

BYLAWS OF LAKE NORMAN ORCHESTRA

Approved and Adopted July 27, 2004
Amended and Revision 001 Approved May 7, 2007
Amended and Revised 002 Approved Oct 26, 2016

ARTICLE I

NAME

The name of this Corporation (hereafter the "Corporation") is LAKE NORMAN ORCHESTRA (LKNO).

ARTICLE II

PURPOSE AND POWERS

Section 1: Purpose

The purpose of this Corporation is and shall remain exclusively for fine arts and otherwise within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any corresponding provision of a successor statute.

Section 2. Powers

The Corporation shall have power to sue and to be sued, to hold public fine arts events and performances, to purchase music, instruments, and other equipment necessary for the performance of fine arts events. It has the power to receive private and public donations, solicit business and corporate donations, hold fund raising events, and sell tickets to performances in support of the corporation. It shall have all other powers granted to nonprofit corporations by Chapter 55A of the North Carolina General Statutes. The Corporation, however, shall not carry on any activities nor shall it have any powers prohibited to an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding section of any future United States Internal Revenue law. In particular, but without limitation of the foregoing, the Corporation shall not have or issue shares of stock or pay dividends, and no part of its earnings or assets shall inure to the benefit of or be distributable to its directors, officers, or other private persons, provided that it shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its authorized purposes. In addition the Corporation shall not make loans to members, officers or directors of the Corporation.

Section 3. Membership

Membership in the Corporation shall be defined as: 1) any orchestra musician who is in good standing with and actively participating in the organization, 2) any non-playing member of the Board of Directors.

Any resident of the immediate or surrounding community who plays an instrument may become a member as stated in Article XIV Section 1a. The minimum age requirement is a high school freshman (generally 15 years of age) with exceptions to be determined by the Section Lead. There is no maximum age restriction. The option of an audition to determine a potential member's musical level of proficiency and capabilities to perform the repertoire of the LKNO's music selection, will be at the discretion of the Music Director. The final decision on the selection of the member will be at the discretion of the Music Director.

Each member upon joining is to read and sign a Membership Agreement, which states the minimum rehearsal attendance and performance requirements. It is expected that a member in good standing will adhere to such agreement, and is subject to dismissal at the discretion of the Board of Directors for non-compliance.

No general member shall have any voting rights. All voting rights are vested solely in the elected Board of Directors, with the exception of an "ex-officio" member who may participate in Board meeting but have no voting privileges.

ARTICLE III OFFICES

The registered office of the Corporation shall be located in the State of North Carolina at such place as may be fixed from time to time by the Board of Directors upon filing of such notices as may be required by law. The Corporation may have other offices as the Directors may determine which may be, but need not be, identical to the registered office, within or outside the state.

ARTICLE IV BOARD OF DIRECTORS

Section 1. General Powers

The affairs of the Corporation shall be managed by its Board of Directors or by such committees as the Board may establish pursuant to these Bylaws.

Section 2. Number and Qualifications

The number of Directors constituting the Board of Directors shall be not less than two (2) nor more than thirteen (13), with such numbers of Directors to be set from time to time by the members of the Corporation. Each Director shall be at least 21 years of age, and no Director shall be a "disqualified person" (except as a foundation manager) with respect to the Corporation as that term is defined in section 4946(a) of the Internal Revenue Code of 1986, as amended, and corresponding provisions of any subsequent Federal tax laws (hereinafter the "Internal Revenue Code") and stated in Article XIV Section 3 of the bylaws.

Section 3. Class and Term

The Board of Directors shall serve a two-year term with elections held annually. The term of election shall begin on the first of July. Election to positions on the Board of Directors shall be staggered such that no more than one half of the Officers and the Board of Directors shall be replaced each year. The President and Treasurer shall be elected in even-numbered years. The Vice President and Secretary shall be elected in odd-numbers years.

Section 4. Election

On or before the first of April of each calendar year, the existing Board of Directors shall seek and appoint a Nominating Committee to select a slate of nominee directors. In turn, the membership of Lake Norman Orchestra shall elect a class of directors taking into consideration, but not being bound to follow, the recommendations of the nominating committee. Such election by the membership of LKNO will be held no sooner than one month after recommendations are presented to the members of the LKNO.

Section 5. Vacancies

Vacancies in such Directors caused by resignation, death, retirement, or disqualification, may be filled by individuals approved by the remaining Directors. A director elected to fill any vacancy shall hold office for the unexpired term of his/her predecessor and until a successor is elected and qualified. Any At-Large directors who are nominated, but not elected, for an Officer position in any calendar year, may return unencumbered to their At-Large position provided the number of directors do not exceed the limits as stated under Article IV, Section 2.

Section 6. Removal

Directors and Officers may be removed from office with or without cause, including but not limited to lack of active participation, by a vote of a majority of the Board of Directors at a meeting duly called for that purpose.

Section 7. Executive Director

The Board of Directors may appoint an Executive Director of the Corporation who shall hold office until his or her successor is appointed and qualified. The Executive Director, subject to the control of the Board of Directors, shall oversee the daily operations and management of the Corporation and will be responsible for administering the policies of the Corporation. The Board of Directors shall from time to time develop a job description setting forth in greater detail the duties of the Executive Director.

Section 8. Music Director

The Board of Directors shall appoint a Music Director of the Corporation, subject to approval by a majority of the membership, who shall hold office until his or her successor is appointed and qualified. The Music Director, subject to the control of the Board of Directors, shall have artistic responsibility for the orchestra as defined in the associated job description. The Music Director shall be an ex-officio member of the Board of Directors and all committees.

Section 9. Remuneration of Directors

The Directors of the Corporation shall receive no remuneration for acting as such and no Director shall directly or indirectly receive any profit from his/her position. Directors may receive reasonable compensation for expenses incurred by them in the normal course of their duties as approved by the Board of Directors.

Section 10. Powers and Accountability of Directors

The Directors, acting together in their capacity as a Board, shall have the authority to exercise any of the powers and authorities expressly conferred upon it by these Bylaws and Articles of Incorporation, or by any other statutes or laws from time to time applicable, except where such power is contrary to the statutes or laws regarding public charities.

No individual Director shall have any authority to act on behalf of the Board with respect to agents or employees of the Corporation except as provided in these Bylaws or by resolution of the Board. No individual Director shall have any authority to act on behalf of the Corporation with respect to the transaction of affairs of the Corporation except as provided in these Bylaws or by resolution of the Board.

The Board and individual Directors represent the membership of the Corporation and shall be directly accountable to said membership. The Board shall also have a fiduciary duty to those who provide funds to the Corporation for the sound administration of the Corporation. The

Board shall have a general duty of trust to those served by the Corporation and to the general public. Every Director shall exercise the powers and discharge the duties of his/her office honestly, in good faith and in the best interest of the Corporation, and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings

The Board of Directors shall hold regular meetings at least monthly or at such a time fixed by resolution of the Board. Meetings will be called by the President in accordance with Section 4 of the bylaws.

Section 2. Special Meetings

Special meetings may be called by the President or by a majority of the Board of Directors.

Section 3. Annual Meeting

An Annual Meeting shall be held each year in October to hear various reports and act upon any general business. The Annual Meeting shall be chaired by the President or duly appointed designee. A quorum for the Annual Meeting shall consist of at least twenty-five percent of the Membership. Announcement of the Annual Meeting, including an agenda, shall be communicated to the membership at least one week prior the date of the meeting.

Section 4. Notice of Meetings

Written or electronic notice of the time, place and, purpose or purposes of every meeting of the Board of Directors shall be communicated to each Director not less than five (5) days before the meeting.

Section 5. Waiver of Notice

Any Director may waive notice of any meeting. The attendance by a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum

A minimum of two-thirds of the total Board including three-quarters of Executive Officers, shall constitute a quorum for the transaction of business, and, except as otherwise provided by these bylaws, or by the Corporation's Articles of Incorporation, the action of a majority of the Directors present at any meeting at which a quorum is present shall be the action of the Board of Directors. Each Director present at a meeting shall have one vote regardless of the positions held. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting until such a time that a quorum shall have been obtained.

Section 7. Presumption of Assent

Any Director who is present at the meeting of the Board of Directors or a committee of the Board of Directors when an action on any matter is taken is deemed to have assented to the action taken unless (a) his or her contrary vote is recorded, (b) his or her dissent or abstention from the action is otherwise entered into the minutes of the meeting, (c) he or she files a written notice of dissent or abstention with the person acting as the secretary of the meeting before its adjournment, or (d) he or she forwards such dissent or abstention by electronic mail to the

Secretary of the Board immediately after the adjournment of the meeting. Such right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 8. Informal Action by Directors

Action taken by a majority of the directors or members of a committee of the Board of Directors without a meeting is nevertheless Board or committee action. Committee actions are to be filed with the minutes of the proceedings of the Board or committee, whether done before or after the action so taken.

Section 9. Attendance by Telephone

Any one or more directors or members of a committee may participate in a meeting of the Board of Directors or Board committee by means of a conference telephone or similar communications device which allows all persons participating in the meeting to hear each other, and such participation in the meeting shall be deemed presence in person at such meeting.

ARTICLE VI OFFICERS

Section 1. Officers

The officers of the Corporation shall be a President, Vice President, Secretary and Treasurer, and such other officers as may be determined by the Board of Directors, all of whom shall be elected by the membership of LKNO, to hold office for a period of two years or until their successors have been elected and qualified. The same person may hold any two or more offices, other than that of President and Secretary. In no event, however, may an officer act in more than one capacity where action of two or more officers is required

Section 2. Removal

The Board with or without cause may request removal of any officer or agent elected or appointed by the members of LKNO; but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Removal shall be affirmed by a majority vote of the membership at a meeting duly called for that purpose. If any officer is so removed, a new officer may be elected at the same meeting.

Section 3. President

The President shall preside at all meetings of the Board of Directors, shall have general supervision of the affairs of the Corporation, and shall perform such other duties as are incident to the office or are properly required of the President of the Board of Directors . He/She shall have general supervision over the Corporation's property. He/She shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors to some other officer or agent.

Section 4. Vice President

The Vice President shall act as President in the absence of the President and, when so acting, shall have all the power and authority of the President.

Section 5. Secretary

The Secretary shall issue notices of all regular and special meetings, shall receive and attend to all correspondence of the Board of Directors, shall have custody of Corporate documents and ensure they are maintained and shall perform such other duties as usually pertain to this office.

Section 6. Treasurer

The Treasurer shall have such custody of all funds of the Corporation, shall keep a complete and accurate list of all receipts and disbursements and shall deposit all funds in the name of the Corporation in such depositories as shall be designated by the Board. He/She shall see that an accounting system is maintained in such a manner as to give a true and accurate accounting of the financial condition of the Corporation and that written reports of such conditions are presented to the Board of Directors and made available to the membership and the public. The Treasurer shall disburse the funds of the Corporation in payment of the just demands against the Corporation or as may be ordered by the Board of Directors (ensuring proper invoices for such disbursements) and shall render to the Board from time to time as may be required, an account of all transactions undertaken as Treasurer.

Section 7. Directors At-Large

Directors At-Large shall be either orchestra members in good standing or non-orchestra members who volunteer to serve and are elected to the Board of Directors at the Annual Election. The Directors At-Large are required to attend Board meetings, and take responsibility for carrying out the business and events held by the Orchestra. The Directors At-Large may serve on and chair various committees, and act on behalf of the general membership on voting matters.

Section 8. Officers and Directors

All Officers and Directors shall be members of the Board of Directors.

**ARTICLE VII
COMMITTEES**

Standing Committees shall be created and abolished according to the needs of LKNO by Board resolution. The board can determine when a committee can and should be created and/or abolished.

The Board of Directors from among their number may appoint special committees. Such committees shall limit their activities to the purpose or purposes for which they are appointed and shall have no power to act except as is specifically conferred upon them by the Board of Directors. The chairpersons or members of these committees shall serve as ex-officio members of the Board of Directors.

**ARTICLE VIII
FINANCIAL MATTERS**

Section 1. Use or Distribution of Income

During each fiscal year of the Corporation, all of the net income earned by the Corporation during its preceding fiscal year, and such part or all of the principal assets of the Corporation as the Directors in their sole discretion may determine, shall be distributed to or used for the benefit of, to perform the functions of, or for carrying out the purposes of LKNO. Prior to the first of October of each year, a budget shall be proposed for the fiscal year and approved by the Board of

Directors.

Section 2. Financial Statements

At the Annual Meeting each year the Board of Directors shall furnish to the members of LKNO a copy of the financial statements of the Corporation for the immediately preceding fiscal year.

ARTICLE IX INDEMNIFICATION

Section 1. Right to Indemnification

Each person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, shall be indemnified by the Corporation as a matter of contract right to the maximum extent permitted under North Carolina law against any and all claims and liabilities to which he/she has or shall become subject by reason of serving or having served as such director or officer or by reason of any action alleged, whether or not the claim, liability or alleged action arises from action taken in an official capacity, and the Corporation shall reimburse each such person or shall advance such person sums as hereinafter provided, for all expenses, including reasonable attorney's fees, actually incurred by him/her to the maximum extent permitted under North Carolina law in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability in which it is adjudged that he/she acted in bad faith or was guilty or liable by reason of his/her own willful misconduct in the performance of duty; and, provided further, that the Corporation shall not indemnify such person for actions initiated by such person unless such action is or was authorized by the Board of Directors.

Section 2. Insurance

The Corporation shall have the power, by resolution of the Board of Directors, to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by him/her in such capacity, or arising out of his/her status as such, whether or not the Corporation would have the power to indemnify such person against such liability.

Section 3. Non-Exclusivity of Rights

The right of indemnification hereinabove provided shall be in addition to other rights of indemnification permitted by applicable law, and shall not be exclusive of any rights to which any such director, officer, employee or agent may otherwise be entitled under any bylaw, agreement, vote of the Board of Directors (or members) or otherwise with respect to any liability or litigation expenses arising out of his/her activities in such capacity.

Section 4. Advances

Expenses incurred by a director, officer, employee or agent in defending a civil or criminal action of any type may be paid in advance of the final disposition of such action by the Corporation as authorized by the Board of Directors only upon receipt of an undertaking in writing by or on behalf of such director, officer, employee or agent that he/she will promptly repay such amount unless it shall be ultimately determined that he/she is entitled to such

indemnification by these Bylaws or otherwise by applicable law.

**ARTICLE X
CONTRACTS, LOANS AND DEPOSITS**

Section 1. Contracts

The Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts

All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depository or depositories, as the Board of Directors shall direct.

**ARTICLE XI
BOOKS AND RECORDS**

The Corporation shall keep accurate and complete books and records of account and shall also keep minutes of the proceedings of the meetings of the Board of Directors. Any director, or the agent or attorney thereof may inspect all books and records, for any proper purpose at any reasonable time. Such records may be kept on, or be in the form of, any information storage device, provided that such records may be converted into clearly legible forms within a reasonable time. The Corporation shall convert such records upon reasonable request of any person entitled to inspect them.

**ARTICLE XII
GENERAL PROVISIONS**

Section 1. Seal

The corporate seal of the Corporation shall be determined by the State of North Carolina upon acceptance of the North Carolina Articles of Incorporation.

Section 2. Waiver of Notice

Whenever any notice is required to be given to any director under the provision of Chapter 55A of the North Carolina General Statutes or under the provisions of the Charter or Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Fiscal Year

Unless otherwise ordered by the Board of Directors, the fiscal year of the Corporation shall be from July 1st to June 30th.

**ARTICLE XIII
SPECIAL VOTING**

Section 1. Fundamental Changes

A plan of merger or consolidation shall be adopted at a meeting of the Board of Directors of the Corporation upon receiving the vote of two-thirds of the Directors in office. A sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of the Corporation shall be authorized upon receiving the vote of two-thirds of the Directors in office.

Section 2. Dissolution

Dissolution of the Corporation shall be authorized and the plan of distribution pursuant thereto shall be approved at meetings of the Board of Directors upon receiving the vote of two-thirds of the Directors in office. All distributions upon dissolution of the corporation will be in accordance with the laws of the state of North Carolina as follows: Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations set up and operated exclusively for religious, charitable, educational, scientific or literary purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to federal, state, or local governments to be used exclusively for public purposes. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organizations, such as the court shall determine, which are organized and operated exclusively for such purposes, or to such governments for such purposes.

**ARTICLE XIV
ETHICS AND CONFLICTS OF INTEREST**

Section 1. Statements of Ethics

- (a) LKNO and its affiliates are a community based Fine Arts organization open to all persons with at least two years of high school music experience (or equivalent musical ability subject to Board approval) nationality, creed, or gender.
- (b) LKNO and its affiliates will maintain an open and welcoming environment for all instrumental musicians wishing to become a member of the organization.
- (c) LKNO will promote the education and love of Fine Arts to all youth and adults of the Community for which it serves by bringing programs to schools and community festivals.
- (d) LKNO, its Board of Directors, and its members will treat all members with respect and courtesy. All internal conflicts or disputes will be handled respectfully by the Board of Directors. The Board's resolution/decision is final and may include asking a member to leave the organization if that is the remedy deemed necessary by resolution of the Board.

Section 2. Conflicts of Interest

The purpose of the conflict of interest policy is to protect this tax-exempt Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

- (a) A potential conflict of interest exists when any director, officer, or member of a committee with Board delegated powers (interested person), has a direct or indirect financial interest in the Corporation. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
 2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

- (b) Procedures for addressing potential conflicts of interest:

1. **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The President of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible

under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the Board has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

(c) Records of Proceedings:

The minutes of the Board meeting shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

(d) Compensation:

1. A voting member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

3. No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

(e) Annual Statements:

Each director, officer and member of a committee with Board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy, as per Article XIV, Section 2.

2. Has read and understands the policy,

3. Has agreed to comply with the policy, and

4. Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

(f) Periodic Reviews:

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 3. Disqualified Persons

The following members are considered "disqualified persons" as defined in section 4946(a) of the IRS Code of 1986 and cannot serve as a voting board member of the Board of Directors of LKNO.

1. All substantial contributors to the Corporation.
2. An owner of more than 20% of:
 - a. The total combined voting power of a corporation that is (during such ownership) a substantial contributor to the Corporation.
 - b. The profits interest of a partnership that is (during such ownership) a substantial contributor to the Corporation.
 - c. The beneficial interest of a trust or unincorporated enterprise that is (during such ownership) a substantial contributor to the Corporation.
3. A member of the family of any of the individuals just listed.
4. A corporation of which more than 35% of the profits interest is owned by persons described in (1), (2), (3), or (4).
5. A partnership of which more than 35% of the profits interest is owned by persons described in (1), (2), (3), or (4).
6. A trust, or estate, of which more than 35% of the profits interest is owned by persons described in (1), (2), (3), or (4).
7. Public Officials
8. Persons operating or employed by a like kind for-profit business used for personal gain.

**ARTICLE XV
AMENDMENTS**

The Bylaws of the Corporation may be amended, added to or repealed, or new bylaws may be adopted in lieu thereof by the affirmative vote of two-thirds (2/3) of the Board of Directors of the Corporation. All directors and officers must receive in writing (letter or electronic mail) the proposed amendments 10 days prior to the meeting at which the vote is scheduled to take place. Any Board member who cannot be present may cast his/her vote in writing (letter or electronic mail) to the Board at any time prior to the scheduled meeting.