

**BY-LAWS
OF
THE PALMAS ACADEMY, INC.**

Revised & Approved:

May 15, 2025

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**BY-LAWS
OF
THE PALMAS ACADEMY, INC.**

A Puerto Rico non-profit public benefit corporation

ARTICLE I
Name

Section 1:01. Corporation Name. The name of this corporation shall be The Palmas Academy, Inc. (hereinafter, the “School” or the “Corporation”, as the context may require).

ARTICLE II
Purpose

Section 2:01. Purpose and Objectives.

(a) The purpose of the School as stated in its Articles of Incorporation (the “Articles”) is to engage exclusively in educational, charitable, and scientific activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of the United States and Section 1101.01 of the Income Tax Act of Puerto Rico for the benefit of the residents of Puerto Rico. In particular the specific and primary purposes for which the Corporation is formed are educational purposes (and the property of this organization is irrevocably dedicated to educational purposes, pursuant to Deed Number 30 executed on May 5, 2001 before Notary Public Paul Cortes Rexach (“Deed 30”)) consisting of the creation, maintenance, and operation of the School and institution of learning devoted to the education of boys and girls. The provisions, rights, restrictions and covenants established in Deed 30 are hereby incorporated by reference and acknowledged to be binding upon the Corporation.

(b) The School is a private, non-denominational, English language, coeducational day school providing an exceptional college preparatory program for students from pre-k through high school, fostering academic excellence in all disciplines. The School will not discriminate on the basis of race, religion, sex, sexual orientation, color, age, creed or national origin in the admission of students, the appointment of trustees, the hiring of faculty, administration and staff, nor in any other manner.

(c) The School is to be operated so as to be among the highest ranked private schools in terms of faculty, academic performance, and college placement.

(d) In furtherance of the above stated purpose and objectives, the School will also engage in

the following:

i. apply for, receive and administer grants from public as well as private sources, such as, for example, Community Development Block Grant-Disaster Relief programs, Economic Development Administration programs and other programs of the Governments of the United States and Puerto Rico targeted to assist not-for profit corporations;

ii. organize and conduct fundraising campaigns, voluntary subscriptions, and contributions to fund its activities; and solicit, receive, hold, pay, transfer, and convey money or other property from all available funding sources, including without limitation, individuals, foundations, philanthropic entities, trusts, estates, corporations, associations, and government agencies;

iii. accept, hold, invest, reinvest, and administer any gifts, legacies, bequests, devises, funds, and property of any sort or nature, and to use, expend or donate the income or principal thereof for, and to devote the same to, the achievement of the purposes and objectives of the School; and

iv. receive and accept property of all kind to be administered exclusively for the achievement of the purposes and objectives of the School.

ARTICLE III **Offices**

Section 3:01. Principal Office. The principal office of the Corporation shall be located at The Palmas Academy, Palmas del Mar Resort, #10 Academy Drive, Humacao, Puerto Rico. The Corporation may have such other offices, located within Puerto Rico, as the Board of Trustees may determine or as the affairs of the Corporation may require for time to time.

Section 3:02. Registered Office. The Corporation shall have and continuously maintain in Puerto Rico a registered office and a registered agent as required by the General Corporation Law of Puerto Rico (the "Act"). The address of the registered office and the registered agent may be changed from time to time by the Board of Trustees

ARTICLE IV **Membership**

The Corporation shall have no members. Any action which would otherwise require approval by members shall only require approval of the Board of Trustees.

ARTICLE V
Board of Trustees

Section 5:01. Governance. The affairs of the Corporation shall be managed by and under the direction of the Board of Trustees (the “Board of Trustees” or the “Board”) and the committees thereof and the officers as pursuant to such authority may be delegated to such officers and committees by these By-Laws or by resolution of the Board. Members of the Board of Trustees shall be the sole voting members of the Corporation and shall be called “Trustees.”

Section 5:02. Number and Qualifications of Trustees. Promptly after approval of these By-Laws by the Board, an interim Board of Trustees shall be selected by majority vote of the PDMPI Trustees. The interim Board of Trustees shall serve until the next election to be held at the Annual meeting in June 2022 or such other date as determined pursuant to these By-Laws. Thereafter, the number of Trustees comprising the Board shall be nine (9), all of whom shall have equal voting power chosen as follows:

(a) **Elected Trustees.** Six (6) Trustees, other than those provided for in the following subparagraph (b), shall be elected by a majority of valid proxies submitted by Eligible Voters as set forth in these By-Laws. Three (3) seats on the Board shall be reserved for parents of children enrolled in the School (“Parent Seats” or “Parent Trustees”) and voted on by parents of children enrolled in the school, as follows: (i) one Reserved Seat shall be reserved for the parent of a child in pre-school or elementary school; (ii) one for the parent of a child in middle school; and (iii) one for the parent of a child in high school. The remaining three seats may be filled by residents of the Palmas del Mar community (the “Community Seats” or “Community Trustees”) and shall include at least one Alumni of The Palmas Academy. The aforesaid six (6) Trustees are hereinafter collectively referred to as the “Elected Trustees”. If there are no candidates for any of the Parent Seats or Alumni Seats in any given year, the seat in question shall automatically become a Community Seat; and

(b) **PDMPI Trustees.** Three (3) *ex-officio* Trustees shall be appointed by Palmas del Mar Properties, Inc. (“PDMPI”) (“PDMPI Trustees”) and are not subject to the election process or term limits in these By-Laws applicable to Elected Trustees.

(c) Each Trustee shall participate in at least one (1) standing committee.

(d) Each Trustee shall have demonstrated outstanding qualities of leadership and managerial ability and a serious personal intention to promote the purposes of the School through dedicated service.

(e) **Emeritus Trustee**. The title "Emeritus Trustee" is hereby established by the Board to honor individuals who have demonstrated the highest level of service and commitment to The Palmas Academy. The purpose of the Emeritus Trustee designation is to recognize and express the Board's gratitude to these individuals and to continue benefiting from the Trustee's expertise and experience, even after the active trustee status has ended. The Emeritus Trustees shall serve a term of one (1) year, commencing from the date of their appointment. The nomination of Emeritus Trustees shall be initiated and overseen by the Trustee Committee. The Trustee Committee shall identify an individual who has provided exceptional service, commitment, and generous financial support to the Palmas Academy and who is deserving of the Emeritus Trustee designation. The nomination process shall consider the candidate's significant contributions, dedication, and long-term support for the institution. Nominees for Emeritus Trustee status shall be presented to the full Board for approval by a majority vote. The Emeritus Trustee shall be granted the following rights and privileges:

- i. Participation in Board meetings as non-voting members.
- ii. The opportunity to offer advice, share insights, and provide guidance based on their extensive experience.
- iii. Recognition and appreciation by the Palmas Academy for their ongoing commitment to the institution.

Emeritus members are not limited to a single term and may be nominated for reappointment after the completion of their one (1) year term. Nominations for reappointment shall follow the same procedures as initial nominations. At any given time, there shall be no more than one (1) Emeritus Trustee serving on the Board.

Section 5:03. Powers of Trustees.

Without prejudice to its general powers under the Act, the Articles and other provisions of the By-Laws, but subject to the same limitations, the Board of Trustees shall have the following powers:

(a) To select, engage and remove the Head of School, teachers, employees, contractors, service providers, accountants and legal advisors; prescribe duties for as are not inconsistent with the Act, applicable law, the Articles or these By-Laws, fix their compensation and require from them such security, if any, for faithful service as the Board of Trustees may deem appropriate;

(b) To conduct, manage and control the affairs and activities of the School, and to make such rules and regulations therefor not inconsistent with the Act, applicable law, the Articles or these By-Laws, as the Board of Trustees may deem appropriate;

(c) To borrow money, incur indebtedness and to cause to be executed and delivered therefore, promissory notes, bonds, debentures and other evidence of debt and deeds of trust, mortgages, pledges, security agreements, collateral assignments, and the like as security for indebtedness of the Corporation;

(d) To borrow from or otherwise use the assets in any endowment fund to further the purposes of the School upon prior recommendation of the Budget and Finance Committee of, if then constituted, and the approval of the Board;

(e) To direct the Chairperson to engage legal counsel and independent auditors for the Corporation from time to time for such purposes and under such conditions as determined by the Board;

(f) To discuss and take action on all written complaints filed by any School stakeholder, such as, for example, parents of children attending the School;

(g) Review, discuss and approve the criteria for the evaluation of the Head of School and other School personnel;

(h) Approve the evaluation of the Head of School before the Chairperson discusses it with the Head of School; and

(i) Require the Head of School to from time to time deliver to the Board for review, discussion and action, information related to the quality of education at and the academic standing of the School, such as, for example, faculty evaluations, curriculum, advanced placement offerings, standardized test scores, college acceptances, reports from accreditation boards and the like.

Section 5:04. Nomination of Elected Trustees.

(a) The vacant position(s) on the Board resulting from the expiration of the terms of any of the Board members as of the date of each Annual Meeting, shall be filled by the affirmative vote of a majority of Eligible Voters.

(b) The elections shall be announced each year in the month of May.

(c) Persons interested in serving as Elected Trustees shall submit the information requested by The Trustee Committee in its notice of elections which shall include, at minimum,

evidence of enrollment of a child in the School, including the grade level (for persons interested in serving as a Parent Trustee), evidence of residency in Palmas del Mar (for persons interested in serving as a Community Trustee), a resume, a good conduct certificate issued by the Puerto Rico Police Department, negative debt certificates from Palmas del Mar Homeowners Association Inc. (“PHA”) and Palmas del Mar Utility Company (“PDMU”) or evidence of an agreed to payment plan with PHA and/or PDMU (for those interested in serving as Community Trustees), and evidence of maintaining an account with a licensed financial institution in Puerto Rico and such other information as the Trustee Committee determines relevant in its good faith discretion from time to time, reasonably exercised. Alumni interested in serving as a Community Trustee, must present evidence of having attended the and graduated from the School. Potential candidates shall be interviewed by the Trustee Committee on a date, time and place mutually agreed to. Failure to be interviewed shall disqualify the potential candidate.

After the interview process has been completed, the Trustee Committee shall send a list of qualified candidates for each class of seat up for election, together with a summary of their respective qualifications and a list of persons whom the Trustee Committee determined was not qualified to be an Elected Trustee and the reasons therefor. The Board shall nominate candidates for election as Trustees for each seat class. The nominees for Elected Trustee, a one page resume, and a one page essay of intent, along with the class of seat each candidate is running for, shall be provided to Eligible voters.

Elections shall be conducted virtually and managed by a third party, such the Communications Director at The Palmas Academy or another designated by the Board. All eligible voters will participate in a single election and will receive one vote per open position. Voting will be conducted online.

Results will be announced at the Annual Meeting and shall be final and binding, absent manifest error. Newly elected trustees will begin their terms at the conclusion thereof.

Section 5:05. Election, Term, Vacancies and Removal.

(a) Persons Eligible to Vote for Elected Trustees (Eligible Voters).

i. Each Eligible Voter shall receive one (1) ballot and may vote for one (1) candidate per open position.

ii. Owners of residential homes or segregated residential lots (as recorded in the Registry of Property as individual properties) (“Eligible Properties”) and parents or legal guardians of enrolled students are considered Eligible Voters. If multiple individuals share ownership of an

Eligible Property or share parental responsibility for a student, they must determine among themselves who will cast the vote. In the event that more than one vote is submitted from a single household, only the first vote received shall be deemed valid and counted. Any additional votes submitted shall be considered null and void and shall not be included in the official tabulation of votes.

iii. Owners and lessees of undeveloped parcels, vacant units, commercial or retail units and owners of marinas, slips and other recreational facilities (“Ineligible Properties”) shall not be entitled to vote in respect to the Ineligible Properties (but the owner may otherwise be an Eligible Voter in respect of another Eligible Property).

iv. Any person qualifying under both (i) and (ii) shall be entitled to only one (1) ballot and may vote only once per open position.

v. Any disputes over the eligibility of a person to vote shall be submitted to the Trustee Committee in writing. The Trustee Committee shall resolve all disputes and communicate such resolution in writing to the parties to the dispute, with a copy to the Trustees. The decision of the Trustee Committee shall be final and binding on the parties and no appeal therefrom, judicial or otherwise, shall be permitted.

vi. The Trustee committee shall have the authority to propose rules for the nomination and election of Trustees, provided such rules must be consistent with these By-Laws and submitted to and approved by the Board. All approved rules shall be posted on the School’s website.

(b) Term.

i. Elected Trustees shall serve for three-year terms which shall be staggered in order to provide a stable rotation of Elected Trustees. Except for the PDMPI Trustees, Elected Trustees are limited to two (2) consecutive full terms. A partial term of less than three (3) years does not constitute a full term. Notwithstanding the above, in the event that an Elected Trustee is filling in for a vacancy occurring during an unexpired term, the Elected Trustee will serve for the unexpired portion of the term of the Elected Trustee he/she replaced and then be eligible for re-election when his/her term expires in accordance with the process provided for election of Elected Trustees in these By-Laws.

ii. Individual terms of all Elected Trustees shall expire in a staggered manner at each Annual Meeting, provided each Elected Trustee shall continue to serve until his or her successor shall have been duly elected and qualified. Staggered terms will be achieved commencing with the Annual Meeting to be held in June 2022 by electing two (2) Elected Trustees to serve a one

(1) year term, two (2) Elected Trustees to serve a two (2) year term and two (2) Elected Trustees to serve a three (3) year term. Thereafter, alternately electing 2 members each year to serve a three (3) year term.

iii. The Head of School will participate in the regular meetings of the Board during his/her tenure at the School.

iii. The PDMPI Trustees serve at the sole discretion of PDMPI and for the time established by PDMPI from time to time. Written notice of changes to the PDMPI Trustees shall be given to the Board and to the Secretary and shall be effective on the date of the notice in question.

(c) Vacancies.

i. **Elected Trustees.** Vacancies among Elected Trustees occurring during any year for any reason shall be filled by the Board at any regular or special meeting of the Trustees, provided that notice of said meeting was given in accordance with these By-Laws and the agenda included the proposed election of a replacement by a vote at said meeting. Each vacancy will be filled with a person meeting the requirement for the class of seat that is vacant. For example, if the vacancy corresponds to a Parent Seat for the parent of a child enrolled in high school, the vacancy will be filled with a parent of a child in high school. If the vacancy cannot be filled with a parent with a child at the corresponding grade level, the vacancy shall be filled with the parent of a child in any other grade level. If the vacancy cannot be filled with a parent, the vacancy will be filled with a resident of Palmas del Mar. A person filling a vacancy for a Parent Seat that cannot be filled with a parent with a child at the corresponding grade level, shall serve as an interim Trustee until a successor meeting the corresponding requirement is elected at a special election held at the next Annual Meeting.

ii. **PDMPI Trustee.** In the case of the PDMPI Trustees, the vacancy will remain open until PDMPI fills the vacancy in its sole discretion.

(d) Resignation or Removal.

i. An Elected Trustee may resign at any time by giving written notice to the Chairperson, the Secretary, or to the Board. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board of Trustees. The PDMPI Trustees may resign in the same way. In the case of the Head of School, participation in the Board will cease on the date of expiration of employment or on the date that the Head of School resigns, or is terminated or removed.

ii. The Board may, at its discretion, remove from the Board for cause any Trustee. Cause for removal shall include, but not be limited to, breach of fiduciary duty and duty of loyalty or care, malfeasance, fraud, gross negligence, willful misconduct, conviction of a crime, including crimes of moral turpitude, or three or more unexcused absences from regular meetings during a calendar year. Prior to taking such action, the Board shall notify the affected Trustee, giving him/her an opportunity to explain and/or justify absences. In the event of removal of a PDMPI Trustee for cause, the vacancy will remain open until PDMPI fills the vacancy.

(e) Compensation. Trustees, as such, shall not receive any salary, remuneration or compensation of any kind, including per diems, from the School for their services, provided, however, that to the extent permitted by law, nothing herein contained shall be construed to preclude any Trustee from serving the School in any other capacity and receiving compensation therefore, or being reimbursed for such ordinary and necessary expenses (i) as may be incurred in transacting business on behalf of the School and approved in advance by the Chairperson or (ii) that comply with the School's policy for reimbursements approved by the Board from time to time. Any compensation paid to Trustees or to affiliates of Trustees is to be disclosed to the Board as part of the Treasurer's report to the Board at each regular meeting thereof.

(f) Interested Persons. At no time shall more than three Elected Trustees be interested persons. For purposes of this an interested person means:

i. Any person being compensated by the Corporation for services rendered to it within the previous twelve months, whether as a fulltime or part-time employee, independent contractor, or otherwise; or

ii. Any brother, sister, ascendant, descendant, spouse, brother-in-law, sister-in-law, son-in-law, father, mother, daughter-in-law, mother-in-law, or father-in-law of any such person as defined in clause i. above.

Section 5:06. Meetings.

(a) Annual Meeting of the Board of Trustees and Eligible Voters. The annual meeting of the Board (the "Annual Meeting") shall be held on the third Thursday of the month of June of each year (or as soon as practicable in the month of June should circumstances arise that preclude the meeting to occur on the specified date) when new Elected Trustees and Officers shall be elected and take office. Written notice of each Annual Meeting shall be sent to each Eligible Voter at such address as appears on the books of the Corporation at least thirty (30) days prior to each Meeting. Such notice shall state the time and place of the meeting and the

nominees for election to the Board. Each Eligible Voter is responsible for notifying the Secretary of any changes to their contact information. Notices sent to addresses on record at the Corporation shall be deemed validly sent and may not be challenged.

(b) Initial Meeting. The first meeting of a newly elected Board (including the PDMPI Trustees then in office) shall be held immediately following the Annual Meeting.

(c) Regular Meetings.

i. Regular meetings of the Board of Trustees shall be held monthly, except in the month of July. During the Annual Meeting, the Board shall determine the day, time and place of its meetings during the year in question, and the schedule shall be announced in writing by the Secretary and posted on the website of the School within three (3) days before each regular meeting.

ii. Written notice of each regular meeting shall be sent via electronic communication to each Trustee not less than five (5) days prior to the meeting. Said notice shall include the meeting agenda and any relevant information and materials which are to be discussed at said meeting. The Secretary must provide written notice of any changes to the meeting schedule at least three (3) days prior to the date of the originally scheduled meeting day or of the new meeting date, whichever date occurs earlier.

iii. The Head of School shall be present at each regular meeting and will discuss a status report, a written copy of which will be included among the materials delivered for each regular meeting.

(d) Special Meetings.

i. Special meetings of the Board may be called by the Chairperson with five (5) days' prior written notice to each Trustee, either by messenger, overnight courier, or electronic communication which notice shall state the time, place and purpose of the meeting. Special meetings shall be called by the Secretary in like manner and on like written notice upon the written request of any two Trustees, including the PDMPI Trustees. Notice of any and all meetings of the Board may be waived by written waiver executed by all Trustees.

ii. Special meetings may be convened by a PDMPI Trustee with at least five (5) days written notice provided to all the Trustees and the Secretary, which notice shall state the time, place and purpose of the special meeting.

iii. The agenda for all special meetings shall be limited to matters in the written notice of the special meeting.

iv. The Head of School will not participate in any special meetings unless specifically requested by the person(s) calling the meeting, in which case, notice of the meeting shall also be sent to the Head of School.

(e) Waiver. Any Trustees may waive notice of any meeting or action. The attendance of any Trustee at any meeting shall constitute a waiver of notice of such meetings.

(f) Quorum. A quorum of the Trustees shall be a majority of the Trustees holding office at the time of each meeting, including at least one (1) PDMPI Trustee. A quorum must be present at each meeting to transact business.

(g) Voting. Each Trustee shall have one vote. When a quorum is present at a meeting, all questions shall be decided by majority vote of the Trustees present, except as otherwise provided in these By-Laws. If a Trustee abstains from a vote, such vote shall not be considered unanimous, and the abstentions shall be recorded separately in the tally of the vote in question, but abstentions shall be included in the denominator when calculating the majority vote. The tally of all votes of the Board shall be included in the minutes of each meeting. Trustees may not vote by proxy. The Head of School will participate in regular meetings but will not have the right to vote. For any vote that is not unanimous, Trustees shall state their reason for voting for or against a matter put to vote, and such reasons shall be recorded in the minutes.

(h) Manner of Acting. Except as otherwise provided in these By-Laws, the Articles, or the Act, the vote of a majority of the Trustees of the Board present at a meeting at which a quorum is present shall be the act of the Board of Trustees. All Trustees shall have right to speak and be heard at meetings. Attendance at a meeting shall not be considered an agreement on any matter presented to the Board or acknowledgment that a meeting is valid. The position of each Trustee on any given matter presented to the Board is exclusively evidenced by vote thereon.

(i) Virtual Meeting. If an in person meeting of the Board cannot be held, or is impracticable for any reason, a meeting of the Trustees may be conducted by telephone conference or video conference where the Trustees can see each other, or by other similar means of communication which allows the Trustees to participate and be heard at the same time. If at any time a Trustee cannot be heard, the meeting shall be adjourned to a date, place and time selected by the Trustees at the meeting in question.

(j) **Action Without a Meeting.** The Trustees may take any action by unanimous written consent in lieu of a meeting. In the event of an emergency of such nature that cannot be attended by the Head of School and requires a Board decision and if it is impossible to schedule a special Board meeting, two of the three (3) Trustees on the Executive Committee, always including one PDMPI Trustee, may take any action required by the situation at hand without notice or without such a meeting.

(k) **Official Language.** The official language of business of the Corporation is English. Meetings of the Board are to be conducted in English. Official documents, including minutes of meetings of the Board and of any committee thereof, are to be written in English. Failure to conduct a meeting in English renders the portion of the meeting not conducted in English null and void.

ARTICLE VI **Officers**

Section 6:01. The Officers. The Officers of the School (“Officers”) shall be a Chairperson, a Treasurer, a Secretary, and such other officers as the Board may determine to perform the duties prescribed from time to time by the Board.

Section 6:02. Elections, Terms, Vacancies. The Officers shall be elected annually by the Board immediately after the election of Trustees at the Annual Meeting. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Vacancies may be filled, or new offices created and filled at any meeting of the Board of Trustees. Each Officer shall hold office until his or her successor shall have been duly elected and qualified. Each Officer shall be eligible to succeed him/herself. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term, provided that a vacancy in the office of the Chairperson or of the Secretary must be filled with seven (7) days after the vacancy occurs.

Section 6:03. Removal or Resignation. Any Officer (including a PDMPI Trustee who is also an Officer) may be removed from the position of Officer by the Board whenever in its judgment the best interests of the Corporation would be served thereby. Any Officer may resign at any time by giving written notice to the Board of Trustees. Any such resignation shall take effect at the date of receipt of such notice or at any later time therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 6:04. Powers and Duties.

(a) Chairperson.

i. The Chairperson shall preside at all meetings of the Board of Trustees and has the general powers and duties of management usually vested in the office of a chairperson, president, or general manager of a corporation and such other powers and duties as may be prescribed by the Board from time to time. As such, the Chairperson is the general manager and chief executive officer of the Corporation subject to the oversight of the Board.

ii. In addition to the foregoing powers and duties, the Chairperson shall have the following specific responsibilities: (A) work with the Head of School to achieve the mission of the School; (B) establishing working relationships between the Board of Trustees and Head of School and between the School and the Palmas del Mar community, including with the leadership of the Palmas Athletic Club, and of the Palmas Homeowners Association; (C) conducting an annual evaluation of the Head of School pursuant to approved metrics, criteria and procedures established by the Board, including obtaining Board approval of the evaluation before discussing the evaluation with the Head of School and reporting the response of the Head of School to the Board of Trustees; (D) engaging legal counsel under terms and conditions authorized or directed by the Board; and (E) submitting to the Board for discussion and action (1) all written complaints filed by any School constituent, such as, for example, parents of children enrolled in the School and members of the Palmas del Mar community; and (2) any proposed removal or terminations of Trustees, Officers, Head of School, and/or teachers; (3) all external auditor exceptions; and (4) all material counsel communications.

iii. Except for the meeting with the Chairperson to discuss the evaluation and to answer questions posed by the Chairperson, the Head of School shall not participate in the discussions leading to the preparation of the evaluation.

iv. The Chairperson shall be the Chairperson of the Executive Committee.

(b) Vice-Chairperson. The Vice-Chairperson, if any be elected, shall be responsible for assisting the Chairperson in any way so designated by the Chairperson and shall serve as interim Chairperson in the Chairperson's absence. The Vice-Chairperson shall perform such other duties as may from time to time be assigned by the Chairperson, the Board or the Executive Committee.

(c) Secretary. The Secretary shall be the Chairperson of the Trustee Committee and shall be responsible for the maintaining the corporate records and seal of the Corporation;

preparing resolutions, recording the minutes and voting of all meetings of the Trustees and Committees; giving and serving notice of meetings as required by these By-Laws; and performing such other duties as may be assigned by the Chairperson, the Board of Trustees, or the Executive Committee. The Secretary may delegate all or part of its duties to an Assistant Secretary or other such Officer as may be elected by the Board of Trustees. The Secretary may also delegate the taking of minutes of a committee meeting to a member thereof.

(d) **Treasurer.** The Treasurer shall oversee the implementation of the annual budget of the Corporation; approve all disbursements that do not conform or deviate from the budget;; monitor compliance with debt covenants, cause an audit of the books of the Corporation to be made by an independent certified public accountant as soon as possible after the close of each fiscal year thereof, and upon completion thereof, deliver the auditor’s report to the Board of Trustees for discussion at the next regular meeting thereafter; present a financial report of the Corporation at each regular meeting of the Trustees and an annual financial report at the Annual Meeting; oversee the preparation of and approve all financial reports and tax returns required by Federal and Puerto Rico law, regulation, rule, or procedure; monitor compliance by the Corporation with all legal requirements to maintain the federal and Puerto Rico not-for-profit status of the Corporation; and perform such other duties as may be assigned by the Chairperson the Board of Trustees, or the Executive Committee.

(e) **PDMPI.** Pursuant to Deed 30, PDMPI shall have the right to disapprove any action, policy or program instituted by the School, which PDMPI determines in its sole discretion, could impair or interfere with the reputation and/or success of the School and/or its relationship to the Palmas del Mar community. Any decision of PDMPI pursuant to the exercise of its rights pursuant to Deed 30 shall be presumed to be reasonable and made or taken in good faith.

ARTICLE VII **Committees**

Section 7:01. Designated of Committees.

(a) **Types; Authority.** Committees of the Board shall either be standing committees, as designated by these By-Laws, or special committees, as established by a resolution adopted by the Board. The term “standing committee” shall mean any committee established by these By-Laws specific without further Board action, to make recommendations to and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board of Trustees. The term “special committee” shall mean any committee established by Board to perform a special function that is beyond the

authority or capacity of a standing committee. Committees may include persons who are not Trustees, but shall always include at least one (Trustee. The number of members of a committee, other than the Executive Committee, shall be determined by the Board, provided, no committee shall have less than three (3) members. Committees of the Board shall not have the authority to make decisions on behalf of the Board, except for the Executive Committee as indicated below.

(b) Committee Chairpersons. The Board shall appoint a Chairperson for each committee. Only Trustees (including PDMPI Trustees) may be appointed Chairperson of a Committee. The foregoing to the contrary notwithstanding, the Secretary shall always be the Chairperson of the Trustee Committee as provided in Section 7.03(e) below. Each Committee shall keep minutes in English and submit them to the Secretary for review and distribution to the Board prior to the next regularly scheduled Board meeting.

(c) Transaction of Business.

i. The majority of the members of any committee shall constitute a quorum for the conduct of business (except for the Executive Committee, which shall require at least one (1) PDMPI Trustee to constitute a quorum). Meetings of any committee may be held by telephone call, video conference, virtual platforms or other similar telecommunications equipment which allows all committee members to participate and be heard at the same time. If at any time a Trustee cannot be heard, the meeting shall be adjourned to a date, place and time selected by the majority of the Trustees present at the meeting in question. The minutes of each committee meeting shall be maintained by the Secretary in the minute books of the Corporation.

ii. Notice of, and procedures for, meetings of committees shall be as prescribed by the Chairperson of each committee. In the absence of any such prescription, notice of, and proceedings for, meetings of each committee shall be governed by the provisions of these By-Laws applicable to meeting and actions of the Board. Meetings of committees may be called by the Board or by the Chairperson of the committee in question.

Section 7:02. Limitations upon Committees. No committees, excluding the Executive Committee, shall have any authority to make decisions on behalf of the Corporation or the Board, or fill vacancies on the Board or on any committee of the Corporation; award compensation to Trustees for serving on the Board or on any committee; amend or repeal the By-Laws or adopt new by-laws; amend or repeal any resolution of the Board; create

committees and/or appoint the members thereof; and interpret, amend or repeal any provision of Deed 30.

Section 7:03. Standing Committees. The Corporation shall have the following standing committees (“Standing Committees”):

(a) **Executive Committee.** The Chairperson of the Board shall be the Chairperson of the Executive Committee. The Executive Committee shall consist of at least three (3) Trustees, at least one (1) of which must be a PDMPI Trustee. In the event of an emergency, the committee shall consist of all available Trustees to ensure prompt and comprehensive response. Subject to the direction or approval of the Trustees, and except as limited by law, the Executive Committee shall have the powers of the Trustees in the intervals between Trustees' meetings in the case of an emergency. In general, the Executive Committee may act on behalf of the Trustees, upon all matters except those which, in the opinion of the Executive Committee, should await the next meeting of the Trustees. All actions of the Executive Committee shall be reported in writing to the Trustees at the next ensuing meeting of the Board, or when deemed sufficiently important by the Chairperson of the Executive Committee to the Chairperson of the Corporation within five (5) days after such action is taken, or at a meeting of the Board if a meeting is held within that period of time. All actions of the Executive Committee shall be included in the minutes of the Board of Trustees. The Board must ratify, the actions and decisions taken by the Executive Committee. If the Board does not ratify the Executive Committee's actions, they shall, if practicable, be declared null and void, either in their entirety or in part, as specified by the Board.

(b) **Budget and Finance Committee.** The Budget and Finance Committee shall consist of at least three (3) members and shall be responsible for working with the Treasurer on the preparation of the annual budget of the Corporation which shall be submitted for approval by the Trustees and for conducting periodic reviews thereof; establishing policies for the investment of the Corporations funds; analyzing gifts or bequests which impose unusual conditions on the Corporation and submitting its recommendation to the Board for approval; monitoring the work of the Treasurer; reviewing all audit, accounting, financial and administrative practices and procedures of the Corporation and promptly reporting to the Board in writing any irregularities discovered in such practices and procedures; ensuring that the financial records of the Corporation are maintained in accordance with generally accepted accounting principles, that consistent and reliable financial practices are followed and reporting the financial status of the Corporation to the Trustees.

(c) **Fundraising Committee.** The Head of School shall be the Chairperson of the Fundraising Committee. The Fundraising Committee shall consist of at least three (3) Trustees, and shall be responsible for developing and implementing fundraising strategies and plans aimed at meeting the financial needs of The Corporation, in alignment with the school's mission and objectives; identifying potential sources of funding, including grants, donations, sponsorships, and other fundraising opportunities, both within and outside the community; organizing and coordinating fundraising events and campaigns in collaboration with various stakeholders; establishing and maintaining relationships with donors, sponsors, and supporters of the Corporation, ensuring proper stewardship of contributions; monitoring and reporting on the progress and results of fundraising efforts to the Board on a regular basis; and ensuring compliance with all applicable laws and regulations governing fundraising activities, including financial reporting and transparency. The Fundraising committee shall have the authority to recruit and engage individuals from the Board and from the wider community to participate in fundraising efforts as needed.

(d) **Strategic Planning Committee.** The Head of School shall be the Chairperson of the Strategic Planning Committee. The Strategic Planning Committee shall consist of at least three (3) Trustees. Additional Trustees and members of the school community may be invited to join the committee as needed. The Strategic Planning Committee shall be responsible for developing and overseeing the strategic planning process for the Corporation, including the creation and implementation of a comprehensive strategic plan; collaborating with external consultants, experts, and stakeholders to ensure a thorough and well-informed strategic planning process; identifying and prioritizing key goals, objectives, and initiatives for the Corporation's long-term development; monitoring the progress and effectiveness of the strategic plan's implementation and recommending adjustments as needed; and ensuring that the strategic plan is aligned with the Corporation's mission, vision, and core values.

(e) **Trustee Committee.** The Secretary shall be the Chairperson of the Trustee Committee. The Trustee Committee shall consist of at least three (3) Trustees with the stipulation that PDMPI Trustees are precluded from holding a majority within the committee. The Trustee Committee shall be responsible for the annual evaluating of Head of School, maintaining of the By-Laws, and annual running of the elections for Elected Trustees in compliance with the rules and procedures set forth in these By-Laws and those prepared by the Trustee Committee and approved by the Board from time to time; determining whether a trustee candidate is eligible based on the criteria set forth in these bylaws, maintaining a list of Eligible Trustee Candidates;

interviewing Eligible Trustee Candidates to validate interest and qualifications; discussing duties, responsibilities, and qualities expected of Elected Trustees; presenting to the Board the Eligible Trustee Candidates for election; coordinating orientation of new Trustees; ensuring all new Trustees (including PDMPI Trustees) receive pertinent School materials and documents (including a copy of Deed No. 30); evaluating all Elected Trustees who are seeking re-election and making recommendations to the Board regarding the past performance of Elected Trustees seeking reelection; and soliciting feedback from each Elected Trustee at the end of their term as to whether they feel they have been well utilized in contributing to the School.

Section 7:04. Terms of Office of Committee Members. Each member of a committee shall continue to serve until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 7:05. Chair. Except as otherwise provided herein, one member of each committee shall be appointed by the Chairperson of the Corporation as Chair; the Chairperson of each Committee must be a Trustee.

Section 7:06. Vacancies. Vacancies in any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 7:07. Quorum. Except for the Executive Committee, a quorum of a committee shall be a majority of the members of the whole committee at the time of the vote. For the Executive Committee, the majority of the voting members of the whole committee must include at least one (1) PDMPI Trustee for a quorum.

Section 7:08. Rules. Each committee may adopt rules for its own governance not inconsistent with these By- laws or with committee rules adopted by the Board of Trustees.

ARTICLE VIII **Advisory Council**

Section 8:01. General. The Chairperson or the Board of Trustees may, from time to time, appoint such advisory persons or commissions as deemed appropriate, consisting of Trustees or persons who are not Trustees, but such advisory commissions shall not be deemed committees of the Board of Trustees and shall not exercise any powers of the Board of Trustees. Notice of, and procedures for, meetings of advisory commissions shall be as prescribed by the Chairperson of each such advisory commission, and meetings of advisory commissions may be called by the

Chairperson, the Board of Trustees, the Executive Committee or the Chairperson of the advisory commission.

ARTICLE IX
Gifts

Section 9:01. Gifts. The Board of Trustees may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any specific purpose of the Corporation. No gifts shall be accepted for personal gain.

ARTICLE X
Funds

Section 10:01. Assets held in Funds. The monetary assets of the Corporation shall be held in various Funds as established in these By-Laws or as the Trustees shall designate from time to time, with as many sub funds and accounts within these groupings as shall be necessary or desirable to achieve the purposes of the Corporation and to comply with the terms of gifts to the School. The term “Funds” includes general funds, designated funds (including building funds), endowment funds and other special fund categories.

Section 10:02. Fund Categories.

(a) **General Funds.** General Funds are funds which may be used for the general purposes of the Corporation, including the administration of the School’s affairs or funds to be used for general School purposes. All donations to the Corporation shall be credited to the General Fund, including all principal and income from properties donated to, disposed of, or held by the Corporation , unless the terms of gifts shall require the Corporation to credit such donations or the income of principal from such properties to a specific Designated Fund, as described in these By-Laws, or to a specific use or purpose consistent with the general unrestricted use by the Corporation of such donation or the income therefrom.

(b) **Designated Funds.** Designated Funds of the Corporation will be established for each major academic and administrative unit of the Corporation to receive donations designated for such academic or administrative unit. Additional Designated Funds for other specific purposes may be established by the Trustees. The principal of all designated donations shall be credited to such Designated Fund, and income from Designated Funds shall be credited to the School’s General Funds to offset additional School fundraising and support activities unless the terms of the gift specify otherwise.

(c) Building Funds. The Board of Trustees may, from time to time, establish Building Funds for specifically designated capital projects in the School. They shall be administered as Designated Funds.

(d) Endowment Funds.

i. Endowment Funds are those funds and properties which must be held by the Corporation, either by action of the Trustees or by the donor, for a specified period of time or in perpetuity without sale or invasion of the principal (money or property). The principal in an endowment Fund will not be invaded by the Corporation except to pay property management expenses where legally appropriate. Income will be available for expenditures consistent with the terms of gift and applicable law. An endowment fund portion for the General Funds and for each of the Designated Funds may be established. Upon approval by the Trustees, endowment principal may be transferred from one endowment fund to another, when not inconsistent with the terms of gift or other legal restrictions. Endowment principal may be transferred to a non-endowment fund by the Trustees when not inconsistent with the terms of gifts or other legal restrictions.

ii. Pursuant to its authority regarding the acquisition, management and disposition of endowment properties and the income therefrom, the Board of Trustees hereby elects to establish and maintain an endowment fund by appointing an Endowment and Fundraising Committee.

ARTICLE XI **Indemnification**

Section 11:01. Definitions. For the purposes of this Article XI, the following definitions shall apply:

- (1) “agent” means any person who is or was a Trustee, officer, employee or other agent of the School, or is or was serving at the request of the School as a trustee, officer, employee or agent;
- (2) “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, legislative, administrative or investigative; and
- (3) “expenses” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under the provisions of this Article.

Section 11:02. Indemnification in Actions by Third Parties. The School shall, to the maximum extent permitted by law, indemnify any agent (the “Indemnified Party”) who was or is a party or is

threatened to be made a party to any proceedings (other than an action by or in the right of the School to procure a judgment in its favor), by reason of the fact that the Indemnified Party is or was an agent against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if the Indemnified Party acted in good faith and in a manner such Indemnified Party reasonably believed to be in the best interests of the Corporation and, in the case of criminal proceedings, the Indemnified Party had no reasonable cause to believe the conduct in question was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the Indemnified Party did not act in good faith and in a manner which the Indemnified Party reasonably believed to be in the best interests of the Corporation or that the Indemnified Party had reasonable cause to believe that the conduct in question was unlawful. No indemnification shall be made under this Section 1202 in respect of any claim, issue or matter as to which the Indemnified Party shall have been adjudged to be liable to the Corporation in the performance of the Indemnified Party's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the Indemnified Party is fairly and reasonably entitled to indemnity for the expenses which such court shall determine.

Section 11:03. Indemnification against Expenses. To the extent that an Indemnified Party has been successful on the merits in defense of any proceeding referred to in Section 11:02 or in defense of any claim, issue or matter therein, the Indemnified Party shall be indemnified against expenses actually and reasonably incurred by the Indemnified Party in connection therewith.

Section 11:04. Required Determination. Except as provided in Section 11:03, any indemnification under this Article XI shall be made by the School only if authorized in the specific case and upon a determination that indemnification of the Indemnified Party is proper in the circumstances because the Indemnified Party has met the applicable standard of conduct set forth in Section 11:02 by:

- a. A majority vote of Trustees who are not parties to such proceeding; or
- b. The court in which such proceeding is or was pending, upon application made by the Corporation, the Indemnified Person, the attorney of the Indemnified Party, or any other person rendering services in connection with the defense of the Indemnified Party, whether or not such application by the Indemnified Party, attorney or other person is opposed by the

Corporation.

Section 11:05. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Indemnified Party to repay such amount, unless it shall be determined ultimately that the Indemnified Party is entitled to be indemnified as authorized in the Article XI.

Section 11:06. Other Indemnification. No provision made by the Corporation to indemnify its agents for the defense of any proceeding, whether contained in the Articles, these By-Laws, a resolution of Trustees, an agreement or otherwise, shall be valid unless consistent with this Article XI. Nothing contained in this Article XI shall affect any right to indemnification to which persons other than agents may be entitled by contract or otherwise.

Section 11:07. Forms of Indemnification Not Permitted. No indemnification shall be made under this Article XI, except as provided in Sections 11:02 or 11:03, in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles, these By-Laws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnifications;

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement; or

(c) Matters involving disputes among Trustees.

Section 11:08. Insurance. The Corporation shall purchase and maintain insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Article XI. Provided, however, that the Corporation shall not purchase and maintain such insurance to indemnify any agent for violation of the Act.

ARTICLE XII
Amendments

Section 12:01. Amendments to By-Laws. These By-Laws may be altered, amended, rescinded, or repealed at any regular or special meeting of the Board at which there is a quorum present throughout by the affirmative vote of two thirds (2/3) of the Trustees present and with the consent of PDMPI. PDMPI shall have the authority to amend these By-Laws at any time to ensure compliance with Deed 30. Whenever an amendment is to be considered at a regular or special meeting of the Board, the notice of the meeting will specify that an amendment to the By-Laws will be considered at said meeting and a copy of the proposed amendment(s) shall be included with the notice.

Section 12:02. Amendments to Articles of Incorporation. The Articles may be altered or amended at any regular or special meeting of the Board of Trustees by resolution approved by the affirmative vote of the Trustees and with the consent of PDMPI, subject to filing at the Puerto Rico Department of State. Whenever an amendment is to be considered at a meeting of the Board, the notice to the meeting will specify that an amendment to the Articles will be considered at said meeting and a copy of the proposed amendment(s) shall be included with the notice.

Section 12:03. Requirements of Puerto Rico Law. All amendments to the By-Laws and Articles shall comply with Puerto Rico law.

ARTICLE XIII
Miscellaneous Provisions

Section 13:01. Contracts and Other Documents. Except as may be otherwise required in these By-Laws, the Articles, the Act or other applicable law, the Board of Trustees may authorize any Trustee, Officer, or other person to enter into any contract, or execute and deliver any instrument or document in the name of, and on behalf of, the Corporation. Such authority may be general or confined to specific instances.

Section 13:02. Checks and Depositors. Except as may otherwise be specified in these By-Laws, the Trustees shall approve by resolution the Officers, Trustees and/or other persons authorized to draw checks on the Funds of the School and may impose any reasonable terms, conditions or limitations on such authority. Checks or drafts on the Funds of the Corporation shall be signed by any persons authorized to do so by the Trustees. Funds of the School shall be deposited to the credit of the Corporation only in institutions approved by the Trustees and only in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC).

Section 13:03. Books and Records. The Corporation shall keep correct and complete books and records of account and minutes of the proceedings of the Board of Trustees and committees having the authority of the Board of Trustees, and shall keep at the registered office a record with the names and addresses of the Trustees. All books and records of the School shall be kept in English and may be inspected by any Trustee, or his agent or attorney, for any proper purpose at any reasonable time. Minutes of meetings shall be prepared timely, and drafts submitted to the Board in the materials for the next regularly scheduled Board meeting.

Section 13:04. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Trustees from time to time.

Section 13:05. Seal. The Corporation shall have a corporate seal which shall bear the name of the School, the year of its incorporation, and the words "Corporate Seal, Commonwealth of Puerto Rico. The Board may change the corporate seal at any time.

Section 13:06. Waiver of Notice. Wherever any notice whatsoever is required to be given under the provisions of these By-Laws, the Articles, or the Act, a waiver thereof signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 13:07. Annual Report. The Board shall cause an annual report to be furnished to the Trustees not later than one hundred twenty (120) days after the close of the Corporation's fiscal year. The annual report shall be accompanied by any report thereon of independent accountants or, if there is no such accountant's report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation. The annual report shall contain in appropriate detail the following:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenues or receipts of the Corporation both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year; and

(e) Any additional information required by Section 13:08 hereof.

Section 13:08. Annual Statement of Certain Transactions and Indemnifications.

(a) The Corporation shall furnish annually to its Trustees a statement of any covered transaction or indemnifications described above, as applicable. Such annual statement shall be affixed to the annual report described in Section 13:07 hereof. A covered transaction under this Section 13:08 is a transaction in which the Corporation was a party, and in which either of the following interested persons had a direct or indirect material financial interest (excluding a mere common trusteeship).

i. Any Trustee or Officer; or

ii. Any holder of the voting power of any entity or organization whose official(s) is(are) Trustees or Officers.

(b) The statement required by this Section 13:08 shall describe briefly:

i. Any covered transaction (including compensation of Trustees and Officers in question) during the previous fiscal year involving more than \$50,000.00, or in which the same interested persons had a direct or indirect material financial interest and which transactions in the aggregate involve more than \$50,000.00.

ii. The names of the interested persons involved in such transactions, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction, and, where practicable, the amount of such interest; provided that in the case of transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

iii. The amount and circumstances of any indemnification or advances aggregating more than \$10,000.00 paid during the fiscal year to any Trustee or Officer.

Section 13:09. Superseding Effect. These By-Laws were adopted at a meeting of the Board held on November 15, 2021 and supersede all prior by-laws which are of no force and effect.

Section 13.10. Supremacy. In the event of a conflict between these By-Laws and the Articles, the Articles shall prevail.