

**BYLAWS OF
SMALL BUSINESS ASSOCIATION OF THE MIDLANDS**

**ARTICLE 1
MEMBERS**

Section 1. Members. The Corporation shall have one class of members, namely, "principal" members. The rights, responsibilities and obligations of each Member are as follows:

Principal Members. Principal members shall be those Members who wish to participate in the services provided. The principal members shall be small businesses that are operated with 100 or fewer employees and that are organized to provide services as authorized under the appropriate Internal Revenue Service (IRS) code. Each principal member shall designate a representative to attend and vote on behalf of the principal member at all Member meetings. The representatives so designated shall be referred to herein as the Designated Representatives.

Section 2. Founding Member Designation. Those Members who wish to contribute \$1,000 a year for three years beginning in 2009 and ending in 2011 shall be designated as founding members of the Corporation.

Section 3. Annual Meeting. An annual meeting of the Members will be held at such time, date and place as determined by the Board of Directors.

Section 4. Regular and Special Meetings. A minimum of four (4) regular meetings of the Members shall be held each year at such time, date and place as determined by the Board of Directors. Special meetings of the Members may be called by the President, the Board of Directors or by 25% of the Members.

Section 5. Notice of Member Meetings. Notice of all annual, regular and special meetings of the Members shall be mailed to each Member by first-class mail, or sent via electronic mail, or facsimile no fewer than seven nor more than 60 days before the meeting date, by or at the direction of the President, the Secretary, or the officer or the persons calling the meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail addressed to the Member at the address appearing on the books of the Corporations, postage prepaid.

Section 6. Fixing of Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of Members. Such date in any case to be not more than seventy (70) days and, in the case of a meeting of Members, not less than ten (10) days prior to the date on which the particular action, requiring such determination of Members, is to be taken. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Voting Lists. The Secretary shall make, at least two (2) business days after notice is given of the meeting of Members, a complete record of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of each Member. For a period of ten (10) days prior to such

meeting, the list shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any Member at any time during usual business hours. Such record, or a duplicate thereof, shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 8. Quorum. A majority of the Members represented in person shall constitute a quorum at a meeting of Members. The majority of those present at the meeting may adjourn the meeting from time to time without notice other than an announcement at the meeting, until such time as a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. If a quorum is present, the affirmative vote of a majority of the Members represented shall be the act of the Members, unless law requires the vote of a greater number.

Section 9. Proxies. No Member may use proxies to vote at any meeting of Members.

Section 10. Voting. Each Member shall be entitled to one vote on each matter voted on by the Members at a meeting of Members.

Section 11. Informal Action by Members. Any action required to be taken at a meeting of the Members, or any action that may be taken at a meeting of the Members, may be taken without a meeting if in writing, the proposed action to be taken is set forth, and is signed by Members holding at least eighty percent (80%) of the voting power. Such consent shall have the same force and effect as a unanimous vote of Members and may be stated as such in any articles or document filed with the Secretary of State under applicable state law.

ARCICLE II **DIRECTORS**

Section 1. Number and Qualifications. A Board of Directors consisting of no fewer than seven (7) or no more than thirteen (13) Directors shall conduct the business and affairs of the Corporation. The Board of Directors shall determine the number of Directors. The membership of the Board of Directors shall consist of Designated Representative of the Members of the Corporation and individuals from the community at large. The foregoing notwithstanding, no more than twenty-five percent (25%) of the Directors shall consist of individuals from the community at large at any time, and any individual from the community at large nominated to serve on the Board of Directors shall be required to pay annual membership fees as determined by the Board of Directors at its annual meeting. The Directors need not be residents of the State of Nebraska and Iowa. Although the numbers and qualification of the Directors may be changed from time to time by the Board of Directors, no change shall affect the incumbent Directors during the terms for which they were elected.

Section 2. Election and Tenure. At the first meeting of the Members, the Directors shall be divided into three (3) classes, as nearly equal in number as may be possible. The term of office of those of the first class shall expire at the first annual Members' meeting after their election; the term of the second class shall expire at the second annual Members' meeting after their election; the term of the third class shall expire at the third annual Members' meeting after their election. At each annual

Members' meeting following expiration of the term of each class of Directors, Directors shall be chosen for a term of three years to succeed those whose terms expired. Directors may choose to serve two consecutive terms if so desired. In all cases, Directors shall serve until their successors have been elected and qualified unless their service is earlier terminated because of death, resignation or removal.

Section 3. Vacancies. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or a special meeting of Members called expressly for that purpose. Vacancies caused by any other reason may be filled by the affirmative vote of a majority of the remaining Directors at a meeting called for that purpose, even though less than a quorum of the Board of Directors is present. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

Section 4. Removal. At a meeting of the Members called expressly for that purpose, Directors may be removed in the manner herein provided. Any Director, or the entire Board of Directors, may be removed, with or without cause, by a vote of the holders of a majority of the votes then entitled to be cast at an election of the directors.

Section 5. Quorum. A majority of the Directors in office shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If less than a quorum is present at any meeting, the majority of those present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 6. Annual Meeting. The annual meeting of the Board of Directors shall be held without notice other than this bylaw immediately following adjournment of the annual meeting of Members and shall be held at the same place as the annual meeting of Members unless some other place is agreed upon by a vote of a majority of the elected Board of Directors.

Section 7. Regular and Special Meetings. A minimum of six (6) regular meetings of the Board of Directors shall be held each year at such time, date and place as determined by the Board of Directors. Special meetings of the Board of Directors may be called by the President or twenty percent (20%) of the Directors then in office, and shall be held in Nebraska, and at such city, place, date and time, as the notice may state.

Section 8. Notice. Notice of the date, time and place of special meetings shall be mailed to each Director at his or her last known address via first-class mail, or sent via electronic mail facsimile at least two (2) days prior to the date of holding of the meetings. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 9. Action without A Meeting. Any action required to be taken at a meeting of the Board of Directors, or of any committee, may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, or all of the members of the committee, as the case may be. Such consent

shall have the same effect as a unanimous vote. The consent may be executed by the directors in counterparts.

Section 10. Voting. At all meetings of the Board of Directors, each Director shall have one vote.

Section 11. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 12. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors may be reimbursed for expenses of attendance at each regular or special meeting of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving reasonable compensation thereof.

Section 13. Telephonic Meetings. Members of the Board of Directors or any committee appointed by the Board of Directors may participate in a meeting with such Board or committee by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 14. Conflict of Interest. If a Director has a direct or indirect interest in any transaction or proposed transaction with the Corporation, the Director shall notify the Corporation immediately in writing and shall abstain from voting as a Director on any matter related to transaction. A transaction in which a Director has a conflict of interest with the Corporation may be approved at a regular or special meeting of the Board of Directors if, in advance of the vote, the material facts of the transaction and the Director's interests are disclosed to the Board, and the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the Corporation. Only those members of the Board of Directors who have no direct or indirect interest in the transaction shall be entitled to vote at such meeting, and a majority of those Directors shall decide whether to approve or disapprove the transaction. If the Director shall fail to make the required disclosures before the Corporation consummates the transaction, the Board of Directors may request his or her resignation.

ARTICLE III **OFFICERS**

Section 1. Number and Qualifications. The officers of the Corporation shall be a President, President Elect, Secretary, Treasurer and any other officers as the Board of Directors may determine.

Section 2. Election and Tenure. The officers of the Corporation shall be elected by the Board of Directors at its annual meeting. Each officer shall hold office for a term of one year or until his or her successor shall have been duly elected and shall have become qualified by the Board of Directors, unless such service is terminated sooner because of death, resignation, or otherwise. Officer may choose to serve another term, but will be limited to serving two consecutive terms in the same office.

Section 3. Removal. Any officer of the Corporation may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby.

Section 4. Vacancies. Vacancies occurring in any office by reason of death, resignation or otherwise may be filled by the Board of Directors at any meeting.

Section 5. Duties and Authority of Officers.

- a. **President:** The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the members and of the Board of Directors. The President may sign, with the Secretary, the Executive Director, or any other proper officer of the Corporation thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed; and in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- b. **President Elect:** In the absence of the President, or in the event of his or her death, inability or refusal to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The President Elect shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors, and shall assume the office of President upon the incumbent's completion of his/her term of office.
- c. **Secretary:** The Secretary shall attend and keep minutes of the meetings of the Board of Directors in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, be the custodian of the corporate records, keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member, have general charge of the corporate

minute books of the Corporation, and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

- e. **Treasurer:** The Treasurer shall have charge and custody and be responsible for all funds of the Corporation, receive and give receipts for all monies due and payable to the Corporation from any source whatsoever, deposit all such monies in the name of the Corporation in such banks, trust companies, or in other depositories as shall be collected in accordance with the provisions of these Bylaws, and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 6. Actions of Officers. The signing of any document by any officer of the Corporation, where the Corporation is a party to such document and the officer's title accompanies his or her signature on the document or instrument shall be conclusively presumed to be the action of the Corporation and not the action of the office or in his or her individual capacity. No deed, contract or instrument purporting to be made by and on behalf of the Corporation shall be valid as against the Corporation unless authorized by the Board of Directors, the Executive Committee or other duly authorized committee and signed by at least two (2) officers of the Corporation to whom such authority has been delegated.

ARTICLE IV **EXECUTIVE DIRECTOR**

The Executive Director shall serve as the Chief Executive Officer and shall be in charge of all management and operation and shall have full authority and responsibility for its daily operations, and any other duties subject to the general direction, approval and control of the Board of Directors. The Executive Director shall have the authority to sign with the President, the Secretary, or any other proper officer of the Corporation thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed. The Executive Director shall be an ex-officio member of the Board of Directors, and shall have the same voting power as any Member of the Corporation. [Really??? Every organization I've ever been involved with has the E.D. as ex-officio, but with no voting power. Since the E.D. in a non-profit technically works for the Board, having the E.D. vote is a bit of a conflict of interest.] The Executive Director shall receive compensation for his or her services.

ARTICLE V **COMMITTEES**

Section 1. Executive Committee. The Executive Committee of the Board of Directors shall consist of the officers of the Corporation and the immediate past President of the Corporation. The Executive Director shall serve as an ex-officio member of the Executive Committee. The chair of the Executive Committee shall be

appointed by the President of the Corporation. The Executive Committee shall perform the functions and discharge the duties concerning the evaluation and supervision of the Executive Director. The Executive Committee shall also ensure that proper procedures are in effect concerning the appointment and removal of the Executive Director and shall carry out any other functions related to the oversight of the Executive Director.

Section 2. Nominating Committee. The members of the Nominating Committee of the Board of Directors shall be elected by a majority determination of the Executive Committee. The chair of the Nominating Committee shall be appointed by the President of the Corporation. The members of the Nominating Committee shall perform the functions and discharge the duties concerning the nomination of individuals to fill any vacancies on the Board of Directors and the required officers of the Corporation. At each annual meeting of the Board of Directors, the Nominating Committee shall submit to the Board of Directors a list of candidates to fill the vacancies created by the expiring terms of those Directors and officers then serving. In addition, during the year when a vacancy occurs due to resignation, death, or removal, the Nominating Committee shall submit the names of an individual or individuals to the Board of Directors for its consideration and fillings of any such vacancy. The Nominating Committee's recommendations shall be consistent with the Corporation's objective that the Directors of the Board who are Designated Representatives of Members shall fairly represent the make-up of the Membership of the Corporation. The list of candidates submitted at the first meeting of the Members shall divide the candidates into three (3) classes with each class including the Designated Representatives of Members which fairly represent the make-up of the Membership of the Corporation, to the extent reasonably possible.

Section 3. Other Committees/Special Interest Groups. The Board may establish other standing and or *ad hoc* committees. Directors, officers, employees of the Corporation, and Designated Representatives of Members are eligible to be appointed to a committee. At least one member of the Board of Directors shall serve on each committee with one or those members of the Board of Directors serving as the chair of said committee. Committees will present recommendation and advice to the Board of Directors, but only the Board of Directors shall have authority to act on behalf of the Corporation, unless otherwise authorized by the Board of Directors.

Section 4. Term of Office. Each member of the committee shall serve one (1) year term which shall commence upon his or her appointment by the greater of (a) a majority of all the Directors then in office or (b) a majority of the Directors present when quorum is present and shall terminate when his or her successor has been elected and qualified, unless his or her service is earlier terminated because of death, resignation or removal. Any member of a committee may be removed by the person or persons authorized to appoint such member whenever in his or her or their judgment the best interests of the Corporation shall be served by such removal.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointments.

Section 6. Quorum. Unless otherwise provided in the resolution of the Board of Directors designating the committee, a majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Meeting Rules. The provisions set forth in ARTICLE II of these bylaws relating to the meetings of the Board of Directors shall be applicable to and shall govern all meetings of committees established pursuant to this ARTICLE V, except that committees shall not be required to conduct regular or annual meetings unless the committee, by resolution, determines to do so. Each committee may adopt rules for its own governance not inconsistent with these bylaws or with rules adopted by the Board of Directors.

Section 8. Reports. Each committee shall keep regular minutes of the transactions of its meetings and shall from time to time (but no less than annually) report its activities to the Board of Directors and shall make recommendation directly to the Board of Directors on matters referred to it or falling within its charge.

ARTICLE VI **BANK ACCOUNT**

The funds of the Corporation shall be deposited in such banks, trust funds or depositories as the Board of Directors may designate and shall be withdrawn upon the signature of the President and/or upon the signatures of such other person or persons as the Directors may by resolution authorize.

ARTICLE VII **WAIVER OF NOTICE**

Whenever any notice is required to be given to any Member or Director of the Corporation under the provisions of the Articles of Incorporation, these bylaws or the Nebraska Nonprofit Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE VIII **PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS**

No Director, officer of, member of a committee of, or person connected with the Corporation, or any other private individual shall receive any of the net earnings or pecuniary profit from the operations of the Corporation; *provided, however*, this provision shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the corporation in effecting any of its purposes as shall be fixed by the Board of Directors, and no such persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation.

ARTICLE IX
**INDEMNIFICATION OF DIRECTORS, OFFICERS,
EMPLOYEES, AND AGENTS**

To the extent permitted by law, the Corporation shall indemnify any person who was or is a 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 by or in the right of the Corporation, by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation against expenses, including attorney fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

To the extent permitted by law, the Corporation shall 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 judgment in its favor by reason of the fact that he or she is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another corporation, partnership, joint venture or other enterprise or as a trustee, officer, employee or agent of any employee benefit plan, against expenses, including attorney fees, actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

To the extent permitted by law, the Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred in such capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability.

The indemnity provided for by this Article IX shall not be deemed to be exclusive of any other rights to which those indemnified may be otherwise entitled, nor shall the provisions of this Article IX be deemed to prohibit the Corporation from extending its indemnification to cover other persons or activities to the extent permitted by law or pursuant to any provision in the bylaws.

