

BY-LAWS
OF
NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION

Adopted: December 22, 1999

**BY-LAWS
OF
NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION**

**ARTICLE I
MEMBER**

Section 1. Member Authorized.

The sole member of the Corporation shall be the County Treasurer of the County of Nassau, acting *ex officio*, with all the rights and privileges of a member under the Not-for-Profit Corporation law and the common law of the State of New York, except as otherwise set forth in the Certificate of Incorporation.

Section 2. Meetings.

The annual meeting of the sole member shall be held for the election of directors and the transaction of other business each year on such day as is determined by the Board of Directors. Special meetings of the sole member may be called at any time by the President, the Board of Directors or the sole member.

Section 3. Notice of Meetings.

(a) Written notice shall be given of each meeting to the sole member, and shall state the place, date and hour of the meeting and, unless it is an annual meeting, shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting shall also state the purpose or purposes for which it is being called.

(b) A copy of the notice of any meeting shall be given, personally or by first class mail not less than ten (10) nor more than fifty (50) days before the date of the meeting, or by another class of mail not less than thirty (30) nor more than sixty (60) days before such date, to the sole member.

Section 4. Quorum and Voting.

(a) Presence of the sole member in person or by proxy shall constitute a quorum for the conduct of business.

(b) Except as otherwise set forth in the Certificate of Incorporation, whenever any corporate action is to be taken by a vote of the sole member, it shall be authorized by a unanimous votes of the sole member.

Section 5. Proxies.

(a) The sole member may authorize another person or persons to act for such sole member by proxy.

(b) Every proxy must be signed by the sole member or the sole member's attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the sole member, except as otherwise provided by law.

**ARTICLE II
BOARD OF DIRECTORS**

Section 1. Power of Board and Qualification of Directors.

The Corporation shall be managed by its Board of Directors. Each director shall be at least eighteen years of age and qualified as set forth in the Certificate of Incorporation.

Section 2. Number and Term of Office:

- (a) The number of members of the Board of Directors shall be as set forth in the Certificate of Incorporation.
- (b) The director designated by the County Executive, who holds such office *ex officio* by virtue of being an officer or official of the County, shall hold office as a director so long as such director continues to be an officer or official of the County.
- (c) The director designated by vote of a majority of the County Legislature, if and so long as such director is an officer or official of the County, shall hold office as a director until a successor is designated by a vote of a majority of the County Legislature and such successor is qualified.
- (d) A director designated by a vote of a majority of the County Legislature, if such director is not an officer or official of the County, shall hold office as a director for an initial term expiring December 31, 2003 and thereafter for a term of three years.
- (e) Any other director, including the director designated by the County Executive and by the director designated by a vote of a majority of the County Legislature, shall hold office until the next Annual Meeting and until a successor is appointed and qualified.
- (f) Each director shall have one vote.

Section 3. Organization.

At each meeting of the Board of Directors, the Chairman, or, in the absence of the Chairman, a Vice President, shall preside, or in the absence of either of such officers, a chairman chosen by a majority of the directors present shall preside. The Secretary shall act as secretary of the Board of Directors. In the event the Secretary shall be absent from any meeting of the Board of Directors, the meeting shall select its secretary.

Section 4. Resignations and Removal of Directors.

- (a) Any director of the Corporation may resign at any time by giving written notice to the President or to the Secretary. Such resignation shall take effect at the time specified therein or, if no time be specified, then on delivery.
- (b) Except as otherwise provided in the Certificate of Incorporation, any or all of the directors may be removed with or without cause by vote of the sole member.

Section 5. Newly Created Directorships and Vacancies.

Vacancies occurring in the Board of Directors for any reason shall be filled in accordance with the procedures established in the Certificate of Incorporation for the election of directors. Directors elected to fill vacancies shall serve until the next annual meeting at which the election of directors is in the regular order of business, and until their successors are elected and have qualified.

Section 6. Action by the Board of Directors.

(a) Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the act of the Board of means action at a meeting of the Board by vote of a majority of the directors present at the time of the vote, if a quorum is present at such time.

(b) Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

(c) Any one or more members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 7. Place of Meeting.

The Board of Directors may hold its meetings at the principal office of the Corporation, or at such place or places within or without the State of New York as the Board of Directors may from time to time by resolution determine.

Section 8. Regular Meetings.

Regular meetings of the Board of Directors may be held without notice at such times as may be fixed from time to time by resolution of the Board of Directors.

Section 9. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the President, the sole member or by director. Notice shall be given orally, by telefax, or by mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than one (1) day before the meeting; if it is given by telefax or by mail, it shall be given not less than three (3) days before the meeting.

Section 10. Waivers of Notice.

Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

Section 11. Quorum.

(a) A majority of the entire Board of Directors shall constitute a quorum for the transaction of business.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any director.

Section 12. Compensation.

Directors may receive such compensation for their services as shall be unanimously determined by the Board of Directors and may be reimbursed for the expenses reasonably incurred by them in the performance of their duties.

Section 13. Annual Report.

The Board of Directors shall present at the Annual Meeting of members a report certified by a firm of independent public accountants selected by the Board, showing in appropriate detail the following:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the twelve-month fiscal period terminating not more than six months prior to said meeting.

(b) The principal changes in assets and liabilities, including trust funds, during said fiscal period.

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes during said fiscal period.

(d) The expenses or disbursements of the Corporation for both general and restricted purposes, during said fiscal period.

(e) The number of members of the Corporation as of the date of the report.

This report shall be filed with the records of this Corporation and a copy thereof entered in the minutes of the proceedings of the Annual Meeting of the sole member.

**ARTICLE III
OFFICERS**

Section 1. Number.

The officers of the Corporation shall be a Chairman, a President, a Vice President, a Treasurer, a Secretary and such other officers as the Board of Directors may in its discretion determine. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Term of Office and Qualifications.

Those officers whose titles are specifically mentioned in Section 1 of this Article III shall be elected by the Board of Directors at its annual meeting. Unless a shorter term is provided in the resolution of the Board electing such officer, the term of office of each officer shall extend to the first meeting of directors following the next Annual Meeting and until the officer's successor is elected and qualified.

Section 3. Additional Officers.

Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

Section 4. Removal of Officers.

Any officer may be removed by the Board of Directors with or without cause at any time.

Section 5. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, or to the President or to the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time be specified, then upon delivery.

Section 6. Vacancies.

A vacancy in any office shall be filled by the Board of Directors.

Section 7. Chairman.

The Chairman shall preside at all meetings of the sole member and of the Board of Directors at which the Chairman is present.

Section 8. President.

The President shall act as the chief executive officer of the Corporation and shall supervise generally the management of the affairs of the Corporation subject only to the supervision of the Board. The President shall also perform such other duties as may be assigned from time to time by the Board.

Section 9. Vice President.

In the absence or incapacity to act of the President, or if the office of President be vacant, the Vice President shall perform the duties and exercise the powers of the President, subject to the right of the Board from time to time to extend or confine such powers and duties or to assign them to others. The Vice President shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the President.

Section 10. Treasurer.

The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer shall keep and maintain the books of account and shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of and to the credit of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. The Treasurer shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

Section 11. Secretary.

It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and to keep the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by the Corporation

are duly given and served; the Secretary shall keep a current list of the Corporation's directors and officers and their residence addresses; the Secretary shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all meetings of the sole member, directors, and any special committee which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

Section 12. Appointed Officers.

The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

Section 13. Assignment and Transfer of Stocks, Bonds and Securities.

The Chairman, President, the Vice President, the Treasurer, the Secretary, and each of them, shall have power to assign, or to endorse for transfer, under the corporate seal, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Corporation.

**ARTICLE IV
CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS**

Section 1. Execution of Contracts.

The Board of Directors, except as in these By-laws otherwise provided, may authorize any officer or officers, agent or agents, in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officers, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

Section 2. Loans.

No loans shall be contracted on behalf of the Corporation unless specifically authorized by the Board of Directors.

Section 3. Checks, Drafts, etc.

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE V INDEMNIFICATION AND INSURANCE

Section 1. Authorized Indemnification.

Unless clearly prohibited by law or Section 2 of this Article V, the Corporation shall indemnify any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this Section, (a) is or was a member, director or officer of the Corporation, or (b) in addition is serving or served, in any capacity, at the request of the Corporation, as a member, director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys' fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

Section 2. Prohibited Indemnification.

The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

Section 3. Advancement of Expenses.

The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 2 of this Article V. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

Section 4. Indemnification of Others.

Unless clearly prohibited by law or Section 2 of this Article V, the Board of Directors may approve Corporation indemnification as set forth in Section 1 of this Article V or advancement of expenses as set forth in Section 3 of this Article V, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 5. Determination of Indemnification.

Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 2 of this Article V. No director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws.

Section 6. Binding Effect.

Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification which cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment.

Section 7. Insurance.

The Corporation is not required to purchase directors' and officers' liability insurance, but the Corporation may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article V or operation of law and it may insure directly the Directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article V as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 8. Nonexclusive Rights.

The provisions of this Article V shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article V, subject in all cases to the limitations of Section 2 of this Article V.

**ARTICLE VI
GENERAL**

Section 1. Office.

The office of the Corporation shall be at such place in the County of Nassau, State of New York, as the Board of Directors may determine.

Section 2. Books and Records.

There shall be kept at the office of the Corporation:

- (a) correct and complete books and records of account;
- (b) minutes of the proceedings of the sole member and the Board of Directors;
- (c) a current list of the Directors and officers of the Corporation and their residence addresses;
- (d) a list of record containing the names and addresses of the sole member;
- (e) a copy of these By-laws.

Section 3. Seal.

The corporate seal shall be in the form of a circle and shall have inscribed thereon the following: "Nassau County Tobacco Settlement Corporation 1999 New York Not-for-Profit Corporation."

Section 4. Interested Directors and Officers.

No contract or other transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, firm, association or other entity in which one or more of its directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such director or directors or officer or officers are present at the meeting of the Board of Directors which authorizes such contract or transaction, or that his or their votes are counted for such purpose:

(a) If the material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board and the Board authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested director or officers; or

(b) If the material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the sole member and such contract or transaction is authorized by vote of the sole member.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes such contract or transaction.

Section 5. Loans to Directors and Officers.

No loans other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in a bank, shall be made by the Corporation to its directors or officers, or to any other corporation, firm, association or other proprietary entity in which one or more of its directors or officers are directors or officers or hold a substantial financial interest except as allowed by law.

Section 6. Fiscal Year.

The fiscal year of the Corporation shall commence **January 1** in each calendar year and end on the next succeeding **December 31**, provided that the fiscal year may be changed by the Board of Directors.

**ARTICLE VII
AMENDMENTS**

Section 1. Amendments.

The By-laws of the Corporation may be amended or repealed as set forth in the Certificate of Incorporation.