

# Riverbay Corporation By-Laws

(June 1998)

Organized Pursuant to the Limited-Profit Housing Companies Law

## Article I

### Declaration of Purposes

#### Section 1. Organization

This Corporation is organized under and pursuant to the Limited-Profit Housing Companies Law of the State of New York and with the approval of the Commissioner of Housing and Community Renewal of the State of New York.

The object of the Corporation is to construct and operate adequate, safe and sanitary housing accommodations in accordance with cooperative principles, subject to the provisions and limitations of the Limited-Profit Housing Companies Law and the Rules and Regulations promulgated by the Commissioner of Housing and Community Renewal.

## Article II

### Shareholders Meeting

#### Section 1. Annual Meetings

The annual meeting of the shareholders of the Corporation, for the election of Directors and for such other business as may properly come before such meeting, shall be held in the Borough of the Bronx, City of New York, at such time and place as may be designated by the Board of Directors, in the month of May on a date to be set by the Board of Directors.

#### Section 2. Special Meetings

Special meetings of the shareholders for any purpose or purposes may be called at any time by the President. Any officer of the Corporation may call a Special Meeting of Shareholders which is requested by a majority of the Directors or 25% of the Shareholders. In addition, the President and Secretary or any Assistant Secretary shall cause notice of a special meeting to be sent within ten days after receipt of a request for a special meeting from a majority of the Board of Directors or 25% of the shareholders. Such request shall be in writing and shall specify the purpose or purposes of the meeting.

#### Section 3. Notice of Meetings

(a) Notice of any meeting of shareholders, whether annual or special, shall be in writing and signed by the President and the Secretary or any Assistant Secretary. Such notice shall state the time when and the place where the meeting is to be held, the purpose of the meeting and the Secretary shall cause a copy thereof to be delivered personally or mailed to each shareholder of record of the Corporation entitled to vote at such meeting not less than ten (10) days nor more than forty (40) days before the meeting. If mailed, it shall be directed in a sealed envelope to each shareholder at his or her address as it appears in the records of the Corporation, unless he or she shall have filed with the Secretary of the Corporation a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request. Personal delivery of a notice of meeting may be accomplished by publication of such notice in the Co-op City Times (or successor official newspaper of the Corporation) if such notice is printed prominently and conspicuously and the newspaper is delivered to each apartment in Co-op City.

(b) The attendance of any shareholder at a meeting without protesting prior to the conclusion of the meeting the lack of notice of such meeting,

shall constitute a waiver of notice by him.

(c) The Commissioner of Housing and Community Renewal or his duly authorized representative shall be notified in writing of and shall have the right to attend all meetings of the shareholders of the Corporation.

#### Section 4. Quorum

(a) Attendance by one-third of the shareholders entitled to vote shall constitute a quorum, and if a quorum shall not attend, the Secretary shall notify the shareholders of the time and place of an adjourned meeting which shall be held within 20 days from the date of the meeting at which a quorum did not attend, by sending a notice as required by Section 3 of this Article II. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

(b) Voting on business transacted as part of a shareholders' meeting in accordance with the provisions of Section 5 of this Article II shall constitute attendance at such meeting.

#### Section 5. Voting

(a) At all meetings of shareholders, all questions which are not specifically regulated by statute or by these By-laws shall be determined by a vote of a majority of shareholders present and voting at the meeting, except that voting for directors shall be by plurality of those voting. All voting by shareholders for the election of directors, amendments to the Certificate of Incorporation or these By-laws, or on questions where more than a majority vote is required by law or on questions determined by the Board of Directors in their discretion to be important issues shall be by voting machine or printed ballots. All voting on other matters shall be viva voce. Each shareholder shall be entitled to one vote on all matters on which shareholders may be entitled to vote, regardless of the number of shares of stock held by such shareholder. For all purposes of these By-laws, there shall be only one shareholder recognized per apartment.

(b) All voting at shareholders' meetings shall be organized, supervised and conducted by the Board of Directors or by an election committee appointed by the President and approved by the Board of Directors. Included in the duties of the election committee (or of the Board of Directors if no election committee has been appointed) shall be the supervision of election campaigns, the preparation, printing and distribution of the ballots and notices; the post of notice; and the supervision of orderly voting. No candidate for election or reelection shall serve on the election committee. The Board of Directors may by resolution adopt regulations governing election campaigns and voting in order to assure fairness with respect thereto.

#### Section 6. Order of Business

At all meetings of the shareholders, the following order of business shall be observed so far as consistent with the purposes of the meeting:

1. Proof of notice of meeting.
2. Minutes of prior meeting.
3. Reports of President, Treasurer, Secretary and Executive Manager.
4. Reports of committees, if any.
5. Transaction of such other business as may properly come before the meeting.

After all of the business of the meeting has been transacted other than the election of Directors or any other business which requires a vote of the shareholders by paper ballot or voting machine, the meeting shall be laid over and continued for a period of not more than eight days for the sole purpose of conducting, counting and reporting such vote.

## Article III

### Directors

#### Section 1. Duties and Powers

The Board of Directors shall have entire charge of the property, interests, business and transactions of the Corporation, and may adopt such rules, regulations and resolutions for the conduct of its meetings and management of the Corporation as it may deem proper, not inconsistent with law or these By-laws. The Board of Directors may delegate to the officers of the Corporation such powers and authority and assign to them such duties as the Board may deem necessary, proper or appropriate to the effective prosecution of the Corporation's business not inconsistent with law or these By-laws.

#### Section 2. Number and Qualifications

(a) The number of Directors elected by the shareholders shall be fifteen. One additional Director may be designated by the Commissioner of Housing and Community Renewal of the State of New York. All Directors elected by the shareholders must be resident shareholders. Only one resident of any one apartment may serve as a Director at any time. No person shall serve as a Director unless he or she is fully current as to carrying charges and is not otherwise indebted to the Corporation. If a Director is two months plus ten days in arrears on carrying charges or other indebtedness to the Corporation, the Board of Directors shall suspend such Director from the Board until the arrearages are fully paid. During such suspension period, the suspended Director shall lose all rights and privileges granted to members of the Board of Directors. If the suspension period shall continue for a period of four months, the Director's position shall be deemed vacant. For purposes of this paragraph, a cooperator who is current on an arrearage program agreement shall be considered current on charges to the Corporation if such cooperator is not otherwise indebted to the Corporation.

(b) Commencing with the 1993 election, no member of the Board elected in 1993 and thereafter shall serve as a member of the Board of Directors while at the same time holding a party position, or government office, the election to which is governed by the New York State Election Law.

(c) One-third of the Board of Directors shall be elected at the annual meeting of shareholders each year, to serve three year terms.

(d) The Directors elected in 1977 were divided into three classes. The first five candidates receiving the highest number of votes were deemed Directors of the first class and elected for a term of three years. The next five candidates receiving the highest number of votes were deemed Directors of the second class and elected for a term of two years. The next five candidates

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receiving the highest number of votes were deemed Directors of the third class and elected for a term of one year. At the expiration of their respective terms, their successors shall be elected for terms of three years.

(e) At each election, the five eligible candidates receiving the highest number of votes shall be elected to full three-year terms. If at such election there are unexpired terms resulting from vacancies as provided in Section 4 of this Article III, the eligible candidate receiving the sixth highest number of votes shall be elected to fill the longest unexpired term, the eligible candidate receiving the seventh highest number of votes shall be elected to fill the next longest unexpired term, and so forth.

### Section 3. Removal of Directors

(a) Responsibility to the Public. Members of the Board of Directors bear a high public responsibility since they have elected to operate under a state-aided program and to effectuate public policy by encouraging the building and operating of housing projects for families of moderate income.

(b) Responsibility to Cooperators. Members of the Board of Directors have an obligation to cooperators of their projects. Cooperators will seek and demand the most economical operation of the development in order to obtain the lowest possible rent or carrying charge. The Board must meet this demand without endangering the long-term interest of the project, minimizing its essential services or impairing proper maintenance.

(c) Disclosure of Information. Members of the Board of Directors have access to a considerable amount of information. Such information should be held in the strictest confidence and should not be disclosed to any person except insofar as it has a direct bearing on the business of the Corporation, and except to persons duly authorized to receive such information.

(d) Conflict of Interest. Members of the Board of Directors shall make every effort to avoid contracts or other transactions for materials or services which may involve a possible conflict of interest. Prior disclosure must be made to the Division of Housing and Community Renewal and to the Board of Directors by any board member who has a direct or indirect interest in a business which proposes to participate at any stage or a transaction which may lead to the providing of materials or services to the Corporation.

(e) Each board member must recognize that his or her authority is limited to the oversight of the well being of the cooperative as a whole.

(f) Each board member shall perform his or her duties, including his or her duties as a member of any committee of the Board of Directors upon which he or she may serve, in good faith and with that degree of care which an ordinarily prudent person in a like position would exercise under similar circumstances.

(g) Each board member must recognize that, except when the Board of Directors is acting in its formal capacity, no board member may exercise rights that are any greater than any other shareholder within the cooperative, unless those rights have been specifically delegated to the individual board member by the Board of Directors as a whole.

(h) Each board member must recognize his or her individual responsibility and the collective responsibility of the Board of Directors as a whole to assure the continued confidentiality of matters presented to the Board.

(i) Each board member must recognize and carry out his or her statutory duties of loyalty and care to the Corporation and to the cooperators it serves and that such duties are utmost and paramount and supersede any conflicting individual opportunity.

(j) Acts of malfeasance by members of the Board of Directors shall mean wrongful conduct that affects, interrupts or interferes with the performance of official duties or adversely affects the Corporation.

(k) Any director may be removed from the Board of Directors for cause by affirmative vote of the Board of Directors pursuant to Section 7 of this article. Such action may be taken at any regular meeting or any special meeting at which due notice of the proposed removal shall have been duly given to the directors together with or as part of the notice of meeting.

(l) No director shall be removed from office unless a written notice of his intended removal is sent to him by certified mail, return receipt requested. Said notice must be signed by an officer of the corporation; clearly set forth the grounds for removal; notify the director of the date, time and place for the meeting at which his removal will be voted upon; notify the director of his right to appear before the Board of Directors and offer testimony on his behalf and in mitigation of his actions; clearly notify the director that if the Board votes against him he may be removed from office. The notice must be mailed to the director's home of record, as set forth in the Corporation's books and records, at least fifteen (15) days prior to the meeting at which his removal is to be considered.

(m) The removal of a director for cause by the Board of Directors may be initiated at an Executive Session of a regular meeting of the Board of Directors by motion made at the meeting. The director moving for removal shall provide information to the Board for review, upon which the Board shall make a determination, by a majority vote, of whether to formally request the accused Board member to respond to the allegation that he/she has violated his/her fiduciary and or administrative duties to the Corporation. If members of the Board of Directors determine that there is sufficient evidence to formally request the affected Board member to respond to the charges, the Board shall schedule a subsequent Board meeting in Executive Session to be held not more than ten (10) business days following the initial board meeting to discuss the issue of removal. The affected Board member shall be given the required written notice of the upcoming meeting to discuss removal, and at such meeting be given full and fair opportunity to be heard on the issue before the Board of Directors. The affected Board member shall have the right at his/her option to have the meeting held in public. If the Board votes to proceed with formal action against the Board member, such meeting shall be held in public and the affected Board member shall have the right to challenge the evidence.

(n) The Board of Directors, by majority vote, shall declare vacant the office of a director when he is found to be of unsound mind by a court of competent jurisdiction; when he is convicted of a felony; when he is convicted of a misdemeanor involving moral turpitude; or within 30 days after notice of his election, if he does not accept the office either in writing or by attending a meeting of the Board of Directors and fulfill such other

requirements of qualification as the By-laws may specify and as shall from time to time be duly established by the Board of Directors.

(o) The Board of Directors, by majority vote, may declare vacant the office of a director when he has been absent from three(3) consecutive, regularly scheduled, meetings of the Board of Directors, or when he has been absent from four (4) out of five (5) consecutive, regularly scheduled, meetings of the Board of Directors; which meetings shall have been scheduled over a period of at least sixty (60) days, and such absences have not been duly excused.

(p) The Board of Directors, acting through the President, must, upon receipt of knowledge, declare vacant the office of a director when he is found to no longer be a resident of Co-op City. For the purposes of this section a director is no longer a resident when any one or more of the following events shall occur: (1) he surrenders his occupancy agreement/proprietary lease; (2) he surrenders his stock certificate; (3) he sells his stock certificate; (4) his primary residence is no longer Co-op City; (5) he has vacated his unit at Co-op City; (6) he has submitted a set of move out documents to the sales department; (7) the occurrence of any other event that would clearly demonstrate that he is no longer a resident at Co-op City.

### Section 4. Vacancies

(a) Any vacancy occurring in the Board of Directors by reason of death, resignation, removal or otherwise of any Director elected by the shareholders shall be filled until the next annual meeting by the person who received the highest number of votes in the immediately preceding election of directors but who was not elected to a director's position. At the next annual meeting of shareholders, successors shall be elected for the unexpired term created by any vacancy as provided herein.

(b) Any such vacancy of the Director designated by the Commissioner of Housing and Community Renewal of the State of New York shall be filled by the Commissioner's designation.

### Section 5. Meetings

Meetings of the Board of Directors may be held at any time upon call of the President or any two members of the Board. Such meetings shall be held at the office of the Corporation except as otherwise determined and fixed from time to time by the Board of Directors.

### Section 6. Notice of Meetings

#### and Waiver of Notice

Notice of each meeting, stating the time, place and objects thereof shall be given by mailing a copy of such notice addressed to each Director at his last known post office address at least forty-eight hours before such meeting, or by personal delivery of or telegram of such notice at least twenty-four hours before such meeting. Notice may be waived in writing by any Director. The presence of any Director at a meeting without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by him. Any meeting at which every Director is present, or of which those Directors who are absent have waived notice, may be validly held without notice.

The Commissioner of the Division of Housing and Community Renewal of the State of New York or his duly authorized deputy shall be notified in writing of and shall have the right to attend

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