

**BYLAWS
OF
KONA ASSOCIATION FOR RETARDED CITIZENS
DBA THE ARC OF KONA
DBA KONA KRAFTS**

ARTICLE I – MEMBERS

1. **Membership.** The corporation shall have one class of members to be known as regular members. A person may become a regular member upon:
 - a) Making known his or her desire to promote the objectives and purposes of the corporation by signing the corporation membership application form;
 - b) Satisfying the dues requirement for membership as set by the Board of Directors from time to time; and
 - c) Receiving a majority vote of approval by the Board of Directors when his or her name is presented for approval.

2. **Voting Rights of Members.** At every meeting of members, each member shall be entitled to vote in person, or by proxy. Each member of the corporation shall be entitled to one vote. Upon the demand of any member, the vote for director(s) and/or the vote upon any question before the meeting shall be by ballot. Except as otherwise provided by the corporation's Charter of Incorporation, the Bylaws or by law, all elections shall be had and all questions shall be decided by a majority vote of the members present in person or by proxy.

3. **Termination of Membership.** The Board of Directors, by affirmative vote of at least two-thirds of all of the members of the Board, may suspend or expel a member for cause after an appropriate hearing. Also, a member's annual membership shall automatically terminate upon a member failing to satisfy the dues requirement for any membership year by the date specified by the Board of Directors. However, the person may reinstate his or her membership at any time by paying the dues specified for the then current membership year. Any person whose membership has been terminated for cause, other than a failure to pay annual dues, shall not be eligible for membership for a period of one year from the date of termination.

4. **Resignation of Member.** Any member may terminate his or her membership by filing a written statement to that effect with the secretary.

5. **Transfer of Membership.** Membership in this corporation is not transferable or assignable.

ARTICLE II – MEETINGS OF MEMBERS

1. **Annual Meeting.** An annual meeting of the members shall be held on such date and at such time as the Board of Directors may from time to time designate, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

2. **Special Meetings.** Special meetings of the members may be called by the (chair), the Board of Directors or by members having one-tenth of the votes entitled to be cast at the meeting.
3. **Place of Meetings.** The Board of Directors may designate any place within the District of North or South Kona, within the State of Hawaii, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If the place of meeting is not designated, then the place of meeting shall be the registered office of the corporation in the State of Hawaii. If all of the members shall meet at any time and place, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.
4. **Notice of Meetings.** Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally, by mail, e-mail or fax to each member entitled to vote at such meetings, not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the (chair), the secretary, the officers or persons calling the meeting. In case of a special meeting, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address or upon receiving a successful fax notification or return receipt from e-mail. If mailed, it will be sent to the address of record as it appears on the records of the corporation with postage thereon prepaid.
5. **Action by Members Without a Meeting.** Any action required or permitted under Section 415B-16, Hawaii Revised Statutes, as amended, to be taken at a meeting of the members, may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote on the subject matter thereof.
6. **Quorum.** The members holding at least ten percent (10%) of the total outstanding votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.
7. **Proxies.** At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his or her duly authorized attorney in fact. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

ARTICLE III – BOARD OF DIRECTORS

1. **Number, Tenure and Qualification.** The number of directors shall consist of not less than five (5) nor more than twenty-five (25) persons. Each director shall hold office until the conclusion of the next annual meeting of the members of the corporation or until he or she has been earlier removed pursuant to Article III, Section 2 of these Bylaws.

2. **Resignation/Removal.** Any director may resign at any time by giving written notice of such resignation to the Board of Directors. Any director may be removed from office at any time with or without cause and another elected in his or her place to serve for the remainder of his or her term by a majority of the members present at a special meeting of the members called for such purposes or pursuant to Article II, Section 5 of these Bylaws. Any vacancy not filled by the members at the meeting, shall be filled by the Board of Directors in accordance with Article III, Section 3, herein.
3. **Vacancy.** Any vacancy in the Board of Directors occurring during the year not filled by the members may be filled for the unexpired portion of the term by the affirmative vote of the majority of the remaining Board of Directors then serving. Any director so elected by the Board of Directors shall hold office until the next annual meeting of the members of the corporation.

ARTICLE IV – MEETING OF DIRECTORS

1. **Regular Meetings.** A regular annual meeting of the Board of Directors shall be held without other notice than these Bylaws, immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of Hawaii, for the holding of additional regular meetings of the Board without other notice than such resolution.
2. **Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the (chair) or any two directors. The person or persons authorized to call special meetings of the Board may fix any place within the District of North or South Kona, State of Hawaii, as the place for holding any special meeting of the Board called by them.
3. **Notice.** Notice of any special meeting of the Board of Directors shall be given at least five (5) days prior to the date set for the meeting by verbal or written notice delivered personally or sent by mail or facsimile transmission (fax) to each director at his or her address or fax number as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by fax, such notice shall be deemed to be delivered when the fax is successfully sent. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

4. **Quorum.** At all meetings of the Board of Directors, a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as otherwise specifically provided by statute or by these Bylaws. If at any meeting there is less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice to any absent director.
5. **Action by Directors Without a Meeting.** Any action required or permitted under Section 415B-16, Hawaii Revised Statutes, as amended, to be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors. Consent signatures may be received by fax or e-mail.
6. **Compensation.** Directors shall not receive any stated salary or any other compensation. Directors may receive reimbursement for direct expenditures.

ARTICLE V - OFFICERS

1. **Officers.** The officers of the corporation shall be a (Chair), one or more (Vice-Chairs), (the number thereof to be determined by the Board of Directors), a secretary, a treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors.
2. **Election and Term of Office.** The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until her or her successor shall have been duly elected and shall have qualified.
3. **Resignation/Removal.** Any officer may resign at any time by giving written notice of such resignation to the Board of Directors if the resignation would not be a violation of any contractual obligation that the officer may have to the corporation. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.
4. **Vacancies.** In case of any office of the corporation becomes vacant by death, resignation or any other cause, the majority of the Directors then in office, although less than a quorum, may elect a person to fill such vacancy, and the person so elected shall hold office and serve until his or her successor shall have been duly elected and shall have qualified.

5. **(Chair)**. The (Chair) shall be the principal executive officer for the corporation and shall preside over the business and affairs of the corporation. He or she shall preside at all meetings of the members. He or she may sign, with the secretary or any other proper officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the corporation; and in general he or she shall perform all duties incident to the office of (Chair) and such other duties as may be prescribed by the Board of Directors from time to time.
6. **(Vice-Chair)**. In the absence of the (Chair), or in event of his or her inability or refusal to act as the (Vice-Chair), or in the event there be more than one (Vice-Chair), the (Vice-Chairs), in order of their election, shall perform the duties of the (Chair), and when so acting, shall have all the powers of and be subject to all the restrictions upon the (Chair). Any (Vice-Chair) shall perform such other duties as, from time to time, may be assigned to him or her by the (Chair) or by the Board of Directors.
7. **Treasurer**. The treasurer shall have custody of all funds, property, and securities of the corporation, subject to such regulation as may be imposed by the Board of Directors. He or she may be required to give bond for the faithful performance of his or her duties, in such sum and with such surety as the Board of Directors may require. He or she shall enter regularly on the books of the corporation to be kept by him or her for the purpose, full and accurate account of all moneys and obligations received and paid or incurred by him or her for or on account of the corporation, and shall exhibit such books at all reasonable time to any director or member on application at the offices of the corporation. The treasurer shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board of Directors.
8. **Secretary**. The secretary shall have charge of such books, documents and papers as the Board of Directors may determine and shall have the custody of the corporate seal, if any. He or she shall attend and keep the minutes of all the meetings of the Board of Directors and members of the corporation. He or she shall keep a record, containing the names, alphabetically arranged, of all persons who are members of the corporation, showing their places of residence, and such book shall be open for inspection as prescribed by law. He or she may sign with the (chair) or (vice-chair) in the name of and on behalf of the corporation any contracts or agreements authorized by the Board of Directors, and when so authorized or ordered by the Board of Directors, he or she may affix the seal of the corporation, if any, to any contracts or agreements. The secretary shall, in general, perform all duties incident to the office of secretary, subject to the control of the Board of Directors, and shall do and perform such other duties as may be assigned to him or her by the Board of Directors.
9. **Assistant Treasurers and Assistant Secretaries**. If required by the Board of Directors, the assistant treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant treasurers and assistant secretaries, in general, shall perform such duties as shall be assigned to them by the treasurer or the secretary or by the (chair) or the Board of Directors.

ARTICLE VI – COMMITTEES

1. **Committees of Directors.** The Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation; provided however, that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws, electing, appointing or removing any member of any such committee or any director or officer for the corporation; amending the Charter of Incorporation; restating the Charter of Incorporation; adopting a plan of merger; adopting a plan of consolidation with another corporation; or authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the corporation; authorizing the voluntary dissolution of the corporation or revoking proceedings therefore; adopting a plan for the distribution of the assets of the corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it or him by law.
2. **Other Committees.** Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Any member thereof may be removed by the person or persons authorized to appoint such member whenever, in their judgment, the best interests of the corporation shall be served by such removal.
3. **Term of Office.** Each member of a committee shall continue as such until the next annual meeting of the members of the corporation and until his or her successor is appointed, unless the committee shall be sooner terminated, such member is removed from such committee, or unless such member ceases to qualify as a member thereof.
4. **Chairman.** One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.
5. **Vacancies.** Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.
6. **Quorum.** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.
7. **Rules.** Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the board of Directors.

ARTICLE VII – INDEMNIFICATION OF OFFICERS AND DIRECTORS

1. **Non-derivative Actions.** The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) if that person is or was a director or officer of the corporation, against expenses (including attorney's fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct of the person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonable believed to be in or not opposed to the best interests of this corporation and, with respect to any criminal action or proceeding , had reasonable cause to believe that the person's conduct was unlawful.
2. **Derivative Actions.** The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or complete action or suit by or in the right of the corporation to procure a judgment in its favor because that person is or was a director or officer of the corporation, against expenses (including attorney's fees) actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of this corporation; except that no indemnification shall be made in respect of any claims, issue, or matter as to which the person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to this corporation unless and only to the extent that the court in which that action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.
3. **Authorization.** Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the corporation only if authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because the director or officer has met the applicable standard of conduct set forth in Sections 1 or 2. The determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (b) if 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 to the corporation, or (c) by a majority vote of the members (if any); or (d) by the court in which the proceeding is or was pending upon application made by the corporation or director or officer or the attorney or other person rendering services in connection with the defense, whether or not the application by the director, officer, attorney, or other person is opposed by this corporation.

4. **Advance Payments.** Expenses incurred in defending any proceeding may be paid by the corporation in advance of the final disposition of the proceeding as authorized by the Board of Directors in particular case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that the director or officer is entitled to be indemnified by the corporation as authorized in this Article.
5. **Other Rights.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs and personal representatives of such a person.
6. **Insurance.** The corporation shall have the power to purchase and maintain insurance on behalf of any director or officer of the corporation, against any liability asserted against or incurred by the director's or officer's status as such, whether or not the corporation would have the power to indemnify the director or officer against liability under the Article.

ARTICLE VIII – CONTRACTS, CHECKS, DEPOSITS AND FUNDS

1. **Contracts.** The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.
2. **Checks, Drafts, etc.** All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the (chair) or (vice-chair) of the corporation.
3. **Deposits.** All funds of the corporation shall be deposited as soon as possible to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.
4. **Gifts.** The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

ARTICLE IX – CERTIFICATES OF MEMBERSHIP

1. **Certificates of Membership.** The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the (chair) or a (vice-chair) and by the secretary or an assistant secretary and shall be sealed with the seal of the corporation, if any. All certificates evidencing membership of any class shall be

consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the corporation. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefore upon such terms and conditions as the Board of Directors may determine.

2. **Issuance of Certificates.** When a member has been elected to or is entitled to a membership and has paid any initiation fee and/or dues that may then be required, a certificate of membership shall be issued in his or her name and delivered to him by the secretary, if the Board of Directors shall have provided for the issuance of certificates of membership under the provisions of Section 1 of this Article IX.

ARTICLE X – BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at the registered or principle office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or the member's agent or the member's attorney for any proper purpose at any reasonable time.

ARTICLE XI – FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of July and end on the last day of June in each year.

ARTICLE XII – DUES

1. **Annual Dues.** The Board of Directors may determine, from time to time, the amount of annual dues payable to the corporation by members.
2. **Payment of Dues.** Dues for existing members shall be paid on or before such date as the Board of Directors may specify as being the date for a particular membership year. A person, however, may become a member at any time during a membership year upon satisfying the requirements set forth in Article I, Section 1 herein.

ARTICLE XIII – SEAL

The corporation may have a seal of such form as the Board of Directors may, from time to time, determine which seal shall be in the custody of the secretary. The Board of Directors may change the form of the seal or the inscription thereon at pleasure.

ARTICLE XIV – WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Hawaii Nonprofit Corporation Act or under the provisions of the Charter of Incorporation or the Bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XV – ADMENDMENT TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a two-thirds majority of the members of the Board of Directors present at any of their regular meetings. No amendment to these Bylaws, however, may be made which would render them inconsistent with the provisions of the corporation's Charter of Incorporation or the regulatory agreement between the corporation and the Secretary of Housing and Urban Development.

ARTICLE XVI – RULES OF ORDER

Robert's Rules of Order, revised, shall govern the conduct of business at all meetings of the members, the Board of Directors and committees in all cases in which they are applicable and not in conflict with the Charter of Incorporation or these Bylaws.

ADOPTION OF BYLAWS

I, the undersigned Secretary of the corporation, on this 23rd day of October, 2007, do hereby certify that the foregoing were revised as the Bylaws of said corporation by the required vote of the members of the corporation at a meeting duly called for that purpose held on October 23, 2007.

Stephanie Ackerman
Stephanie Ackerman