

KANEOHE BUSINESS GROUP BY-LAWS

ARTICLE I

Name, Objective and Definition

Section 1. Name. The name of this corporation is the Kaneohe Business Group.

Section 2. Objective. The objective of this corporation shall be to inspire in its members a sense of individual civic responsibility and active interest in community affairs; to promote the commerce and industry of Kaneohe and to disseminate business information; to attract and interest visitors; and generally to advertise and promote the welfare of Kaneohe.

Section 3. Definition. As used herein, the term "Group" shall, where appropriate, be deemed to mean the Kaneohe Business Group; the term "Board" shall be deemed to mean the Board of Directors of the Group, and the term "General Membership" shall be deemed to mean all those persons or firms holding membership in the Group.

As used herein, the term "Kaneohe" shall where appropriate, be deemed to mean the area extending generally from the Koolau Mountains to the reef, and generally from the area bounded by Kailua on the Kaneohe-Kailua side.

ARTICLE II

Membership

Section 1. Active Membership. Any individual, partnership, firm, corporation, estate or trust, actively engaged in business or owning business property within the geographic boundaries of the Group, shall be eligible for membership in the Group. Any member thereof in good standing shall be entitled to a vote.

Section 2. Other Memberships. There may be such other classes of memberships with such privileges and responsibilities as may be determined from time to time by the Board of Directors.

Section 3. Application and Admission. Any person desirous of active or other membership, who submits an application in writing together with membership dues, shall on approval of the Board be admitted as a member.

Section 4. Good Standing. A member in good standing is one whose dues and assessments are currently paid.

Section 5. Discipline of Members. The Board by a two-thirds (2/3) vote may suspend or expel any member from membership, for cause; provided, however, that fifteen days notice in writing and the reasons therefor is given to the member to be suspended or expelled, granting such member the opportunity to be heard at the meeting of the Board at which time such vote is to be taken. Any suspension or expulsion shall be effective no earlier than five days after the vote is taken.

Section 6. Fiscal Year. The fiscal year of the Group shall be from July 1st through June 30th.

Section 7. Voting. Each member in good standing (whether individual, corporation or partnership) shall be entitled to one (1) vote. There shall be no absentee or proxy vote on any matter.

Section 8. Transfer of Membership. Membership in the Group is not transferable or assignable.

ARTICLE III

Dues and Assessments

Section 1. The amount of the annual dues for all classes of membership shall be fixed by the Board, and shall be payable within sixty (60) days from the beginning of the fiscal year. Any member whose dues are delinquent will at the discretion of the board be given 30 days notice to correct the delinquency. During this time, the membership committee by action of the board will make every effort to correct the standing of the delinquent member.

Section 2. Pro-Rata Dues. Pro-rata dues on a semi-annual basis may be assessed those members joining the Group during the fiscal year.

Section 3. Refund. Members resigning shall not be entitled to any refund of dues or fees.

ARTICLE IV

Meetings

Section 1. Annual Meeting. The annual meeting of the general membership shall be held during the month of June at such time as shall be determined by the Board.

Section 2. Regular Meetings. There shall be a regular meeting of the general membership at such times and places as shall be determined by the Board.

Section 3. Special Meetings. Special meetings of the general membership shall be called by the President at his discretion or upon written request of five members of the Group. At such special meetings, only such business as the meeting is called to consider shall be acted upon.

Section 4. Board Meetings. The Board shall meet on the second Wednesday of each month or at such time as shall be determined by the Board. Special meetings of the Board may be called by the President or twenty percent (25%) of the number of directors in office.

Section 5. Quorum. Twenty-five (25) percent of the Group's membership at any meeting of the general membership shall constitute a quorum, except as provided elsewhere in these by-laws. One-third (1/3) of the number of directors in office shall constitute a quorum at any Board meeting.

Section 6. Notice of Membership Meetings. Written notice stating the place, day, and time of any meeting of the members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting unless otherwise prescribed by Hawaii law. Notice shall be delivered personally, by facsimile, by mail, or by electronic transmission to each member. If faxed or mailed, such notice shall be deemed to be delivered upon transmission to the member or when deposited in the United States mail, postage prepaid and addressed to the member at the member's facsimile number or address as it appears on the books of the corporation as of the record date. If sent by electronic transmission, such notice shall be deemed to be delivered when directed to an electronic mail address at which the member has consented to receive notice.

Section 7. Notice of Board Meetings. Regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Special meetings shall be preceded by at least two (2) days' written notice of the date, time, and place of meeting. Such notice shall be delivered personally, by facsimile, by mail, or by electronic transmission to each director. If faxed or mailed, such notice shall be deemed to be delivered upon transmission to the director or when deposited in the United States mail, postage prepaid and addressed to the director at the facsimile number or address last reported by such director to the corporation. If sent by electronic transmission, such notice shall be deemed to be delivered when directed to an electronic mail address at which the director has consented to receive notice.

Section 8. Waiver of Notice. A member or director may waive notice at any time in a signed writing delivered to the corporation. The attendance of a member or director at any meeting shall constitute a waiver of notice of the meeting, except where the member at the beginning of the meeting objects to the holding of the meeting or the transaction of any business because the meeting has not been lawfully called or convened.

ARTICLE V

Board of Directors and Officers

Section 1. Board of Directors. The Board shall consist of seventeen (17) members and shall include ex-officio the President, President-Elect, 1st Vice President, 2nd Vice President, Secretary and Treasurer of the Group, the retiring President of the Group for one year after his/her term of office, and ten (10) additional Board members, five to be elected in alternate years for two year terms. Each director shall hold office until his or her successor shall have been duly elected and qualified.

The ex-officio directors shall be entitled to vote. The board may provide for Honorary Directorship at its discretion.

Section 2. Officers. The officers of the Group shall be a President, President-Elect, 1st Vice President, 2nd Vice President, Secretary and Treasurer, all of whom shall be elected annually by the general membership.

Section 3. Executive Secretary. An executive secretary may be appointed by the President with approval of the Board.

Section 4. Vacancy. In case of any vacancy in the Board or any office, the Board of Directors, by affirmative vote of a majority thereof, shall elect a successor to hold office for the unexpired portion of the term of the officer or director whose place shall be vacant.

Section 5. Directors. The Directors shall be a liaison contact with the committee chairperson for committees under their jurisdiction, coordinating committee activities and rendering committee reports at regular board meetings.

ARTICLE VI

Duties

Section 1. President. The President shall preside at all meetings of the Group. She/he may call special meetings of the Board and the members at her/his discretion and will appoint all chairpersons of standing or special committees. The President shall cause an annual audit of the Treasurer's records to be made. The incoming President shall present at the first meeting of the Board for their approval, a budget for the ensuing fiscal year. Expenditures not included in the annual budget must be specifically approved by the Board.

Section 2. President-Elect, 1st Vice President, 2nd Vice President. In the absence of the President, the President-Elect shall exercise the functions of the President. In the absence of the President and the President-Elect, the 1st Vice President shall exercise

the functions of the President. In the absence of the President, President-Elect, and 1st Vice President, the 2nd Vice President shall exercise the function of the President. Each of the Vice Presidents shall coordinate committee activities as assigned to him/her by the President. In the absence of the President, President-Elect, 1st Vice President and 2nd Vice President, a member shall be chosen by the Board to act for the President.

Section 3. Secretary. The Secretary shall maintain a record of all proceedings of the Group, and shall perform such functions as may be directed by the President or Board.

Section 4. Treasurer. The Treasurer shall receive and have custody of all funds of the Group. It shall be his/her responsibility to expedite payment of all authorized expenditures, and shall maintain full and proper account books for the Group. He/she will deposit all funds in a recognized banking institution in Kaneohe, and submit monthly financial statements to the Board. The Treasurer shall maintain a single signature checking account for the general fund with the remaining monies placed into a savings account requiring counter signatures by the President or President-Elect for withdrawals.

Section 5. Executive Secretary. The Executive Secretary shall perform such duties as the officers and/or Board may designate, including any administrative functions, coordinating programs, agendas, conducting correspondence, and supervising any office secretarial tasks to be paid for by the Group. She/he will also assist committee chairpersons in committee activities. She/he shall be directly responsible to the President and may be reimbursed for expenses incurred related to the Group's activities.

Section 6. Board of Directors.

(a) The Board shall have the power for final action on all considerations except election and except that on the written initiative of ten (10) members of the Group, an action proposed or taken by the Board shall be submitted to the general membership for referendum.

(b) On considerations submitted to the Board, the procedure shall be as follows: (1) The Board may take action or refer the question to a committee for a submitted report. (2) If and when a standing or special committee report is received, the Board shall take action or submit the question to the general membership for action, as it may deem advisable.

(c) The Board shall have the power to adopt policies it deems advisable and consistent with these By-laws and the objectives of the Group.

ARTICLE VII

Committees

Section 1. Board Committees. By resolution adopted by a majority of the directors in office, the Board of Directors may designate and create one or more Board committees, each of which shall consist of two or more directors. A committee shall have such powers and authority as the Board of Directors shall delegate to it, except that no such committee shall have the power to do any of the following:

- (a) Authorize distributions;
- (b) Approve or recommend to the members the dissolution or merger of the Group or the sale, pledge, or transfer of all or substantially all of the Group's assets;
- (c) Elect, appoint, or remove directors or fill vacancies on the Board or any of its committees; or
- (d) Adopt, amend, or repeal the Articles of Incorporation or Bylaws.

The designation of a committee and the delegation to it of authority shall not relieve the Board of Directors, or any member of such, of any responsibility imposed by law.

Section 2. Advisory Committees. By resolution adopted by a majority of the directors in office, the Board of Directors may designate and create one or more advisory committees, each of which shall consist of at least one director and such other persons appointed by the Board. Such advisory committees shall provide advice to the Board of Directors but shall have no power or authority to act on behalf of the Group.

ARTICLE VIII

Elections

Section 1. Nominating Committee. A Nominating Committee consisting of at least three (3) members of the Group shall be appointed by the President at least one month prior to the election meeting. The duties of the Committee shall be to prepare a slate for the election meeting consisting of at least one (1) nominee for each elective office. There may be nominations from the floor at the election meeting.

Section 2. Election Meeting. A general membership meeting for the purpose of electing officers and directors of the Group shall be held during the month of April or May of each year at such time and place as shall be determined by the Board.

Section 3. Notification of Nominations. The secretary shall notify the general membership of the nominees reported by the Nominating Committee not later than ten (10) days before the day of election. Notice shall be delivered personally, by facsimile, by mail, or by electronic transmission to each member. If faxed or mailed, such notice shall be deemed to be delivered upon transmission to the member or when deposited in the United States mail, postage prepaid and addressed to the member at the member's facsimile number or address as it appears on the books of the corporation as of the record date. If sent by electronic transmission, such notice shall be deemed to be delivered when directed to an electronic mail address at which the member has consented to receive notice.

ARTICLE IX

Amendment to By-Laws

Section 1. These By-laws may be amended at any regular or special meeting of the general membership by a two-thirds (2/3) vote of the members of the Group present and in good standing. Notice of such proposed amendments shall be sent to each member of the Group in the manner specified above for notice of nominations, at least ten (10) days prior to the meeting at which such amendments shall be considered.

Section 2. All items not covered in these By-laws shall be governed by Robert's Rules of Order.

ARTICLE X

Conflict Of Interest Transactions

Section 1. Conflict of Interest. A conflict of interest transaction is a transaction in which a director of the Group has a direct or indirect interest. For purposes of this Article X, a director has an indirect interest in a transaction if:

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

Section 2. Conflict of Interest Transactions. No transaction effected or proposed to be effected by the Group in which a director has a conflict of interest shall be enjoined or set aside, or shall give rise to an award of damages or other sanctions in a proceeding by a member or the Group if the transaction was fair at the time it was entered into or is approved in one of the following manners:

(a) The material facts of the transaction and the director's interest are disclosed or known to the Board and the transaction receives the affirmative vote of a majority (but no fewer than two) of the directors on the Board who have no direct or indirect interest in the transaction. A majority of the uninterested directors on the Board constitutes a quorum for purposes of this subsection.

(b) The material facts of the transaction and the director's interest are disclosed or known to the members and the transaction receives the affirmative vote of a majority of the members entitled to vote. The members entitled to vote under this subsection are those members whose vote is not cast by or under the control of (i) a director with a direct or indirect interest in the transaction or (ii) an entity with a material interest in, or which is a general partner of, the transaction. A majority of the members entitled to vote under this subsection constitutes a quorum for purposes of this subsection.

ARTICLE XI

Indemnification

Section 1. Indemnification. To the fullest extent permitted by Hawaii law, the Group shall indemnify each director, officer and employee of the Group who is or was 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 and whether formal or informal, because such person is or was a director, officer or employee of the Group, against all expenses (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding.

Section 2. Advances for Expenses. The Group shall advance funds to pay for or reimburse the reasonable expenses and attorneys' fees incurred by a director, officer or employee before final disposition of an action, suit or proceeding, provided that such person delivers a written affirmation of such person's good faith belief that such person has met the requisite standard of conduct for indemnification and delivers a written undertaking to repay such amount if it is ultimately determined that such person did not meet the standard of conduct.

Section 3. Continuing Indemnification. The indemnification provided in subsections (1) and (2) of this Article shall be cumulative and not exclusive, and shall be in addition to any other indemnification provided by law or by any other agreement. Any repeal, amendment or modification of this Article shall not affect the indemnification provided in this Article for any acts or omissions occurring prior to such repeal, amendment or modification. The indemnification provided for in this Article shall continue as to any person who has ceased to be a director, officer or employee of the Group and shall inure to the benefit of such person's heirs, personal representatives, executors and administrators.

By-laws amended August 27, 1975; February 4, 1977; June 14, 1978, November 26, 1980; November 25, 1981; April 22, 1992; March 26, 2003 and September 24, 2003.