

Report of the KCA By-laws Revision Committee

TO: Kismet Community Association Inc.
Board of Directors and All Members

FROM: By-laws Revision Committee
Gary Leone
Frank Boulton
Warren Lem
Alan Swiedler
Tom Licari

DATE: March 25, 2017

RE: Proposed New By-laws for the Kismet Community Association Inc.

By a majority vote of the Kismet Community Association ("KCA") Membership at the General Membership Meeting held on October 16, 2016, a By-laws Revision Committee was designated to review the current KCA By-laws and to propose new By-laws for presentation to the Membership for adoption at the Spring 2017 KCA General Membership Meeting.

The By-laws Revision Committee carefully reviewed the KCA original 1971 incorporation documents, amendments and the current KCA By-laws. The Committee considered the comments and proposals made and discussed by the KCA members at the October 2016 Membership Meeting.

The proposed newly revised KCA By-laws attached to this Report resulted from careful consideration and discussion by the Committee of the many issues important to the KCA Membership. The new proposed By-laws include:

- Definite dates for holding the Spring and Fall KCA Membership Meetings, permitting all Members to anticipate and plan to attend the Meetings.
- A new position of Second Vice President to act as community liaison.
- Staggered 2-year terms of KCA officers to assure continuity.
- A clear and definite process for the nomination and election of KCA officers.
- New financial transparency, including the publication and approval of budgets and an annual certified public accountant review of financial records.
- More detailed responsibilities for all KCA officers.

The By-laws Revision Committee requests that copies of this Report, together with copies of the attached proposed new Kismet Community Association By-laws, be distributed to all KCA Members without delay and urge that the proposed new By-laws then be approved and adopted in all respects by the KCA Members at the Spring 2017 General Membership Meeting.

Respectfully submitted,
BY-LAWS REVISION COMMITTEE

KISMET COMMUNITY ASSOCIATION, INC.

(incorporated 1971 under the laws of the State of New York)

BY-LAWS

Article 1. Name.

The name of this civic association is the "Kismet Community Association, Inc." (referred to in these By-laws simply as "the KCA"). The KCA was incorporated in 1971 under the laws of the State of New York.

Article 2. Objectives.

The objectives of the KCA are to preserve, protect and promote the mutual welfare and best interests of the home and property owners, commercial business owners and other residents of the Hamlet of Kismet, Town of Islip, Suffolk County, New York ("Kismet") and to maintain and improve the quality of life throughout Kismet so that Kismet remains a desirable place to live, do business and visit.

Article 3. Fiscal Year.

The fiscal year of the KCA will be from January 1st to December 31st for all purposes.

Article 4. Membership.

There will be three (3) categories of members in the KCA: General Members, Business Members and Special Members.

A. General Members.

General Membership in the KCA is available to any person age 18 or older who is, or to any legal entity that is, a Kismet homeowner or landowner. Each General Member will be entitled to receive notice of, attend, be heard and vote at all Regular and Special Membership Meetings and will have one (1) vote to cast at all such meetings, regardless of the number of homes or properties owned or co-owned with other persons or entities. There will be no proxy votes. A legal entity that is a General Member must have one (1) designated officer, partner or member duly authorized to speak for and vote on behalf of the entity at any Regular or Special Membership Meetings, regardless of the number of shareholders, partners or members of the entity.

B. Business Members.

Business Membership is available to any person age 18 or older who, or to any legal entity that, either (i) owns or regularly maintains a non-residential commercial business in Kismet, or (ii) is a residential cooperative corporation that owns a residential property in Kismet or (iii) is a residential condominium homeowners' association in Kismet. Each Business Member will be entitled to receive notice of, attend, be heard and vote at all Regular and Special Membership Meetings and will have one (1) vote to cast at all such meetings, regardless of the number of separate commercial businesses owned or maintained, or the number of residential units that a residential cooperative corporation or a residential condominium may have. There will be no proxy votes. A legal entity that is a Business Member must have only one (1) designated officer, partner or member duly authorized to speak for and vote on behalf of the entity at any Regular or Special Membership Meetings, regardless of the number of shareholders, partners or members of the entity.

C. Special Members.

Special Memberships are available to any person age 18 or older who, or to any legal entity that, either (i) is a General Member in good standing for each of at two (2) separate homes or parcels of vacant property in Kismet, or (ii) leases or otherwise resides in any Kismet home, residential cooperative or condominium unit, or (iii) anchors off the waters of or moors to the docks at Kismet or (iv) otherwise desires to support the objectives of the KCA. Each Special Member will be entitled to receive notice of, attend and be heard at all Regular and Special Membership Meetings, but will be deemed a non-voting member for all purposes at all such meetings. A legal entity that is a Special Member must have one (1) designated officer, partner or member duly authorized to speak on behalf the entity at any Regular or Special Membership Meetings, regardless of the number of shareholders, partners or members of the entity.

Article 5. Membership Dues.

The Board of the KCA will from time to time recommend to the KCA membership the amount of annual dues, and any changes in annual dues, for each category of membership of the KCA, and separately for each residential cooperative corporation and residential condominium in Kismet. Annual dues will be based upon the overall financial condition, revenues, expenses and projected budget of the KCA. Annual dues and all changes in annual dues will be approved by the KCA members in good standing and

entitled to vote at a Regular or Special Membership Meeting. In no event will the annual dues required of a Special Member be greater than an amount equal to twenty-five percent (25%) of the annual dues required of a General Member. The recommendations of annual dues made by the Board will not be binding, but will be provided to all members and published publicly by the Secretary not less than thirty (30) days before any approval of changes in annual dues may be proposed, discussed and voted upon at a Regular or Special Membership Meeting. The recommendations of the Board will be in writing and delivered by the Secretary to each member by either (i) U.S. Mail (except for members requesting email only communications from the KCA), or (ii) by email to the member's last email address on file with the KCA Secretary (except for members requesting no email communications from the KCA). The recommendations of the Board also will be published publicly by the Secretary by conspicuous postings on the KCA website and on at least two (2) community public bulletin boards located in Kismet.

Article 6. Membership Meetings.

A. Regular Membership Meetings.

There will be two (2) Regular Membership Meetings of the KCA held in Kismet in each calendar year; a Spring Regular Membership Meeting and a Fall Regular Membership Meeting. The Spring Regular Membership Meeting will be held on the third Sunday morning in May each year. The Fall Regular Membership Meeting will be held on the Sunday morning in October immediately preceding Columbus Day each year. The day of a Regular Membership Meeting may be changed by the Board only before notice of the meeting is announced and delivered to members and only if necessary due to actual special circumstances. Twenty-five percent (25%) of the total of voting members of the KCA in good standing present will constitute a quorum at any Regular Membership Meeting. The time set for a Regular Membership Meeting will reasonably correspond to the schedule of arriving and departing ferries at Kismet on the meeting day for the convenience of members to attend the meeting.

B. Special Membership Meetings.

Special Membership Meetings may be called by the President, by resolution of the Board or by a written petition presented to the Board stating the reason for the Special Meeting and signed by at least twenty-five percent (25%) of the total of voting members of the KCA in good standing. Any Special Membership Meeting between April 1st and October 31st will be held in

Kismet. Any Special Membership Meeting between November 1st and March 31st will be held in Bay Shore, New York. No business other than that specified in the meeting notice of the President, the resolution of the Board or the written petition will be transacted at any Special Meeting without the approval of two-thirds (2/3) of the voting members in good standing present and voting. Twenty-five percent (25%) of the total of voting members of the KCA in good standing present will constitute a quorum at any Special Membership Meeting. The time set for a Special Membership Meeting between April 1st and October 31st will reasonably correspond to the schedule of arriving and departing ferries at Kismet on the meeting day for the convenience of members to attend the meeting.

C. Meeting Notices.

Notice of each Regular Membership Meeting and any Special Membership Meeting, indicating the date, time and place within Kismet, will be made by the Secretary in writing and delivered to each member no less than fourteen (14) days before the date of the meeting by either (i) U.S. Mail (except for members requesting email only communications from the KCA), or (ii) by email to the member's last email address on file with the KCA Secretary (except for members requesting no email communications from the KCA). Notice of each Regular Membership Meeting and any Special Membership Meeting also will be published publicly by the Secretary by conspicuous postings on the KCA website and on at least two (2) community public bulletin boards located in Kismet no less than fourteen (14) days before the date of the meeting.

D. Meeting Agenda.

All Regular Membership Meetings and Special Membership Meetings will be conducted according to "Roberts Rules of Order" and provide an opportunity for all members in good standing to address the membership and to present ideas and/or suggestions in an orderly manner. The President may designate a General or Business Member to act as sergeant-at-arms during any Regular or Special Membership Meeting to maintain order and to assist with meeting administrative and voting tasks. There will be no proxy votes. The proposed budget for the current fiscal year will be an agenda item for discussion and approval at the Spring Regular Membership Meeting each year. Any member may cause an item to be placed on the agenda for discussion at a Regular Membership Meeting by providing written or email notice of such item in reasonable detail to the President and the Secretary not less than seven (7) days before the Regular Membership

Meeting. Items not included in the notice of a Regular Membership Meeting may be voted upon only with the prior approval of two-thirds of the voting members present at the meeting.

E. Budgets, Finances, Contracts and Financial Statements.

The Board will present a proposed annual budget for the current fiscal year to the membership for approval at the Spring Regular Membership Meeting each year. The proposed annual budget for the current year will be publicly published on the KCA website no later than April 1st annually with copies delivered to each member together with the required Secretary's Notice of the Spring Regular Membership Meeting each year. Except in the event of an actual Kismet civic emergency, KCA expenditures over \$1,000 not included in a budget previously approved by the General and Business Members will not be made without approval by majority vote of General and Business Members attending a Regular or Special Membership Meeting. No officer, will have the authority to incur any debt obligation on behalf of the KCA without prior approval by majority vote of General and Business Members attending a Regular or Special Meeting. All contract specifications for services or supplies to be furnished or rendered to or on behalf of the KCA or the Kismet community that are estimated or reasonably expected to exceed the sum of \$2,500 first will be solicited and offered for bidding from qualified contractors primarily located in or around, and accessible to, Kismet. The bids received in response to the invitations for bids will be presented at the next Regular or Special Membership Meeting in reasonable detail for discussion and approval by majority vote of General and Business Members attending the meeting before any contract is awarded based on the bids presented. The annual financial statements for the last full fiscal year, as prepared by the Treasurer in proper form and together with the written review by the non-member, independent certified public accountant engaged by the KCA for purposes of such review, will be publicly published on the KCA website promptly when prepared and reviewed, but no later than May 1st annually, with copies of the financial statements and accountant's review delivered to each member together with the required Secretary's Notice of the Spring Regular Membership Meeting each year.

Article 7. Board of Directors.

A. Board Responsibilities.

The general management of the KCA will be vested in the Board of Directors, which, in accordance with these By-laws, will conduct the affairs of the KCA,

have the authority to recommend policy, plan meetings, call for Special Membership Meetings, delegate authority to the officers and authorize disbursements not to exceed amounts that have been budgeted and approved by the voting members, except that unbudgeted expenditures may be authorized by the Board of Directors in the event an actual Kismet civic emergency, subject to subsequent approval by majority vote of General and Business Members attending the next Regular or Special Membership Meeting. The Board of Directors will have the authority to act between Membership Meetings, subject to providing regular reports at the next ensuing Regular or Special Membership Meeting, with all acts of the KCA and final authority being vested in the voting membership at duly constituted Regular or Special Membership Meetings.

B. Board Composition.

The Board of Directors will be comprised of the five (5) officers of the KCA; the President, the First Vice President, the Second Vice President, the Secretary and the Treasurer. Each officer will at all times be a member in good standing of the KCA and, unless appointed to temporarily fill a vacancy, will be elected by a majority vote of the General and Business Members. No member may hold more than one office of the KCA at any time. No officer or will be compensated for carrying out the duties of their office, other than the reimbursement for actual reasonable expenses incurred in the performance of their office and approved by the Board. No member who is an elected political representative, or who is appointed as a representative of an elected political official, body, commission, or taxing district will be eligible for nomination, election, appointment or otherwise to serve as an officer of the KCA. Any officer of the KCA who during a term in office announces to run for any political position or is appointed to any political position must simultaneously resign as an officer of the KCA.

C. Board Meetings.

The Board of Directors will meet whenever the President or a majority of the KCA officers call for a meeting, however, the Board must meet at least once during each annual calendar quarter. The date, time and place of meeting may be determined by the person(s) calling for a meeting and communicated to each other Board member by means appropriate to assure receipt of the meeting notification (such as by telephone or email). A quorum of the Board of Directors required to take any action will be a majority of the KCA officers, but in no event less than three (3) officers. The Board will follow a process for consensus building decision making. Before voting on any issue on

which there is a difference of opinion, the Board members will make reasonable efforts to find solutions upon which all KCA members can agree. Any one or more officers may participate in any meeting of the Board by means of teleconference, videoconference or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time; and participation by such means will constitute presence in person at any such meeting. The Board will act by simple majority vote of the officers present or otherwise participating in any meeting of the Board.

Article 8. Officers.

The five (5) officers of the KCA will be the President, the First Vice President, the Second Vice President, the Secretary and the Treasurer.

A. President.

The President will be the principal executive officer of the KCA and will preside over all Regular and Special Membership Meetings and all Board Meetings, represent the KCA on public occasions, and make committee appointments from the membership after consulting with the Board of Directors as may be necessary or advisable for the effective work of the KCA. At Regular and Special Membership Meetings and Board Meetings, the President will put any motion, when duly seconded and after a reasonable period of discussion, to a vote and promptly announce the results of the vote. The President will be one (1) of the two (2) officers, together with the Treasurer, authorized and required to co-sign all checks in payment of bills and other disbursements approved by the Board of Directors or by the membership at a Regular or Special Membership Meeting. The President will be a member, ex-officio, of any committees.

B. The First Vice President.

The First Vice President will perform the duties of the President whenever the President is disabled or is absent from any Regular or Special Membership Meetings or any Board Meetings. The First Vice President will assist the President as the President may request, and represent the KCA on appropriate occasions. The First Vice President will fill a permanent vacancy occurring in the office of the President only until a new President is elected at the next Regular Membership Meetings to serve for the remainder of the former elected President's current unexpired term.

C. The Second Vice President.

The Second Vice President will perform the duties of the President whenever the President and the First Vice President both are disabled or are absent from any Regular or Special Membership Meetings or any Board Meetings. The Second Vice President will assist the President as the President may request, and represent the KCA on appropriate occasions. The Second Vice President will also be the designated community liaison for the KCA, acting as the direct link between the KCA and the Kismet community.

D. The Secretary.

The Secretary will compile and maintain a current listing of all members in good standing, their membership categories, and their contact information, including email addresses when provided, and make a digital copy of the membership listing available to any member in good standing upon written request by letter or email. The Secretary will notify the Members and the Board of Directors of the date, time and place of all Regular or Special Membership Meetings and all Board Meetings. The Secretary will record, maintain and publish the minutes of all Regular and Special Membership Meetings and all Board Meetings, will generate the official correspondence of the KCA and will report, read or publish at the Regular Membership Meetings all material correspondence written to or received by the KCA. The Secretary will keep a record of the paid membership of the KCA and report on memberships as may be necessary at all Regular and Special Membership Meetings. The Secretary will generate or approve, publish, post, maintain and update, as required or necessary, all notices, announcements, documents and other information to or on the current KCA website, *www.kismetca.com*, or such other website as the Board may establish from time to time, and will also be the designated KCA liaison officer with the website hosting company and any technician, "webmeister" or other person who the KCA relies upon from time to time to maintain the functionality of the website.

E. The Treasurer.

The Treasury will collect, account for, promptly deposit and take actions necessary to safeguard all funds received by the KCA, and will keep a record of the source, the date received and the activity or function to be credited. The Treasurer will open and maintain in the name of the KCA a checking account and an interest-bearing account at a FDIC-insured financial institution located in New York State and agreed to by the Board of Directors. The Treasurer will review and process for approval all bills properly presented to the KCA. The Treasurer will disburse funds only as first

approved and authorized by the Board of Directors or by the membership at a Regular or Special Membership Meeting. The Treasurer will be one (1) of the two (2) officers, together with the President, authorized and required to co-sign all checks in payment of bills and other disbursements. The Treasurer will keep a current record of all bills paid, including the date paid and reason for payment in sufficient detail and in proper format for accounting review and preparation of financial statements. The Treasurer will make arrangements to have the financial books and records closed at year end, prepare proper financial statements quarterly for delivery to the Board of Directors at quarterly Board meetings, and prepare proper financial statements at the end of each fiscal year for review by a non-member, independent certified public accountant engaged for this purpose by the KCA no later than April 15th each year and for the purpose of rendering a written accountant's report for publication by posting to the KCA website no later than May 1st each year. The certified public accountant will also prepare any tax returns, associated schedules and other documents required to be filed by the KCA with any governmental taxing authority. The Treasurer will be the primary liaison with the certified public accountant engaged by the KCA and will make, deliver and publicly publish by posting on the KCA website the quarterly periodic and annual year-end financial statements of the KCA in sufficient detail and with sufficient itemization, together with the annual review of the certified public accountant, to enable the Board of Directors and the General and Business Members to understand the receipts, disbursements and financial condition of the KCA, and to vote upon annual KCA budgets, revised budgets and the proposed allocation of KCA funds throughout each fiscal year.

Article 9. Terms of Office and Election of Officers.

A. Terms.

The term of office for each elected officer of the KCA will be for two (2) years. The President, Second Vice President and Secretary will be elected at the Fall Regular Membership Meeting in odd years. The First Vice President and Treasurer will be elected at the Fall Regular Membership Meeting in even years. The two (2) year term of each elected officer will commence immediately upon election, except that in order to implement the process of staggered election of officers, all the officers of the KCA will be elected at the Fall Regular Membership Meeting next held after the approval and adoption of these By-laws by a majority vote of the General and Business Members at a Regular Membership Meeting; and the officers elected at that time will

serve only until the next odd or even year, depending upon their office and the expiration of their respective terms, as set forth in these By-laws for each respective office.

B. Nominating Committee.

At least sixty (60) days prior to the Spring Regular Membership Meeting each year, the President will appoint a nominating committee, consisting of at least three (3) General or Business Members who are not officers, to receive, encourage and solicit nominees for the offices up for election in that year and to present such nominations to the Spring Regular Membership Meeting, together with written or other proof showing the acceptance of the nomination by each nominee presented. Every person nominated by the nominating committee must at the time of nomination and election be a General or Business Member in good standing of the KCA. No member of the nominating committee will be compensated for carrying out the duties, other than the reimbursement for actual reasonable expenses incurred in the performance of their duties and approved by the Board.

C. Other Nominations.

Additional nominations for the offices up for election in that year may be proposed and seconded by the General and Business Members from the floor at the Spring Regular Membership Meeting. If a candidate nominated from the floor is not present at the Spring Regular Membership Meeting to accept the nomination offered in person, a written acceptance by letter or email delivered to the Secretary from the candidate nominated will be required promptly after the Spring Regular Membership Meeting to confirm that the candidate nominated accepts the nomination and agrees to stand for election at the next Fall Regular Membership Meeting. Every person nominated from the floor must at the time of nomination and election be a General or Business Member in good standing of the KCA.

D. Elections.

Elections of officers will be held at the Fall Regular Membership Meeting each year. Only General and Business Members in good standing and present will be permitted to vote. There will be no proxy votes. If there is more than one nominee for any one office, a secret paper ballot will be held. A majority of votes cast will determine the election. An unopposed slate or office may be elected by a voice vote.

Article 10. Indemnification.

The KCA will indemnify any person who is made a party or threatened to be made a party to any action, suit or proceeding threatened or instituted by reason of the fact that the person is or was an officer of the KCA or is or was serving on a duly organized committee of the KCA at the request of the Board of Directors or the KCA membership, against reasonable expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred with the prior approval of both the Board of Directors and the KCA membership, provided that such person has been successful on the merits or otherwise in settlement of any such action or, upon a determination by both the Board of Directors and the KCA membership in any specific case that settlement and indemnification is just and proper. The KCA may purchase and maintain insurance for the purpose of indemnification on behalf of any or all persons to the full extent permitted under New York law.

Article 11. Adoption and Amendment.

A. Adoption by Membership.

These By-laws will be presented and circulated to the members of the KCA in good standing by the Secretary together with the meeting notice for the next Regular Membership Meeting of the KCA membership, and will be a stated agenda item for open discussion and vote at that Regular Membership Meeting. These By-laws will become effective immediately by an affirmative vote of at least two-thirds (2/3) of the members in good standing present and entitled to vote at the Regular Membership Meeting. There will be no proxy votes. Promptly after adoption, the Secretary will deliver a copy of these By-laws, as adopted, with notice of their adoption to each KCA member by either (i) U.S. Mail (except for members requesting email only communications from the KCA), or (ii) by email to the member's last email address on file with the KCA Secretary (except for members requesting no email communications from the KCA). The Secretary will also permanently publish a copy of these By-laws, as adopted and as may be amended from time to time, on the KCA website.

B. Amendments.

Amendments to these By-laws may be proposed by the Board of Directors or by a written petition setting forth the amendment(s) proposed and signed by at least twenty-five percent (25%) of the total of General and Business Members in good standing, and delivered to the Secretary not less than thirty

(30) days before the next Regular Membership Meeting. Copies of all proposed amendments will be published on the KCA website and delivered by the Secretary to all members of the KCA in good standing together with the meeting notice for the next Regular Membership Meeting. The proposed amendment(s) will become effective immediately after discussion and a majority affirmative vote of the General and Business Members in good standing attending the Regular Membership Meeting. There will be no proxy votes.

The foregoing By-laws of the Kismet Community Association, Inc. were adopted by an affirmative vote of at least two-thirds (2/3) of the members in good standing present and entitled to vote, and certified by the Secretary of the Kismet Community Association, Inc., at the Regular Membership Meeting held on the 4th day of June, 2017.

Secretary

Approved:

President