

SEDONA ARTS CENTER, INC.

A not-for-profit corporation

Article I Name

The name of the Corporation is: Sedona Arts Center, Incorporated. The Sedona Arts Center is also known as "The Arts Center" and "SAC."

Article II Purpose

The Sedona Arts Center, Inc., is a not-for-profit organization incorporated to provide facilities and programs that promote educational activities in support of visual and performing arts.

Article III Membership

Membership in this Corporation shall be open to any person, resident or non-resident, who supports the purpose of this organization.

- a. Application for membership and proof of membership shall be in a form approved by the Board of Directors of the Corporation.
- b. Membership classification and dues corresponding to such classification shall be determined by the Board. The Board, at its discretion, may confer special membership recognition upon worthy members of the Corporation.
- c. Membership in the Corporation shall automatically be revoked for cause if approved by a two-thirds (2/3) vote of the Board of Directors.
- d. All members shall have and enjoy the rights of membership equally, which shall include voting and participation in the activities of the corporation at the annual meeting.

Article IV Board of Directors

Section 1: Purpose, Powers and Duties: The Board of Directors has the general power to:

1. control and direct the affairs, funds, and property of the Corporation;
2. disburse the Corporation's money and dispose of its property in fulfillment of its corporate purpose; (a) provided however, that the fundamental and basic purposes of the Corporation, as expressed in the Certificate of Incorporation, shall not be amended or changed; (b) and provided, further, that the Board of Directors shall not permit any part of the earnings or the capital of the Corporation to inure to the benefit of any private individual.

The Board of Directors shall appoint an Executive Director who shall be responsible to the Board for the artistic, administrative, fund raising, and business management of the Corporation. The Board of Directors may delegate authority to committees, as it deems necessary, for the carrying out of the purposes and business of the Corporation.

Section 2: Number: The number of Directors shall not be less than ten (10) or more than twenty (20) members.

Section 3: Filling Board Vacancies for Regular Term Rotation, Term of Office: Throughout the year, the

Nominating Committee will seek new names for Board Candidates. The Membership is encouraged to submit names of candidates. The Nominating Committee will review the names and bios to determine the qualifications for meeting criteria to serve on the Board. The Nominating Committee will present names to the Board for Board approval to initiate discussions with the Candidates. At the May meeting of the Board, the Nominating Committee will present its slate of candidates to the Board. At the June meeting of the Board, the Board will vote to approve the slate that was presented in May by the Nominating Committee. At the September Annual Member's Meeting, the Board-approved slate of candidates shall be presented to the Membership. Directors shall normally be elected by a majority vote of those present.

Directors shall be elected to serve for a term of three (3) years with approximately one third (1/3) of the Directors elected each year. Directors shall be limited to two (2) consecutive three-year terms and are eligible for re-election following a two-year absence after their second three-year term as Director.

Section 4. Filling Board Vacancies that Occur During the Year: From time to time vacancies may occur during the year that the Board deems necessary to fill. Any vacancies, however arising, may be filled by a majority vote of all Directors then serving in office at any regular meeting of the Board of Directors or at a special meeting of the Board called for that purpose. Persons may be nominated by the Nominating Committee. Names of such nominees shall be included with the notice of the meeting at which the election is proposed. Directors elected under these provisions shall serve until the next Annual Member's Meeting, at which time they are eligible to commence the election process as defined in Section 3. The partial year of service, resulting from the election by the Board of Directors, shall not count toward the term limits as defined in Section 3.

Section 5. Attendance: Board members are expected to limit their absences from Board meetings to two (2) per year and to consider resignation if unable to keep their participation commitment to the Board.

Section 6. Resignation and Removal of Directors: Any Director may resign by giving written notice to the Board or to the President or Secretary of the Corporation. Such resignation shall take effect at the time specified in the notice. Board members are expected to limit their absences from Board meetings to two/year and to consider resignation if unable to keep participation commitment to the Board.

Any Director may be removed from office, with or without cause, by a two-thirds (2/3) vote of all Directors then serving in office.

Article V Meetings

Section 1. Annual Meeting: The annual meeting of the Corporation shall normally be held on the second Thursday in September. Notice of such meeting will be sent to all members at least seven (7) days but not more than thirty (30) days prior to the meeting.

Section 2. Regular Board Meetings: The frequency and times of the regular meetings of the Board of Directors shall be fixed by the Board.

Section 3. Special Meetings: Special meetings of the Board of Directors may be called by the President or by the Secretary at the written request of any three (3) Directors then serving in office.

Section 4. Telephone Meetings: Members of the Board or of committees may participate in meetings through the use of conference telephone or other communication equipment, so long as all persons participating in such meeting can hear one another.

Section 5. Notice of Meetings: Written notice of the time, place and agenda of the annual meeting shall be sent to all members of the Corporation at least one week prior to the meeting. Notice of regular meetings of the Board, together with the agenda for such meetings, shall be sent to all members of the Board at least seven (7) days prior to the meeting. Notice of special meetings of the Board, together with the agenda for such meetings, shall be sent

to all members of the board at least three (3) days prior to such meeting. In the event of an emergency, notice may be given to members by telephone with twenty-four (24) hours notice.

Section 6. Quorum: A majority of the Board of Directors then serving in office shall constitute a quorum, which is required for all actions, for all meetings of the Board of Directors. In the absence of a quorum, a majority of the Directors present may adjourn the meeting until a quorum is obtained. Any such adjourned meeting may restart and transact any business on the original agenda once a quorum is obtained.

Section 7. Voting: At any meeting of the Directors, every Director present in person shall be entitled to one vote. A majority vote of Directors present shall be the act of the Directors.

Section 8. Proxy Voting: Proxy representation and voting of the Directors shall be allowed. Every proxy shall be in writing and shall be signed by the Director entitled to vote or his/her otherwise duly appointed attorney-in-fact, and shall be effective when delivered to the Secretary. No proxy shall be valid after the expiration of one month from the date thereof. Every proxy shall be revocable at the discretion of the Director executing it, except as otherwise provided by law.

Section 9. Action Without a Meeting: Unless otherwise restricted by the Articles of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Article VI Officers

Section 1. Principal Officers: The principal officers of the Corporation shall be the President, Vice President, Treasurer, and Secretary. All officers shall be elected from among the Directors then serving.

Section 2. Election and Term of Office: The officers of the Corporation shall be elected at an organizational meeting of the Board to be held after the September Annual Meeting each year. All of the carry-over and incoming Board Members shall be eligible to vote for officers at the organizational meeting. A quorum of the named Board Members must be present to elect officers. The Nominating Committee shall prepare a list of nominees for the elective officers. Such list shall be presented to the Directors at the organizational meeting. Each candidate must receive a majority of votes from the voting quorum to be elected. Each officer shall be elected for a term of one (1) year and shall hold office until the next annual election meeting. No Officer shall serve in one office for more than three consecutive one-year terms. Officers assume their office immediately upon election.

Section 3. Removal of Officers: Any officer may be removed, with or without cause, at any time at any Board meeting at which a quorum is present by a vote of two-thirds (2/3) of the number of Directors then serving in office.

Section 4. Vacancies: Vacancies among the officers, however arising, shall be filled by a majority vote of Directors present at any regular or special meeting of the Board at which a quorum is present. The list of nominees for vacant positions shall be included with the notice of the meeting at which the election is proposed.

Section 5. President: The President shall:

1. Preside at all meetings of the Board and of the Executive Committee;
2. Shall generally do and perform all acts incident to the office of president;
3. Shall have such additional powers and duties as may from time to time be assigned by the Board;
4. Use any reasonable interpretation of the provisions of the Board process and Board Executive relationship except where the Board specifically delegates portions of authority to others;
5. See that the Board behaves consistently with its rules and those imposed upon it from the outside;
6. Insure the content of the meetings will be issues that clearly belong to the Board to decide and not to the Executive Director;

7. Insure that deliberation will be fair and open as well as efficient, timely and orderly;
8. Appoint the Chairs of each Board committee and serve as an ex-officio, non-voting member of each Board Committee.

Section 6. Vice President: In the absence, or inability to act, of the President, the Vice President shall:

1. Exercise all the powers and perform all the duties of the President;
2. Generally assist the President
3. Have such other powers and perform such other duties as may from time to time be designated by the President or the Board of Directors.

Section 7. Treasurer: The Treasurer shall:

1. Act under the supervision of the Board;
2. Have charge and custody of, and be responsible for, all the funds of the Corporation;
3. Keep or cause to be kept, and be responsible for the keeping of, accurate and adequate records of the assets, liabilities, and financial transactions of the Corporation;
4. Deposit or cause to be deposited all monies and other valuable effects of the Corporation in the name of and to the credit of the Corporation in such banks, trust companies, or other depositories as may be designated by the Board;
5. Disburse, or cause to be disbursed, the funds of the Corporation based upon proper vouchers for such disbursement;
6. Perform the duties incident to the office of Treasurer and such other duties as may be assigned by the President or the Board of Directors.

Section 8. Secretary. The Secretary shall:

1. Keep or cause to be kept, the minutes of all meetings of the Board and of the Executive Committee in one or more books provided for that purpose;
2. See that the minutes of the Board and of the Executive Committee meetings are distributed promptly to all members of the Board of Directors;
3. See that all notices are duly given in accordance with these by-laws and as required by law;
4. Attest to any and all documents the execution of which on behalf of the Corporation shall have been specially or generally authorized by the Board of Directors;
5. Have charge of the books, records, and papers of the Corporation relating to its organization as a Corporation and shall see that all reports, statements, and documents required by law are properly kept and filed by the Treasurer.
6. Perform all duties incident to the office of Secretary and such other duties as may be assigned by the President or by the Board of Directors.

Section 9. Bonding: Any officer or employee of the Corporation shall, if required by the Board of Directors, give such security for the faithful performance of his or her duties as the Board of Directors may require.

Article VII Committees

Section 1. Authorization. The Board of Directors may by resolution, at any meeting of the Board, designate standing and/or ad hoc committees of the Board. The Board may appoint an advisory council and/or honorary groups. The terms of appointment and expectation of service of any ad hoc, advisory or honorary group shall be determined by the Board.

Section 2. Board Committee Meetings. A majority vote of the members then serving on a committee constitutes an action of the committee. Each committee shall schedule its meetings and shall keep minutes of the proceedings and report to the Board of Directors.

Section 3. Executive Committee. The Executive Committee shall be a permanent standing committee and shall consist of the elected officers of the Sedona Arts Center, and one additional Board member, appointed by the

President.

The Executive Committee may take action on essential matters relating to the business affairs of the Arts Center a when meeting of the full Board is unnecessary or inconvenient. The Executive Committee may not adopt, amend or repeal Bylaws, and shall report actions taken at the next regular meeting of the Board. The Committee may formulate and recommend policies and procedures for adoption by the other committees of the Board, and/or suggest objectives or areas for inquiry by the committees.

The activities of the Executive Committee shall not operate to relieve the Board of Directors or any individual Director, of any responsibility imposed upon him/her by law, the Arts Center's Articles of Incorporation and Bylaws or Governance policies.

The Executive Committee serves as a "sounding board" for the Executive Director; performs the annual performance evaluation of the Executive Director and deals with the rare emergency situation when a quorum of the full Board is not available and an action must be taken.

The presence of a majority of the members of the Executive Committee shall constitute a quorum for the purpose of carrying out the business of the Arts Center.

Article VIII Indemnification

Every person who is or shall be or has been a Director or Officer of the Corporation and his or her personal representative shall be indemnified by the Corporation against all costs and expenses reasonably incurred by or imposed upon him or her in connection with or resulting from any action, suit, or proceeding to which he or she may be made a party by reason of his or her being or having been a Director or Officer of the Corporation or any subsidiary affiliate thereof, except in relation to such matters as he or she shall finally be adjudicated in such action, suit, or proceeding to have acted in bad faith and to have been liable by reason of willful misconduct or willful negligence in the performance of his or her duties as Director or Officer. Costs and expenses of actions for which this article provides indemnification shall include, among other things, attorneys' fees, damages and reasonable amounts paid in settlement. The Corporation may pay attorneys' fees or other expenses in an indemnifiable action prior to any final disposition of that action. However, the Corporation must receive an agreement from the indemnified person that they will repay the advance if it is ultimately determined that such person is not entitled to be indemnified.

Article IX Miscellaneous

Section 1. Personal Liability: No Director shall be held personally liable for any debts of the Corporation.

Section 2. Fiscal Year: The fiscal year of this Corporation shall be July 1 through June 30 of each calendar year.

Section 3. Contracts, Checks, Bank Accounts, Etc.: The Board of Directors is authorized to select such banks or depositories as it shall deem proper for the funds of the Corporation. The Board shall determine who, if anyone, in addition to the President and the Treasurer, shall be authorized to sign checks, drafts or other orders of payment money, acceptances or other evidences of indebtedness, to enter into contracts, or to execute and deliver other documents and instruments on behalf of the Corporation in the conduct of the Corporation's business.

Section 4. Loans: The Corporation shall not make any loan of money or property to guarantee the obligation of any Director, Officer or employee. Provided, however, that the Corporation may advance money to a Director, Officer, or employee for expenses reasonably anticipated to be incurred in performance of their duties so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 5. Restricted Funds: The Board of Directors has designated certain funds as "SAC-restricted" by the

Board of Directors. Any change in that designation and/or any withdrawal or expenditure of the principle of that fund shall require the concurrence of three-fourths of the entire board members. Such approval may only be given at a noticed meeting of the Board and shall state the maximum amount proposed for withdrawal. Members may vote to approve the entire requested withdrawal or a portion thereof. As of June 2008, the two primary board-restricted funds are the Sedona Arts Center Legacy Fund and the Art Barn Fund.

Article X Amendments

These by-laws may be altered, amended or repealed in whole or in part at any duly organized meeting of the Board of Directors of the Corporation, by a two-thirds (2/3) majority vote of the voting Directors then serving in office. Any proposal to amend these by-laws shall be included with the notice of the meeting at which such amendment is proposed.