

# REHOBOTH ART LEAGUE



**Bylaws  
of the  
Rehoboth Art League, Inc.**

Adopted by the Board of Trustees on 5/21/15 | Amended 1/17/19



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**ARTICLE I**  
**Purposes and Mission of the Rehoboth Art League, Inc.**

**Section 1.** The Rehoboth Art League, Inc. (hereafter also referred to as “the League”) is a not-for-profit corporation whose purpose is to conduct certain charitable and educational activities as a tax-exempt organization within the meaning of Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”) (or the corresponding provision of any subsequent United States federal tax law). Its main office and campus is located at 12 Dodds Lane in Rehoboth Beach, Delaware, 19971. The League’s original certificate of incorporation was filed with the Secretary of State of the State of Delaware on September 11, 1941. The original certificate of incorporation was variously amended in 1961, 1963, 1985, and 1987. The League’s Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 26, 2015 (the “Certificate of Incorporation”).

**Section 2.** The League’s Mission: Based in our historic setting and working in partnership with other organizations in the region, the Rehoboth Art League leads in sponsoring art exhibitions, education and other programs that inspire community members to embrace the lifelong value of art.

**ARTICLE II**  
**Membership**

**Section 1.** The League is a membership corporation and has no authority to issue capital stock. Membership in the League shall not be transferrable or assignable.

**Section 2.** The Directing Members (as defined in the Certificate of Incorporation) shall be the voting members of the Board of Trustees of the League (the “Board”), and each person elected or appointed as a Trustee<sup>1</sup> shall automatically, by virtue of such position, become a Directing Member. Directing Members shall not include any Trustee Emeriti or ex-officio members of the Board. The Directing Members shall have the power to elect members to the Board (each such member, a “Trustee”) and vote on all other matters submitted to the vote or consent of the Members. If any person shall cease to be a Trustee, whether due to resignation, removal, expiration of his or her term and election of his or her successor, or otherwise, then such person shall automatically cease to be a Directing Member. No person who is not a Trustee shall be a Directing Member. All actions, consents, and approvals required to be taken by the Board in their capacity as Members of the League shall be deemed taken by them in their capacity as such Members, whether or not the specified action, consent, or approval references the Trustees as acting in their capacities as Members at the time.

**Section 3.** The League also may have Individual Members (as defined in the Certificate of Incorporation). As provided in the Certificate of Incorporation, Individual Members shall have no voting rights and no rights to consent to any matter submitted to the vote or consent of the Members (including, without limitation, the election or removal of Trustees). All rights of Members to vote or consent on matters submitted to the vote or consent of the Members shall be vested in the Directing Members, as set forth in the Certificate of Incorporation and these Bylaws. It shall be a condition of membership as an Individual Member that such Individual Member timely pays to the League such annual dues as may be established by the Board, from time to time. Additional qualifications and conditions of membership as an

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<sup>1</sup> The terms “Trustee” or “Trustees” do not include ex-officio members of the Board or Trustee Emeriti.

Individual Member, and the benefits associated with such membership, may be determined by the Board, from time to time.

**Section 4.** The Board shall have authority to establish additional classes of nonvoting Members and to establish sub-categories of Individual Members. The qualifications and conditions of any such additional classes or sub-categories of membership, and the benefits associated with such classes or sub-categories of membership, may be as set forth in these Bylaws or may otherwise be determined by the Board, from time to time. No such class or sub-category of membership shall have voting rights or rights to consent to any matter submitted to the vote or consent of Members (including, without limitation, the election or removal of Trustees).

### **ARTICLE III Meetings of Members**

**Section 1.** All meetings of the Directing Members shall be held at such place, within or without the State of Delaware, on such date and at such time, as shall be determined from time to time by the Board and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

**Section 2.** Notice of each meeting of the Directing Members (whether an annual meeting or special meeting) stating the place, date, and time of the meeting shall be given to each Directing Member in accordance with Article XIX not less than ten (10) nor more than sixty (60) days before the date of the meeting.

**Section 3.** In order that the League may determine the Directing Members entitled to notice of or to vote at any meeting of Directing Members or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) or fewer than ten (10) days before the date of such meeting. If no record date is fixed by the Board, the record date for determining Directing Members entitled to notice of or to vote at any meeting of Directing Members or any adjournment thereof shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day immediately before the day on which the meeting is held.

**Section 4.** At all meetings of the Directing Members, a majority or more of the Directing Members, whether present in person or represented by written proxy, shall constitute a quorum for the transaction of business except as otherwise provided by statute, the Certificate of Incorporation, or these Bylaws.

**Section 5.** When a quorum is present at any meeting of Directing Members, a majority of the Directing Members present in person (or represented by written proxy) shall decide any matter brought before such meeting, unless the matter is one for which, by express provision of applicable law, the Certificate of Incorporation, or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such matter.

**Section 6.** Each Directing Member may authorize another person or persons to act for and on behalf of such Directing Member by proxy; provided, however, that any such proxy may authorize such other person or persons to act for and on behalf of such Directing Member only with respect to his or her capacity as a Directing Member (and not with respect to his or her capacity as a Trustee).

**Section 7.** Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of Directing Members of the League, or any action that may be taken at any annual or special meeting of such Directing Members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing setting forth the action so taken shall be signed and dated by the Directing Members, or duly authorized proxyholders for the Directing Members, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Directing Members were present and voted and if such consent or consents shall be delivered to the Secretary of the League or otherwise delivered to the League as provided by applicable law. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent of the Directing Members shall be given to those Directing Members who have not consented in writing thereto.

## **ARTICLE IV**

### **The Board of Trustees**

The business and affairs of the League shall be managed by or under the direction of a Board of Trustees. The Board shall have full fiduciary responsibility for the League as prescribed by law. It shall have the authority to determine those policies and practices necessary to govern the conduct of its business and management of its affairs, protection of its assets and real property consistent with the Certificate of Incorporation (and any subsequent amendments thereto), and adherence to all applicable laws and regulations. The Board's responsibilities shall include, but not be limited to, the following:

- (a) Determine and periodically review the League's mission, priorities, goals, and the effectiveness of its programs;
- (b) Periodically review the performance of the Board;
- (c) Determine all policies affecting membership classes and sub-categories, benefits, and dues;
- (d) Elect officers as provided in these Bylaws;
- (e) Appoint the Executive Director, determine the terms of his or her appointment, and annually assess his or her performance and compensation;
- (f) Determine the general policies governing conditions of employment and compensation guidelines of the League's staff;
- (g) Establish policies governing conditions related to volunteerism with the League
- (h) Approve and regularly monitor adherence to an operating budget approved annually by the board, and all capital expenditures in excess of amounts decided by the board;
- (i) Authorize the incurring of debt and securing thereof by mortgage and pledge of real and personal, tangible, and intangible, property;
- (j) Establish policy guidelines to govern all fund-raising activities for annual operating and long-term capital needs, including reserve funds, and specific gift acceptance policies including bequests to ensure appropriateness to the League's mission;
- (k) Authorize the purchase, rental, management, or sale of land, buildings, and major equipment;
- (l) Authorize the renovation of existing buildings and grounds, and construction of new or replacement buildings, and;
- (m) Review compliance with all legal and regulatory requirements, and ensure that an annual audit is conducted by a qualified and independent third party that includes affirmation that generally accepted accounting practices are used by the organization.

The explicit powers reserved for vote by the full Board only are cited in Section 3 of Article XIV ("Executive Committee")

**ARTICLE V**  
**Membership of the Board of Trustees**

**Section 1.** The Board shall consist of not fewer than 15 or more than 25 members who shall be nominated by the Trusteeship Committee and elected by a plurality of the Directing Members either at an annual meeting of the Directing Members or by written consent in lieu of such annual meeting.

**Section 2.** The Board shall be and is divided into three classes of Trustees, as nearly equal in number as possible, designated: Class I, Class II, and Class III. In case of any increase or decrease, from time to time, in the number of Trustees, the number of Trustees in each class shall be apportioned as nearly equal as possible. No decrease in the number of Trustees shall shorten the term of any incumbent Trustee. Each Trustee shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such Trustee was elected, and until his or her successor is elected and qualified or until his or her earlier death, resignation, or removal.

**Section 3.** Trustees may be re-nominated to succeed themselves, except that those who have served for nine consecutive years shall not be eligible for re-election until at least one year has elapsed after the end of nine consecutive years. There are two exceptions to the foregoing as follows:

The first exception to this nine-year limit affects those whose initial terms are less than a full three-year term (that is, those who have served for seven or eight consecutive years and wish to be nominated to serve an additional three-year term).

The second exception to the nine-year term limit may be made, by majority vote of the Board, for a Trustee who is at or near his or her ninth year of service and is nominated by the Trusteeship Committee to serve as Vice Chair or as Chair of the Board, to avoid interruption of his or her service.

**Section 4.** All newly elected Trustees are expected to participate in an orientation program within their first year of service.

**Section 5.** Any Trustee may be removed from the Board, only for cause, which shall include inactivity or failure to faithfully participate in Board meetings for sustained periods, by a vote of at least two-thirds of the Trustees then in office at any annual or special meeting of the Board.

**Section 6.** Newly-created Trustee positions resulting from any increase in the authorized number of Trustees or any vacancies in the Board resulting from death, resignation, retirement, or removal from office or other cause shall be filled by the affirmative vote of a majority of the remaining Trustees then in office, even though less than a quorum of the Board. Any Trustee so chosen shall hold office until the next election of the class for which such Trustee shall have been chosen, and until his or her successor is elected and qualified or until his or her earlier death, resignation, or removal.

**ARTICLE VI**  
**Trustee Emeriti and Ex Officio Trustees**

**Section 1.** A Trustee who has served for a minimum of six consecutive years and has been off the Board for at least six months may be, upon recommendation of the Trusteeship Committee, elected by a majority of the Trustees as a Trustee Emeritus for renewable three-year terms. This position shall be strictly reserved for those who have records of especially meritorious and distinctive service to the League. Trustee Emeriti shall receive notices of all Board meetings, have a right to attend Board meetings, and may

be eligible to serve on any Board committee with voting privilege, upon invitation to serve, except for the Executive Committee. Trustee Emeriti shall not have voting privileges in meetings of the Board and shall not be counted for the purpose of determining a quorum to transact Board business or for any other purpose.

**Section 2.** The Elected President of the Rehoboth Village Improvement Association (VIA) shall be an ex officio member of the Board, shall receive notice of all Board meetings, and have a right to attend Board meetings. Given the VIA's role in the founding of the League, this position ensures a continued connection. The VIA President may be eligible to serve on any Board committee with voting privilege, upon invitation to serve, except for the Executive Committee. He or she shall not have voting privileges in meetings of the Board and shall not be counted for the purpose of determining a quorum to transact Board business or for any other purpose. The foregoing does not preclude the person who sits as the VIA President to be nominated, on his or her own merits, to be an elected Trustee of the Board, with voting privileges.

**Section 3.** The Executive Director of the League shall also be an ex officio member of the Board, without voting privileges and upon the terms and conditions described in Article XI of these Bylaws.

**Section 4.** Notwithstanding any other provision of these Bylaws, the Board may, from time to time, appoint other ex officio members of the Board. Any such ex officio member of the Board shall not have voting privileges in meetings of the Board and shall not be counted for the purpose of determining a quorum to transact Board business or for any other purpose, but may be eligible to serve on any Board Committee with voting privilege, upon invitation to serve, except for the Executive Committee.

## **ARTICLE VII**

### **Officers of the Board of Trustees and the League**

**Section 1.** The officers of the Board also serve as the officers of the League. Such officers shall be the Chair, Vice Chair, Treasurer, and Secretary of the Board. Unexpected vacancies in offices held by Trustees shall be filled by the Executive Committee, upon recommendation of the Trusteeship Committee, for interim periods prior to the annual meeting at which time elections or re-elections of officers and Trustees are ordinarily held.

**Section 2.** The League shall also have an Executive Director with the authority and duties set out in Article XI of these Bylaws.

**Section 3.** In the event of a vacancy in the office of Executive Director, the Board shall appoint a special search committee of its members to conduct a search process and submit one or more names of nominees to the Board in accordance with policies and procedures adopted by the Board. In event of a prolonged absence of the Executive Director for any reason, or because of his or her inability to serve in the judgment of the majority of the members of the Board, the Executive Committee shall recommend an Acting Executive Director for appointment by the Board.

## **ARTICLE VIII**

### **Authority and Duties of the Chair and Vice Chair**

**Section 1.** The Chair shall be a Trustee nominated by the Trusteeship Committee and elected by the Board at the November Meeting (as defined below) along with other officers. He or she shall serve for renewable two-year terms but shall ordinarily serve at least two but not more than four consecutive years.

The Chair shall preside at all Board and Executive Committee meetings and have the general supervisory duties ordinarily expected of the person holding this officership to enable the Board to responsibly conduct its work. In addition to being an ex-officio member of all other Board committees, without voting privilege, he or she shall have such other authority and duties as the Board may prescribe from time to time.

**Section 2.** The Vice Chair shall be a Trustee nominated by the Trusteeship Committee and elected by the Board at the November Meeting. He or she shall serve for renewable two-year terms and ordinarily not serve for more than four consecutive years. Upon completion of the Chair's term of office, the Vice Chair shall assume the office of Chair for a succeeding term or terms. The Vice Chair shall be considered the Chair-elect, and in accepting the position of Vice Chair, he or she shall also accept the responsibility to serve as Chair following service as Vice Chair. In the absence of the Chair, the Vice Chair shall preside over meetings of the Board and the Executive Committee and have such other duties as the Chair or the Board may prescribe, including possible service as Chair or Vice Chair of the Trusteeship Committee. The Vice Chair shall have the responsibility for leading the League's planning efforts with a focus on the goals, strategies and action plans to be in place during the Vice Chair's upcoming term(s) as Chair.

## **ARTICLE IX**

### **Authority and Duties of the Secretary**

The Secretary shall be a Trustee nominated by the Trusteeship Committee and elected by the Board at the November Meeting. He or she shall serve for renewable two-year terms, but ordinarily not for more than four consecutive years. The Secretary shall review and approve, by his or her signature, the minutes of all Board and Executive Committee meetings and ensure that they are promptly distributed to all Trustees. He or she may be assigned other duties by the Chair.

## **ARTICLE X**

### **Authority and Duties of the Treasurer**

The Treasurer shall be a Trustee nominated by the Trusteeship Committee and elected by the Board. He or she shall serve for renewable one-year terms, but shall ordinarily not serve for more than three consecutive years. The Treasurer shall ordinarily chair the Finance Committee. She or he shall be the Finance Committee's primary liaison with the Executive Director with regard to the Committee's responsibilities including ensuring that the members of the Board receive quarterly financial reports. Although the Treasurer shall not serve concurrently as a member of the Executive Committee's Audit Subcommittee, whose membership shall not overlap with that of the Finance Committee, he or she shall ensure that the League's annual independent audit is conducted with the Audit Subcommittee's oversight, and ultimately received and approved by the Board.

## **ARTICLE XI**

### **Authority and Duties of the Executive Director.**

The Executive Director (ED) is the chief executive of the League and is accountable to, and the executive agent of, the Board. He or she shall be an ex-officio member of the Board and Executive Committee, without voting privilege, and shall not be counted as part of any quorum requirement. He or she is also an ex-officio, non-voting member of all Board committees except the Executive Committee's subcommittees on Audit and on Compensation, of which he or she may be invited to attend. The ED shall manage and lead the organization with the authority necessary to effectively oversee the League's brand, assets, financial, personnel, and programmatic activities within the policies set by the Board. The ED shall

bring to the Board's prompt attention all substantial matters and developments appropriate to keep it fully informed as the League's governing and fiduciary body.

## **ARTICLE XII**

### **Meetings**

**Section 1.** There shall be minimum of four regular meetings of the Board each year, ordinarily in the months of January, April, July, and November on such dates and at such places decided by the Chair in consultation with the Executive Director and announced at least one year in advance. The Board's meeting held in November (the "November Meeting") shall be for the proposes of approving the proposed budget for the next fiscal year, appointing committee chairs and members, confirming the continuing or new auditing firm for the next fiscal year, and other business.

**Section 2.** In November of every other calendar year, the November Meeting shall devote substantial time in a retreat format to enable the Board to engage larger planning issues and opportunities bearing on the League's future. Additionally, every fourth year, the November Meeting shall be substantially devoted to a retreat bearing on a self-study of the Board's performance, including its membership composition, committee structure, Board and committee meetings, and key constituency relationships including board-staff relationships.

**Section 3.** Special meetings of the Board for specific purposes may be held at the call of the Chair or when at least five Trustees request such, in writing, setting forth the purposes of such meetings with their date, time, and place. Notice of a special meeting stating the place, date, and time of the meeting for the purpose or purposes for which the meeting is called, shall be given to each Trustee in accordance with Article XIX at least 5 days prior to the date of each meeting.

**Section 4.** To the extent practicable, Board and committee meeting agendas and supporting materials shall be received by all Trustees at least 5 days in advance. Minutes are required for all Board meetings and meetings of the Executive Committee for prompt distribution to all Trustees; minutes or other reports are optional, at the discretion of the chairs, of all other committees as appropriate to the business discussed or actions taken.

**Section 5.** A majority of the total number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not achieved for a Board meeting, those present may continue their informal discussions provided no official business is transacted. The act of a majority of Trustees present with a quorum shall be the act of the Board or committee except where otherwise provided in these Bylaws or other Board policy.

**Section 6.** Members of the Board, or any committee thereof, may participate in any meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating therein can hear and speak to each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

**Section 7:** Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or such committee. Such filings shall

be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

## **ARTICLE XIII Committees**

**Section 1.** The Board shall have such standing and ad hoc committees as it shall decide from time to time, mindful that best practice calls for all Trustees to be members of at least one active standing committee, or Executive sub-committee, but ordinarily not more than two committees or sub-committees. To avoid frequent amendments to these Bylaws, as committee structure and charters change over time, the authority and duties of only three standing committees are included in these Bylaws: Executive Committee, with two subcommittees on Audit and Compensation (Article XIV), Trusteeship Committee (Article XV), and Finance Committee (Article XVI).. The Board at anytime, upon a majority vote, may establish or dissolve other committees of the Board, or other ad hoc task forces as it deems appropriate. For the Executive Committee, Trustee Committee, Finance Committee, and any other committee formed, the Board shall adopt charters for their work and annually provide instruction for the committee's work activities. At the November Meeting described in Article XII, Section 2 when the Board reviews its performance and structure, the charters for each committee will be reviewed and revised as appropriate. Notice of each meeting of the standing and ad hoc committees stating the place, date, and time of the meeting shall be given to each committee member in the same manner as provided in Article XIX for Directing Members and Trustees at least 5 days prior to the date of each meeting.

**Section 2.** Unless otherwise precluded in these Bylaws, each standing committee shall have a chair and vice chair appointed annually at, or immediately after the Board's November Meeting, by the Board Chair in consultation with the Executive Director and the Chair of the Trusteeship Committee. The chair and vice chair of each committee shall be Trustees, but other members of such committee's need not be Trustees, except for the Executive and Trusteeship Committees whose members shall be only Trustees. The Chair of the Board and the Executive Director shall be considered ex-officio members of all committees, except for the Audit and Compensation subcommittees of the Executive Committee in the case of the Executive Director.

**Section 3.** All standing and ad hoc committees shall meet as often as their members and leaders deem necessary to meet their responsibilities. Unless otherwise prescribed in the charters for certain Board committees, committees ordinarily *recommend* actions or decisions to the full Board within their respective domains. Accordingly, written reports to the full Board at its meetings should generally be the practice when committees make recommendations on proposed actions, or when committees seek the Board's counsel on particular issues they are considering. Unless otherwise prescribed by the Board, a majority of the members of any standing or ad hoc committee will constitute a quorum and the act of a majority of the members present at a meeting at which there is a quorum will be the act of such committee.

## **ARTICLE XIV Executive Committee**

**Section 1.** The Executive Committee shall consist of the four Board and League officers, and the chairs of the Board's standing committees. The Executive Director shall also be an ex-officio member, without voting privilege. The Board Chair, or Vice Chair in the Chair's absence, shall preside at its meetings.

**Section 2.** Except as provided in these Bylaws (including Section 3 of this Article XIV), the Executive Committee shall, to the full extent permitted by law, have and may exercise all the power and authority of the Board in the management of the business and affairs of the League and to act on its behalf between Board meetings, but shall make decisions and take necessary actions for the Board only in genuine emergency situations when the Board cannot be reasonably convened with adequate notice. Although it shall have, except for the Board's reserved powers cited in these bylaws, authority to act for the Board, it shall rarely do so. Rather, the Executive Committee's main purpose is to be a deliberative body of the Board's leaders to assist the Chair and Executive Director as a sounding body on emerging issues, help to identify issues and topics for Board meeting agendas, and help the Board itself to function effectively. In addition, the Executive Committee shall monitor progress on goals in the League's strategic plan, oversee the Audit function, recommend personnel policies for adoption by the full Board and, through its two subcommittees, oversee the audit function as well as monitor the Executive Director's performance and annual compensation considerations, for Board approval.

**Section 3.** Notwithstanding Section 2 of this Article XIV, the Executive Committee shall not have power and authority with respect to the matters listed in the next sentence, and the power and authority of the Executive Committee may otherwise be subject to such additional limitations as the Board may determine from time to time and incorporate into the Executive Committee's charter. The Executive Committee shall not have power and authority to change the League's purposes or mission, incur debt financing, authorize or approve the sale of substantial League assets, elect officers, appoint or dismiss the Executive Director, change previously made Board policies including those affecting personnel, determination of, or changes to, the annual budget and amendments to these Bylaws.

**Section 4.** The Committee shall ordinarily have at least three but not more than four meetings scheduled in advance between the four regular Board meetings each year (when the Board is not meeting). Special meetings may be held with at least 5 days' notice at the written request of at least four of its members who agree on the purpose and need. Minutes of all meetings of the Executive Committee shall be taken and distributed to all members of the Board within 30 days.

**Section 5. Sub-Committee on Audit.** The Board Chair shall appoint three members of the Executive Committee, one of whom shall be designated Chair, to constitute a Sub-Committee on Audit. Its responsibilities include meeting privately with the auditor both prior to and after completion of the independent audit process to review and accept the auditor's "management letter" should there be one, and to recommend periodic change in auditor to the Board (or a periodic change in the lead auditor within the same firm when desirable or feasible, as a good practice). It shall ensure that all Trustees receive a copy of the League's final audit for each fiscal year in advance of its acceptance by the Board as soon as practical at the end of the fiscal year. The Treasurer and the Executive Director may be invited to attend its meetings on invitation.

**Section 6. Sub-Committee on Compensation.** The Board Chair shall be a member of the Sub-Committee on Compensation. The Board Chair shall appoint three other members of the Executive Committee to the Sub-Committee on Compensation, so that the Sub-Committee on Compensation shall include four total members. The Board Chair shall preside at the meetings of the Sub-Committee on Compensation. The Sub-Committee on Compensation's responsibilities shall include agreeing with the Executive Committee on a process by which the Executive Director can receive constructive feedback on his or her performance, ordinarily focused on a written self-assessment following a format prescribed by the Sub-Committee. This committee shall also follow a process informed by comparable and reliable compensation data from peer organizations, as the Sub-Committee shall decide, to enable it to consider

possible adjustments in the Executive Director's total compensation including benefits. The Sub-Committee shall report to the Board on the outcomes and recommendations from its deliberations in executive session at the November Meeting. It shall also be responsible for recommending compensation and other personnel policies bearing on other staff members to the Executive Committee and Board. This committee shall also recommend policies related to volunteerism with the League. The Executive Director may participate in these meetings at the invitation of the Board President.

## **ARTICLE XV Trusteeship Committee**

**Section 1.** The Trusteeship Committee shall consist of five members, all of whom shall be Trustees or Trustees Emeriti appointed by the Board Chair, including its Chair and Vice Chair, either of whose positions may be ordinarily filled by the immediate past-chair, if a continuing Trustee, or the current Vice Chair of the Board. The Board Chair and Executive Director, as ex-officio members without vote, should routinely participate in its meetings.

**Section 2.** The Committee shall ordinarily meet at least quarterly and have these primary responsibilities:

- (a) Manage the process for Trustee nominations to the Board
- (b) In coordination with the Executive Director, provide for proper orientation for new Trustees
- (c) Recommend Board education opportunities
- (d) Coordinate the Board self-assessment and retreat planning

## **ARTICLE XVI Finance Committee**

**Section 1.** The Finance Committee shall consist of at least five members appointed by the Board Chair, in consultation with the Trusteeship Committee, including the Board's Treasurer who shall serve as its Chair. The Board Chair and the Executive Director shall be ex-officio members as well, without voting privileges, and regularly participate in its meetings.

**Section 2.** The Committee shall ordinarily meet at least quarterly and have these primary responsibilities:

- (a) Review, in advance of each fiscal year, the proposed annual budget as prepared by the League Officers and the Executive Director and make recommendations to the Board concerning its adoption by the Board;
- (b) Recommend to the Board, for Board approval, investment policies for the management of the League's endowment and investment portfolios;
- (c) Review, from time to time, the League's financial policies, practices and procedures and (i) submit recommendations concerning new policies or policy changes to the Board for approval and (ii) implement, through the Treasurer, any new policies or policy changes or changes in practices and procedures as the Committee deems necessary or desirable;
- (d) Perform such other duties as the Board may, from time to time, direct.

## **ARTICLE XVII**

### **Conflict of Interest and Disclosure**

**Section 1.** Each Trustee, Trustee Emeriti, ex-officio member of the board, non-Trustee member of each committee, Executive Director, officer, member of the staff, or any volunteers who solicit funds or handle funds as part of their volunteerism (each a “Conflicted Person”), shall perform his or her duties in their respective positions so as to avoid engaging in, or appearing to engage in, a conflict of interest involving the League. A Conflicted Person is considered to have a conflict when he or she or any family member or associate either 1) has an existing or potential material relationship which may impair or might reasonably appear to impair the individual’s independent, unbiased judgment in the discharge of responsibilities to the League, or 2) may receive a financial or other material benefit from knowledge of information confidential to the organization.

**Section 2.** The family of a Conflicted Person includes, but is not limited to, his or her spouse, parent, siblings, children or any other blood relative if the latter resides in the same household. An associate is considered to be, but is not limited to, any person, trust, organization or business enterprise associated with a Conflicted Person or member of his or her family who is a director, officer employee, partner, or Trustee, or has a substantial financial interest or any other interest which enables the exercise of control or significant influence of its policies. The Board may, at its discretion, elaborate this policy’s definitions and related requirements to supplement this Article for distribution to all Board members and staff, along with a copy of the League’s Disclosure Form required to be completed annually by all Trustees and officers.

**Section 3.** Any Conflicted Person who may be uncertain whether a conflict may exist shall request the Board Chair to clarify the matter. At the Chair’s discretion, he or she may ask the Board to resolve the question by a majority vote. Trustees determined by this Article to have an actual, apparent, or potential conflict being considered by the Board or a designated committee cannot vote on resolution of the matter or be counted as part of a quorum for the meeting at which action is being considered with respect to the matter, even if otherwise permitted by law. The Trustee may state his or her position concerning it and be available to answer questions from Trustees but shall absent himself or herself from the meeting prior to any vote by the committee or the Board. Minutes shall reflect the disclosure, quorum, and voting abstention by the involved Trustee.

**Section 4.** Annually, each Trustee and officer shall be provided a copy of the League’s Trustee and Officer Disclosure Form by the Board Secretary and requested to promptly complete, sign, and return it to the appropriate person in the office of the Executive Director.

## **ARTICLE XVIII**

### **Indemnification and Insurance**

#### **Section I.**

(a) Subject to subsection (f) of this Section I and to the full extent permitted by applicable law, the League shall indemnify each present or former Trustee, Trustee Emeriti, Executive Director, officer, ex-officio member of the Board, and non-Trustee who serves or has served on a committee of the League, and any person acting as a trustee, officer, or in a similar capacity at another affiliated entity or organization at the request of the League (each such individual, an “Indemnitee”), 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, by reason of the fact that he or she is

or was such a Trustee, Trustee Emeriti, Executive Director, officer, ex-officio member of the Board, non-Trustee who serves or has served on a committee of the League, or is or was acting as a trustee, officer, or in a similar capacity at another affiliated entity or organization at the request of the League (each such capacity a "Corporate Status") or by reason of any action or omission in such capacity or alleged action or omission against all expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any such action, suit, or proceeding, to the full extent permitted under the General Corporation Law of the State of Delaware, provided that such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the League, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the League, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) Expenses incurred by any Indemnitee in any action, suit, or proceeding to which such Indemnitee is a party by reason of his or her Corporate Status shall be advanced by the League prior to final disposition of the action, suit, or proceeding upon receipt of an undertaking acceptable to the League by or on behalf of such present or former Trustee or officer to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by the League. Indemnitee's obligation to reimburse the League for expenses advanced shall be unsecured and no interest shall be charged thereon.

(c) The League may indemnify and advance expenses to present or former employees of the League in connection with any action, suit, or proceeding to which they are a party by reason of the fact that they are present or former employees as determined by the Board in its discretion.

(d) Any indemnification under this Article XVIII (unless ordered by a court) shall be made by the League only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section I(a) of this Article XVIII and that indemnification is otherwise permitted by applicable law. Such determination shall be made (X) by the Board by a majority vote of the Trustees who are not parties to such action, suit, or proceeding, even though less than a quorum, or (Y) by a committee of such Trustees designated by majority vote of such Trustees, even though less than a quorum, or (Z) if there are no such Trustees, or if such Trustees so direct, by independent legal counsel in a written opinion. To the extent, however, that a Indemnitee has been successful on the merits or otherwise, in defense of any action, suit, or proceeding described above, or in defense of any claim, issue, or matter herein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, without the necessity of authorization in the specific case.

(e) If (X) a claim under Section I(a) of this Article XVIII with respect to any right to indemnification is not paid in full by the League within sixty days after a written demand has been received by the League or (Y) a claim under Section I(b) of this Article XVIII with respect to any right to the advancement of expenses is not paid in full by the League within thirty days after a written demand has been received by the League, then the person seeking to enforce a right to indemnification or to an advancement of expenses, as the case may be, may at any time thereafter bring suit against the League to recover the unpaid amount of the claim. If successful in whole or in part in any suit brought pursuant to this Section I(e) of Article XVIII, or in a suit brought by the League to recover an advancement of expenses (whether pursuant to the terms of an undertaking or otherwise), the person seeking to enforce a right to indemnification or an advancement of expenses hereunder or the person from whom the League sought to recover an advancement of expenses, as the case may be, shall be entitled to be paid by the

League the reasonable expenses (including attorneys' fees) of prosecuting or defending such suit to the extent successful.

(f) Any other provision herein to the contrary notwithstanding, the League shall not be obligated pursuant to the terms of this Section I to indemnify or advance expenses to an Indemnitee with respect to any action, suit, or proceeding (or part thereof) initiated or brought voluntarily by such Indemnitee against the League unless such action, suit, or proceeding (or part thereof) is authorized in advance by the Board or such action, suit, or proceeding is one to enforce Indemnitee's rights to indemnification or advancement under Section I (e) of this Article XVIII.

(g) The rights of indemnification and advancement of expenses herein provided for shall not be exclusive of other rights to which any Indemnitee, employee, or agent may now or hereafter be entitled, shall continue as to a person who has ceased to be such Indemnitee, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such Indemnitee, employee, or agent. No repeal or modification of this Article XVIII shall in any way diminish or adversely affect the rights of any Indemnitee, employee, or agent of the League hereunder with respect to any occurrence or matter arising prior to any such repeal or modification.

**Section 2.** The League shall purchase and maintain insurance on behalf of any person who is or was a Trustee or officer of the League, and any 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, by reason of the fact that he or she is or was such a Trustee or officer or by reason of any action or omission or alleged action or omission, whether or not the League would have the power or the obligation to indemnify him or her against such liability under the provisions of this Article XVII. Such insurance shall be purchased through a highly rated company and with an appropriate level of coverage as recommended by a qualified risk manager or other qualified person familiar with exposures in similar arts organizations.

## **ARTICLE XIX**

### **Notices**

**Section I.** Whenever notice is required to be given to Directing Members or Trustees under the provisions of applicable law, the Certificate of Incorporation, or these Bylaws, such notice may be given (a) by personal delivery, (b) by mail, addressed to such Directing Member or Trustee, at his or her address as it appears on the records of the League, with postage thereon prepaid, (c) by courier service (including, without limitation, Federal Express), directed to such Directing Member or Trustee, at his or her address as it appears on the records of the League, (d) by facsimile telecommunication (directed to the facsimile telecommunication number at which the Directing Member or Trustee has consented to receive notice), (e) by electronic mail (directed to the electronic mail address at which the Directing Member or Trustee has consented to receive notice), or (f) by other form of electronic transmission pursuant to which the Directing Member or Trustee has consented to receive notice. Notice given by United States mail shall be deemed to be given three (3) business days after the time when the same is deposited in the United States mail. Notice by courier service shall be deemed to have been given one (1) business day after the time when the same is deposited with such courier service for next business day delivery or, if deposited with such courier service for delivery within three (3) business days, three business days after the time when the same is deposited with such courier service. Notice given by electronic transmission pursuant to this Section I shall be deemed to have been given: (a) if by facsimile telecommunication, when directed to a

facsimile telecommunication number at which the Directing Member or Trustee has consented to receive notice; (b) if by electronic mail, when directed to an electronic mail address at which the Directing Member or Trustee has consented to receive notice; or (c) if by any other form of electronic transmission, when directed to the Directing Member or Trustee. An affidavit of the Secretary or other officer or agent of the League that the notice has been given by personal delivery, by mail, by courier service, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

**Section 2.** Whenever any notice is required to be given to Directing Members or Trustees under the provisions of applicable law, the Certificate of Incorporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or by electronic transmission (provided that the electronic transmission either sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the Trustee(s) or Directing Member(s) entitled to said notice), whether such waiver is given before or after the time of the event for which notice is required to be given, shall be deemed equivalent to such notice.

## **ARTICLE XX**

### **Fiscal Year**

The League's fiscal year begins January 1<sup>st</sup> and ends December 31<sup>st</sup> of each calendar year,

## **ARTICLE XXI**

### **Amendment**

These Bylaws may be altered, amended or repealed, from time to time, and new Bylaws may be adopted at any regular or special meeting of the Board by a vote of at least two-thirds of the Trustees then in office at a duly called meeting or by the unanimous consent (in writing or by electronic transmission) of the Trustees then in office. These Bylaws also may be altered, amended, or repealed and new Bylaws may be made or adopted, by the Directing Members, but only by the vote or consent (in writing or by electronic transmission) of at least two-thirds of the Directing Members. Notwithstanding the foregoing, no such alteration, amendment, or repeal shall be made, and no new Bylaw shall be made or adopted, that would authorize the Board to conduct the affairs of the League in any manner or for any purpose contrary to the provisions of Section 501(c)(3) of the Code (or the corresponding provision of any subsequent United States federal tax law).

## **ARTICLE XXII**

### **Dissolution**

In the event of the liquidation, dissolution, or winding up of the affairs of the League, whether voluntary, involuntary or by operation of law, the Board shall, except as otherwise may be provided by law, transfer all of the assets of the League in such manner as the Trustees, in the exercise of their discretion, may determine; provided, however, that upon said liquidation, dissolution, or winding up of the affairs of the League, any such transfer of assets shall be to (a) one or more organizations or entities described in Section 501(c)(3) of the Code (or the corresponding provision of any subsequent United States federal tax law); or (b) the Federal Government, or one or more state or local governments, for public purposes; or (c) if pursuant to a decree of a court of competent jurisdiction, another organization or organizations to be used in such manner as in the judgment of such court will best accomplish the general purposes for which the League is herein organized.