

BY LAWS

HAWAII BICYCLING LEAGUE

(A Hawaii nonprofit corporation)

These bylaws of Hawaii Bicycling League (the "Corporation") supersede the bylaws adopted on December 2, 2000, and all amendments thereto.

ARTICLE I

ORGANIZATION OF CORPORATION AND ACTIVITIES

The Corporation is organized and shall be operated exclusively for the exempt purposes set forth in the articles of incorporation, as permitted to a Hawaii nonprofit corporation exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code, and all of the Corporation's activities shall be performed in furtherance of such exempt purposes.

ARTICLE II

OFFICES AND REGISTERED AGENT

Section 2.1 Mailing Address of Principal Office. The Corporation shall maintain a mailing address of its principal office at such place as the Board of Directors shall determine. Such mailing address may be the same as the street address of its registered office.

Section 2.2 Registered Office and Registered Agent. The Corporation shall continuously maintain in this State a registered office and a registered agent. The registered office may be the same as its place of business. The registered agent may be (1) an individual who resides in this State and whose business office is identical with the registered office, (2) a domestic entity authorized to transact business in this State and whose business office is identical with the registered office, or (3) a foreign entity authorized to transact business in this State and whose business office is identical with the registered office.

The Corporation may change its registered office or agent, or if the agent's street address changes, the registered agent may change the street address of the Corporation's registered office, or the agent may resign as the registered agent in the manner provided by the Hawaii Nonprofit Corporations Act, Hawaii Revised Statutes (HRS) 414D-72 and -73.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 Number and Qualification of Directors. Directors must be individuals and

members of the Corporation in good standing. The number of directors of the Corporation shall consist of three (3) or more individuals, with the number fixed by the Board of Directors in accordance with Section 3.3, below. The number of directors may be increased or decreased from time to time, provided that the number of directors shall not be less than three. See 3.3 for chapter director.

Section 3.2 Term of Office. Except for the designated director, all elected directors shall hold office for a term of two (2) years. Directors may be elected for successive terms. A decrease in the number of directors or term of office does not shorten an incumbent director's term.

The designated director, who holds the position of Executive Director of the Corporation, shall serve as a director for a term coinciding with his or her position as Executive Director.

The term of a director filling a vacancy of a director elected by members expires at the next election of directors by the members. The term of a director filling any other vacancy expires at the end of the unexpired term that the director is filling.

Even if a term has expired, a director shall continue to serve until the director's successor is elected, designated, or appointed and qualifies, or until there is a decrease in the number of directors.

Section 3.3 Election of Directors and Officers; Designated Director.

- (1) Number and Election. The number of directors shall be fixed at each annual meeting of the Board of Directors. The annual meeting shall be held at such time and place as the Board of Directors may designate.
- (2) A Local Chapter of the Hawaii Cycling League with 100 individual, family, and business members shall be represented by a director elected by the Local Chapter members. The Local Chapter members shall only vote for their Local Chapter director, according to the Local Chapter Rules.

Except for the designated director, all directors shall be elected by members entitled to vote on the matter at each annual meeting of the members to be held in the last quarter of each year (or at such time as may be designated by the Board of Directors) or at any special meeting held for that purpose. The election may be conducted by mail or email in lieu of a meeting.

(2) Procedure to Elect Directors and Officers. The procedure for electing the directors and officers of the Corporation shall be as follows:

- (a) The Corporation shall request the members to submit nominees for vacant offices through a newsletter or other reasonable means; and
- (b) The members entitled to vote shall then elect the directors and officers, as necessary, at a meeting (or through the mail by written ballot or through email by electronic ballot) preceded by notice to each member containing a list of the candidates for office and indicating that the matter will be voted upon and other information as required under Section 13.4 of the bylaws. Voting shall be conducted by confidential written ballot.

(3) Designated Director. The Executive Director shall automatically take office as a director upon

commencing the position as the executive director or at such other time as the Board of Directors shall designate. The Executive Director may serve on the Board subject to the rules applicable to other board members.

Section 3.4 Vacancies. A vacancy occurring on the Board of Directors by an elected director and any directorship to be filled by reason of any increase in the number of directors may be filled by the Board. If the directors remaining in office constitute fewer than a quorum of the Board, the directors may fill the vacancy by a majority vote of the directors remaining in office.

Unless otherwise provided in the articles of incorporation or the bylaws, if a designated director held a vacant office, the Board of Directors may only fill such vacancy.

If a vacancy will occur at a specified later date (by reason of a resignation effective at a later date or otherwise), such vacancy may be filled before it actually occurs so long as the new director does not take office until the vacancy occurs.

Section 3.5 Resignation of Directors. A director may resign at any time by giving written notice to the Board of Directors, its presiding officer, or to the President or Secretary. Such resignation will be effective when the notice is effective, unless the notice specifies a future effective date. If the notice specifies a future effective date, the pending vacancy may be filled before that date so long as the successor does not take office until the effective date.

Section 3.6 Removal. The members may remove one or more directors elected by them without cause unless otherwise provided in the articles or bylaws at a meeting duly called for that purpose, and the notice must state the purpose of the meeting. If a director was elected by a class, chapter, or other organizational unit, or by region or other geographic grouping, only members from such class, chapter, unit or grouping may vote for removal.

If a director was elected by the Board, the director may be removed without cause by two-thirds (2/3) vote of the directors in office or such greater number as set forth in the articles or bylaws; provided, that a director elected by the Board to fill a vacancy of a director elected by the members may be removed without cause by the members, but not the Board.

Amending the articles or bylaws and deleting or changing the designation may remove a designated director. The Corporation shall give written notice of the removal to the director, specifying the effective date.

A director may be removed for failing to attend three (3) consecutive board meetings; provided, that this provision is in effect at the beginning of the director's term. The director may be removed only if a majority of the directors in office vote for the removal.

The vacancy shall be filled in accordance with Section 3.4, above.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1 Regular Meetings. If the bylaws or the Board fixes the time and place of a directors' meeting, the meeting is a regular meeting. Regular meetings of the Board of Directors shall be held at least annually, at such times and places as may be indicated in the bylaws or as the Board of Directors may provide by resolution. Notice of regular meetings shall be given in accordance with Section 4.3, below.

Section 4.2 Special Meetings. All meetings other than regular meetings are special meetings. Notice of each special meeting shall be given in accordance with Section 4.3, below.

Section 4.3 Call and Notice of Meetings. Unless the articles or bylaws provide otherwise, meetings of the Board of Directors may be called by or at the request of the presiding officer of the Board of Directors, the President or twenty percent (20%) of the directors then in office. The individual or individuals authorized to call meetings may fix the place and time for holding any meeting called by them. The Secretary shall give notice of each meeting of the Board of Directors for which notice is required.

(1) Notice Requirements.

(a) Regular meetings of the Board of Directors may be held without notice, except as otherwise provided in the articles, bylaws or Hawaii Nonprofit Corporations Act.

(b) Special meetings of the Board of Directors shall be preceded by at least two (2) days' notice to each director of the date, time, and place, but not the purpose, of the meeting, except as provided in the articles, bylaws or Hawaii Nonprofit Corporations Act.

(c) Any action by the Board of Directors to remove a director or approve a matter as described below must be preceded by at least seven (7) days' written notice to each director indicating that the matter will be voted upon and other information as required under the rules, unless such notice is waived by a director as provided in Section 4.3(3):

(i) Election, designation, and appointment of directors;

(ii) Filling a vacancy on the Board of Directors;

(iii) Removal of a director;

(iv) Approval of a conflict of interest transaction;

(v) Determination and authorization of indemnification;

(vi) Amendment of the articles of incorporation (including restatement of the articles);

(vii) Amendment of the bylaws;

(viii) Approval to increase or decrease the quorum or voting requirements;

(ix) Approval of a plan of merger (the notice must also state that the purpose is to consider the proposed merger); mergers shall be performed in accordance with the Nonprofit Corporations Act, and prior written notice to the attorney general shall be made and approvals obtained as required by the Act;

(x) Approval of a sale, lease, exchange, or other disposition of all, or substantially all, of assets other than in the usual and regular course of activities (the notice shall also state that the purpose of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, of the property or assets of the Corporation and contain a copy or summary of a description of the transaction); written notice shall be provided to the attorney general 20 days before the actual disposition of the assets, unless waived by the attorney general, as provided under HRS 414D-222(i), as amended;

(xi) Approval of a plan of conversion (the notice must also state that the purpose of the meeting is to consider the proposed conversion);

(xii) Approval of a plan of dissolution of the Corporation, including revocation of the plan of dissolution (the notice must also state that the purpose of the meeting is to consider corporate dissolution (or revocation of the plan) and contain a copy or summary of the plan); dissolution shall be performed in accordance with the Nonprofit Corporations Act, and prior written notice to the attorney general shall be made as required by the Act.

(2) Form of Notice and Effectiveness. Unless otherwise provided in these bylaws or law, notice may be oral or written and communicated in person, by telephone or other form of wire or wireless communication (including email), or by mail or private carrier. If such forms of personal communication are impracticable, notice may be made by a newspaper of general circulation in the area where published or by radio, television, or other form of public broadcast.

(a) Oral notice is effective when it is communicated if done in a comprehensible manner.

(b) Except as provided in subsection (c), written notice, if done in a comprehensible form, is effective at the earliest of the following: (i) when received; (ii) five

(5) days after it is mailed with the US Postal Service (as evidenced by the postmark), provided that the correct address and first class postage are used; or (iii) on the date shown on the return receipt signed by or on behalf of the addressee, if sent by registered or certified mail.

(c) Except as provided in Section 13.4 or unless otherwise indicated in the Hawaii Nonprofit Corporations Act, written notice to members, if in comprehensible form, is effective when mailed so long as the notice is postpaid and correctly addressed to the member's last known address as shown in the Corporation's current list of members. A written notice or report delivered as part of a newsletter or other publication regularly sent or delivered to members shall be considered written notice to the member whose address the newsletter or publication is sent, or in the case of members living in the same household, a newsletter or publication delivered to one of the members in the household is considered notice to all residing at that address so long as all the members have the same address as shown in the Corporation's current list of members.

(3) Waiver of Notice. A director may at any time waive any notice required under the Hawaii Nonprofit Corporations Act, articles of incorporation or bylaws by submitting a signed waiver of notice, which shall be filed with the minutes or corporate records. A director's attendance at or participation in a meeting also waives any required notice unless the director at the beginning of the meeting or prior to the vote on a matter not properly noticed, objects to lack of notice and does not thereafter vote for or assent to the objected to action.

Section 4.4 Quorum and Adjournment. A majority of the directors in office fixed under Section 3.3, above, immediately before a meeting begins constitutes a quorum. Unless the Hawaii Nonprofit Corporations Act, the articles of incorporation or the bylaws require the vote of a greater number of directors, no action taken shall bind the Corporation unless a majority of the directors present at a meeting at which a quorum is present concurs with such action. Each director shall be entitled to one (1) vote.

In no event may the articles or bylaws authorize a quorum of fewer than the greater of one-third (1/3) of the number of directors in office or two (2) directors.

In the absence of a quorum, the presiding officer or a majority of the directors present may adjourn the meeting from time to time until a quorum is present.

Section 4.5 Telephone Meetings. Subject to the notice requirements in Section 4.3, above, and unless otherwise provided by the articles or bylaws, the Board of Directors may allow any or all of the directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication whereby all participating directors can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 4.6 Action Without Meeting. Unless the articles or bylaws provide otherwise, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the directors sign one or more written consents describing the action taken and include such consent(s) in the minutes filed with the corporate records reflecting the action taken. The action taken is effective when the last director signs the consent, unless the consent specifies a different effective date. Such consent shall have the same effect as a meeting vote.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 5.1 Powers. All corporate powers are vested in the Board of Directors to the fullest extent permitted by the laws of the State of Hawaii and the Internal Revenue Code. Such corporate powers shall be exercised by or under the authority of the Board of Directors, including the management of the Corporation's affairs.

Without limiting the foregoing, the Board of Directors shall have the power to establish conditions for admission of members, admit members, issue memberships, and to do all other things necessary or convenient, not inconsistent with the law, to further the activities and affairs of the Corporation.

Section 5.2 Duties. The Board of Directors shall conduct, manage and control the affairs and business of the Corporation, and promulgate and enforce rules and regulations, consistent with state and federal laws, the articles of incorporation and bylaws.

The duties of the Board shall include selecting an executive director for the Corporation.

Section 5.3 Committees.

(1) Creation of Committees of the Board and Powers. Unless prohibited or limited by the articles or bylaws, the Board of Directors may create committees of the Board and appoint members of the Board to serve on them. The creation of a committee and appointment of members to it must be approved by the greater of a majority of the directors then in office or the number of directors required to take action under Section 4.4. Each committee shall be comprised solely of directors and have two (2) or more directors, who serve at the pleasure of the Board.

Each committee shall have and exercise all the authority of the Board of Directors to the extent specified by the Board, the articles of incorporation or the bylaws; provided, however, that a committee of the Board may not:

(a) Authorize distributions;

(b) Approve or recommend to members dissolution, merger, or the sale, pledge or transfer of all or substantially all of the assets of the Corporation;

(c) Elect, appoint, or remove directors or fill vacancies on the Board or on any of its committees; or

(d) Adopt, amend, or repeal the articles of incorporation or the bylaws. The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a director with the standards of conduct described in Section 5.4, below.

(2) Committee Meetings, Notice and Voting. Sections 4.1 to 4.6, above, which govern meetings, notice and waiver of notice, quorum and voting requirements, and action without meetings of the Board, apply to committees and their members.

(3) Advisory Committees--Exercise of Board Authority Prohibited. Unless prohibited or limited by the articles or bylaws, the Board of Directors may create advisory committees comprised of directors and non-directors and appoint members to serve on them. The creation of an advisory committee and appointment of members to it must be approved by the greater of a majority of the directors then in office or the number of directors required to take action under Section 4.4.

Advisory committees shall have no powers except as authorized by the Board to further their purposes; provided, however, that advisory committees shall only act in an advisory capacity to the Board and in no case shall exercise Board authority.

Section 5.4 Standards of Conduct For Directors. A director shall discharge the director's duties as a director or member of a committee:

(1) In good faith;

(2) With the care an ordinary prudent person in a like position would exercise under similar circumstances; and

(3) In a manner the director reasonably believes to be in the Corporation's best interests. In performing such duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by the following:

- (1) One or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent in the matters presented;
- (2) Legal counsel, public accountants, or other persons regarding matters the director reasonably believes are within the person's professional or expert competence; or
- (3) A committee of the Board of which the director is not a member regarding matters within its jurisdiction and the director reasonably believes the committee merits confidence.

A director is not acting in good faith if the director has knowledge, which would make reliance upon these persons or the committee unwarranted.

A director who acts in compliance with this section will not be liable to the Corporation, any member, or other person for actions and omissions as a director.

A director who serves without remuneration or expectation of remuneration shall not be liable for damage, injury or loss caused by any action or omission while in office, unless the director is grossly negligent. "Remuneration" does not include payment of reasonable expenses and indemnification or insurance for actions as a director, as allowed by the Hawaii Nonprofit Corporations Act, Sections 414D-159 to -167 (relating to indemnification and proceedings related thereto).

Section 5.5 Management of Conflicts of Interest. The Board of Directors shall establish procedures to ensure that the affairs of the Corporation are managed in an ethical manner, without improper conflicts of interest.

ARTICLE VI

OFFICERS

Section 6.1 Designation and Authority. The officers of the Corporation shall be the President, one or more Vice-Presidents, the Treasurer and Secretary, and such assistant officers and other officers as the Board of Directors shall from time to time designate. The officers shall perform the duties and have the authority as set forth in the bylaws, or to the extent consistent with the bylaws, as prescribed in a resolution of the Board or by direction of an officer authorized by the Board to prescribe the duties and authority of other officers.

Section 6.2 Election and Term of Office. Officers shall be members in good standing and individuals who hold the office of a director in the Corporation. The members shall elect the officers at the annual meeting of the members (or at such other time as the Board may determine) according to the procedures described in Section 3.3, above. Officers shall be elected to serve one (1) year terms. Officers may be elected for successive terms. The same individual may simultaneously hold more than one office in the Corporation, provided that not less than two (2) individuals shall be officers.

Section 6.3 Resignation and Removal. An officer may resign at any time by delivering

notice to the Corporation, and the resignation will be effective when the notice is effective unless the notice specifies a future effective date. If the resignation is made effective at a future date and the Corporation accepts that date, the Board of Directors may fill the pending vacancy before the effective date, provided the successor does not take office until the effective date. An officer's resignation shall not affect the Corporation's contract rights, if any, with the officer.

Except as otherwise provided in the articles or bylaws, the Board of Directors may remove an officer at any time with or without cause. The removal of an officer shall not affect the officer's contract rights, if any, with the Corporation.

Section 6.4 President. The President shall preside at all meetings of the Board of Directors. Unless otherwise determined by the Board of Directors or provided in the bylaws, the President shall have general charge and supervision of the Corporation. The President shall perform such other duties as are incident to the office or are required by the Board of Directors or bylaws.

Section 6.5 Vice-Presidents. In the absence or disability or refusal to act by the President, the Vice-President or Vice-Presidents, if elected, shall, in the order designated by the Board of Directors or President, perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall have such powers and perform such other duties as from time to time may be prescribed by the Board of Directors, President or bylaws.

Section 6.6 Treasurer and Assistant Treasurer. The Treasurer shall have the following duties:

- (1) Exercise general supervision over the receipt, custody, and disbursement of corporate funds;
- (2) Maintain an adequate system of accounting and internal controls in order to safeguard the Corporation's assets and provide for meaningful financial reporting;
- (3) Provide quarterly financial statements, propose an annual operating budget and balance sheet for approval by the Board of Directors prior to the end of the Corporation's fiscal year, and prepare such forecasts as may be required by the Board, all in accordance with generally accepted accounting principals; and
- (4) All other duties assigned by the Board of Directors, President or bylaws.

The Assistant Treasurer or Assistant Treasurers, if elected, shall, in the order designated by the Board of Directors or President, perform all the duties and exercise all the powers of the Treasurer during the absence or disability of the Treasurer or whenever the office is vacant, and shall perform all the duties assigned by the Board of Directors, President or bylaws.

Section 6.7 Secretary and Assistant Secretaries. The Secretary shall have the following duties:

- (1) Prepare the minutes of directors', committee, and members' meetings;

- (2) Give proper notice of all meetings of the Board of Directors and of any committee in accordance with Section 4.3 and meetings of members;
- (3) Authenticate records;
- (4) Keep and maintain the records and reports described in Section 7.3; and
- (5) Perform all other duties assigned by the Board of Directors, President or bylaws.

The Assistant Secretary or Assistant Secretaries, if elected, shall, in the order designated by the Board of Directors or President, perform all the duties and exercise all the powers of the Secretary during the absence or disability of the Secretary or whenever the office is vacant, and shall perform all the duties assigned by the Board of Directors, President or bylaws.

Section 6.8 Standards of Conduct For Officers. An officer with discretionary authority shall discharge the officer's duties as follows:

- (1) In good faith;
- (2) With the care an ordinary prudent person in a like position would exercise under similar circumstances; and
- (3) In a manner the officer reasonably believes to be in the best interests of the Corporation and the members. In performing such duties, an officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by the following:
 - (1) One or more officers or employees of the Corporation who the officer reasonably believes to be reliable and competent in the matters presented; or
 - (2) Legal counsel, public accountants, or other persons regarding matters the officer reasonably believes are within the person's professional or expert competence.

An officer is not acting in good faith if the officer has knowledge, which would make reliance upon these persons unwarranted.

An officer who acts in compliance with this section will not be liable to the Corporation, any member, or other person for actions and omissions as an officer.

An officer who serves without remuneration or expectation of remuneration shall not be liable for damage, injury or loss caused by any action or omission while in office, unless the officer is grossly negligent. "Remuneration" does not include payment of reasonable expenses and indemnification or insurance for actions as an officer, as allowed by the Hawaii Nonprofit Corporations Act, Sections 414D-159 to -167 (relating to indemnification and proceedings related thereto).

Section 6.9 Non-Officer: Executive Director. The executive director shall be responsible for the day-to-day operations of the Corporation and, in general, implementing the Corporation's exempt

purposes described in the articles of incorporation. The executive director shall also be responsible for performing the duties described in the Corporation's job description for the position and other duties as are incident to the office or required by the Board of Directors or bylaws.

ARTICLE VII

ADMINISTRATION

Section 7.1 Fiscal Year. The fiscal year of the Corporation is July 1 through June 30, or as may otherwise be established by the Board of Directors.

Section 7.2 Annual Report. The Corporation shall deliver an annual report to the Director of the Department of Commerce and Consumer Affairs on a form furnished by the Department. The annual report shall be filed within the time periods prescribed under the Hawaii Nonprofit Corporations Act, HRS 414D-308, as amended.

Section 7.3 Records.

(1) Records. The Corporation shall keep the following records:

- (a) Permanent records of the following: minutes of the meetings of the members and 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 as authorized under Section 5.3, above;
- (b) Appropriate accounting records; and
- (c) An alphabetical list of the names and addresses of the members by class, as applicable, and indicating the number of votes each member is entitled to cast.

(2) Maintenance of Records. The Corporation's records shall be maintained in written form or in another form capable of conversion into written form within a reasonable time.

(3) Copies of Records. The Corporation shall keep copies of the following records at its principal office:

- (a) The articles of incorporation (or restated articles) and all amendments currently in effect;
- (b) The bylaws (or restated bylaws) and all amendments currently in effect;
- (c) Resolutions adopted by the Board relating to the members' characteristics, qualifications, rights, limitations, and obligations;
- (d) Minutes of the meetings of members for the past three (3) years;
- (e) Records of all actions approved by the members for the past three (3) years;
- (f) Financial statements furnished to members upon demand under Hawaii Revised Statutes 414D-306 (Section 14.4, below) for the past three (3) years.
- (g) A list of the names and business or home addresses of the Corporation's current directors and officers; and
- (h) The most recent annual report filed with the Director of the Department of Commerce and Consumer

Affairs.

Section 7.4 Execution of Instruments. All checks and other orders for the payment of money, drafts, notes, bonds, acceptances, contracts, and all other instruments, except as otherwise provided in the bylaws, shall be signed by such individual or individuals as shall be designated by resolution of the Board of Directors. Unless authorized by the Board of Directors, no director, officer, agent or employee of the Corporation shall have any power or authority to bind the Corporation by any contract or other instrument or to pledge its credit or to render it liable for any purpose or amount.

ARTICLE VIII

LIMITATIONS: DISTRIBUTIONS; LOANS/GUARANTIES; NONPROFIT; PRIVATE INTEREST/LEGISLATIVE ACTIVITIES

Section 8.1 Distributions Prohibited. The Corporation shall not make any distributions, except as otherwise provided under the law. "Distribution" means "the payment of a dividend or any part of the income or profit of a corporation to its members, directors, or officers." (HRS 414D-14.)

Unless a director complies with the applicable standards of conduct described in Section 5.4, above, a director who votes for or assents to an unlawful distribution in violation of the Hawaii Nonprofit Corporations Act shall be personally liable to the Corporation for the amount of the distribution that exceeds what could have been distributed without violating the Act. A director held liable for an unlawful distribution is entitled to contribution from other directors who voted for or assented to the distribution without complying with the standards of conduct and each person who received the unlawful distribution.

Section 8.2 Loans or Guaranties Prohibited. The Corporation shall not lend money to or guaranty the obligation of a director or officer of the Corporation.

The Corporation shall further not lend money where the money is intended to be used for political purposes, such that it would violate the prohibition against political campaign activity of an exempt corporation.

Section 8.3 Nonprofit Form of Organization. The Corporation is not organized for profit and it will not authorize or issue shares of stock, and no dividend shall be paid and no part of the income or profit of the Corporation shall be distributed to its directors or officers or members. The Corporation may pay a reasonable compensation to its directors or officers or members for services rendered to the Corporation in furtherance of its purposes; provided, that no such payment shall be deemed to be a dividend or a distribution of income or profit.

Section 8.4 Restrictions--Private Interest/Legislative Activities. No part of the net earnings of the Corporation shall inure in whole or in part to the benefit of, or be distributable to, private shareholders or individuals, except as allowed by law.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in

or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Notwithstanding any other provision in the articles of incorporation, the Corporation shall not carry on any other activities not permitted to be carried on:

- (1) By a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provision of any future federal tax code; or
- (2) By a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, or the corresponding provision of any future federal tax code.

ARTICLE IX

LIMITATION OF DIRECTOR LIABILITY; INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 9.1 Limitation of Liability. The personal liability of a director to the Corporation and the members for any monetary damages because of a breach of the director's duties to the Corporation and the members shall be limited to the extent specified in the articles of incorporation, as allowed by the Hawaii Nonprofit Corporations Act, Section 414D-32.

Section 9.2 Indemnification. The Corporation shall indemnify and advance expenses to a director and an officer, employee, or agent of the Corporation who is not a director consistent with the articles of incorporation and in accordance with the Hawaii Nonprofit Corporations Act, Sections 414D-159 to -167.

ARTICLE X

AMENDMENTS

Section 10.1 Amendment of Bylaws. Subject to Section 10.3 and as otherwise provided in the articles of incorporation or the bylaws, the Board of Directors may alter, amend, or repeal the bylaws or adopt new bylaws by an affirmative vote of not less than a majority of the Board of Directors at a meeting duly called and noticed for that purpose.

Section 10.2 Amendment/Restatement of Articles of Incorporation. Subject to Section 10.3 and as otherwise provided in the articles of incorporation or the bylaws, the articles of incorporation may be amended by the Board of Directors by an affirmative vote of not less than a majority of the Board of Directors at a meeting duly called and noticed for that purpose, and in the manner provided by the bylaws.

Subject to Section 10.3 and as otherwise provided in the articles of incorporation or the bylaws, the articles of incorporation may be restated by the Board of Directors by an affirmative vote of not less than a majority of the Board of Directors at a meeting duly called and noticed for that purpose, and in the manner provided by the bylaws. Provided that if a restatement includes an amendment

requiring member approval, the Board must submit the restatement to the members for approval.

If the Board seeks to have the restatement approved by the members at a membership meeting, the Corporation shall notify each member of the meeting in writing in accordance with these bylaws for giving notice to members. The notice must also state that the purpose of the meeting is to consider the proposed restatement and contain or be accompanied by a copy or summary of the restatement. If the Board seeks to have the restatement approved by written ballot or consent, the material soliciting the approval shall contain or be accompanied by a copy or summary of the restatement. A restatement requiring member approval must be approved by receiving at least two-thirds (2/3) of the votes which members present at the meeting or represented by proxy (if allowed) are entitled to cast.

Section 10.3 Amendment Terminating or Canceling Members. Any amendment to the articles of incorporation or the bylaws, which would terminate all or any class of members or redeem or cancel all memberships or any class of memberships must be approved by the members by the following procedure:

- (1) Before adopting a resolution proposing such amendment, the Board of Directors shall give notice of the general nature of the amendment to the members.
- (2) After adopting a resolution proposing such amendment, the Board must give notice to the members proposing the amendment, and the notice shall include one or more statements of up to five hundred (500) words opposing the amendment if such statement is submitted by any five (5) members, or by members having three percent (3%) or more of the voting power, whichever is less. The notice must be given within twenty (20) days from the time the Board has voted to submit the amendment to the members for approval. The Corporation shall pay for the production and postage.
- (3) The proposed amendment must be approved by the members, whether through attendance or proxy (as allowed under the bylaws), by two-thirds (2/3) of the votes cast by each class present at the meeting at which the amendment is voted upon.

Section 12.6 shall not apply to any amendment meeting the requirements of this section.

ARTICLE XI SALE OF ASSETS

Section 11.1 Sale of Assets in the Regular Course of Activities. On the terms and for the consideration set by the Board of Directors, the Corporation may (1) sell, lease, exchange or dispose of all, or substantially all, of the Corporation's property in the usual and regular course of its activities or (2) mortgage, pledge, dedicate to the repayment of indebtedness or encumber any or all of the Corporation's property whether or not in the usual and regular course of its activities.

Section 11.2 Sale of Assets Other than in the Regular Course of Activities. On the terms and for the consideration set by the Board of Directors and authorized by the Board and the members entitled to vote, as described below, the Corporation may sell, lease, exchange or dispose of all, or substantially all, of the Corporation's property other than in the usual and regular course of activities.

Such transaction is not deemed to involve all, or substantially all, of the

Corporation's property if the Corporation retains sufficient property to continue one or more significant business segments or lines of the Corporation after the transaction. The business segments or lines retained must not be temporary operations or merely a pretext to avoid the members' rights under this section.

The transaction is authorized by the Board if a majority of the directors present at a duly noticed meeting under Section 4.3(1)(c) concurs with the action. The transaction is authorized by the members by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less.

The Board may condition its submission of the proposed transaction, and the members may condition their approval of the transaction on a higher percentage of affirmative votes or on any other basis.

If the Corporation seeks to have the members approve the transaction at a membership meeting, the Corporation shall give notice to the members in accordance with the notice provision, entitled Notice of Meetings of Members, in the bylaws. The notice shall state that the purpose of the meeting is to consider the sale, lease, exchange or other disposition of all, or substantially all, of the property or assets of the Corporation, and contain or be accompanied by a copy or summary description of the transaction.

If the Board needs to have the members approve the transaction by written consent or ballot, the material soliciting the approval must contain or be accompanied by a copy or summary of a description of the transaction.

The Corporation shall give written notice to the attorney general 20 days before it sells, leases, exchanges or otherwise disposes of all, or substantially all, of its property if the transaction is not in the regular course of its activities, unless the attorney general has given a written waiver of this requirement.

After the transaction is authorized, it may be abandoned, subject to any contractual rights, without further action by the members or any other person who approved the transaction, in a manner set forth in the resolution of the Board proposing the transaction or, if none is set forth, in a manner determined by the Board.

ARTICLE XII

MEMBERS AND MEMBERSHIPS

Section 12.1 Definitions Relating to Members and Memberships. The following definitions contained in the Hawaii Nonprofit Corporations Act, HRS 414D-14, apply to all provisions of the bylaws relating to members and memberships.

(1) "Member" means any person or persons having the rights and obligations of membership under the articles of incorporation or bylaws.

(2) "Membership" refers to the rights and obligations a member or members have under the articles of incorporation, bylaws and the Hawaii Nonprofit Corporations Act.

(3) "Approved by (or approval by) the members" means approved or ratified by the affirmative vote of a majority of the votes represented and voting at a meeting at which a quorum is present or by written consent or ballot in conformity with the bylaws and Hawaii Nonprofit Corporations Act or such greater proportion as may be specified in the articles of incorporation, bylaws or Hawaii Nonprofit Corporations Act.

(4) "Class" refers to a group of memberships, which have the same rights with respect to voting, dissolution, redemption, and transfer.

(5) "Record date" means the date established by the Corporation under Articles XII and XIII to determine the identity of the members.

(6) "Voting power" means the total number of votes entitled to be cast for the election of directors at the time the determination of voting power is made, excluding a vote which is contingent upon the happening of a condition or event that has not occurred at the time. Where a class is entitled to vote as a class for directors, the determination of voting power of such class shall be based on the percentage of the number of directors the class is entitled to elect out of the total number of authorized directors.

Section 12.2 Members. The members of the Corporation shall consist of those persons who are admitted into the membership under the provisions of the articles of incorporation or bylaws. Membership in the Corporation is evidenced by the Corporation's current list of members. See Exhibit A for policies on Chapter Members.

Section 12.3 Admission of Members. The Board of Directors shall have the power to establish the conditions for admission of members, admit members, issue memberships, and create classes of membership and confer such rights and obligations upon classes of membership. The Board may adopt a policy addressing member attendance and participation in meetings of the Board. No person shall be admitted as a member without the person's consent.

The Corporation shall have the following classes of members:

(1) Individual Members. Individuals who are 16 years of age or over shall be eligible for this class of membership. Individual Members shall have all the privileges of membership and the right to vote.

(2) Life Members. The Board of Directors, in its discretion, may confer Life Memberships upon distinguished individuals in the community and spouses of deceased members. Life Members shall have all the privileges of membership and the right to vote.

(3) Corporate Members. Any business supporting the goals of the Corporation shall be eligible for this class of membership. Corporate Members shall have all the privileges of membership and one (1) vote per business.

(3) Family Members. Any family shall be eligible for this class of membership. A "family" is defined as individuals living in the same household. Family Members shall have all the privileges of membership and one (1) vote per family.

Section 12.4 Differences in Rights and Obligations of Members. All members have the

same rights and obligations with respect to voting, dissolution, redemption, and transfer, except as stated above in Section 12.3 and Article VIII of the articles of incorporation.

Section 12.5 Member's Liability to Third Parties. A member shall not be personally liable for the acts, debts, liabilities or obligations of the Corporation by reason of being a member.

Section 12.6 Termination, Expulsion or Suspension of Members. No member may be expelled or suspended, and no membership or memberships may be terminated or suspended unless such action is taken pursuant to a fair and reasonable procedure and carried out in good faith. The procedure shall be deemed fair and reasonable if the action is carried out in either of the following two ways:

(1) By giving the member affected reasonable notice and an opportunity to be heard, as follows:

(a) The Corporation provides the member with at least fifteen (15) days prior written notice of the expulsion, suspension or termination and states the reason(s) for the action; and

(b) The Corporation gives the member an opportunity to be heard, orally or in writing, by a person or persons authorized to decide to cancel such action not less than five (5) days before the effective date of the expulsion, suspension or termination.

(2) Alternatively, by a procedure that is fair and reasonable taking into consideration all the relevant facts and circumstances.

Any written notice given by mail shall be sent to the member's last known address as shown in the Corporation's records.

A member who has been expelled or suspended may be liable to the Corporation for dues, assessments or fees as a result of obligations incurred or commitments made before the expulsion or suspension.

Any proceeding challenging the expulsion, suspension or termination (including a proceeding challenging the effectiveness of the notice) must be brought within one (1) year after the effective date of the expulsion, suspension or termination.

ARTICLE XIII

MEMBERS' MEETINGS AND VOTING

Section 13.1 Annual and Regular Meetings. The Corporation shall hold an annual membership meeting in the last quarter of each year or as otherwise determined by the Board. Regular membership meetings may also be held at such times stated or fixed in accordance with the bylaws or determined by the Board.

Annual or regular membership meetings may be held in or out of this State at a place stated or fixed in accordance with the bylaws. If no place is stated, such meetings shall be held at the Corporation's principal office.

At each annual meeting, the following agenda, at a minimum, shall be followed:

- (1) The president and treasurer shall report on the activities and financial condition of the Corporation; and
- (2) The members shall consider and act upon such other matters as may be raised consistent with the notice requirements of Section 13.4, entitled Notice of Meetings of Members, and Section 13.9, entitled Quorum and Voting Requirements.

At regular meetings, the members shall consider and act upon matters that are raised consistent with the notice requirements under Sections 13.4 and 13.9.

The failure to hold an annual or regular meeting as stated or fixed in accordance with the bylaws will not affect the validity of any corporate action.

Section 13.2 Special Meetings. Special meetings of the members may be called by the Board of Directors, the person or persons authorized to do so by the articles or bylaws, or upon one or more written demands by the holders of at least five percent (5%) of the voting power of the Corporation, which are signed and dated, describe the purpose or purposes for which the meeting is to be held, and are delivered to a corporate officer.

For purposes of the written demand or demands for a meeting, the close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting to the corporate officer shall be the record date for the purpose of determining whether the five percent (5%) requirement has been met.

Upon delivery of the written demand or demands, the Corporation shall provide notice to the members in accordance with the Notice of Meetings of Members provision of the bylaws, Section 13.4, within thirty (30) days. If such notice is not given, a person signing the demand or demands may set the time and place of the meeting and give appropriate notice under Section 13.4.

Special membership meetings may be held in or out of this State at such place stated or fixed in accordance with the bylaws. If no place is stated, such meetings shall be held at the Corporation's principal office.

Only those matters within the purpose or purposes described in the meeting notice under the Notice of Meetings of Members provision, Section 13.4, may be conducted at a special meeting of members.

Section 13.3 Action by Written Consent of Members. Any action required or permitted to be approved by the members at a meeting of the members may be approved without a meeting if members holding at least eighty percent (80%) of the voting power approve such action by one or more written consents, and the consent or consents are signed by those members, describes the action taken and is delivered to the Corporation for inclusion in the minutes or the corporate records. Such written consent shall have the same effect as a meeting vote.

If not otherwise determined under Section 13.6 of the bylaws or otherwise by a court

of law under HRS 414D-103, the record date for determining members entitled to take action without a meeting is the date the first member signs the written consent.

Written notice of member approval under this section shall be given to all members who have not signed the written consent. If written notice is required, member approval under this section shall be effective ten (10) days after the written notice is given.

Section 13.4 Notice of Meetings of Members. The Corporation shall give notice of the meetings of members in a fair and reasonable manner. Notice shall be deemed fair and reasonable if given as follows:

- (1) The Corporation gives notice to the members of the date, time, and place of annual, regular, and special meetings within a period, no fewer than ten (10) days or more than sixty (60) days before the meeting date;
- (2) The notice of an annual or regular meeting includes a description of any matter or matters that must be approved by the members under the following circumstances: director conflict of interest (HRS 414D-150); determination and authorization of indemnification (HRS 414D-164); amendment of the articles of incorporation (HRS 414D-182); approval of a plan of merger (HRS 414D-202); approval of a sale, lease, exchange or other disposition of all, or substantially all, of the Corporation's assets other than in the usual and regular course of activities (HRS 414D-222); and approval of a plan of dissolution (HRS 414D-241; - 242) (the description shall include that which is required under the provisions of the applicable Hawaii Revised Statute (HRS) sections); and
- (3) The notice of a special meeting includes a description of the matter or matters for which the meeting is called.

Other means of giving notice may also be fair and reasonable when all the circumstances are considered; provided, however, that notice of the matters referred to in subsection (2), above, must be given as required under the HRS.

Unless otherwise provided in the bylaws, if an annual, regular or special meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place, so long as the new date, time or place is announced at the meeting prior to the adjournment; provided, that if a new record date for the adjourned meeting must be fixed under Section 13.6, then notice shall be given under this section to the members of record as of the new record date.

Section 13.5 Waiver of Notice by Member. A member may waive any notice required by the Hawaii Nonprofit Corporations Act, articles of incorporation or bylaws before or after the date and time stated in the notice by delivering to the Corporation a signed waiver of notice, which shall be filed with the minutes or corporate records.

A member's attendance at a meeting (1) waives any objection to lack of notice or defective notice, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (2) waives any 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 13.6 Record Date: Determining Members Entitled to Notice, Vote, and Other.

The record dates for determining the members' entitlement to notice, vote, and any other action allowed and provided for in the articles of incorporation, bylaws, and the Nonprofit Corporations Act are as follows:

(1) Record Date For Entitlement to Notice of Members' Meetings. The bylaws may fix or provide the manner of fixing a date as the record date for determining the members entitled to notice of a members' meeting. If the bylaws do not fix or provide for fixing such a date, the Board may fix a future date as a record date. If no such record date is fixed, members at the close of business on the business day preceding the day on which notice is given, or if notice is waived, at the close of business on the business day preceding the day on which the meeting is held, are entitled to notice of the meeting.

(2) Record Date For Entitlement to Vote. The bylaws may fix or provide the manner of fixing a date as the record date for determining the members entitled to vote at a members' meeting. If the bylaws do not fix or provide for fixing such a date, the Board may fix a future date as a record date. If no such record date is fixed, members on the date of the meeting who are otherwise eligible to vote are entitled to vote.

(3) Record Date For Entitlement to Other Rights. The bylaws may fix or provide the manner for determining a date as the record date for the purpose of determining the members entitled to exercise any rights in respect of any other lawful action. If the bylaws do not fix or provide for fixing such a date, the Board may fix in advance such a record date. If no such record date is fixed, members at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later, are entitled to exercise such rights.

A record date may not be 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 fixes a new date for determining the right to notice or the right to vote, which the Board 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 13.7 Corporation to Prepare Members' List for Meetings.

(1) Preparation and Maintenance of List. After fixing a record date for a notice of a meeting, the Corporation shall prepare an alphabetical list of the names of all members entitled to notice of the meeting. The list shall include the members' addresses and number of votes each member is entitled to cast at the meeting. The Corporation shall further 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.

(2) Inspection of List Upon Demand. The list of members shall be available for inspection by any member for the purpose of communication with other members concerning the meeting. The list shall be available at the Corporation's principal office or other 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 the member's agent or attorney is entitled on written demand to inspect and, subject to the limitations outlined in Sections 14.1(3) and 14.3, copy the list at a reasonable time and at the member's expense during the period that it is available.

(3) Inspection at Meeting Upon Request. If a request is submitted at least five (5) business days prior to the meeting, the Corporation shall make the list of members available at the meeting. Any member or the member's agent or attorney may inspect the list at the meeting or any adjournment.

Section 13.8 Members Entitlement to Vote. The right of the members, or any class or classes of members, to vote may be limited, enlarged or denied to the extent specified in the articles of incorporation. The right to vote of each class of members of the Corporation shall be as described in Section 12.3 and Article VIII of the articles of incorporation.

Unless otherwise limited, enlarged or denied in the articles of incorporation, each member (or class of members as applicable) shall be entitled to one (1) vote on each matter submitted to a vote of members. Unless the articles or bylaws provide otherwise, if a membership stands of record in the names of two (2) or more persons, if one votes, the act binds all; if more than one votes, the vote shall be divided on a pro rata basis.

Section 13.9 Quorum and Voting Requirements.

(1) Quorum Requirements. Twenty-Five (25) members in good standing shall be represented at a meeting of members to constitute a quorum, unless otherwise indicated in the articles of incorporation, bylaws or the Hawaii Nonprofit Corporations Act.

Any amendment to the bylaws to decrease the quorum for any member action may be approved by the members or, unless prohibited by the bylaws, the Board of Directors.

Any amendment to the bylaws to increase the quorum required for any member action must be approved by the members.

Unless one-third (1/3) or more of the voting power is present in person or by proxy (if allowed), the only matters that may be voted upon at an annual or regular meeting of members are those that are described in the meeting notice.

(2) Voting Requirements. If a quorum is present, a majority vote of the quorum is the act of the members, unless the articles of incorporation, bylaws or the Hawaii Nonprofit Corporations Act require a greater vote or voting by class.

Any amendment to the bylaws to increase or decrease the vote required for any member action must be approved by the members.

Section 13.10 Proxy Voting.

(1) Appointment of a Proxy by a Member. A member may appoint a proxy to vote or otherwise act for the member by signing an appointment form personally or by an attorney-in-fact. A member may authorize another person to act as a proxy for the member, as follows:

(a) By executing a writing authorizing another person or persons to act as a proxy, which may be accomplished by the member or by the member's authorized attorney-in-fact, officer, director, employee or agent signing the writing or causing the member's signature to be affixed to the writing by any

reasonable means (e.g., by fax); or

(b) By transmitting or authorizing the transmission of a facsimile or other electronic transmission authorizing the person or persons to act as a proxy for the member to the person or persons who will be the holder of the proxy or other agent duly authorized by the person who will be the holder of the proxy to receive the transmission; provided that any such transmission shall specify that the transmission was authorized by the member. A copy, facsimile or other reliable reproduction of the writing or transmission created under the foregoing may be used in lieu of the original writing or transmission for any purpose for which the original writing or transmission could be used, provided that such copy, facsimile or other reproduction is a complete reproduction of the entire original writing or transmission.

(2) Effectiveness of Appointment. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. Such appointment shall remain valid for eleven (11) months, unless otherwise expressly provided in the appointment form; provided, that no proxy shall be valid for more than three (3) years from execution, unless otherwise indicated in the bylaws. The death or incapacity of the member making the appointment does not affect the Corporation's right 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.

(3) Revocability of the Appointment. An appointment of a proxy is revocable by the member making the proxy, unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. An appointment coupled with an interest includes, without limitation, the appointment of the following: a pledgee, a creditor of the Corporation who extended the Corporation credit under terms requiring the appointment, an employee of the Corporation whose employment contract requires the appointment, or a party to a voting agreement created under Section 414D-117 of the Hawaii Revised Statutes, as recited in Section 13.11.

Section 13.11 Member Voting Agreements. Two (2) or more members may sign an agreement to vote in a particular manner, and such agreement may be valid for up to ten (10) years. Such agreement is specifically enforceable.

ARTICLE XIV

INSPECTION OF CORPORATE RECORDS

Section 14.1 Inspection of Records by Members.

(1) Inspection of Records Under Section 7.3(3). Subject to Sections 7.3(3) and 14.2(2), a member is entitled to inspect and copy any of the records of the Corporation described in Section 7.3(3) at a reasonable time and location specified by the Corporation; provided, that the member gives the Corporation written notice or demand at least five (5) business days before the date on which the member wishes to inspect and copy the records.

(2) Inspection of Records Under Section 7.3(1)(a), Accounting Records, and Membership List. A member is entitled to inspect and copy, at a reasonable time and location specified by the Corporation, the following records; provided, that 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 records and meets the requirements of subsection (3), below:

(a) Excerpts from any records required to be maintained under Section 7.3(1)(a), to the extent not subject to inspection under subsection 14.1(1), above;

(b) Accounting records of the Corporation;

(c) Subject to Sections 13.7(2) and 14.3, the membership list.

(3) Requirements For Inspection of Records Under Subsection (2). A member may inspect and copy the records identified in subsection (2), above, only if:

(a) The demand to inspect and copy is made in good faith and for a proper purpose;

(b) The member describes with reasonable particularity the purpose and the records the member desires to inspect; and

(c) The records are directly connected with the stated purpose.

(4) No Effect on Other Inspection Rights. This section does not affect a member's right to inspect records under Section 13.7, entitled Corporation to Prepare Members' List for Meetings, or as the member may otherwise be entitled to as a litigant or by court order.

Section 14.2 Scope of Inspection.

(1) Copies. A member's right to copy records under Section 14.1 includes, if reasonable, the right to receive copies made by photographic, xerox or other means.

(2) Copy Cost. The Corporation may impose a reasonable charge for labor and materials to cover the cost of copies provided to a member; provided, however, that such charge may not exceed the estimated cost of production or reproduction of the records.

(3) Regarding Inspection and Copying of Member List. The Corporation may comply with a member's demand to inspect the records of members under Section 14.1(2)(c), by providing the member with a list of its members that was compiled no earlier than the date of the member's demand.

Section 14.3 Limitation on Use of Membership List. Without the consent of the Board of Directors, the membership list or any part of the list shall not be obtained or used by any person for a purpose unrelated to a member's interest as a member of the Corporation.

Without limiting the foregoing paragraph, without the Board's consent, the membership list or any part of the list shall not be:

(1) 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;

(2) Used for any commercial purpose;

(3) Sold to or purchased by any person; or

(4) Published in whole or in part to the general public.

Section 14.4 Inspection and Copying of Financial Statements. Upon written demand by a member, the Corporation shall provide the member with its latest annual financial statements. Such financial statements may be consolidated or combined statements of the Corporation and one 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 the Corporation's financial statements are prepared 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 a statement of the president or 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 14.5 Report to Members on Indemnification or Advancement of Expenses. If the Corporation indemnifies or advances expenses under the Hawaii Nonprofit Corporations Act, Sections 414D-160 to 414D-163, in connection with a proceeding by or in the right of the Corporation, the Corporation shall report such action taken in writing to the members with or before the notice of the next meeting of the members.

ARTICLE XV

ATTORNEY GENERAL OVERSIGHT AND NOTICE REQUIREMENTS

Section 15.1 Notice to the Attorney General of Commencement of Proceeding. Written notice shall be given to the attorney general of any proceeding that the Hawaii Nonprofit Corporations Act authorizes the attorney general to bring, but has been brought by another person. "Proceeding" includes civil suit and criminal, administrative, and investigatory action. Such written notice shall be given to the attorney general within ten (10) days of the commencement of the proceeding.

Section 15.2 Definition: "Public Benefit Corporation." The Corporation is considered to be a "public benefit corporation" for the purposes of this Article. A "public benefit corporation" means any corporation (1) designated by statute as a public benefit corporation, (2) exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or (3) organized for public or charitable purposes and upon dissolution must distribute its assets to a public benefit corporation, the United States, a state, or a 501(c)(3) entity.

Section 15.3 Limitations on Mergers by Public Benefit Corporations. Mergers shall be

performed in accordance with the Hawaii Nonprofit Corporations Act, and a public benefit corporation shall give at least twenty (20) days written notice, including a copy of the proposed plan of merger, to the attorney general before the consummation of any merger with a corporation described in HRS 414D-211.

Section 15.4 Notice to the Attorney General of Intention to Dissolve.

(1) Prior Notice to Attorney General Required. A public benefit corporation shall give written notice to the attorney general of its intention to dissolve before it submits the articles of dissolution to the Department of Commerce and Consumer Affairs. The notice shall include a copy or summary of the plan of dissolution.

(2) Limitation on Transference/Conveyance of Assets. A public benefit corporation may not transfer or convey assets until twenty (20) days after it has given written notice to the attorney general as required under subsection (1) or until the attorney general has consented in writing to the dissolution, or indicated in writing that no action will be taken in respect to the dissolution, transfer or conveyance, whichever is earlier.

(3) List of Assets Transferred/Conveyed to be Provided to the Attorney General. Following approval of the dissolution and the public benefit corporation has transferred or conveyed all or substantially all of its assets, the board of directors shall prepare and deliver to the attorney general a list of those to whom the assets were transferred or conveyed, other than creditors, and indicate their addresses and the assets received.

Section 15.5 Derivative Suits. A "derivative suit" is a proceeding that is based upon the primary right of the corporation, but is asserted on its behalf by another because of the corporation's failure, deliberate or otherwise, to act upon the primary right. (Cf., H. Black M.A., Black's Law Dictionary at 399 (5th ed. 1979).)

A derivative suit shall be made in accordance with HRS 414D-90 and may be brought on behalf of a corporation to obtain a judgment in its favor by a director or any member or members having five percent (5%) or more of the voting power, or by fifty members, whichever is less.

If the proceeding involves a public benefit corporation, the complainant(s) shall notify the attorney general of the proceeding within ten (10) days after commencing the proceeding.

Section 15.6 Removal of Directors by Judicial Proceeding. The circuit court of the county where a corporation's principal office is located may remove a director from office, on the grounds recited in HRS 414D-140, in a proceeding brought by the corporation, itself, the members, if any, holding at least ten percent (10%) of the voting power of any class, or the attorney general in the case of a public benefit corporation if the removal is in the corporation's best interest.

If a public benefit corporation or its members, if any, bring a proceeding to remove a director, they shall give written notice of the proceeding to the attorney general within ten (10) days of the commencement of the proceeding.

Section 15.7 Sale of Assets Other Than in the Regular Course of Activities. A corporation may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property

other than in the usual and regular course of its activities on the terms and conditions and for the consideration determined by the board of directors as authorized in accordance with HRS 414D-222.

In any such disposition of its assets, a public benefit corporation shall give written notice to the attorney general twenty (20) days before the actual disposition of the assets, unless the attorney general has given the corporation a written waiver of this requirement.

Section 15.8 Judicial Dissolution. The attorney general, a director or any person specified in the articles of incorporation, fifty members or members holding five percent (5%) of the voting power, whichever is less, a creditor, or a corporation, itself, may bring a court proceeding to dissolve a corporation on the grounds recited in HRS 414D-252.

If a person other than the attorney general brings an involuntary dissolution proceeding for a public benefit corporation, such person shall give written notice of the proceeding to the attorney general within ten (10) days after the commencement of the proceeding.

(03-05-07)