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February 23, 1976

*See folder for other papers - inc.*

Mr. John Esler  
19 Elmwood Street  
Albany, New York 12203

Re: Incorporation of McKownville  
Improvement Association

Dear John:

We have prepared and enclose herewith the proposed documents pertaining to the incorporation of our association. The procedure involves filing for incorporation with the New York State Secretary of State under New York's "Not-For-Profit Corporation Law". It appears that we should attempt to qualify as a "Type A" corporation under that statute which provides, in part, as follows:

Type A -- A not-for-profit corporation of this type may be formed for any lawful non-business purpose or purposes including, but not limited to, any one or more of the following non-pecuniary purposes: civic, patriotic, political, social, fraternal, athletic, agricultural, horticultural, animal husbandry, and for a professional, commercial, industrial, trade or service association.

"Type A" is the normal section under which homeowners or civic groups accomplish the desired incorporation and it is subject to the least amount of governmental regulation and restrictions upon the holding and transferring of real property.

In order for our association to incorporate, it will be necessary that the association call a general meeting and establish a committee charged with the duty of effectuating the incorporation. It is suggested that the members of the committee be yourself, Tim Cohan and Alice Torda.

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Enclosed is our proposed certificate of incorporation listing therein our corporate purposes and powers. If the certificate meets with your approval, you, Timothy Cohan and Alice Torda must sign the same before a Notary Public. The three of you must also sign the enclosed affidavit before a Notary Public.

When the foregoing is completed, we will need a certified check in the amount of \$50.00 made payable to the Secretary of State. We will then file the papers with the Secretary of State and, as of that filing, our association will be a corporation. As soon as possible after the filing of such papers, we must hold an organization meeting which must be on at least five days advance notice to all of our current members. At that meeting, we must elect a board of directors, who, in turn, will appoint corporate officers. At that meeting, we will also adopt our by-laws, including therein membership dues and such related matters.

As a corporation, we shall be subject to Federal and State corporate taxation. There is a possibility that we can qualify for a Federal tax exemption as a non-profit corporation. If we qualify for a Federal exemption, we shall also be exempt from State taxation. The Federal requirements for an exemption are very complicated and this matter would be best handled by an accountant. In view of some of our proposed activities, we may not qualify for such an exemption. I have contacted the Internal Revenue Service and received from them the enclosed documents pertaining to application for tax exemption. You may recall the case of The Sierra Club, which several years ago lost its tax-exempt status due to its lobbying activities in favor of certain legislation. I suspect that some of the association's activities at the local government level may be categorized as lobbying and, thus, violative of a tax-exempt status. However, that aspect must be taken up with a qualified tax expert.

In any event, the incorporation of the association will provide the following general and special powers: perpetual duration; the right to sue and be sued; to purchase, receive,

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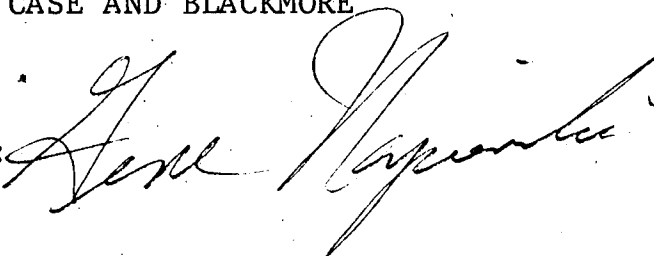
take by grant or gift, or otherwise own real and personal property; and to have and exercise all powers necessary to effect any or all of the purposes for which the corporation is formed. The foregoing list is not complete, but it demonstrates that as a corporation, the association will be recognized as a legal person under the law.

Should you have any questions concerning this matter, do not hesitate to contact me.

Very truly yours,

CARTER, CONBOY, BARDWELL,  
CASE AND BLACKMORE

By:



EEN:rfm  
Encs.

*P.S. Please  
call me after review of enclosures.*