

BY-LAWS OF THE EMPIRE ALPACA ASSOCIATION

ARTICLE I OFFICES

Section 1.1 Registered Office and Agent. The registered office of the Empire Alpaca Association (the “Association”) shall be in the State of New York and the Association shall at all times maintain a registered agent at the address of the registered office.

Section 1.2 Other Offices. The Association may also have offices at other such places both within and without the State of New York as the Board of Directors may from time to time determine and the business of the Association may require or make desirable.

ARTICLE II NONPROFIT STATUS

Section 2.1 Tax Exempt Status. The Association shall be operated exclusively for charitable purposes within the meaning of section 501(c) (5) of the Internal Revenue Code of 1986, as amended (the “Code”). In furtherance of the purposes, the Association shall act, and shall take such actions to ensure compliance with its tax exempt status under the Code in its efforts to promote the Alpaca industry in the State of New York and to facilitate communication among Alpaca owners.

Section 2.2 Maintenance of Nonprofit Status. This Association is not organized and shall not be operated for pecuniary gain or profit. No part of the property or the net earning of the Association shall inure to the benefit of or be distributable to any of its directors, officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth herein. The Association shall not carry propaganda, or otherwise attempt to influence legislation to such extent as would result in the loss of its exemption from federal income tax law under Section 501 (c) of the Code. Notwithstanding any other provisions of these By-Laws, the Association shall not carry on any other activities not permitted to be carried on by (a) any corporation exempt from federal income tax under section 501(c) (5) of the Code (or the corresponding provision of any future U.S. Internal Revenue Law); or (b) any corporation contributions to which are deductible under Section 170(c) (2) of the Code (or the corresponding provision of any future U.S. Internal Revenue Code).

Section 2.3 Payment of Liabilities and Distribution of Assets Upon Dissolution. Upon the dissolution of the Association, which may be authorized by the adoption of a resolution to dissolve by majority vote at a meeting of the Membership, the Board of Directors shall, after paying or making provision for payment of all liabilities of the Association, distribute, transfer, convey, deliver and pay all remaining assets of the Association to any other organization qualifying under Section 501(c)(5) of the Code as an exempt organization operating for the same purposes for which the Association is organized and operated, which shall be selected by the

Board of Directors of the Association; provided, however, that any such recipient organization or organizations shall at the time qualify as exempt from taxation under the provisions of section 501(a) of the Code, as an organization described in Section 501(c)(5) of the Code, or corresponding provisions of any subsequent law. In the event, that for any reason, upon dissolution of the Association the Board of directors shall fail to act in a manner herein provided within a reasonable period of time, a judge of Delaware County, New York shall make such distribution, exclusively upon the application of one or more persons having a real interest in the Association or its assets.

ARTICLE III **MEMBERSHIP**

Section 3.1 Membership. Any person or organization interested in the purposes of the Association may become a Member. Membership shall be granted upon written application submitted in the form and manner specified by the Secretary of the Association and the Board of Directors and accompanied by dues.

Section 3.2 Dues. The annual dues shall be set by the Board of Directors.

Section 3.3 Membership Classes. The following classes of Membership shall be recognized by the Board of Directors: Farm, Associate and Corporate. The Board of Directors may set different privileges for each class.

Section 3.4 Voting Rights. Each Farm membership shall be entitled to one vote on all matters submitted to a vote of the Membership.

Section 3.5 Revocation of Membership: The Board of Directors, by affirmative vote of the majority of directors, may suspend or revoke the membership status of any person or organization, if, in the judgment of the Board, such action is in the best interests of the Association. Reasons the Board may revoke membership status may include, but are not limited to, one or more of the following reasons:

- a. The member is in violation of the Association's Code of Ethics.
- b. The member uses the Association mailing list(s) or membership directory information for purposes not intended by the Association such as but not limited to: (i) The mailing of anonymous material about the Association or one of its Members, or (ii) To promote a business or activity not in the best interests of the Association.

The Board will notify the member in writing of the grounds for such removal from Membership; notification via electronic mail is permissible. Members who do not pay their membership dues by the due date may have their membership automatically revoked; no notification is necessary.

ARTICLE IV **MEETINGS OF MEMBERS**

Section 4.1 Annual Meeting. There shall be an Annual Meeting of the Membership called by the Board of Directors. At the Annual Meeting of the Membership, the Members shall transact such business as shall properly come before them.

Section 4.2 Special Meetings. Special meetings of the Membership may be called by a majority vote of the Board of Directors, or by petition to the Board of Directors of not less than one-fifth (1/5) of the Members having voting rights.

Section 4.3 Notice of Meeting. Written notice stating the location, date and hour of any meeting of the Membership shall be delivered by first class mail to each Member not less than twenty (20) days and not more than forty-five (45) days before the date of the meeting. The notice shall state the purposes of the meeting. For any meeting at which a vote of the Membership is required, such notice shall include a ballot for each Member having voting rights to cast their vote on the required meeting agenda items.

Section 4.4 Quorum. Thirty percent (30%) of all Members entitled to vote at any duly noticed Membership meeting shall constitute a quorum at such meeting. For purposes of establishing a quorum, any mail ballot duly certified shall be considered as if the Member was present. If a quorum is not present, a majority of the Members present may adjourn the meeting to a time certain without further notice.

Section 4.5 Manner of Acting. If a matter on the agenda of any meeting is submitted to Members for a vote, a Member may vote by mailing the ballot enclosed with the notice of the meeting to the Secretary or other designated person. No vote shall be counted unless postmarked by a date set by the Board of Directors, which date shall be indicated on the ballot. The ballots shall not be counted before the meeting, except to determine a quorum. A majority of the Members present or voting by mail on a manner at which a quorum is present shall be necessary for the adoption of the matter being voted on unless a greater proportion is required by the law or the By-Laws.

ARTICLE V

BOARD OF DIRECTORS

Section 5.1 General Powers. The property, affairs and business of the Association shall be managed and directed by its Board of Directors. The Board of Directors shall set policy, appoint Officers, and perform the duties as set forth in the By-Laws. The Board of Directors may, at their sole discretion, adopt the findings of any duly constituted committee or outside consultants. Directors must be members in good standing of the Association.

Section 5.2 Number, Election and Term. The initial Directors to serve until completion of the organization of the Association, at an organizational meeting or by action taken by written consent in lieu of an organizational meeting, shall be named by the incorporator. After such completion, the Board of Directors shall be comprised of no less than five (5) members and no more than seven (7) members. The Board of Directors may by resolution fix the precise number of Members between these stated limits, but any reduction in the numbers of Members in whose offices are to be eliminated or upon their earlier resignation. The Members of the Board of

Directors shall be divided at the organizational meeting into three (3) groups, as nearly equal in numbers as possible, serving one (1), two (2), and three (3) year terms, and the terms of one third (1/3) of the Members of the Board of Directors shall expire each year. Following the expiration of the initial terms of office, the term of office of each member shall be three (3) years.

Whenever the Board of Directors shall by resolution increase or decrease the number of elective members of the Board of Directors, such increase or decrease shall be arranged so that, as nearly as possible, the terms of office of one-third (1/3) of the Members shall commence upon the adjournment of the Annual Meeting at which such Director is elected. A Director shall be eligible for re-election to succeed himself or herself. All expired terms shall be filled by election at the Annual Meeting of the Membership, according to Section 4.5 and Article VIII. Directors may serve for an unlimited number of terms, providing that a minimum of one (1) year's absence from the Board shall occur after any (2) consecutive terms. All Members of the Board of Directors shall be elected pursuant to Article VIII. Directors shall be natural persons who have attained the age of 18. Members of the Board of Directors and Officers must be farm members of the Association with a physical presence in the State of New York

Section 5.3 Vacancies. Any vacancy occurring in any Directorship shall be filled by the remaining Directors, even though less than a quorum of the Board of Directors is remaining in office. The vacancy shall be filled by affirmative vote of majority of the remaining Directors. A Director appointed to fill a vacancy shall complete the unexpired term of his or her predecessor in office.

Section 5.4 Location and Conduct of Meetings and Minutes. The Board of Directors of the Association may hold meetings, both regular and special, either within or without the State of New York. The minutes of the meeting shall be taken by the Secretary and be available to the Membership.

Section 5.5 Annual, Regular and Special Meetings. The Annual Meeting of the Membership, for the purpose of electing Directors and transacting such other business as may be brought before the meeting, shall be held each year without notice on or before the 31st day of October. The Board of Directors may by resolution provide for the time and place of other regular meetings, and no notice of any such meetings need be given. Special meetings of the Board of Directors may be called by the President or by two (2) Members of the Board of Directors, and written notice of time and place of such meeting shall be given to each Member of the Board of Directors by first class mail, or in person at least two (2) days before the meeting. Any Member of the Board of Directors may execute a waiver of notice either before or after any meeting, and shall be deemed to have waived notice if he or she is present at such meeting. Neither the business to be transacted at, nor the purpose of, any such meeting of the Board of Directors need be stated in the notice or waiver of notice of such meeting.

Section 5.6 Quorum. At all meetings of the Board of Directors, a majority of the Directors in office at any time shall constitute a quorum for the transaction of business, and the act of a majority of voting Directors present at a meeting where there is a quorum present shall be in the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Articles of Incorporation, or by these By-Laws.

Section 5.7 Consent of Directors. Unless otherwise restricted by the Articles of Incorporation or by these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a majority of the Board of Directors or committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Such consent may have the same force and effect as an affirmative vote of the Board of Directors.

Section 5.8 Compensation of Directors. Directors shall not be entitled to any compensation for their services as Directors or Members of any committee of the Board of Directors, except that by resolution of the Board of Directors, a Director shall be allowed reimbursement for any reasonable expenses incurred on behalf of the Association and expenses, if any, for attendance at each meeting of the Board. Any such compensation shall be budgeted for and annual Meeting of the Membership.

ARTICLE VI

OFFICERS

Section 6.1 Number. The Officers of the Association shall be elected by a majority vote of the Board of Directors and shall consist of a President, Vice President, Secretary and Treasurer. The Board of Directors may by resolution create additional officers to exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. Such Officers shall be elected by a majority vote of the members who shall have voting rights. No offices may be held concurrently by the same Member.

Section 6.2 Compensation. The Officers of the Association shall not be entitled to any compensation except that by resolution of the Board of Directors. Officers shall be allowed reimbursement for any reasonable expenses incurred on behalf of the Association and expenses, if any, for attendance at each meeting of the Membership. Any such compensation shall be budgeted for and approved by the Members at the Annual Meeting of the Membership.

Section 6.3 Term of Office. Each Officer shall serve for a period of one (1), two (2) or three (3) years or until his or her successor shall have been chosen and qualified, or until his or her death, resignation or removal from office.

Section 6.4 Removal. All Officers may be removed by a majority vote of the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

Section 6.5 Vacancies. A vacancy in any office resulting from any cause may be filled by appointment of the Board of Directors, by a majority vote, for the remaining portion of the term.

Section 6.6 Powers and Duties. Except as hereinafter provided, the Officers of the Association shall each have powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

(a) **President.** The President shall be the chief executive officer of the Association and shall

be responsible for the general and active management of the business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President, with the Secretary or any other proper Officer of the Association, shall have the power and authority to execute all contracts requiring a seal, under the seal of the Association, except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. The President shall be a member of the Board of Directors.

(b) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President (or in the event that there is more than one Vice President, the Vice President in order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or the Board of Directors.

(c) Secretary. The Secretary shall attend all meetings of the Board of Directors and record all the proceedings of the meetings of the Association and the Board of Directors in a book to be kept for that purpose and shall perform like duties for any committees when required. The Secretary shall give, or cause to be given, notice of all meetings of The Board of Directors or Membership when required by these By-Laws, and shall perform such other duties as may be prescribed by the President or the Board of Directors, under whose supervision the Secretary shall be. The Secretary, with the President, shall have authority to affix the corporate seal of the Association to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary.

(d) Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds of the Association. And shall keep full and accurate accounts of all receipts and disbursements in the books belonging to the Association and shall deposit all monies and other valuable effects in the name and credit to the Association in such depositories as may be designated by the Board of Directors or the Treasurer. The Treasurer shall disburse the funds of the Association as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President, and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions by the Treasurer and of all the financial condition of the Association. In the case of the Treasurer's death, resignation, retirement, or removal from office, all books papers, voucher, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association shall be immediately returned to the possession of the Association. If required by the Board of Directors, the Treasurer shall give a bond for faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VII **COMMITTEES**

Section 7.1 Committees. The Board of Directors, by resolution adopted by a majority of the Directors, may designate from among the members, one or more committees, which may consist of one or more Directors. Any such committee, to the extent provided in the resolution, shall

provide recommendations for action to be voted upon by the Board of Directors and, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors. Except as otherwise provided in such resolution, members of each committee shall be Members of the Association, and the President shall appoint the members thereof with the approval of the Board of Directors. Any Member thereof may be removed by a majority vote of the Board of Directors whenever in the Board of Director's judgment, the best interest of the Association shall be served by such removal. The designation and appointment of any such committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or Officers, or any individual Director, of any responsibility imposed by law.

Section 7.2 Chairperson. One person of each committee shall be appointed Chairperson by the President.

Section 7.3 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the manner as provided for in the case of the original appointments.

Section 7.4 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the members of the committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

ARTICLE VIII

NOMINATION AND ELECTION PROCEDURES FOR BOARD OF DIRECTORS AND OFFICERS

Section 8.1 Nomination Committee. The Board of Directors and the President shall provide for the appointment, at least six (6) months before the Annual Meeting of the Membership, of five (5) Members of the Association, none of whom shall be a Director, to constitute a Nomination committee. The Nomination Committee shall actively recruit and nominate candidates for election as Directors and Officers for the ensuing terms. The Nomination Committee shall recruit and nominate at least two (2) candidates for each vacancy on the Board of Directors and each office. The Secretary shall prepare the ballots and mail them to the Members entitled to vote.

Section 8.2 Nomination by Petition. Three (3) Members in good standing of the Association may nominate one or more candidates for Director by petition delivered to the Nomination Committee not less than eighty (80) days prior to the Annul Meeting of the Membership.

Section 8.3 Qualifications, Statement of Candidacy. All nominees must be Members in good standing of the Association. Nominations shall be closed two (2) months before the first day of the Annual Meeting of the Membership. The Nominating Committee may request that Nominees individually submit a statement on behalf of their candidacy no later than six (6) weeks before the first day of the Annual Meeting of the Membership. The form of the statement and its distribution to the Membership shall be established by the Nominating Committee, which shall decide any question of compliance with standards that the committee may establish with

respect to such form.

Section 8.4 Inspector of Elections. The Board of Directors may appoint an Independent Inspector of Elections, who shall supervise the election, count the ballots, tabulate the results and report in writing to the Membership and the Board of Directors the names of those elected. The Inspector of Elections may be a Member of the Association in good standing and not a Director, Officer, nor candidate for election to the Board of Directors . The Board of Directors, at its discretion, may select an outside party, such as a public accounting firm, as the Inspector. If an Inspector of Elections is not designated, the Secretary shall assume the duties of the Inspector of Elections. The Candidates may request and receive the number of votes received by each candidate. Each candidate may designate an observer to be present during the vote count. Ballots and the tabulation of results shall not be destroyed for at least two (2) years after an election.

Section 8.5 Ballot. At least four (4) weeks before the Annual Meeting of the Membership, a ballot containing the names of the nominees shall be mailed by the Secretary to each member of the Association entitled to vote. The ballot may be accompanied by the statement of each nominee in a form approved by the Nomination Committee.

Section 8.6 Voting Procedure. Each Member entitled to vote shall exercise his or her right to by personal delivery or mailing the ballot to the Inspector of Elections. No ballot by mail shall be counted unless postmarked by the date set by the Inspector of Elections, which date will be indicated on the ballot. Procedures for balloting by mail shall be established to assure the secrecy of each member's vote.

Section 8.7 Election. The Inspector of Elections or the President may complete the election and announce the results as soon as practical after the election but prior to the conclusion of the Annual Meeting of the Membership.

ARTICLE IX

BOOKS, RECORDS AND BUDGETS

Section 9.1 Records and Rights of Inspection. The Association shall correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and Board of Directors and shall keep it at its registered or principle office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association may be inspected by any Member, or his or her agent or attorney, for any purpose at any reasonable time. At its discretion, the Board of Directors may cause the books and records of the Association to be certified by a certified public accountant. A copy of this report shall be available to the Membership if so requested. This report shall also be open for discussion as an agenda item at the Annual Meeting of the Membership.

Section 9.2 Budget. The Board of Directors shall cause to be created an Annual Budget for the operation of the Association which shall be submitted to the members at the Annual Meeting of the Membership for their approval.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Fiscal Year. The fiscal year of the Association shall be the calendar year ending December 31.

Section 10.2 Seal. The corporate seal shall have inscribed thereon the name of the Association, the year of its organization what ever required by state. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. In the event it is inconvenient to use such a seal at any time, the signature of the Association, by those authorized by the Board of Directors to make such signature, followed by the word “seal” enclosed in parentheses shall be deemed the seal of the Association.

Section 10.3 Parliamentary Authority. The proceeding at all meetings of the Membership and the Board of Directors shall be governed by the Roberts Rules of Order unless otherwise specified by the By-Laws.

ARTICLE XI

INDEMNIFICATION

Section 11.1 Actions Against Directors. The Association shall indemnify, to the fullest extent permitted by the State law, and if applicable, Section 4941 of the Code, any individual made a party to a proceeding because such individual is or was a Director of the Association, against liability incurred in the proceeding, if such individual acted in a manner such individual believed in good faith to be or not opposed to the best interest of the Association and, in the case of any criminal proceeding, such individual had no reasonable cause to believe such individual’s conduct was unlawful.

ARTICLE XII

AMENDMENTS

Section 12.1 Procedure. Amendments to the By-Laws may be proposed by a petition signed by twenty percent (20%) of the Members in good standing of the Association or by the majority vote of the Board of Directors. The By-Laws may be amended by a two-thirds (2/3) affirmative vote, included votes cast by mail, of all members who vote at the Annual Meeting of the Membership, subject to the quorum requirements of Section 4.4. Notice that such business is one of the purposes of the meeting of Members shall be given in advance to Members in the same manner and time as provided in Section 4.3 for Notice of Meetings. A copy of any proposed amendment of the By-Laws, including any recommendations the Board of Directors may wish to make regarding the amendment, shall accompany the notice of the meeting. Members may vote on a proposed amendment by voting at the meeting or by mail. Votes cast by mail shall count for purposes of determining a quorum at a meeting. Any proposed amendment of the By-Laws shall be submitted to the Board of Directors not less than sixty (60) days before the Annual Meeting of the Membership.