

**AMERICAN LEGISLATIVE EXCHANGE COUNCIL
BYLAWS**

**ARTICLE I
NAME**

Section 1.01 The name of the corporation shall be the American Legislative Exchange Council (referred to hereinafter as ALEC).

**ARTICLE II
PURPOSES**

Section 2.01 The purposes and objectives of ALEC shall be to work in cooperation with the private sector to promote individual liberty, limited government and free enterprise. To achieve such goals ALEC shall:

1. Assist legislators in the states by sharing research information and staff support facilities;
2. Establish a clearinghouse for bills at the state level, and provide for a bill exchange program;
3. Disseminate model legislation and promote the introduction of companion bills in Congress and state legislatures;
4. Improve communications between state legislators and Members of congress;
5. Formulate legislative action programs;
6. Strengthen the position of state and local government relative to the federal governments; and
7. Develop liaison with legislators in other countries on problems of mutual Concern.

**ARTICLE III
MEMBERSHIP**

Section 3.01 Members. The membership of ALEC shall consist of such persons who accept membership through payment of dues and subscription to the principles of the organization as set forth in Article 111, Section 3.03.

Section 3.02 Terms and Conditions. The Board of Directors may prescribe the terms and conditions (including the setting of dues, fees and assessments) for the initiation, maintenance, suspension or termination of membership.

Section 3.03 Qualifications for Membership. Full Membership shall be open to persons dedicated to the preservation of individual liberty, basic American values and institutions, productive free enterprise, and limited representative government, who support the purposes of ALEC, and who serve, or formerly served as members of a state or territorial legislature, the United States congress, or similar bodies outside the United States of America.

Section 3.04 State Membership. A state or other political sub-division thereof, may become a member of ALEC. Such membership fees will be established as set forth in Section 3.02.

Section 3.05 Additional Classes of Members. The Board of Directors may establish more than one class of members, determine their designation, and any particular qualifications for such membership in addition to those prescribed in Section 3.03.

Section 3.06 Membership List. The Secretary of ALEC shall oversee maintenance of a membership list in which the names and addresses of all members in good standing shall be inscribed.

Section 3.07 Termination of Membership. Upon charges preferred against any member in writing and filed with the Secretary, and upon consideration by the Directors and the affirmative vote of not less than three-fourths of the Directors present at any regular or special meeting called for such purpose, at which a quorum is present, a member shall be expelled or suspended for cause. The written resignation of any member shall be filed with the Secretary and shall be effective on the date of such filing unless a later date is specified. Any member who has been suspended, or expelled, may be reinstated by the affirmative vote of three-fourths of the Directors present at any regular or special meeting called for such purpose at which a quorum is present, and upon such terms and conditions as the Directors may designate.

ARTICLE IV MEETINGS OF MEMBERS

Section 4.01 Annual Meeting. An annual meeting of the members shall be held at the place, date and time determined by the Board of Directors.

Section 4.02 Special Meeting. Special meetings of the members may be called by the

National Chairman of the Board of Directors, or a majority of the Board of Directors.

Section 4.03 Notice of Meeting. Notice of the annual meeting, or of any special meeting shall be mailed to each member at the address shown on ALEC'S books not less than ten (10) days before any such meeting. It shall state the place, day and time of such meeting.

Section 4.04 Conduct of the Meeting. The National Chairman or a designee of the chairman shall preside at each meeting of the members.

Section 4.05 Rules of the Meeting. Meetings of ALEC shall be conducted under the guidelines of Robert's Rules of Order, except as otherwise provided.

ARTICLE V BOARD OF DIRECTORS

Section 5.01 General Powers. The business and affairs of ALEC shall be managed by its Board of Directors. The Board of Directors shall exercise general supervisory power over all aspects of the administration of ALEC, but it is authorized to delegate such powers, duties, or responsibilities to such Directors, officers, members, or employees as it may by resolution provide.

Section 5.02 Number. The number of members of the Board of Directors shall be twenty-three (23). Eighteen Directors shall be nominated and elected by the Board of Directors. Three (3) Directors shall be elected by the Board of Directors from a list of six (6) nominees supplied by the State Chairmen, one of whom shall be the Chair of the State Chairs. Two (2) Directors shall be elected by the Board of Directors from a list of four (4) nominees supplied by the Task Force Chairs, all four of whom shall be Task Force public sector chairs.

Section 5.03 Election and Term. Directors will be elected at each annual meeting for a term to commence at the first Board of Directors meeting following the 15th of November. Vacancies for unexpired terms may be filled by the board at any of its meetings. One-third of the Directors nominated and elected by the Board of Directors shall be elected each year and their term shall be three (3) years with no limit on succession. The term of those Directors elected, as nominees of the State Chairmen and Task Force Chairs, shall be one (1) year. They may be elected to only one succeeding term without an interruption in their term of service. Those Directors elected from the list of nominees supplied by the State Chairmen and the Task Force chairs may be from any state.

Section 5.04 Qualifications. Directors must be a member of ALEC and serve as an elected state legislator at the time of their election or reelection to the Board, and for the duration of their term on the Board, except the Immediate Past National Chairman.

Section 5.05 Removal and Vacancies. The Board of Directors may remove any Director with or without cause by the affirmative vote of three-fourths of the Directors present at a meeting at which a quorum is present. Such action shall not be taken except upon thirty- (30) days written notice to such Director whose removal is proposed. For purposes of this section, cause may include failure to attend two consecutive regular board meetings without a reason approved by the Board. Members of the Board of Directors who vacate their Legislative position, for whatever reason, may serve at the pleasure of the Chairman until the next Board of Directors meeting when they will be replaced, except as otherwise provided by these bylaws.

Section 5.06 State Restriction. Of the 18 members nominated and elected by the Board of Directors, only one Board member may serve from any one State, except that States having a former National Chairman on the Board of Directors shall be permitted an additional Board member.

Section 5.07 Annual and Regular Board of Director Meetings. An annual meeting of the Board of Directors shall be held in conjunction with the annual meeting of the members for the purpose of electing officers and carrying on such business as may properly come before the meeting. Such meeting shall be held at the place where the members meetings are held. The Board of Directors may adopt a schedule of additional meetings, which shall be considered regular meetings. All meetings of the Board shall be held at a place designated by the National Chairman.

Section 5.08 Special Meetings. Special meetings may be called by the National Chairman or by a majority of the Members of the Board of Directors.

Section 5.09 Notice of Meetings. All meetings of the Board of Directors shall be held at a place designated in the call. Notice of such meetings may be given orally or in writing, but not less than ten (10) days prior to such meeting. Notice may be waived by any Director, but such waiver shall be in writing. Notice of special meetings held during the annual or regular meetings shall be given not less than twenty-four (24) hours prior to such meeting.

Section 5.10 Joint Meetings and Voting Privileges. A joint meeting of the ALEC Board of Directors and the Private Enterprise Board of Directors will be held at least once annually, and may be scheduled as directed by the ALEC National Chairman, or at the request of a majority of the ALEC Board of Directors. Voting will be the exclusive right of the ALEC Board of Directors.

Section 5.11 Quorum and Voting. One-third of the Board of Directors shall constitute a quorum. All matters to be decided at any meeting at which a quorum is present shall be by the affirmative vote of the majority of the Directors present except in instances where a vote of a greater number is required by law or by these Bylaws. Each Director shall, at every meeting, be entitled to one vote. A Director may not vote by

proxy.

Section 5.12 Rules Governing Conduct of Meetings. All meetings will be conducted under the guidelines of Robert's Rules of Order, except as otherwise provided.

Section 5.13 Telephonic Meetings. According to procedures adopted by the Board of Directors, they may participate in a regular or special meeting, or conduct the meeting through the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by these means is deemed to be present in person at the meeting.

Section 5.14 Action Without Meeting. The Board of Directors may take any action without a meeting, which could be taken at a meeting by execution of written unanimous consent which shall be filed and recorded by the Secretary in the same manner as if the meeting had been held. The action taken shall be effective when all Directors have approved the consent, unless the consent specifies a different effective date.

Section 5.15 Compensation. No Director shall be entitled to any compensation for his services as a Director, except reimbursement for expenses as authorized by the National Chairman according to procedures established by the Board of Directors.

Section 5.16 Chairman Emeritus. All former National Chairmen, in good standing, shall be designated as Chairman Emeritus and shall be entitled to participate as ex-officio members of the Board of Directors, and perform such duties as authorized by the National Chairman. A Chairman Emeritus, who is no longer a member of the Board of Directors, shall not be counted in the determination of a quorum or entitled to vote.

Section 5.17 Election of Officers. The Board of Directors shall elect, from among its membership, the Officers of ALEC.

ARTICLE VI OFFICERS

Section 6.01 Officers. The officers of ALEC shall consist of a National Chairman, a First National Vice Chairman, a Second National Vice Chairman, a Secretary, and a Treasurer. In addition there may be such other officers as may be designated from time to time by the Board of Directors, in accordance with these Bylaws. No two positions may be held by the same individual.

Section 6.02 Election and Qualification. In accordance with the procedures established in Article VIII, Section 8.04, the Nominating Committee shall submit the names of the proposed slate of new officers to the Board of Directors at the annual meeting. Nominations may be submitted by any Director to the Nominating Committee. There is no automatic succession of officers through the chairs of ALEC.

Section 6.03 Terms of Office. The officers shall be elected at the annual meeting of the Board of Directors or at such other meetings of the Directors as shall be called for such purposes. The officers elected at the annual meeting shall take office at the first Board of Directors meeting following the 15th of November. Unless otherwise determined by resolution, officers shall hold office for one year and until their successors shall be elected and qualified. The Chairman shall hold office for one term and may not succeed his or herself.

Section 6.04 Resignation. Any officer may resign at any time by giving written notice of his or her resignation to the Chairman or to the Secretary. Any such resignation shall take effect at the time specified therein or, if no time is so specified, upon its receipt by the appropriate officer. Acceptance of a resignation shall not be necessary to make it effective.

Section 6.05 Removal. The Board of Directors may, remove any officer from his or her office with or without cause by the affirmative vote of three-fourths of the Directors present at a meeting at which a quorum is present. Such action shall not be taken except upon thirty- (30) days written notice to the officer whose removal is proposed.

Section 6.06 Vacancies. A vacancy in the office of National Chairman, during his term, shall automatically be filled by the First Vice Chairman. Other vacancies in any office shall be filled by a vote of a majority of the Board of Directors.

ARTICLE VII DUTIES OF OFFICERS

Section 7.01 The National Chairman. The National Chairman shall be the chief executive officer and shall conduct the general and active management and direction of the business and affairs of ALEC and shall have general supervision over other officers and the Executive Director and staff, subject, to the control of the Board of Directors. The National Chairman shall preside at all meetings of the members and Board of Directors. He or she shall be empowered to appoint committees and shall, ex officio, be a member of all such committees.

The National Chairman may sign, execute and deliver in the name of ALEC all deeds, mortgages, bonds, contracts, and other instruments, except in cases where such signing, execution or delivery thereof shall be expressly delegated otherwise by the Board of Directors, by these Bylaws or by the laws of the State of Illinois. He or she shall perform all duties incident to the office of National Chairman and such other duties as may from time to time be assigned by these Bylaws or by the Board of Directors.

Section 7.02 The First National Vice-chairman. In the event of the temporary absence or disability of the Chairman, the First Vice-chairman shall perform all of the

duties of the Chairman. At all other times, the First Vice-chairman shall perform such duties and exercise such powers as from time to time may be assigned to him or her by these Bylaws, the Board of Directors or the Chairman.

Section 7.03 The Second National Vice-chairman. The Second National Vice Chairman shall perform such duties and exercise such powers as from time to time may be assigned to him or her by these Bylaws, the Board of Directors or the Chairman.

Section 7.04 The National Secretary. The Secretary shall attend the meetings of the Board of Directors, of the members of ALEC, of the Executive Committee of the Board of Directors and shall record all of the proceedings of such meetings and shall be the custodian of the seal and shall affix the seal to all such documents as may be required by law. The Secretary shall give or cause to be given notice of all meetings of the members and of the Board of Directors in accordance with the provisions of these Bylaws and shall keep copies of these Bylaws available for inspection by the membership, the officers or the Board of Directors. In general, the Secretary shall perform such duties incident to the office of Secretary and other duties as may from time to time be assigned by these Bylaws, the Board of Directors or the Chairman.

Section 7.05 The National Treasurer. The Treasurer shall be authorized to collect all monies payable to ALEC, shall be charged with the care and custody of the funds, and shall make such disbursements as are necessary from such funds. He or she shall keep the financial and bank accounts and shall enter in detail all receipts and disbursements and shall report thereon at the request of the Board of Directors or the Chairman. The books of account of ALEC shall be open at all times for inspection of the Board of Directors and any officer. The Treasurer shall perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by these Bylaws, the Board of Directors or the Chairman.

The Board of Directors is empowered to assign certain financial responsibilities in particular circumstances. Checks issued by the corporation shall be signed by the Executive Director and countersigned by either the National Chairman, The Treasurer or any other person designated by the Board of Directors, except that funds from the petty cash fund containing not more than One Thousand Dollars (\$1,000.00) may be disbursed for unanticipated expenses on the signature of the Executive Director.

ARTICLE VIII COMMITTEES OF DIRECTORS

Section 8.01 Committees. There shall be an Audit Committee, a Nominating Committee, an Executive Committee, and any such committees as appointed by the National Chairman. The Board of Directors shall have the power to direct the Chairman to appoint or terminate Committees.

Section 8.02 Executive Committee. The Executive Committee shall be composed of Officers, the Immediate Past Chairman and the Executive Director (non-voting), and shall have powers as delegated by the Board of Directors to take actions between Board meetings. Four (4) members of the Committee shall constitute a quorum not including the Executive Director. The Committee shall annually consider and shall submit to the Board of Directors for approval a long-term strategic plan.

Section 8.03 Audit Committee. The Audit Committee shall be composed of Directors who shall review the financial records of ALEC and provide fiscal reports and recommendations to the Board of Directors, and shall review the work of an independent auditor who shall conduct an annual audit of ALEC.

Section 8.04 Nominating Committee. The Nominating Committee shall be appointed from the Board of Directors by the National Chairman and shall consist of the National Chairman, serving as Chairman of the committee, and past National Chairmen who are serving on the Board of Directors. The committee shall consist of five (5) members. In the event there are less than four (4) eligible past Chairmen the National Chairman may appoint an additional member or members from the Board of Directors as required. The Nominating Committee shall submit a list of candidates for election as Officers and Directors including three names from the list of six nominees submitted by the State Chairmen and the list of four (4) nominees submitted by the Task Force Chairs. In so far as possible, consideration shall be given to geographic balance and bipartisan representation, The Nominating Committee may not nominate any of its members for positions enumerated in Article VI.

Section 8.05 Committee Meetings. Committee meetings will be convened at the call of the Committee Chairman with the consent of the National Chairman, or as may be authorized by the Board of Directors.

ARTICLE IX EXECUTIVE DIRECTOR

Section 9.01 Appointment. With the approval of the Board of Directors, the National Chairman shall appoint and determine the salary and conditions of the Executive Director. The Executive Director shall serve at the pleasure of the Board of Directors.

Section 9.02 Duties and Powers. The Executive Director shall be the chief administrator of ALEC responsible for management functions under the direction of the National Chairman. He shall manage and direct all activities of ALEC as prescribed by the Board of Directors. He shall employ, and may terminate, members of the staff necessary to carry on the work of ALEC, shall fix their compensation within the approved budget, subject to the direction and approval of the National Chairman and the Board of Directors, and supervise them in the conduct of their duties.

ARTICLE X
STATE CHAIRMEN AND STEERING COMMITTEE

Section 10.01 Appointment. All State Chairmen are appointed by the National Chairman. All Private Sector State Chairmen are appointed by the ALEC State Chairman, and confirmed by both the Private Enterprise Board Chairman, and the National Chairman. Each ALEC State Chairman shall appoint a Private Sector State Chairman to serve concurrently with the State Chairman.

Section 10.02 Term. State Chairmen serve for a two- (2) year term. and may be reappointed by the National Chairman.

Section 10.03 Duties. State Chairmen duties shall include recruiting new members, working to ensure introduction of model legislation, suggesting task force membership, establishing state steering committees, planning issue events, and working with the Private Enterprise State Chairman to raise and oversee expenditures of legislative scholarship funds.

Section 10.04 Meetings. State Chairmen shall meet at least three (3) times a year in conjunction with scheduled meetings of the National Board.

Section 10.05 Elections. State Chairmen and Private Sector State Chairmen shall meet at the ALEC Annual Meeting to separately elect a Chairman and a Private Sector Co-Chairman from their respective members whose duties shall be to preside at their meetings. Pursuant to Article V, Section 5.02, State Chairmen shall nominate six members, one of whom shall be the Chair of the State Chairs, whose names shall be submitted to the ALEC Board of Directors Nominating Committee for consideration as ALEC Directors. The duty of the Private Sector Cochairman is to assist the Chairman in fund rising and private/public sector recruitment and retention. The Chairman of the State Chairmen and the Private Sector Co-chairman may not serve more than two (2) consecutive two- (2) year terms. In addition, the State Chairmen shall establish an Executive Committee: composed of the following: Chairman of the State Chairmen (who will Chair the Executive Committee) the Private Sector Cochairman of the State Chairmen, and the three designated public sector State Chairmen currently serving on the ALEC Board of Directors, and three Private Sector State Chairmen selected by the Private Sector State Chairmen. The Executive Committee shall meet at the Fall Board Strategic Planning Meeting, and at the Annual Meeting.

Section 10.06 Steering Committee. State Steering Committees shall consist of a State Chairman, a Vice Chairman from the opposite party, if appropriates Senate and House Membership Coordinators, Legislative Issue Coordinators and such other members as set forth in ALEC'S strategic plan.

Section 10.07 State Scholarship Accounts. All funds for ALEC State Scholarship

Accounts shall be deposited in accounts designated by the ALEC Board of Directors. State Chairmen are prohibited from establishing, maintaining, or utilizing any other such accounts for ALEC purposes. Violation of this section shall constitute grounds for (1) immediate removal from a leadership position, and (2) dismissal from membership in accordance with these bylaws.

ARTICLE XI TASK FORCES

Section 11.01 Authority. Task Forces will be authorized by the Board of Directors for developing policy positions that promote ALEC purposes and objectives.

Section 11.02 Members. Task Forces will consist of legislators and private sector members of ALEC.

Section 11.03 General Powers. Task Forces are empowered to consider and debate legislative issues and to adopt model legislation, resolutions, and policy positions.

Section 11.04 Actions. All actions of the Task Force are to be submitted to the Board of Directors for adoption as ALEC policy positions.

Section 11.05 Procedure . Specific rules of procedure for the operation of task forces will be adopted by the Board of Directors. compiled and known as the Task Force Operating Procedures.

ARTICLE XII FINANCE

Section 12.01 General Provisions. ALEC shall be financed by proceeds from its membership dues and grants from public and private sector interests.

Section 12.02 Annual Budget and Amendments. The Executive Director shall present a proposed budget for the coming fiscal year to the Board of Directors who may amend and adopt the budget by a majority vote.

Section 12.03 Fiscal Year. The fiscal year shall begin on the First day of January and shall end on the Thirty-first of December.

Section 12.04 Audit. The books and records of ALEC shall be audited at least once annually by an independent auditor or accountant and approved by the Board of Directors.

Section 12.05 Contracts and Agreements. The Board may enter into contracts with government, private interests, or foundations for funding grants which are determined to be in the interests of ALEC and its philosophical purposes.

Section 12.06 Financial Statement. The Treasurer shall issue to the Board of Directors an annual statement of its financial condition as of the close of each fiscal year.

ARTICLE XIII GENERAL PROVISIONS

Section 13.01 Amendments. These Bylaws may be amended by the affirmative vote of a majority of the 23 member Board of Directors. A ten-day notice will be given in advance of any meeting called to change the Bylaws.

Section 13.02 Registered Agent. The name and address of the registered agent of the corporation shall be provided by resolution of the Board of Directors. Said registered agent shall be a citizen of the State of Illinois and reside therein.

Section 13.03 Principal Place of Business. The principal place of business of the corporation shall be, Washington, D.C. The Board of Directors may authorize other places of business to suit the needs of the corporation.

Section 13.04 The Seal of ALEC. The seal of ALEC shall be circular in form, shall bear its name in the margin thereof and shall indicate the facts of its corporation in the State of Illinois in the year of 1975.

ARTICLE XIV INDEMNIFICATION

Section 14.01 Indemnification of Officers, Board of Directors, Employees and Agents.

- (a) ALEC may indemnify any person who was or is party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action or in the right of ALEC) by reason of the fact that he or she is or was a director, officer, employee, or agent of ALEC, or who is or was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amount paid in

settlement actually and reasonable incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of ALEC, and, with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or contedere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

- (b) ALEC may indemnify any person who was or is a party, or is threatened to be made a party to any threatened. pending or completed action or suit by or in the right of the corporation to procure a judgement in its favor by reason of the fact that such person is or was a director, officer, employee or agent of ALEC, or is or was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to, the best interests of ALEC provided that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to ALEC. unless, and only to the extent that the court in which such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.
- (c) To the extent that a director, officer, employee or agent of ALEC has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in subsections, (a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.
- (d) Any indemnification under subregion (a) and (b) (unless ordered by a court) shall be made by ALEC only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in subsection (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such

action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion.

- (e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by ALEC in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by ALEC as authorized in this Section.

The indemnification provided by this Section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XV PRIVATE ENTERPRISE BOARD

Section 15.01 Creation. The formation of a Private Enterprise Board to support the activities and programs of ALEC is authorized.

Section 15.02 Bylaws. The Private Enterprise Board may establish and amend its bylaws subject to the approval of the ALEC Board of Directors.

Section 15.03 Membership. Members of the Private Enterprise Board are appointed by the National Private Enterprise Board Chairman with the advice and consent of the ALEC Board of Directors.

Section 15.04 Member Activities. Members of the Private Enterprise Board may be invited to attend all ALEC meetings and functions. The Chairman may appoint members of the Private Enterprise Board to serve on committees pursuant to rules adopted by the ALEC Board of Directors.

Section 15.05 Chairman. The Chairman of the Private Enterprise Board shall serve as a non-voting ex-officio member of the ALEC Board of Directors, and any Committee, excepting the Nominating Committee, at the appointment of the ALEC National Chairman.

Section 15.06 ALEC National Chairman. The ALEC National Chairman shall serve as an ex-officio member of the Private Enterprise Board and shall serve as the ALEC Board of Directors official contact between ALEC and the corporations and foundations whose representatives serve on the Private Enterprise Board.

Section 15.07 Limitations. The Private Enterprise Board is prohibited from entering into any contracts, establishing any checking account or deposit arrangement outside of that which exists between ALEC and any financial institution.

Section 15.08 Finances. All funds of the Private Enterprise Board shall be deposited in accounts designated by the Board of ALEC.

ARTICLE XVI NATIONAL CHAIRMAN'S COUNCIL

Section 16.01 Appointment and Term. The National Chairman's Council shall consist of thirteen (13) individuals. Members of the Council shall serve staggered three (3) year of terms, and may serve consecutive terms. Membership on the Council shall consist of the following:

1. The serving National Chairman, who shall also serve as the Chair of the Council;
2. The Immediate Past National Chairman, who shall also serve as Vice Chair of the Council, provided he/she has remained a public member in good standing;
3. Up to four (4) individuals who are former National Chairs and who have remained public members in good standing. Such members shall be nominated by the National Chair and require ratification by a majority vote of the Board of Directors. In the event that any such positions are not filled, including that of Vice Chair, for whatever reason, by former National Chairs, public sector members in good standing may be nominated to fill any such positions; provided that at all times the number of public sector members on the Council shall exceed by one the number of private sector members;
4. The current Private Enterprise Board chair and such other ALEC public sector members as nominated by the National Chairman and approved by the Board of Directors;
5. Up to five (5) individuals appointed from the private sector. Such members shall be nominated by the National Chair, upon the advice of the

Executive Director and the Chair of the Private Enterprise Board. All such nominations shall require ratification by a majority vote of the Board of Directors. The Executive Director shall develop criteria for eligibility for such membership, including minimum levels of grants, subject to approval by the Board of Directors.

The National Chairman may also appoint public and private sector members in good standing as non-voting, ex-officio members of the Council.

Section 16.02 Responsibilities. The National Chairman's Council shall be responsible for assisting in improving the financial stability of ALEC increasing the ALEC Reserve Fund; considering the establishment and management of an endowment fund for ALEC; providing financial advice concerning the financial management of ALEC; reviewing and Investigating the financial condition and operation of ALEC; and performing such other financially related duties as may be delegated to it from time to time by the Board of directors.

The National Chairman's Council shall be authorized to request reports, financial statements, and such other documentation from the Executive Director as are reasonably necessary to carry out its responsibilities. The Board of Directors shall require the Executive Director to comply with such requests unless refused as set forth in Section 16.05. If the Council determines in its best judgment that the Executive Director or the Board of Directors has acted or is acting imprudently or inadvisably with respect to ALEC'S finances, the Council shall be empowered to (1) authorize an independent audit and employ independent personnel if necessary, of any or all of ALEC'S funds and accounted including fund balance and any endowments as may be created; (2) meet with the Board of Directors, and report to the Board of Directors the results of any reviews undertaken; (3) make such written recommendations and reports relating to ALEC'S finances as may be necessary, but specifically with responsibility to identify any financial inefficiencies or irregularities and to report the some in writing to the Board of Directors with recommendations for corrective action; and/or (4) perform any such other ants reasonably necessary to carry out its responsibilities as prescribed by the Board of Directors.

Section 16.03 Reporting. The Council shall make written recommendations and report to the Board of Directors regarding ALEC'S financial management, accounting, financial procedures and financial organization. The Council shall report to the Board of Directors, as necessary, but not less than annually, in writing the results of its review(s). Any recommendations contained in such financial reports shall be binding on the Board of Directors unless refused as set forth in section 16.05.

Section 16.04 Meetings and Rules of Meetings. The National Chairman's Council shall hold its initial meeting, and any subsequent meetings, and shall meet at least twice each year, at such place and at such time as it deems necessary. Special meetings of the Council shall be held whenever

called by the Chairman or at the written request of any three or more members. A majority of members shall constitute a quorum for the transaction of business. Private sector members shall not be compensated for their service as a member of the Council. No staff person shall receive additional compensation beyond his/her regular salary for service to the Council. Members may not vote by proxy. No public members shall be entitled to any compensation for his/her service as a member of the Council, except reimbursement for expenses as authorized by the National Chairman according to procedures established by the Board of Directors.

The Council shall establish any other such rules necessary for the conduct of such meetings.

Section 16.05 Override. The Board of Directors shall implement the recommendations of the National Chairman's Council, unless rejected by a two-thirds (2/3) vote of the full membership of the Board of Directors.