

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. James S. Alexander, Lewis H. Durand, Cloyd Laporte, R. McAllister Lloyd, Francis T. P. Plimpton, and their successors, as provided in section three hereof, are hereby constituted a nonprofit membership corporation by the name of The Common Fund for Nonprofit Organizations.

Section 2. The purpose of the corporation shall be to aid and strengthen corporations, community chests, funds and foundations, organized and operated exclusively for nonprofit and nonprofitmaking purposes, by providing means for the investment of their funds in shares or interests in one or more common funds, and for the diversification of their investments, all without profit to the corporation.

Section 3. The persons mentioned in section one as constituting the corporation, or a majority of them, shall hold a meeting, organize the corporation and adopt a constitution and bylaws not inconsistent with the constitution and laws of this state. The constitution and bylaws shall prescribe: the location of the principal office of the corporation; the territory in which its principal operations are to be conducted; the number, qualifications, powers and manner of selection of the trustees and officers of the corporation; the place or places for the holding of meetings, which may be held within or without the state; provisions for amending such constitution and bylaws; and any other provisions for the management and disposition of the property and regulation of the affairs of the corporation which may be deemed expedient. The constitution shall provide that:

in addition to the incorporators named in section one hereof, only corporations, community chests, funds and foundations organized and operated exclusively for nonprofit and nonprofitmaking purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, shall be members of the corporation, that only members shall be permitted to invest their funds in the corporation, that the incorporators shall serve as trustees until the first annual meeting of the corporation, and that thereafter the members shall elect the trustees of the corporation.

Section 4. For the accomplishment of any of its purposes the corporation hereby formed shall have the power to acquire property by grant, gift, purchase, lease, bequest, or devise, either absolutely or in trust, and without limitation as to character, amount or value, except such limitation as the legislature may hereafter impose; to hold and dispose of the same, and to invest, reinvest, deal with, take action with respect to, and expend the property and income of said corporation without limitation as to character, amount or value, except such limitation as the legislature may hereafter impose; without any obligation to segregate contributions, or the investment thereof, of the members; and in general to do and perform all of the things necessary and appropriate to a corporation created for the purpose mentioned in section two. Notwithstanding the provisions of any special or general laws in any way limiting any rights of any member to invest its funds, it shall be lawful for any member to invest any or all of its funds in the shares or interests of any common fund or funds of the corporation created by this act, provided that, in the case of funds

held by any member as fiduciary, such investment is not prohibited by the language of the will, deed or other instrument creating the fiduciary relationship.

Section 5. No trustee, member, officer or employee of the corporation shall receive any pecuniary profit from the operations thereof other than reasonable compensation for services rendered, reimbursement of expenses incurred in its service, or benefits received as a proper beneficiary of its strictly educational and charitable purposes; nor shall any trustee, member, officer or employee at any time have any personal interest in any property or assets of the corporation; nor shall any trustee, member, officer or employee, in the absence of fraud or bad faith, be personally liable for the debts, obligations or liabilities of the corporation.

Section 6. This act shall take effect immediately.

Became a law April 29, 1955, with the approval of the Governor. **10051**
Passed by a majority vote, the bills being present.