

**AMENDED AND RESTATED BYLAWS
OF
CHASE MEMORIAL NURSING HOME COMPANY, INC.**

BYLAWS

OF

CHASE MEMORIAL NURSING HOME COMPANY, INC.

ARTICLE I

Purpose

The purpose of **CHASE MEMORIAL NURSING HOME COMPANY, INC.**, herein called “Corporation”, is to provide suitable housing and health care for elderly men and women on a not-for-profit basis.

ARTICLE II

Membership of the Corporation

2.1 The sole member of the Corporation is FGS, Inc. dba Good Shepherd Communities (GSC), a New York not-for-profit corporation

2.2 The following actions shall be reserved exclusively to the Member of the Corporation. The Member may initiate and implement any proposal with respect to any of the following upon resolution by the Member’s Board of Directors:

- (a) Adopt, amend, or repeal the Bylaws of the Corporation;
- (b) Amend or restate the Certificate of Incorporation;
- (c) Appoint and remove members of the Corporation’s Board of Directors;
- (d) Appoint and remove corporate officers with or without cause;
- (e) Approve any merger, consolidation, transfer or relinquishment of membership rights, or the sale of all or substantially all of the operating assets of the Corporation
- (f) Approve any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Corporation; and
- (g) Approve any pledge or encumbrance of assets whether pursuant to a sale, capital lease, mortgage, disposition, or other transaction.

ARTICLE III

Board of Directors

3.1 The affairs of the Corporation shall be managed and conducted by a Board of Directors which shall consist of no less than thirteen (13) and no more than twenty (20) persons, at least eighteen (18) years of age, elected and designated as hereinafter described.

The Board of Directors shall therefore be composed of the President/Chief Executive Officer of GSC and up to nineteen (19) board members, four (4) of which may be residents of Chenango/Otsego Counties who serve on the board of Chase Memorial Nursing Home. There shall be a preference of members for developing wide ranging specific skill sets, including attorney, engineer, academia, human resources, corporate executive management, certified public accountant/finance/banker, medical professional, faith based and community based.

~~The affairs of the Corporation shall be managed and conducted by a Board of Directors which shall consist of no less than (5) five and no more than (9) nine persons at least 18 years of age, elected and designated as hereinafter described. Directors to replace Directors whose terms expire shall be elected by resolution of the Board of Directors of GSC at its organizational meeting in each calendar year, the results of which election shall be filed with the Secretary of the Corporation. Directors other than ex-officio directors shall serve a four year term or until their successors are elected. Directors who have served three consecutive full four year terms shall not be eligible for election to the board for a period of one year following the completion of the third full four year term.~~

~~—————The Board of Directors shall therefore be composed of the President/Chief Executive Officer of GSC Inc., the Chief Operating Officer, The Chief Financial Officer, The Chair and Vice Chair of GSC and up to four (4) board members from the Chenango/Otsego County area, with a preference for developing wide ranging specific skill sets, including attorney, engineer, academia, human resources, corporate executive management, certified public accountant/finance/banker, medical professional, faith based and community based.~~

~~—————The Sole Member may, in its discretion, elect Directors for less than four year initial terms from time to time in order to equalize as much as possible the number of Directors' terms which expire in successive years.~~

3.2 At their annual organizational meeting, the Directors shall recognize new members appointed by Good Shepherd Communities to replace the Directors whose terms have expired (not including ex-officio Directors who are not elected). Such Directors shall serve for four-year terms. Directors who have served three (3) consecutive full four (4) year terms shall not be eligible for election as Directors for a period of one (1) year following the completion of the third full four (4) year term, but may serve as ex-officio Directors.

3.3 An "Independent Director" is a Director who: (1) is not and has not for the past 3 years been an employee or key person of the Corporation and does not have a relative who is, or has been

within the past 3 years, a key employee of the Corporation; (2) has not received and does not have a relative who has received, in any of the past 3 fiscal years, more than \$10,000 in direct compensation from the Corporation; (3) is not a current employee of or does not have substantial financial interest in (or have a relative who is a current officer of or has a substantial financial interest in) any entity that has made payments to, or received payments from, the Corporation in any the last 3 fiscal years exceeding the lesser of \$25,000 or 2 percent of the consolidated gross revenue if the entity's consolidated gross revenue was \$500,000 or more but less than \$10,000,000, or the lesser of \$100,000 or 2 percent of the consolidated gross revenue if the entity's consolidated gross revenue was over \$10,000,000; or (iv) is not and does not have a relative who is a current owner, director, officer or employee of the corporation's outside auditor or who has worked on the corporation's audit at any time during the past three years. The term "payment" as used herein does not include charitable contributions, dues or fees paid to the corporation for services which the corporation performs as part of its nonprofit purposes, or payments made by the corporation at fixed or non-negotiable rates or amounts for services received, provided that such services by and to the corporation are available to individual members of the public on the same terms, and such services received by the corporation are not available from another source.

3.4 The Board of Directors shall hold an annual organizational meeting at such date, time and place as the Board shall determine and shall also meet at least (3) three times per year on dates selected by the Board at an hour and place designated by the Chair and on such other occasions as the Chair considers proper.

3.5 Special meetings of the Board of Directors, at which any business may be considered, may be called by the Chair. Special meetings shall be called on written request of not less than three (3) members of the Board, and the notices thereof shall state the business to be considered.

3.6 One more than half the members of the Board (not including Directors who have resigned, ex-officios or whose positions are otherwise vacant) shall constitute a quorum for the transaction of business.

3.7 Notices for meetings of the Board of Directors shall be given to each Director either by telephone, fax, e-mail or other electronic means at least three (3) days before such meeting or by notice sent by first class mail to his/her last known address deposited in the mail at least five (5) business days prior to such meeting.

3.8 Action by Directors or Committees in Writing Without a Meeting. Any action required or permitted to be taken by the Board of Directors or any Committee thereof may be taken without a meeting if all members of the Board or the Committee consent in writing to the adoption of a resolution

authorizing the action. Such consent may be written or electronic. If written, the consent must be executed by the director by signing such consent or causing his or her signature to be affixed to such consent by any reasonable means including, but not limited to, facsimile signature. If electronic, the transmission of the consent must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the director. The resolution and the written consents thereto by the members of the Board or Committee shall be filed with the minutes of the proceedings of the Board or Committee.

3.9 Directors' or Committee Meeting by Video Conference, Conference Telephone or Similar Communications Equipment. Any one or more members of the Board of Directors or any Committee thereof may participate in a meeting of such Board or Committee by means of a video conference, conference telephone or similar communications equipment or by electronic video screen communication; provided that all persons participating in the meeting can hear each other at the same time and can participate in all matters before the Board of Directors or Committee, including, without limitation, the ability to propose, object to, and vote upon a specific action to be taken by the Board of Directors or Committee. Participation by such means shall constitute presence in person at the meeting.

3.10 Debt. Any and all debt to be taken on by the Corporation must be approved by the Board of Directors.

ARTICLE IV Membership Meetings

Meetings of the Member shall be held at the principal office of the Member or as otherwise provided in the bylaws of the Member at such time and date determined in accordance with the bylaws of the Member. Notice of meetings of the Member shall be given in accordance with the Bylaws of the Member.

ARTICLE V Officers

5.1. Officers of the Corporation. The officers of the Corporation shall be:

- (a) Board Chair
- (b) Board Vice-Chair
- (c) President/Chief Executive Officer
- (d) Secretary
- (e) One or more Assistant Secretaries, as may be appointed by the board

- (f) Treasurer
- (g) One or more Assistant Treasurers, as may be appointed by the board
- (h) Chief Financial Officer
- (i) Chief Operating Officer
- (j) Immediate Past Chair

5.2. Officers to be Elected from the Board.

- (a) The Chair, Vice Chair, Secretary and Treasurer shall be elected from the members of the Board of Directors.
- (b) The officers specified in subdivision “a” above shall be elected annually by the Directors from their number by ballot at its organizational meeting under the direction of the senior officer of the previous board still in office as a Director, shall take office immediately upon election and shall serve until the next election of a new class of Directors and until their successors have been elected and qualified.

5.3. Officers Other Than Those Required to be Elected From the Board. The President/Chief Executive Officer shall be appointed by and shall serve at the pleasure of the GSC Board of Directors. One or more Assistant Secretaries and one or more Assistant Treasurers may be appointed by and shall serve at the pleasure of the Board of Directors. Should the board appoint a staff member, that member must remain an employee in good standing. The Chief Financial Officer and Chief Operating Officer shall be appointed by the President/Chief Executive Officer, ~~subject to approval of the Board,~~ and shall serve at the pleasure of the President/Chief Executive Officer.

5.4. Duties of Officers. The officers shall have the duties specified below, additional duties from time to time specified by the Board of Directors and duties normally pertaining to the position they hold.

- (a) Chair. The Chair shall preside at all meetings of the Board, shall be an ex-officio member of all committees of the Board with voting rights, as and to the extent

permitted by law and these Bylaws, shall chair the Executive Committee and may execute, in the name of the Corporation, all contracts and applications authorized by the Board or necessary and incidental to the carrying out of the business of the Corporation.

- (b) **Vice Chair.** The Vice Chair shall act as Chair in the absence of the Chair in all matters including, but not limited to, attendance at all meetings of the Board and the committees, and, when so acting, shall have the power and authority of the Chair.
- (c) **President/Chief Executive Officer (called “President” in this subdivision).** The President shall be the Chief Executive Officer of the Corporation with all the authority of such position in a business corporation. The President shall, as and to the extent permitted by law, have all authority and responsibility necessary to operate the Corporation in all its activities and departments, subject only to these Bylaws and to such policies and directives as may be issued by the Board or its Executive Committee. The President shall have full voting privileges on the Board of Directors and on all committees of the Board other than the Audit Committee. The President shall act as the duly authorized representative of the Board and the Corporation in all matters in which the Board has not formally designated some other person to act. The President shall report as directed to the Chair between Board meetings and to the Board and the Executive Committee of the Board at each meeting of those bodies. The President, together with the Treasurer, shall cause the reports required by Section 519 of the Not-for-Profit Corporation Law of the State of New York to be made to the Sole Member at the first meeting of the Board of Directors of the Sole Member held after the completion of the audit of the financial reports of the Corporation for its most recent fiscal year. Unless the Chair or Vice Chair has signed, the President shall sign any deeds, mortgages, bonds, contracts or other instruments which the Board has authority to execute except in cases where the execution shall have been expressly delegated by Board resolution or these Bylaws, or by statute, to some other officer or agent of the Corporation.
- (d) **Secretary.** The Secretary shall keep or cause to be kept the minutes of all meetings of the Board of Directors and of all committees when asked to do so in books provided for such purpose and shall attend to the giving and serving of all notices of

meetings. The Secretary may sign in the name of the Corporation all documents authorized by the Board of Directors by specific or general resolution, and affix the seal to all instruments requiring the same, and shall, in general, perform all duties incidental to the office of Secretary, subject, however, at all times to the direction of the Board of Directors.

- (e) Assistant Secretary. The Assistant Secretary shall act as Secretary in the absence of the Secretary in all matters and shall have the authority of the Secretary, subject, however, at all times to the direction of the Board of Directors.
- (f) Treasurer. Although most of the day-to-day financial work of the Corporation is accomplished by the Chief Financial Officer, the Board of Directors, primarily through its Operations Committee, oversees the financial affairs of the Corporation. The Treasurer also chairs the Operations Committee. Without limiting or affecting the authority of the President with respect to such documents, the Treasurer has the authority to sign notes of the Corporation, checks, drafts, bills and orders for the payment of monies and such power, or portions thereof may be delegated by the Board to such other Officers of the Corporation as the Board may, from time to time designate. The Treasurer shall perform all acts incidental to the office of Treasurer, subject, however, to the direction of the Board of Directors; shall serve as the Director with chief responsibility for financial affairs; and shall report to the Sole Member at the first meeting of its Board of Directors held after the completion of the audit of the financial records of the Corporation for its most recent fiscal year concerning the assets of the Corporation received during the preceding year by gift, grant, bequest or devise or otherwise received in trust for the Corporation's purposes.
- (g) Assistant Treasurer. The Assistant Treasurer shall act as Treasurer in the absence of the Treasurer in all matters and shall have the authority of the Treasurer, subject, however, at all times to the direction of the Board of Directors.
- ~~(h) Chief Financial Officer (called "CFO" in this subdivision). The Chief Financial Officer reports to the President, and serves as a voting member of the Board of Directors~~

- ~~a. The CFO shall have responsibility for all the financial books and records of the Corporation and will make available to the Board financial reports and other relevant data on the day-to-day operation of the Corporation.~~
- ~~b. The CFO shall render to the President, to the Board and to the Executive Committee whenever requested, an account of the financial condition of the Corporation and shall be responsible for ensuring that proper controls (in accord with applicable provisions of law and regulations) are established over all assets and funds.~~
- ~~e. Books of account shall be kept by the CFO, in which shall be entered full and accurate accounts of all monies received and paid on account of the Corporation; the CFO shall at all reasonable times exhibit the books and accounts to any officer of the Corporation or member of the Board of Directors, upon application, at the office of the Corporation during business hours. The CFO may sign all financial and related reports, including, but not limited to, governmental reports.~~

(h) (†) Chief Financial Officer (called “CFO” in this Subdivision). The Chief Financial Officer reports to the President, the Board of Directors and the Executive Committee.

- 1) The CFO shall have responsibility for all the financial books and records of the Corporation and will make available to the Board financial reports and other relevant data on the day-to-day operation of the Corporation.
- 2) The CFO shall render to the President, to the Board and to the Executive Committee whenever requested, an account of the financial condition of the Corporation and shall be responsible for ensuring that proper controls (in accord with applicable provisions of law and regulations) are established over all assets and funds.
- 3) Books of account shall be kept by the CFO, in which shall be entered full and accurate accounts of all monies received and paid on account of the Corporation; the CFO shall at all reasonable times exhibit the books and accounts to any officer of the Corporation or member of the Board of

Directors, upon applications, at the office of the Corporation during business hours. The CFO may sign all financial and related reports, including, but not limited to, governmental reports.

Chief Operating Officer

~~a. The Chief Operating Officer reports to the President, and serves as a voting member of the Board of Directors.~~

~~b. Supervises the Chase Executive Director,~~

~~e. Board of Directors: Advise and assist the CEO and the Board of Directors in development of policies for Chase in conjunction with services, businesses and activities operated by FGS or its subsidiary corporations, and development and implementation of strategic and business plans. Participate, either directly or through assigned staff, in all committee meetings of the Board.~~

~~d. Participate in Inter-Facility Leadership to ensure consistency of vision, mission and policies and procedures between Chase and other Good Shepherd operating entities.~~

(i) Chief Operating Officer (called "COO" in this subdivision). The Chief Operating Officer reports to the President/Chief Executive Officer, the Board of Directors and the Operations Committee.

a. The COO shall identify, recommend and implement the necessary infrastructure and operational policies and procedures necessary to manage the facilities and to explore growth opportunities.

b. Identification, creation and development of standardized processes and procedures to ensure the delivery of high quality care that is scalable as the organization grows.

c. Responsible for overseeing the operations and management of GSFH, GSVE, Chase Nursing Home, Chase Community Center and Chase Housing. The purpose of this position is to establish and maintain systems that are effective and efficient to operate the facilities in a manner to safely meet residents' needs in compliance with federal, state and local requirements, and that are effective and efficient to operate the facility in a financially sound manner.

5.5. Term. The term of each officer who is a member of the Board of Directors shall be one year, but an incumbent shall continue in office until a successor shall be chosen. Neither the Chair nor the Vice-Chair may serve more than three consecutive one year terms.

5.6. Removal of Officers. The Board of Directors may recommend removal of any officer except President/CEO, COO and CFO, to the Good Shepherd Communities Board by majority vote at a meeting at which a quorum is present, at any time, with or without cause.

5.7. Bonding. At the request of the Board of Directors, any officer shall furnish, at the expense of the corporation, a fidelity bond in such amounts and upon such conditions as may be required by the Board.

ARTICLE VI **Committees**

6.1 Executive Committee. The Board of Directors may, from time to time, by a resolution adopted by a majority of the entire Board, designate an Executive Committee consisting of the Chair, Vice Chair, Secretary, Treasurer, Chief Executive Officer, Immediate Past Chair, Chief Operating Officer and Chief Financial Officer which shall, between meetings of the Board of Directors, possess and exercise all powers of the Board of Directors and management of the affairs of the Corporation except that it shall not have authority (nor shall any other committee have authority) as to the following matters:

- a. The submission to members of any action requiring members' approval by law.
- b. The filling of vacancies on the Board of Directors or any Committee.
- c. The fixing of compensation of Directors for serving on the Board or on any Committee.
- d. The amendment or repeal of these Bylaws or the adoption of new Bylaws.
- e. The amendment or repeal of any resolution of the Board of Directors which by its terms shall not be amendable or repealable.

6.2. Additional Standing Committees. There shall be at least the following committees of the Board, which shall have at least three members, all of whom shall be Directors, and which shall exercise the duties granted to them by the Board, subject to the constraints of the Bylaws and the New York State Not-for-Profit Corporation Law:

a. Operations Committee. The Operations Committee shall be chaired by the Treasurer and contain board members appointed by the chair, and other members as determined by the board, which shall perform the following tasks:

- 1) Review all investments of the organization (excluding Good Shepherd Communities Foundation).
- 2) Oversee the pension plan.
- 3) Authorize any pension plan changes.
- 4) Review audit reports.
- ~~4)5)~~ Oversee the Corporation's operations to effectively and efficiently utilize resources (human, fiscal and property) to carry out the Corporation's mission.
- ~~5)6)~~ Propose an annual operating budget, including capital expenditures, for consideration by the Corporation's Board of Directors.
- ~~6)7)~~ Approve rates, fees and all charges for goods and services for consideration by the Board of Directors.
- ~~7)8)~~ Propose policies regarding fiscal, personnel and property matters, for consideration by the Board of Directors.
- ~~8)9)~~ Ensure the corporation maintains appropriate insurance coverage for its property, liability, Directors and Officers, and other insurance as required.
- ~~9)10)~~ Monitor the operations budget versus actual performance, reporting regularly to the Board of Directors.
- ~~10)11)~~ Interact with the Resident Care Committee regarding resident care issues and their impact on operations.

b. Buildings & Grounds Committee.

- 1) Make decisions relative to capital equipment and the physical infrastructure at the Binghamton and Endwell campuses.
- 2) Oversee and review any capital project with a budget in excess of \$250,000, established on a project by project basis.
- 3) Discuss management plans, status and any major revisions or change orders.
- 4) Oversee the maintenance and repair of facilities, furnishings and equipment.

5) Make recommendations on replacement of worn items or equipment,

landscaping and care of grounds and parking facilities.

6) Make recommendations to the Operations Committee as necessary.

7) Conduct annual inventory, inspection and evaluation of all property and equipment.

~~b.~~ 8) Assist and support personnel in matters related to the buildings and grounds.

~~e.~~ c. Resident Care Committee. The Chair will be designated by the Board Chair and approved by the Board and whose purposes shall be to:

- 1) Oversee the quality, quantity and delivery of the Corporation's resident care services.
- 2) Propose resident care policies for consideration by the Board of Directors.
- 3) Designate one or more members from the Committee to be a liaison with the Corporation's Resident Council in order to ensure that Directors shall be available at least three times a year to hold meetings with the Resident Council to discuss matters contained in an agenda jointly developed by representatives of the Resident Council and such Committee member(s).
- 4) Monitor compliance with government regulations relating to resident care, in connection with which duty the Committee will receive and review all regulatory inspection, survey and investigative reports and the Corporation's responses thereto, and appoint a representative to the Corporate Compliance Committee.
- 5) Evaluate resident care satisfaction and the Corporation's customer service practices.
- 6) Interact with the Operations Committee regarding resident care issues and their impact on operations.

~~d.~~ d. Audit Committee. The Audit Committee shall consist of Independent Directors who shall perform the following tasks:

- 1) Oversee the accounting and financial reporting processes of the Corporation and the audit of the Corporation's financial statements.

- 2) Annually retain or renew the retention of an independent auditor to conduct the audit.
- 3) Upon completion thereof, it shall review the results of the audit and any related management letter with the independent auditor.
- 4) Review with the independent auditor the scope and planning of the audit prior to the audit's commencement.
- 5) Upon completion of the audit, review and discuss with the independent auditor any material risks and weaknesses in internal controls identified by the auditor, any restrictions on the scope of the auditor's activities or access to requested information, any significant disagreements between the auditor and management, and the adequacy of the Corporation's accounting and financial reporting processes.
- 6) Annually consider the performance and independence of the independent auditor.
- 7) Provide a full report of its activities to the Board, including any identified material risks or weaknesses. Only Independent Directors may participate in any board or committee deliberations or voting related to audit oversight. Directors of the Board that are not independent are permitted to receive and/or hear the audit committee's report to the board on the committee's activities.
- 8) Oversee the adoption, implementation of and compliance with the conflict of interest and whistleblower policies adopted by the Corporation and shall perform all functions and handle all matters required to be performed or handled by Independent Directors pursuant to Section 712-a or any other provisions of the Not-for-Profit Corporation Law of the State of New York, as it may be amended from time to time.
- 9) The Board may seek assistance and advice from non-board or board members who have accounting or financial expertise on all matters brought before the Audit and Compliance Committee, provided that participation in

formal deliberations and voting is limited to independent directors. Such individuals shall not be counted in determining the presence of a quorum at any meeting of the Audit and Compliance Committee. As a condition of their participation, such individuals shall agree to be bound by all confidentiality and nondisclosure obligations imposed on directors of the Corporation by these Bylaws or applicable law.

6.3. Other Committees. The Board may from time to time create such other committees as it deems desirable, composed either of members of the Board, non-members of the Board or both, and all of which committees and members shall serve at the pleasure of the Board.

6.4. Members of Committees. Members of all committees shall be designated by the Chair and approved by the Board.

6.5. Any action taken by a board committee must have approval by no less than half plus one of its members.

ARTICLE VII Attendance

7.1 The following staff members shall attend board meetings and committee meetings where applicable:

a

- a. Chief Financial Officer
- b. Chief Operating Officer
- c. Executive Director of Good Shepherd Fairview Home
- d. Executive Director of Good Shepherd Communities Foundation
- e. Executive Director of Chase Health

Board members are required to attend a minimum of one half of all board and committee meetings.

~~—Executive Director of Chase Health~~

~~Executive Director of Good Shepherd Village at Endwell~~

~~Executive Director of Good Shepherd Fairview Home~~

~~Executive Director of Good Shepherd Communities Foundation~~

ARTICLE VIII
Discrimination

The Corporation complies with the Federal discrimination law.

ARTICLE IX
Conflict of Interest

8.1. Definitions.

- a. Interested Director. An “Interested Director” is any director who has a direct or indirect Financial Interest or Professional Interest (as defined below) in a contemplated action of the Corporation.
- b. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or a Relative:
 - 1) An ownership or investment interest in any entity with which the Corporation has a proposed transaction or arrangement,
 - 2) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a proposed transaction or arrangement, or
 - 3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation either has a transaction or arrangement or is negotiating a transaction or arrangement.

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

- c. Professional Interest. A person has a professional interest if the person has, in the individual’s employment capacity, a non-financial association with any party with which the Corporation has a proposed transaction or arrangement.
- d. Affiliate. An “Affiliate” of the Corporation means any entity controlled by, in control of, or under common control with, the Corporation.

- e. Director. A “Director” means any member of the governing board of the Corporation, whether designated as director, trustee, manager, governor, or by any other title.
- f. Key Person. A “Key Employee” means any person, other than a director or officer, whether or not an employee of the corporation, who (i) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (iii) alone or with others controls or determines a substantial portion of the corporation’s capital expenditures or operating budget.
- g. Officer. An “Officer” means any director, trustee, manager, governor, or by any other title, any individual holding an office of the Corporation identified in the Certificate of Incorporation and/or Bylaws.
- h. Related Party. A “Related Party” means (a) any Director, Officer or key person of the Corporation, or any Affiliate, or any other person who exercises the powers of directors, officers or key employees over the affairs of the corporation or any affiliate of the corporation; (b) any Relative of any Director, Officer of the Corporation, or any Affiliate; or (c) any entity in which any individual described in clauses (a) and (b) herein has a thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).
- i. Related Party Transaction. A “Related Party Transaction” means any transaction, agreement or any other arrangement in which a Related Party has a financial interest and in which the Corporation, or any Affiliate, is a participant, except that a transaction shall not be a related party transaction if: (i) the transaction or the related party’s financial interest in the transaction is de minimis; (ii) the transaction would not customarily be reviewed by the board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or (iii) the transaction constitutes a benefit provided to a related party solely as a member of a class of the beneficiaries that the corporation intends to benefit as

part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms. The assessment of, and any determination concerning, any Related Party Transaction, must be considered in strict compliance with the adopted policies and procedures of the Corporation.

- j. Relative. A “Relative” of an individual means his or her spouse, domestic partner, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses or domestic partners of brothers, sisters, children, grandchildren and/or great-grandchildren.

8.2 Annual Disclosure Statement. Each Director, prior to taking his/her position on the Board, shall submit in writing to the President and Chief Executive Officer and the Audit Committee, a list of all business or other organizations of which he or a Relative is an officer, director, member, owner, employee or agent, or has a direct or indirect financial interest, with which the Corporation has, or might reasonably be expected in the future to enter into, a relationship or a transaction in which the Director may or could have conflicting interests. The first such statement of a Director shall be included in the Director’s written acceptance of directorship. A written statement shall be re-submitted by each Director each year. A copy of said statements shall be furnished to the Audit Committee, the Chair and to the Vice-Chair of the Board (and to any Director requesting same) who shall become familiar with the same for the purpose of guiding the conduct of the Board should a conflict arise.

8.3. Duty to Disclose.

- a. At such time as any matter comes before the Board or any of its committees in such a manner as to give rise to a conflict of interest or a potential conflict of interest, an Interested Director shall disclose the material facts as to his/her Financial Interest or Professional Interest in such contract or transaction and request to have said disclosure reflected in the official minutes of the Board or any committee thereof. The potential conflict of interest shall be reported to the Board or the Audit Committee, as appropriate, and the Interested Director shall answer any reasonable questions of the Board or Audit Committee pertaining to the matter involved which may be required of said Interested Director.
- b. Whenever an Interested Director shall fail to disclose such a potential conflict, then it shall be the duty of any other Director, with knowledge of such a potential conflict on the part of the Interested Director, to make a disclosure to the other

Directors at the meeting. Disclosures of an Interested Director's potential conflict of interest shall be made at any meeting in any event, even if the Interested Director is not present.

8.4. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest or Professional Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board of Directors or Audit Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board of Directors or the Audit Committee shall decide if a conflict of interest exists.

8.5 Procedures for Addressing the Conflict of Interest.

- a. An Interested Director may make a presentation at the Board of Directors or Audit Committee 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 chairperson of the Board of Directors or Audit Committee 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 of Directors or Audit Committee 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 of Directors or Audit Committee 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. The Corporation shall not enter into any Related Party Transaction, or any other transaction involving an Interested Person, unless such a transaction or matter is determined by the Board of Directors to be fair, reasonable and in the Corporation's best interest at the time of such determination.

- e. The Board of Directors or Audit Committee shall document, in writing, the information procured, the source of the information and the procedures taken under this section. The individual decision or vote made by each board or committee member shall be recorded along with the final outcome or determination of the board or committee under this procedure for addressing the conflict of interest.

8.6 Authorization of Transactions Concerning Substantial Financial Interest. With respect to any Related Party Transaction in which a Related Party has a substantial financial interest (within the meaning of Section 715 of the NPCL), the Board of Directors or Audit Committee, as appropriate, shall, in addition to the procedures set forth in Section 8.5 above:

- a. Prior to entering into such Related Party Transaction, consider alternative transactions to the extent practicable;
- b. Approve the transaction by not less than majority vote of the Directors or Audit Committee members, as applicable, present at the meeting; and
- b. Contemporaneously document the basis for approval by the Board of Directors or Audit Committee, as applicable, including its consideration of any alternative transactions.

8.7 Restrictions. With respect to any Related Party Transaction, or any other transaction with an Interested Person, considered by the Board of Directors or the Audit Committee, as applicable, no Related Party or Interested Person shall:

- a. Be present at, or participate in, any deliberations;
- b. Attempt to influence deliberations; and/or
- c. Cast a vote on the matter.

Nothing herein shall prohibit the Board of Directors or the Audit Committee, as applicable, from requesting that a Related Party or Interested Person present information concerning a Related Party Transaction, or any other transaction with an Interested Person, at a Board of Directors or Audit Committee meeting prior to the commencement of deliberations or voting relating thereto.

8.8 Records of Proceedings. Without limiting or affecting any other requirements herein, the minutes of the Board of Directors or Audit Committee meetings, as applicable, shall contain:

- a. The names of the Related Party(ies) or Interested Person(s) who disclosed or otherwise were found to have an interest in connection with the proposed transaction, the nature of the interest, any action taken to determine whether a conflict of interest was present or whether the transaction was a Related Party Transaction, and the Board of Directors or Audit Committee's decision as to whether a conflict of interest in fact existed and/or whether the transaction was a Related Party Transaction.
- b. 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.

8.9 In the event a conflict of interest affects the Chair of the Board of Directors or Audit Committee, as applicable, the Vice-Chair (or another appointed disinterested person, as applicable) shall preside for the duration of the discussion and vote thereon, and the policy stated herein shall apply to the Chair with the same force and effect as it is applicable to the other Board members.

8.10. The existence of a conflict of interest shall not prevent an Interested Director from being counted in establishing a quorum of the Board or committee; provided, however, if the matter involved is the item of business for which a Special Meeting has been duly called, and a potential conflict of interest is identified in the notice of meeting, the Interested Director shall not be counted to establish a quorum at said Special Meeting.

8.11 Board members agree to adhere to the standards outlined in the Good Shepherd Communities Code of Conduct.

ARTICLE IX **Indemnification of Officers and Directors**

It is the policy of the Corporation to indemnify officers and directors for losses and expenses due to being made a party or being threatened to be made a party to actions and proceedings to the full extent permitted by and consistent with Article 7 of the Not-For-Profit Corporation Law.

ARTICLE X
Bylaws and Amendments

These Bylaws may be revised or amended by resolution of the Board of Directors of GSC, Inc.

ARTICLE XII
New York State Not-for-Profit Revitalization Act

The organization shall comply with rules and regulations of the New York State Revitalization Act of 2013. A copy of the act shall follow these bylaws.