

**BY-LAWS**  
**OF**  
**ROCHESTER SCHOOL FOR THE DEAF**

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ROCHESTER SCHOOL FOR THE DEAF**

**ARTICLE I – MEMBERS**

**Section 1. Members Authorized.** The Corporation (“RSD”) shall have one class of members. Nominations for membership must be made by a Director of RSD. Those individuals nominated, after approval by the Governance and Nominations Committee of the Board of Directors, may be elected to membership by a majority vote at any meeting of the Board of Directors in which a quorum is present.

**Section 2. Annual Meetings.** A meeting of members entitled to vote shall be held for the election of Directors and the transaction of other business in October of each year on any day in that month as determined by the Board of Directors.

**Section 3. Special Meetings.** Special meetings of the members may be called at any time by the President, the Board of Directors, or members entitled to cast ten percent of the total number of votes entitled to be cast at such a meeting.

**Section 4. Action by Members Without a Meeting.** Whenever under the Not-for-Profit Corporation Law, the members are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all the members entitled to vote thereon.

**Section 5. Place of Meetings.** Meetings of members shall be held at the principal office of RSD or at such other place, within or without the State of New York, as may be fixed by the Board of Directors.

**Section 6. Notice of Meetings.**

(a) Notice shall be given of each meeting of members, shall state the place, date and hour of the meeting and, unless it is an Annual Meeting, shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a Special Meeting shall also state the purpose or purposes for which it is being called.

(b) A copy of the notice of any meeting shall be given, personally, by e-mail not less than seven nor more than twenty one days, or by first class mail not less than ten nor more than fifty days before the date of the meeting, or by another class of mail not less than thirty nor more than sixty days before such date, to each member entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, with postage thereon prepaid, directed to the member at the member’s address as it appears on RSD’s record of members, or if the member shall have filed with the Secretary a written request that notices to the member be mailed to some other address, then directed to the member at such other address.

**Section 7. Qualification of Voters.**

(a) Every member of record, in good standing, shall be entitled at every meeting of the members to one vote.

(b) The Board may fix a date as the record date for the purpose of determining the members entitled to vote at any meeting of the members or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting. The record date shall not be more than fifty nor less than ten days before the date of the meeting.

**Section 8. Quorum and Adjourned Meetings.**

(a) Nine members shall constitute a quorum for the transaction of any business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members.

(b) Despite the absence of a quorum, the members present may adjourn the meeting to another time and place and it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. If a quorum is present at the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board of Directors fixes a new record date for determining the members entitled to vote at the adjourned meeting, a notice of the adjourned meeting shall be given to each member then entitled to notice under Section 6 of this Article I of the By-laws.

**Section 9. Organization.** At every meeting of the members, the President, or in the absence of the President, a Vice President, or in the absence of such officers, a person selected by the meeting, shall act as chair of the meeting. The Secretary or, in the absence of the Secretary, a person selected by the meeting shall act as secretary of the meeting.

**Section 10. Voting.**

(a) Whenever any corporate action is to be taken by vote of the members, it shall, except as otherwise required by law or by RSD's Certificate of Incorporation, as amended, be authorized by a majority of the votes cast at such meeting.

(b) Directors shall be elected by a majority of the votes cast at a meeting of members, except as otherwise required by law.

(c) Any action required or permitted to be taken by the Board of Directors or any committee may be taken without a meeting, if all members of the Board or committee consent in writing to the adoption of a resolution authorizing the action. The resolution and written consents shall be filed with the minutes of the proceedings of the Board or committee.

**ARTICLE II – BOARD OF DIRECTORS**

**Section 1. Power of Board and Qualification of Directors.** The Corporation shall be managed by its Board of Directors. Each Director shall be at least eighteen years of age.

**Section 2. Number and Term of Office.**

(a) The Board of Directors shall consist of twenty-five members. As used in this Article, "entire Board of Directors" means the total number of Directors that would be entitled to vote if there were no vacancies.

(b) Directors shall be elected at each Annual Meeting of members, and shall hold office effective at the next meeting of Directors for three-year terms and until their successors have been elected or appointed and qualified. Directors shall be divided into three classes for the purpose of staggering their terms of office.

**Section 3. Attendance.** If any Director is not able to attend a meeting of the Board of Directors, the Director shall notify the Secretary of that fact prior to the meeting and indicate the reason(s) for such non-attendance.

**Section 4. Organization.** At each meeting of the Board of Directors, the President, or, in the absence of a President, a Vice President shall preside, or in the absence of either of such officers, a Director chosen by a majority of Directors present shall preside. The Secretary shall act as secretary of the Board of Directors. In the event the Secretary shall be absent from any meeting of the Board of Directors, the meeting shall select its secretary.

**Section 5. Resignations and Removal of Directors.**

(a) Any Director of RSD may resign at any time by giving written notice to the President, or to the Secretary. Such resignation shall take effect at the time specified therein or, if no time be specified, then on delivery.

(b) Any or all of the Directors may be removed for cause by vote of the Directors provided there is a quorum of not less than a majority of the entire Board of Directors present at the meeting of Directors at which such action is taken. Any or all of the Directors may be removed with or without cause by vote of the members.

**Section 6. Vacancies.** Vacancies occurring in the Board of Directors for any reason may be filled by a vote of two-thirds of Directors then in office, regardless of their number. Directors elected to fill vacancies shall serve until the next annual meeting at which the election of Directors is in the regular order of business, and until their successors are elected and have qualified.

**Section 7. Action by the Board of Directors.**

(a) Except as provided by law or in these By-laws, the act of the Board of Directors means action at a meeting of the Board by vote of a majority of Directors present at the time of the vote, if a quorum is present at such time.

(b) Any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

(c) Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to understand each other at the same time. Participation by such means shall constitute presence in person at a meeting.

**Section 8. Place of Meeting.** The Board of Directors may hold its meetings at the principal office of RSD, or at such place or places within or without the State of New York as the Board of Directors may from time to time by resolution determine.

**Section 9. Annual Meetings.** As soon as practical after each annual election of Directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business. Notice of such meeting need not be given. Such first meeting may be held at any other time; and if it is held at another time, notice shall be given as hereinafter provided for special meetings of the Board of Directors.

**Section 10. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such times as may be fixed from time to time by resolution of the Board of Directors.

**Section 11. Special Meetings.** Special meetings of the Board of Directors shall be called whenever called by the President or by any three of the Directors. Notice shall be given orally, by telecommunications, by email, or by mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than one day before the meeting; if it is given by telecommunications or by mail, it shall be given not less than three days before the meeting.

**Section 12. Waivers of Notice.** Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

**Section 13. Quorum.**

(a) Nine Directors shall constitute a quorum for the transaction of business.

(b) A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

**Section 14. Annual Report.** The Board of Directors shall present at the Annual Meeting of members a report verified by the President and Treasurer or by a majority of the Directors, or certified by an independent public or certified public accountant or by a firm of such accountants selected by the Board, showing in appropriate detail the following:

(a) The assets and liabilities, including the trust funds, of RSD as of the end of the twelve-month fiscal period terminating not more than six months prior to said meeting.

(b) The principal changes in assets and liabilities, including trust funds, during said fiscal periods.

- (c) The revenue or receipts of RSD, both restricted and unrestricted to particular purposes, during said fiscal period.
- (d) The expenses or disbursements of RSD, for both general and unrestricted purposes, during said fiscal period.
- (e) The number of members of RSD as of the date of the report, together with a statement of increase or decrease in such number during said fiscal period and a statement of the place where the names and places of residence of the current members may be found.

This report shall be filed with the records of this Corporation and a copy thereof entered in the minutes of the proceedings of the Annual Meeting of members.

#### **Section 15. Fiduciary Duty.**

(a) Directors and officers of RSD shall discharge the duties of their respective positions in good faith and with that degree of diligence, care and skill which ordinarily prudent persons would exercise under similar circumstances in like positions.

(b) In discharging their duties, a Director or officer, when acting in good faith, may rely on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by: (1) officers or employees of RSD whom the Director or officer believes to be reliable and competent in the matters presented; (2) counsel, public accountants or other persons as to matters which the Director or officer believes to be within such person's professional or expert competence; or (3) a committee of the Board upon which the Director or officer does not serve as to matters within its designated authority, which committee the Director or officer believes to merit confidence.

(c) The role of the Board is to provide oversight to RSD; including: (1) to determine the mission of RSD; (2) to hire, evaluate and, if necessary, dismiss the CEO; (3) to advise the CEO; (4) to set policies for the operation of RSD; (5) to approve appropriate budgets; (6) to establish appropriate financial controls; (7) to ensure the availability of appropriate resources to advance RSD's mission; (8) to develop, adopt and evaluate a long-range plan for RSD; and (9) to ensure adherence to RSD's Certificate of Incorporation and By-laws.

### **ARTICLE III – COMMITTEES**

**Section 1. Committee on Governance and Nominations.** There shall be a Committee on Governance and Nominations of at least five members, who shall be elected by a plurality of the votes cast by the members of RSD at each Annual Meeting of members and shall serve until the next Annual Meeting. The Committee on Governance and Nominations shall identify, recruit and cultivate potential new directors, and present a slate of nominees for the Board of Directors at the next Annual Meeting of members following its election. The Committee on Governance and Nominations shall also evaluate the structure, operation and performance of the Board of Directors on an ongoing basis and, when necessary, make recommendations for the improvement of same. The Committee on Governance and Nominations shall also have such additional authority as the Board shall by resolution provide, subject to the limitations in Section 3 of this Article III.

**Section 2. Finance and Audit Committee.** There shall be Finance and Audit Committee of at least five members, who shall be elected by a plurality of the votes cast by the members of RSD at each Annual Meeting of members and shall serve until the next Annual Meeting. The Finance and Audit Committee shall assist the CEO and staff in matters concerning the financial operation of RSD. The Finance and Audit Committee shall develop and maintain a system of financial reporting and oversight through the use of independent auditors to insure the financial integrity of RSD and to minimize any financial risk that may adversely affect RSD. The Finance and Audit Committee shall direct the investment and re-investment of RSD's endowment funds and may employ such investment advisors as it deems necessary to accomplish this task. The Finance and Audit Committee shall also have such additional authority as the Board shall by resolution provide, subject to the limitations in Section 3 of this Article III.

**Section 3. Executive Committee.** The Board of Directors, by resolution adopted by a majority of the entire Board, may designate an Executive Committee, which shall consist of the President, Vice President(s), Secretary, Treasurer and other Directors as the Board of Directors shall provide. The Executive Committee shall have all the authority of the Board, except that neither it nor any other committee shall have authority as to the following matters:

- (a) The submission to members of any action requiring members' approval under the law.
- (b) The filling of vacancies in the Board or in any committee.
- (c) The fixing of compensation of the Directors for serving on the Board or on any committee.
- (d) The amendment or repeal of the By-laws, or the adoption of new By-laws.
- (e) The amendment or repeal of any resolution of the Board which, by its terms, shall not be so amendable or repealable.

Any reference in these By-laws to the Board of Directors shall include the Executive Committee unless the context or express provision provide otherwise.

**Section 4. Other Standing Committees.** The Board of Directors, by resolution adopted by a majority of the entire Board, may designate other standing committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee, except that such authority shall not exceed the authority conferred on the Executive Committee by Section 3 of this Article III. Members of any such other standing committees must be Directors.

**Section 5. Special Committees.** The Board of Directors may designate special committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee, except that such authority shall not exceed the authority conferred on the Executive Committee by Section 3 of this Article III. Members of these special committees may, but need not be, Directors.

**Section 6. Meetings.** Meetings of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the President or the chair of the committee or by vote of a majority of all members of the committee.

**Section 7. Quorum and Manner of Acting.** Unless provided otherwise by resolution of the Board of Directors, a majority of all the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all the members of the committee shall be the act of the committee.

The procedures and manner of acting of the Executive Committee and of the committees of the Board shall be subject at all times to the directions of the Board of Directors.

**Section 8. Tenure of Members of Committees of the Board.** Each committee of the Board and every member thereof shall serve at the pleasure of the Board.

**Section 9. Alternate Members.** The Board of Directors may designate one or more Directors as alternate members of the Executive Committee or of any standing committee of the Board, who may replace any absent member or members at any meeting of such committee.

#### ARTICLE IV – OFFICERS

**Section 1. Number.** The officers of RSD shall be a President, one or more Vice Presidents, a Treasurer, a Secretary and such other officers as the Board of Directors may in its discretion determine. Any two or more offices may be held by the same person, except the offices of President and Secretary.

**Section 2. Term of Office and Qualifications.** Those officers whose titles are specifically mentioned in Section 1 of this Article IV shall be elected by the Board of Directors at its Annual Meeting. Unless a shorter term is provided in the resolution of the Board electing such officer, the term of office of each officer shall be two years, or until the officer's successor is elected or appointed and qualified. All officers shall be elected from among the Directors.

**Section 3. Additional Officers.** Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

**Section 4. Removal of Officers.** Any officer may be removed by the Board of Directors with or without cause at any time.

**Section 5. Resignation.** Any officer may resign at any time by giving written notice to the Board of Directors, to the President, or to the Secretary. Any such resignation shall take place at the time specified therein, or, if no time be specified, then upon delivery.

**Section 6. Vacancies.** A vacancy in any office shall be filled by the Board of Directors.

**Section 7. President.** The President shall preside at all meetings of the members and of the Board of Directors at which the President is present, and shall be, *ex-officio*, a member of the Executive Committee and all other committees. The President shall supervise generally the management of the affairs of RSD, subject only to the supervision of the Board. The President shall also perform such other duties as may be assigned from time to time by the Board.

**Section 8. Vice Presidents.** In the absence or incapacity to act of the President, or if the office of President be vacant, the Vice President or, if there be more than one Vice President, the Vice Presidents in order of seniority as determined by the Board of Directors, shall preside at all meetings of the members, and shall perform the duties and exercise the powers of the President, subject to the right of the Board from time to time to extend or confine such powers and duties or to assign them to others. Each Vice President shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the President.

**Section 9. Treasurer.** The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer, or those employed by RSD under the supervision of the Treasurer, shall keep and maintain the books of account and shall have charge and custody of, and be responsible for, all funds and securities of RSD, and deposit all such funds in the name of and to the credit of RSD in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. The Treasurer shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 10. Secretary.** It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and to keep or to supervise the keeping of the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by RSD are duly given and served; the Secretary shall prepare, or cause to be prepared, for use at meetings of the members the list or record of members referred to in Article I, Section 14 of these By-laws and shall certify such list; the Secretary shall keep, or cause to be kept, a current list of RSD's Directors and officers and their addresses of residence; the Secretary shall be custodian of the seal of RSD and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all meetings of members, Directors, the Executive Committee, and any other committees which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of RSD, or in the custody of some other person authorized by the Board of Directors to have such custody.

**Section 11. Appointed Officers.** The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

**Section 12. Assignment and Transfer of Stocks, Bonds and Securities.** The President, the Vice Presidents, the Treasurer, the Secretary, and each of them, shall have power to assign, or to endorse for transfer, under the corporate seal, and to deliver any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by RSD.

## ARTICLE V – ADVISORY COUNCIL

**Section 1. Purpose.** The purpose of RSD's Advisory Council is to provide expertise and advice as RSD continues to grow, as well as to serve as ambassadors for RSD and provide community linkages with other organizations.

**Section 2. Organization.** The Advisory Council shall consist of such members as are appointed to it from time to time by the Committee on Governance and Nominations.

**Section 3. Relationship to Board of Directors.** Advisory Council members are invited to attend, without voting rights, the quarterly regular meetings of the Board of Directors and shall receive the official minutes of such meetings. From time to time, RSD administrators and/or directors may seek the counsel of Advisory Council members. All Advisory Council members should be open to serving RSD in this capacity.

**Section 4. Official duties and responsibilities.** Advisory Council members do not have any official Board responsibilities and are not legally responsible for any of RSD's fiduciary outcomes.

## ARTICLE VI – CHIEF EXECUTIVE OFFICER

**Section 1. Appointment.** The Board of Directors shall appoint a Chief Executive Officer ("CEO"), who shall hold office at the pleasure of the Board.

**Section 2. Duties.** The Board shall delegate to the CEO the authority to manage the day-to-day operations and affairs of RSD, including implementing policy and managing programs and staff, subject to applicable law and to the oversight of the Board. The CEO shall keep the Board apprised in a timely manner of all legislative, budgetary, building and program issues confronting RSD.

**Section 3. Reports and Statements.** The CEO shall at all times be prepared to provide for inspection by the Executive Committee a full account of the duties and salaries of each of RSD's employees. The CEO also shall give, or supervise the giving of, financial reports at all meetings of the Executive Committee and all Annual and regular meetings of the Board, which reports shall clearly indicate the financial status of RSD. The CEO shall present to the members at the Annual Meeting a statement of the financial condition of RSD and such other reports as may be required by state law.

**Section 4. Compensation.** The Board of Directors shall be responsible for determining and approving the CEO's compensation in connection with the regular review of the CEO's performance and applicable State law.

In making such determination, the Board shall consider total compensation to include the salary and the value of all benefits provided by RSD to the CEO in payment for services. At the time of the discussion and decision concerning the CEO's compensation, the CEO should not be present in the meeting. The Board shall obtain and consider appropriate data concerning comparable compensation paid to similar officers in like circumstances.

The Board shall set forth the basis for its decisions with respect to compensation in the minutes of the meeting at which the decisions are made, including the conclusions of the evaluation and the basis for determining that the CEO's compensation is reasonable in light of the evaluation and the comparability data.

## ARTICLE VII – INDEMNIFICATION AND INSURANCE

**Section 1. Authorized Indemnification.** Unless clearly prohibited by law or by Section 2 of this Article VI, RSD shall indemnify any person (“Indemnified Person”) made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of RSD, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this Section, (a) is or was a Director or officer of RSD, (b) is serving or was serving, in any capacity at the request of RSD, any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided RSD shall have consented to such settlement) and reasonable expenses, including attorneys’ fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

**Section 2. Prohibited Indemnification.** The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person’s acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

**Section 3. Advancement of Expenses.** The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by RSD, pay or promptly reimburse the Indemnified Person’s reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay RSD, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 2 of this Article VII. An Indemnified Person shall cooperate in good faith with any request by RSD that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

**Section 4. Indemnification of Others.** Unless clearly prohibited by law or Section 2 of this Article VI, the Board of Directors may approve Corporation indemnification as set forth in Section 1 of this Article VII or advancement of expenses as set forth in Section 3 of this Article VII, to a person (or the testator or intestate of a person) who is or was employed by RSD or who is or was a volunteer for RSD, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of RSD in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

**Section 5. Determination of Indemnification.** Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these By-laws. Before indemnification can occur, the Board of Directors must find explicitly that such indemnification will not violate the provisions of Section 2 of this Article VII. No

Director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested Directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then-applicable law and these By-laws.

**Section 6. Binding Effect.** Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification, which right cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment.

**Section 7. Insurance.** The Corporation is not required to purchase directors' and officers' liability insurance, but RSD may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure RSD for any obligation it incurs as a result of this Article VII or operation of law and it may insure directly the Directors, officers, employees or volunteers of RSD for liabilities against which they are entitled or permitted to be indemnified by RSD.

**Section 8. Nonexclusive Rights.** The provisions of this Article VII shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of RSD with any Director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article VII, subject in all cases to the limitations of Section 2 of this Article VII.

## ARTICLE VIII – CONFLICTS OF INTEREST

**Section 1. Definition of Conflicts of Interest.** A conflict of interest will be deemed to exist whenever an individual is in the position to approve or influence Corporation policies or actions which involve or could ultimately harm or benefit financially: (a) the individual; (b) any member of the individual's immediate family (spouse, parents, children, brothers or sisters, and spouses of these individuals); or (c) any organization in which the individual or an immediate family member is a Director, trustee, officer, member, partner or more than 10% shareholder. Service on the board of another not-for-profit corporation does not constitute a conflict of interest.

**Section 2. Disclosure of Conflicts of Interest.** A Director or officer shall disclose a conflict of interest: (a) prior to voting on or otherwise discharging his duties with respect to any matter involving the conflict which comes before the Board or any committee; (b) prior to entering into any contract or transaction involving the conflict; (c) as soon as possible after the Director or officer learns of the conflict; and (d) on the annual conflict of interest disclosure form. The Secretary of RSD shall distribute, or cause to be distributed, annually to all Directors and officers, a form soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with RSD and whether the process for approval set forth in Section 3 of this Article VIII was used.

**Section 3. Approval of Contracts and Transactions Involving Potential Conflicts of Interest.** A Director or officer who has or learns about a potential conflict of interest should disclose promptly to the Secretary of RSD the material facts surrounding any

actual or potential conflict of interest, including specific information concerning the terms of any contract or transaction with RSD. A proposed contract or transaction that involves an actual or potential conflict of interest shall be disclosed and approved by the Executive Committee before the arrangement is entered into. Contracts or transactions in existence at the time of the adoption of this Article will be promptly reviewed by the Executive Committee.

Following the receipt of information concerning a contract or transaction involving a potential conflict of interest, the Secretary will arrange for the Executive Committee to consider the material facts concerning the proposed contract or transaction including the process by which the decision was made to recommend entering into the arrangement on the terms proposed. The Executive Committee shall approve only those contracts or transactions in which the terms are fair and reasonable to RSD and the arrangements are consistent with the best interests of RSD. Fairness includes, but is not limited to, the concepts that RSD should pay no more than fair market value for any goods or services that RSD receives and that RSD should receive fair market value consideration for any goods or services it furnishes to others.

The Executive Committee shall set forth the basis for its decision with respect to approval of contracts or transactions involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration paid is fair to RSD. The Executive Committee may set conditions as part of its approval of contracts or transactions.

The Executive Committee may refer the decision concerning approval or denial of a proposed contract or transaction involving a potential or actual conflict of interest to the entire Board of Directors.

**Section 4. Report to Full Board.** The Executive Committee shall report to the full Board at least annually concerning actual or potential conflicts of interest that have been disclosed and contracts and transactions involving actual or potential conflicts that have been approved.

**Section 5. Validity of Actions.** No contract or other transaction between RSD and one or more of its Directors or officers, or between RSD and any other corporation, firm, association or other entity in which one or more of its directors or officers are Directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or officer or officers are present at the meeting of the Board of Directors or Executive Committee which authorizes such contract or transaction, or that his, her or their votes are counted for such purpose, if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or Executive Committee, and the Board or Executive Committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or Directors or officer or officers. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or Executive Committee which authorizes such contract or transaction. At the time of the discussion and decision concerning the authorization of such contract or transaction, the interested Director or officer should not be present at the meeting.

**Section 6. Employee Conflicts of Interest.** An employee of RSD with a potential conflict of interest in a particular matter shall promptly and fully disclose the potential conflict to his supervisor. The employee shall thereafter refrain from participating in deliberations and

discussion, as well as any decisions, relating to the matter and shall follow the direction of the supervisor as to how RSD decisions which are the subject of the conflict will be determined. The CEO shall be responsible for determining the proper way for RSD to handle Corporation decisions that involve unresolved employee conflicts of interest. In making such determinations, the CEO may consult with the President of the Board and legal counsel.

The CEO shall report to the Executive Committee and the full Board at least annually concerning employee conflicts of interests that have been disclosed and contracts and transactions involving employee conflicts that the CEO has approved.

## **ARTICLE IX – DIRECTORS’ AND OFFICERS’ COMPENSATION**

**Section 1. Reasonable Compensation.** It is the policy of RSD to pay no more than reasonable compensation for personal services rendered to RSD by officers and employees. The Directors of RSD shall not receive compensation for fulfilling their duties as Directors, although Directors may be reimbursed for actual out-of-pocket expenses that they incur in order to fulfill their duties as Directors. Expenses of spouses of Directors and officers will not be reimbursed by RSD unless such expenses are necessary to achieve a Corporation purpose.

**Section 2. Loans to Directors and Officers.** No loans other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in a bank, shall be made by RSD to its Directors or officers, or to any other corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers or hold a substantial financial interest except as allowed by law.

## **ARTICLE X – CONTRACTS, LOANS, BANKING AND DEPOSITS**

**Section 1. Execution of Contracts.** The Board of Directors, except as otherwise provided in these By-laws, may delegate to the CEO the authority to enter into any contract or execute and deliver any instrument in the name of and on behalf of RSD, provided that such contracts are consistent with the budget adopted by the Board and either further the mission of RSD or provide for its proper operation. The CEO may delegate, with appropriate controls and limits, authority to execute contracts to the Business Manager and to such other employees as the CEO chooses. Such delegations shall be in written form. Unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officer, agent or employee shall have any power or authority to bind RSD by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

**Section 2. Loans.** No loans or line of credit shall be contracted on behalf of RSD except as specifically authorized by the Board of Directors.

**Section 3. Checks, Drafts, etc.** All checks, drafts and other orders for the payment of money out of the funds of RSD, and all notes or other evidences of indebtedness of RSD, shall be signed on behalf of RSD in such manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 4. Deposits.** All funds of RSD not otherwise employed shall be deposited from time to time to the credit of RSD in such banks, trust companies or other depositories as the Board of Directors may select.

## ARTICLE XI – GENERAL

**Section 1. Office.** The Office of RSD shall be 1545 St. Paul Street, in the City of Rochester and the County of Monroe.

**Section 2. Books and Records.** There shall be kept at the office of RSD:

- (a) Correct and complete books and records of account.
- (b) Minutes of the proceedings of the members, the Board of Directors and the Executive Committee.
- (c) A current list of the Directors and officers of RSD and their addresses of residence.
- (d) A list of record containing the names and addresses of all members.
- (e) A copy of these By-laws.
- (f) A copy of RSD's application for recognition of exemption of exemption with the Internal Revenue Service.
- (g) Copies of the past three years' information returns to the Internal Revenue Service.

**Section 3. Fiscal Year.** The fiscal year of RSD shall commence July 1 in each calendar year and end on June 30.

## ARTICLE XII – AMENDMENTS

**Section 1. Amendments.** The By-laws of this Corporation may be amended or repealed by the members at the time entitled to vote in the election of Directors or by the Board of Directors. Any by-law adopted by the Board may be amended or repealed by the members and, unless otherwise provided in the By-laws adopted by the members, any by-law adopted by the members may be amended or repealed by the Board. If any by-law regulating an impending election of Directors is adopted, amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of the members for the election of Directors the by-laws so adopted, amended or repealed, together with a concise statement of the changes made.