.3 Membership and Chairs: Members of all committees shall be appointed by the President and one (1) member of each committee who shall be a Director shall be appointed chair by the President. Typically, each committee shall be constituted of at least one Director and two other persons who need not be Directors. Except as otherwise provided, membership on committees may include persons other than Directors, professional advisors, and other interested persons. Alternate or replacement members of any committee shall be appointed or elected, as the case may be, in the same manner as committee members are initially selected.

6.4 Tenure: A member of a committee shall serve until the next annual meeting of the Board of Directors of the Corporation or until his/her successor is appointed, unless the committee shall dissolve sooner or unless he/she is removed from such committee or unless the individual ceases to qualify as a member of such committee. At each annual meeting of the Directors, the President shall submit a report on the effectiveness of each committee to the Board of Directors.

ARTICLE 7. MEETINGS

7.1 Notice of Meetings:

- (a) Notice of all meetings of the Members shall be given by the Secretary of the Corporation, or in the absence or disability of the Secretary, by the President or Vice President, by mailing to each Member a written or printed notice specifying the time and place of the meeting and, in the event of a special meeting, the purposes thereof. Such notices shall be addressed to such Member at her last known address and mailed with sufficient postage prepaid not less than fourteen (14) days, nor more than fifty (50) days before the meeting.

- (b) The President shall select the date, time and place for holding regular and special meetings of the Board of Directors and shall cause notice to be given to all Directors not less than twenty-four (24) hours prior to the call of the meeting.
- (c) Whenever all Members or all Directors are present at a meeting of the Members, or the Board of Directors, respectively, or when the Members or Directors not present at a meeting shall sign a consent to action, such action shall be of the same effect as if notice had been duly given as aforesaid.
- (d) An affidavit of the mailing of any notice required hereunder with a copy of the notice attached made by the person mailing or publishing the notice shall be sufficient proof of compliance with these Corporate Bylaws.
- (e) Meetings of any committees of the Corporation may be called by the President of the Corporation or the chair of the committee who shall cause written notice of the date, time and place of a meeting of any committee to be given to all committee members and to each Director of the Corporation at least five (5) days in advance of the date of the meeting.
- (f) Whenever any notice whatever is required to be given under the Articles of Incorporation or these Corporate Bylaws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the person or entity entitled to such notice, shall be deemed equivalent to the giving of such notice. Neither the purpose of nor business to be transacted at any annual, regular or special meeting need be specified on the waiver of notice, unless specifically required by law. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a meeting is attended for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

7.2 Meetings and Action of the Members:

- (a) The annual meeting of the Members shall be held on the first Saturday following the 4th of July of each year, in the Town of Standish, Maine, at such time and place as set forth in the notice of the meeting, such time and place to be determined by the Board of Directors. In the event of a failure for any reason to hold an annual meeting as aforesaid, any business which might properly be transacted at an annual meeting, including the election of Directors, may be transacted at a special meeting.
- (b) Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of twenty-five percent (25%) of the Members entitled to vote.
- (c) All meetings shall be conducted under Roberts Rules of order.

- (d) Each Regular Member shall have one (1) vote and if such Regular Member has appointed a Designee, the Regular Member and the Designee shall each have one (1) vote.
- (e) Written ballots shall be permitted for all voting other than the election of officers and directors.
- (f) Voting by Proxy shall be allowed, and the form of Proxy to be used shall be as determined by the Board of Directors from time to time.

7.3 Meetings and Actions of the Board of Directors: The annual meeting of the Board of Directors shall occur at the next regularly scheduled meeting of the Board of Directors following the annual meeting of the Members of the Corporation. Regular meetings of the Board of Directors shall normally be held at least quarterly. Directors may participate in regular or special meetings of the Board of Directors by telephone conference call; provided, however, that all of the Directors must be able to hear one another at the same time. The incumbent Directors and Officers shall retain their authority and responsibility until successor Directors assume their offices in accordance with the terms of these Corporate Bylaws. In addition, with the exception of the election of officers, a vote of the board of directors may be taken by written ballot.

7.4 Meetings of Committees: Meetings of standing committees and special committees may be called by the President of the Corporation or the chair of the committee. Except as otherwise provided in these Corporate Bylaws, each committee shall meet as often as necessary and appropriate to perform its duties. Each committee shall report to the Board of Directors at its next Regular Meeting subsequent to each meeting of the committee and such reports shall be kept as part of the minutes of the Board of Directors.

7.5 Quorum, Voting and Manner of Acting:

- (a) At any meeting of the Members of the Corporation, a quorum for the transaction of business shall consist of not less than ten (10) members entitled to vote; provided, however, that a smaller number may adjourn such a meeting from time to time until a quorum is obtained. In the case of a meeting of the Directors, or any committee of the Board of Directors, a majority of the Directors or persons serving on the committee that have been elected (or otherwise appointed) and qualified then in office shall constitute a quorum for the transaction of business at any meeting; provided, however, that if less than a quorum is present, then a majority of the Directors or persons serving on the committee present may adjourn the meeting.
- (b) The act of a majority of the Members, Directors or persons serving on a committee of the Board of Directors present at a meeting at which a quorum is present shall be the act of the body meeting, unless the act of a greater number is required by the Articles of Incorporation, these Corporate Bylaws, or any provision of law.

- (c) Each Member (with voting rights), Director or individual serving on a committee of the Corporation who is present shall have one vote on each matter submitted to a vote at any meeting. Except at meetings of the Members where proxies shall be permitted, voting by proxy at meetings of the Directors or its committees shall not be permitted.
- (d) Voting may be by a show of hands unless any person entitled to vote objects, in which case voting shall be by written ballot or by roll call.

7.6 Conduct of Meetings: The President of the Corporation, or in the absence of the President, the Vice President, shall call any meeting of the Members or Directors to order and shall act as the chairperson of the meeting. The chairperson of a committee, or in her absence, a vice chairperson or chair pro tem, shall call any committee meeting to order and shall act as the chairperson of the meeting.

7.7 Mechanisms for Board Action In The Absence of a Meeting: If all the Members or Directors sign a written consent specifying any action desired to be taken by the Members or the Board of Directors of the Corporation, such action shall be a valid corporate action as though it had been authorized at a meeting of the Members or Directors and the secretary shall file such consent with the minutes of the meeting of the Members or Directors to be read at the ensuing regular meeting. A consent may be executed in counterpart originals as long as all counterparts are maintained in the corporate record book by the Secretary.

7.8. Conflicts of Interest: A transaction may be approved by the Directors (or a committee thereof) notwithstanding a conflict of interest (hereinafter a “Conflict of Interest Transaction”) either if the Conflict of Interest Transaction is fair at the time it was entered into, or if the material facts of the Conflict of Interest Transaction and the director's or officer's interest are disclosed or known to the Board of Directors (or a committee thereof), when they approve the Conflict of Interest Transaction; provided, however, that, in order for a Conflict of Interest Transaction to be authorized, the Conflict of Interest Policy attached hereto as Exhibit A (and by this reference made a part hereof) shall be followed.

A conflict –of interest transaction is a transaction described in the Conflict of Interest Policy, or any transaction in which a director or officer of the corporation has a direct or indirect financial interest. For the purposes of this section, a director or officer has an indirect interest in a transaction if:

- (a) Another entity in which the director or officer has a material interest or in which the director or officer is a general partner is a party to the transaction; or
- (b) Another entity of which the director or officer is a director, officer or trustee is a party to the transaction.

A transaction in which a director or officer of the Corporation has a conflict of interest may be approved before or after consummation of the transaction by the board of directors, or a committee of the Directors, only if the transaction is fair and equitable to the Corporation and pursuant to the Conflict of Interest Policy. The board or committee may authorize, approve or ratify a transaction under this section if the material facts of the transaction and the director's or officer's interest are disclosed or known to the board or committee of the board. A Conflict of Interest transaction is approved if it receives the affirmative vote of a majority of those Directors who do not have a conflict of interest with respect to the transaction (hereafter the “Disinterested Directors”), but such a transaction shall not be approved by a single director. If a majority of the Disinterested Directors of the Corporation then in office vote to approve the transaction, then a quorum shall be deemed to be present.

7.9 Attendance: Directors are expected to attend all meetings of the Board of Directors and of any committees on which they serve, unless excused by the President for good cause or unless this provision is waived by unanimous vote of the remaining Directors. Participation in meetings by telephone conference call shall have the same effect as presence in person at the meeting.

ARTICLE 8. RESIGNATIONS, REMOVALS & VACANCIES

8.1 Resignation: Any Director, Officer or person appointed to serve on a committee of the Corporation may resign as such at any time by giving written notice to the President or the Secretary, or (only in the case of a Director) by absence from three (3) successive meetings of the Directors. Written resignations shall take effect at the time therein specified, or upon receipt if no time shall have been specified. With respect to resignations of Directors deemed offered by

three consecutive absences, they shall not be accepted except by affirmative vote of a majority of Directors present at a meeting subsequent to the meeting giving rise to the deemed offer of resignation. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

8.2 Removal: Any Director, Officer or person serving on any committee of the Corporation may be removed at any time with cause by vote of the body or action of the individual that elected or appointed the individual as Director, Officer or committee member whenever the best interest of the Corporation shall be served thereby. Such removal shall not affect any contract rights of the person so removed; provided, however, that the election or appointment of an individual to any position or office within the Corporation shall not, in itself, create contract rights.

8.3 Vacancies: In the event of a vacancy on the Board of Directors, or among the Corporate Officers occurring between Annual Meetings of the Members, the Directors may act to fill any such vacancy until the next Annual, Regular or Special Meeting of the Members at which time the Vacancy shall be filled in the manner, and for the unexpired term, of the person creating the vacancy. Vacancies shall be filled forthwith, and any person elected to fill a vacancy shall be so advised and shall serve with the same rights and duties of such person as they are elected to succeed.

ARTICLE 9. INDEMNIFICATION

9.1 Indemnification: The Corporation shall in all cases, to the fullest extent permitted by the Maine Nonprofit Corporations Act, indemnify any person who was or is involved in any manner (including, without limitation, as a party or a witness) in any threatened, pending or completed investigation, claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative (including, without limitation, any action, suit, or proceeding brought by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that that person is or was a director or officer of the Corporation, against all liabilities and expenses actually and reasonably incurred by the person in connection with such actions, suits or proceedings including but not limited to attorneys' fees, judgments, fines and amounts paid in settlement. This Section is subject to the limitations set forth in Section 9.2.

9.2 Limitations on Indemnification: No indemnification shall be provided for any person with respect to any matter as to which that person shall have been finally adjudicated in any action, suit or proceeding not to have acted in good faith in the reasonable belief that that person's action was in the best interests of the corporation or, with respect to any criminal action or proceeding, had reasonable cause to believe that that person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order or conviction adverse to such person, or by settlement or plea of nolo contendere or its equivalent, shall not of itself create a presumption that such person did not act in good faith in the reasonable belief that his action was in the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

9.3 Requirement of Indemnification: Any provision of Sections 9.1, 9.2 or 9.4 to the contrary notwithstanding, to the extent that a director or officer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 9.1, or in defense of any claim, issue or matter therein, that person shall be indemnified against all expenses and liabilities, including attorneys' fees, actually and reasonably incurred by that person in connection therewith. The right to indemnification granted by this Section 9.3 may be enforced by a separate action against the Corporation, if an order for indemnification is not entered by a court in the action, suit or proceeding wherein he was successful on the merits or otherwise.

9.4 Procedure: Any indemnification under Section 9.1, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because that person has met the applicable standard of conduct set forth in Section 9.1 and Section 9.2. That determination shall be made 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 if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion. Such a determination, once made by the Board of Directors may not be revoked by the Board of Directors, and upon the making of such determination by the Board of Directors, the director or officer may enforce the indemnification against the Corporation by a separate action notwithstanding any attempted or actual subsequent action by the Board of Directors.

9.5 Expenses: Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding may be authorized and paid by the Corporation in advance of the final disposition of that action, suit or proceeding upon a determination made in accordance with the procedure established in Section 9.4 that, based solely on the facts then known to those making the determination and without further investigation, the person seeking indemnification satisfied the standard of conduct prescribed by Section 9.1 and 9.2. Those persons making such determination may, in their discretion, require such person to provide the following to the Corporation:

- (a) A written undertaking by or on behalf of the officer or director to repay that amount if that person is finally adjudicated:
 - (i) Not to have acted honestly or in the reasonable belief that the person's action was in or not opposed to the best interests of the Corporation;
 - (ii) With respect to any criminal action or proceeding, to have had reasonable cause to believe that the person's conduct was unlawful; and
- (b) A written affirmation by the officer or director that the person has met the standard of conduct necessary for indemnification by the Corporation as authorized in this section.

The undertaking required by Paragraph A shall be an unlimited general obligation of the person seeking the advance, but need not be secured and may be accepted without reference to financial ability to make the repayment.

9.6 Enforceability: The indemnification and entitlement to advances of expenses provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of disinterested directors or otherwise, both as to action in that person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, trustee, partner or fiduciary and shall inure to the benefit of the heirs, executors and administrators of such a person. A right to indemnification may be enforced by a separate action against the Corporation, if an order for indemnification has not been entered by a court in any action, suit or proceeding in respect to which indemnification is sought.

9.7 Insurance: The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that person's status as such, whether or not the Corporation would have the power to indemnify that person against such liability under this Article.

ARTICLE 10. GENERAL PROVISIONS

10.1 Fiscal Year: The fiscal year of the Corporation shall end on the last day of June.

10.2 Gender: Any word or reference contained in these Corporate Bylaws which implies one gender shall be applied to all genders as appropriate.

10.3 Construction of Titles and Headings: The titles of Articles and headings of Sections of these Corporate Bylaws are intended to aid the reader in locating the substantive provisions contained herein, and they shall neither be interpreted as making or modifying any addition to or change in the substance of the operative provisions of these Corporate Bylaws nor be understood to summarize the provisions to which they relate.

10.4 Severability: In the event that any provision of these Corporate Bylaws is deemed to be invalid or unenforceable for any reason, then the remaining provisions of these Corporate Bylaws shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

10.5 Amendment: The Articles of Incorporation and these Corporate Bylaws may be amended or restated by affirmative vote of two-thirds (2/3) vote of the Members present and entitled to vote at any duly called meeting of the Members; provided, however, that (a) any such amendment shall have first received a recommendation approved by the Directors at any duly called meeting of the Directors, (b) the text of the amendment or restatement shall have been circulated to the Members at least fourteen (14) days prior to the meeting at which action by the Members is to be taken and (c) any amendment of provisions of the Bylaws that is also contained

in the Articles of Incorporation shall not be approved without also amending the Articles of Incorporation.

EXHIBIT A TO CORPORATE BYLAWS
of
Watchic Lake Association, Inc.

CONFLICT OF INTEREST POLICY

Article 1. Purpose

The purpose of the conflict of interest policy is to protect the interests of this tax-exempt organization (the “Corporation”) 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.

Article 2. Definitions

2.1 Interested Person: Any person who serves this Corporation as a director, officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an “Interested Person.” If a person who serves this Corporation as a director, officer, or member of a committee with board delegated powers, is an Interested Person with respect to any Affiliated Organization (as defined at Section 1.4(b) of the Bylaws of this Corporation), then that person is also an Interested Person with respect to this Corporation.

2.2 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 Article III, Section 3.2, 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.

Article 3. Procedures

3.1 **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 board delegated powers considering the proposed transaction or arrangement.

3.2 **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, the Interested Person 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.

3.3 **Procedures for addressing the Conflict of Interest:**

- (a) An Interested Person may make a presentation at the 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 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.

3.4 **Violation of the Conflicts of Interest Policy:**

- (a) If the 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.

Article 4. Records of Proceedings

4.1 Minutes: The minutes of the 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 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 discussion 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.

Article 5. Compensation

5.1 Recusal of Directors Required: A voting member of the board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that Director's compensation.

5.2 Recusal of Certain Committee Members Required: A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

5.3 Information May Be Presented: No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article 6. Annual Statements

6.1 Signed Statements Required: Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of this Conflicts of Interest Policy;
- (b) Has read and understands the policy;
- (c) Agrees 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 charitable purposes.

Article 7. Periodic Reviews

7.1 Review Procedure: 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'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.

7.2 Use of Outside Experts: When conducting the periodic reviews as provided for in Article VII, Section 7.1, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.