

**Bylaws
of the
National Association of Independent Life Brokerage Agencies
(NAILBA)**

**AMENDED BY VOTE OF THE BOARD OF DIRECTORS
OCTOBER 19, 2017**

ARTICLE I – Name

The name of the corporation shall be the National Association of Independent Life Brokerage Agencies Incorporated (hereinafter referred to as “NAILBA”).

ARTICLE II – Purpose

The purpose of NAILBA is to promote the trade and business of independent insurance brokerage agencies, and to foster and expand the responsible and effective distribution of life and health insurance and related financial services for the benefit of consumers, agents and companies served by independent insurance brokerage agencies, by means of communicating and disseminating information among independent insurance brokerage agencies, promoting greater awareness of independent insurance brokerage agencies among consumers, agents and brokers, and advocating the positions of independent insurance brokerage agencies to governmental, regulatory and industry representatives.

ARTICLE III - Offices

NAILBA shall maintain a registered office and a registered agent in the State of Illinois. NAILBA may have such other office or offices within or without the State of Illinois as determined by the Board of Directors.

ARTICLE IV - Membership

Section 1. MEMBERS. The corporation shall have the classes of membership outlined below (collectively referred to as “the Membership”). Membership in NAILBA reflects an organization’s dedication to independent brokerage ideals. Membership applications must be approved by a majority of the Board of Directors. Annual dues for each class of membership shall be determined by the Board of Directors.

Regular Membership

Qualifications for an agency’s acceptance as a REGULAR member:

1. The agency is an appropriately licensed independent brokerage agency.
2. The agency derives its primary income from brokerage distribution.
3. The agency is free to place business with any carrier.
4. The agency maintains, in good standing, a brokerage general agent’s contract with at least three (3) brokerage carriers.
5. The agency is committed to promoting and advocating the independent brokerage system.
6. Applicants must agree to comply with the NAILBA Bylaws and promote the trade and business of independent insurance brokerage agencies and the interests of consumers served by such agencies.

Member Emeritus. This category shall be for a retired principal from a NAILBA member agency, or for an agency

principal who no longer qualifies for membership as a Regular member. The individual's agency (or former agency) shall have no less than five (5) continuous years of NAILBA membership, in good standing, prior to retirement. Membership benefits under this category are limited to the individual who is granted membership, not for any others in the principal's former agency.

Section 2. VOTING RIGHTS. Each Regular member agency shall be entitled to one vote on each matter submitted to a vote of the members. No other class of members shall be entitled to vote. Each Regular member agency shall designate a corporate officer in that agency as the voting representative of that agency.

Section 3. APPROVAL OF MEMBERS. In order to become a member, each applicant must submit a written application in a form approved by the Board of Directors. Each membership application will be reviewed by the Board of Directors. Approval requires a majority vote of the Board of Directors. Each member agency shall verify its membership category status upon the annual renewal of its membership

Section 4. TERMINATION OF MEMBERSHIP. The Board of Directors, by affirmative vote of a majority of all its members, may suspend or expel a member for cause after an appropriate hearing, and may terminate the membership of any member who becomes ineligible for membership, or suspend or expel any member who shall be in default in the payment of dues for the period specified on Article X of these bylaws.

Section 5. RESIGNATION. Any member may resign by filing a written resignation with the Secretary, but such resignation shall not relieve the member so resigning of the obligation to pay any dues, assessments, or other charges theretofore accrued and unpaid. A member who resigns shall not be entitled to any dues refund.

Section 6. ANNUAL MEETING. An annual meeting of the members shall be held on a date determined by resolution of the Board of Directors for the purpose of electing Directors and for the transaction of such other business as may come before the meeting.

Section 7. SPECIAL MEETING. The Chairman, the Board of Directors, or not less than one-fourth of the members having voting rights may call special meetings of the members.

Section 8. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Illinois, as the place of meeting for any annual meeting or for any special meeting of NAILBA.

Section 9. NOTICE OF MEETINGS. Written notice stating the place, day and hour of any meeting or meetings of the membership shall be delivered, either personally, by mail, by electronic means, or by any other means permitted under the law of the State of Illinois, to each member entitled to vote at such meeting, not less than ten nor more than forty days before the date of such meeting. In case of a special meeting, or when required by statute or by these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail.

Section 10. VOTING LIST. The Chief Staff Officer shall prepare at least ten days before the meeting of members, a list of members entitled to vote at the meeting showing the address of each member, which list shall be kept on file at the principal office of the corporation and shall be opened to the inspection of any member, for any purpose germane to the meeting, at any time during ordinary business hours. Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any member who is present.

SECTION 11. LIMITATIONS ON RIGHT TO VOTE. Members who (i) have been terminated, expelled or suspended by the corporation; (ii) are undergoing liquidation or rehabilitation; (iii) have been adjudicated, bankrupt or insolvent; or (iv) have commenced any proceedings under any bankruptcy, reorganization, arrangement, insolvency, readjustment, or debt, dissolution or liquidation law of any jurisdiction, or with respect to which such proceedings are commenced and have not been dismissed within 60 days thereafter, or if the member by any act

indicates his/her approval thereof, consent thereto, or acquiescence therein shall not be entitled to vote.

Section 12. QUORUM. Twenty-five voting members present at any membership meeting, in person or by proxy, shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, the members present may vote to adjourn the meeting without further notice.

Section 13. PROXIES. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 14. MANNER OF ACTING. Once a Quorum has been established, a vote of a majority of the members, present in person or by proxy, shall be necessary for the adoption of any resolution unless a greater proportion is required by law or by these bylaws.

Section 15. VOTING BY BALLOT. Voting for the election of Directors shall take place at the Annual Meeting of the Membership. Not less than 20 days or more than 40 days prior to the Annual Meeting of the Membership, the Nominating committee shall present to the membership by written notice, one nominee for each Board position becoming vacant at the Annual Meeting. The Notice shall also inform the membership that additional nominations for each vacancy may be made by petition signed by 15 members entitled to vote. Nominees must be Officers of Regular Member agencies. The petition must specify which vacancy the nominee is being nominated for and must include a signed statement from the nominee consenting to the nomination. The petition must be filed with the Chief Staff Officer of NAILBA at least 10 days prior to the Annual Meeting of the Membership.

If no petitions are received by the Chief Staff Officer at least 10 days prior to the Annual Meeting of the Membership, the Chief Staff Officer shall report to the membership at the Annual Meeting of the Membership that no such petitions have been received.

In such an event, the Secretary/Treasurer, as inspector of the voting, shall cast a unanimous ballot for the single nominee for each Board vacancy.

In the event that a valid petition has been filed nominating one or more additional candidates for any Board vacancy, the Secretary/Treasurer, as inspector of voting shall have a written ballot distributed. Voting members shall cast their votes and the Secretary/Treasurer shall count the votes cast and any proxy votes submitted pursuant to Article IV, Section 13.

The nominee for each vacancy receiving the greatest number of votes cast shall be declared the winner of the election. The Secretary/Treasurer shall file a written report showing the number of votes cast for each nominee for each vacancy.

Section 16. INFORMAL ACTION BY MEMBERS. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the members entitled to vote with respect to the subject matter thereof.

Section 17. TRANSFER OF MEMBERSHIP. Membership in the corporation is not transferable or assignable.

ARTICLE V - Principal in Transition

Section 1. REQUIREMENTS FOR PRINCIPALS IN TRANSITION: Principals (stock owners, partner or proprietor in active, resident management) of member agencies who become disassociated with that member agency may, independent of such association, continue a relationship with NAILBA for a period of up to one year commencing

the calendar year following such disassociation. Principals so affected will be accorded "Principal in Transition" status upon (1) approval by the Board of Directors, and (2) only in absence of written objection by the Principal's disassociated agency. Principal in Transition status will not be accorded principals transitioning to another NAILBA member agency or to a non-member agency eligible for NAILBA membership.

Section 2. RIGHTS AND BENEFITS: Principals in Transition shall be entitled to all rights and benefits inuring to principals of member agencies, except the right to vote and the right to hold office.

Section 3. TERMINATION: The Principal in Transition status shall terminate automatically if the individual becomes affiliated with (1) a NAILBA member agency, or with (2) a non-member agency eligible for NAILBA membership.

Section 4. DISTINGUISHED ASSOCIATE: Member principals not eligible for transition status (see above) may be granted a Distinguished Associate status by the board on an annually renewable basis. Any rights and privileges shall be the same as noted above for the principal in transition.

ARTICLE VI - Board of Directors

Section 1. GENERAL POWERS. The Board of Directors shall manage the business and affairs of the corporation. Pursuant to Article XVI, Section 1, the Board is authorized to amend the Bylaws, including Article VI, Section 2 below, to establish the number of Directors on the Board.

Section 2. NUMBER AND QUALIFICATIONS. The number of Directors shall be established by the Board but shall be no less than three (3) and no more than fifteen (15). The Board shall advise the Nominating Committee of any change in the number of Directors so that the Nominating Committee can provide a list of nominees to the voting membership prior to the next election. The composition of the Board shall include the elected officers and the elected Non-Officer Directors. Directors shall be elected at the annual meeting of the membership by a simple majority vote of the Quorum of members voting in person or by proxy. Directors must be officers of Regular member agencies. Directors shall be elected from a group of nominees proposed by the Nominating Committee or by a petition of members pursuant to Article IV, Section 15.

Section 3. TERM OF OFFICE. Directors shall serve for two-year terms unless their term is interrupted by election as an Officer. Directors' terms shall be staggered to limit the number of Board vacancies each year, while allowing for an officer to be elected from the current slate of Directors. Directors serving in Officer positions shall automatically progress in one-year terms from Secretary/Treasurer to Chairman-Elect, to Chairman to Immediate Past Chairman. At the conclusion of his/her term as Immediate Past Chairman, that person shall not be eligible for re-election to the Board for a period of five (5) years.

Members of the Board of Directors shall hold office until December 31st of the following year or until their duly elected successors take office. Non-Officer Directors may not serve for more than two (2) consecutive terms.

Section 4. REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held each year, without other notice than required by these bylaws, immediately prior to the annual meeting of members. The Board of Directors may provide, by resolution, the time and place for holding additional regular meetings of the Board of Directors, without other notice than set out in such resolution, subject to the requirements of Illinois law.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place for holding any special meeting of the Board of Directors called by them.

Section 6. NOTICE. Notice of any special meeting of the Board of Directors shall be given at least seven (7) days

prior to said meeting by notice to each Director, by any means permitted under Illinois law, at his or her address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon pre-paid. If notice be given by electronic mail with "Return Receipt" requested, such notice shall be deemed to be delivered when the "Return Receipt" is received by the sender. The person or persons entitled to the notice either before or after the time of the meeting may waive notice of any special meeting of the Board of Directors in writing. The attendance of a Director at any 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

Section 7. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors are present at said meeting, a majority of the Board of Directors present may adjourn the meeting to another time without further notice.

Section 8. MANNER OF ACTING. The act of a majority of a Quorum of Board of Directors shall be the act of the Board, unless a greater majority is required by statute, these bylaws or the articles of incorporation.

Section 9. ALTERNATIVE MEETING PROCEDURES. The Directors may participate in, and act at, any meeting of the Board through the use of a conference telephone or other communications equipment, by means of which all persons participating in the meeting can communicate with each other and hear each other. Participation in such a meeting shall constitute attendance and presence in person at the meeting of the Board of Directors. Directors may also hold meetings via electronic means to the extent permitted under the laws of the State of Illinois.

Section 10. INFORMAL ACTION. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors then holding office.

Section 11. VACANCIES. The Chairman, with approval of the Board of Directors, shall fill any vacancy occurring in the Board of Directors. Any Director appointed to fill a vacancy in the Board of Directors shall meet the qualifications contained in these bylaws. A Director appointed to fill a vacancy shall serve for the unexpired term of his predecessor in office and then be able to serve on their own accord should they so desire for the full term.

Section 12. COMPENSATION. Directors shall not receive any stated salaries for their services, but by resolution of the Board of Directors expenses of attendance, if any, may be allowed for each regular or special meeting of the Board, provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving reasonable compensation therefore. NAILBA meeting registrations, if any, shall not be a reimbursable expense.

Section 13. BOARD COMMITTEES.

- (a) Advocacy Committee -- The Advocacy Committee shall be responsible for reviewing legislation and regulatory action affecting the NAILBA membership. This Committee shall be responsible for reviewing public policy positions taken by the Association and shall make recommendations to the Board of Directors regarding positions to be taken on legislative and regulatory affairs. The Chairman shall appoint the members of this Committee.
- (b) Nominating Committee -- The Nominating Committee shall identify, solicit and evaluate, qualified leadership prospects and nominate the most qualified of these prospects as directors in accord with Article VI. It shall be among the purposes of this Committee to propose candidates/nominees who will be

representative of the membership with respect to geographic location and agency size distribution of member agencies whenever possible. The Immediate Past Chairman will serve as Chair of this Committee.

- (c) Other Board Committees – The Board may establish such other committees as it deems appropriate. Each of such committees shall be given specific tasks to perform and shall report back to the Board when such tasks are completed.

ARTICLE VII – Officers

Section 1. OFFICERS. The elected officers of the corporation, who shall be the only voting members of the Board of Directors, shall have the titles of Chairman, Chairman-Elect, Secretary/Treasurer, Immediate Past Chair, and Non-Officer Director. Each officer must be a corporate officer of a Regular member agency. The Chief Staff Officer of the Association shall be an ex officio member of the Board of Directors without the right to vote.

Section 2. ELECTION AND TERM OF OFFICE. Each year the Board of Directors shall elect one Director to serve as Secretary/Treasurer at the time of the Annual Meeting. All officers shall automatically advance through the chairs in one-year terms from Secretary/Treasurer to Immediate Past Chairman as provided in Article VI, Section 3. Each Officer and/or Director shall serve until his/her successor is elected or until his or her death, resignation or removal as provided herein. If the election of the Secretary/Treasurer is not held at the Board Meeting at the time of the Annual Meeting of the Membership, the election shall be held as soon thereafter as possible. Officer vacancies may be filled or new offices may be created and filled at any meeting of the Board of Directors.

Section 3. REMOVAL. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. CHAIRMAN. The Chairman shall be the principal executive officer of the corporation. Subject to the direction and control of the Board of Directors, s/he shall be in charge of the business and affairs of the corporation; s/he shall see that the resolutions and directives of the Board of Directors are carried into effect except in those instances in which that responsibility is assigned to some other person by the Board of Directors; and, in general, s/he shall discharge all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors. S/he shall preside at all meetings of the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these bylaws, the Chairman may execute for the corporation any contracts, deeds, mortgages, bonds or other instruments which the Board of Directors has authorized to be executed, and s/he may accomplish such execution either under or without the seal of the corporation and either individually or with the Secretary/Treasurer, or any other officer thereunto authorized by the Board of Directors, according to the requirements of the form of the instrument. S/he may vote all securities that the corporation is entitled to vote except as and to the extent the Board of Directors shall vest such authority in a different officer or agent of the corporation.

Section 5. CHAIRMAN-ELECT. The Chairman-Elect shall assist the Chairman in the discharge of his/her duties as the Chairman may direct and shall perform such other duties as from time to time may be assigned to him by the Chairman or by the Board of Directors. In the absence of the Chairman, or in the event of his inability or refusal to act, the Chairman-Elect shall perform the duties of the Chairman and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these bylaws, the Chairman-Elect may execute for the corporation any contracts, deeds, mortgages, bonds or other instruments which Board of Directors has authorized to be executed, and s/he may accomplish such execution either under or without the seal of the corporation and

either individually or with the Secretary/Treasurer, authorized by the Board of Directors, according to the requirements of the form of instrument.

Section 6. SECRETARY/TREASURER. The Secretary/Treasurer shall be the principal accounting and financial officer of the corporation. S/he shall: (a) have charge of, supervise and be responsible for the maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the corporation, and be responsible therefore, and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to him by the Chairman or by the Board of Directors. If required by the Board of Directors, the Secretary/Treasurer shall give a bond, the fees for which shall be paid by the corporation, for the faithful discharge of his duties in such sum and with such sureties or securities as the Board of Directors shall determine.

Section 7. CHIEF STAFF OFFICER. The Chief Staff Officer shall supervise the day-to-day operation of the corporation and perform those duties delegated to him by resolution of the Board of Directors. The Chief Staff Officer shall be appointed by resolution of the Board of Directors to serve for a period of time or at the will of the Board of Directors, and shall be paid a salary at the rate provided for by said resolution. The specific title of the Chief Staff Officer shall be designated at the time of this resolution. The Chief Staff Officer shall record the minutes of the meetings of the Board of Directors in one or more books provided for that purpose and shall present them to the Secretary/Treasurer for approval prior to distribution. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these bylaws, the Chief Staff Officer may execute for the corporation any contracts, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed, and s/he may accomplish such execution either individually or with the Secretary/Treasurer, or any Assistant Secretary, or any other officer thereunto authorized by the Board of Directors, according to the requirements of the form of the instrument. The Chief Staff Officer may vote all securities that the corporation is entitled to vote except as and to the extent the Board of Directors shall vest such authority in a different officer or agent of the corporation. The Chief Staff Officer shall see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation; keep a register of the postal address of each member which shall be furnished to the Secretary/Treasurer by such member, and such other duties as from time to time may be assigned to him or her by the Chairman or the Board of Directors.

ARTICLE VIII - Committees

Section 1. STANDING COMMITTEES. NAILBA shall have the following Standing Committees:

(a) Audit Committee – The Audit Committee shall be responsible for reviewing the annual audit of NAILBA’s financial affairs made by the corporation’s firm of certified public accountants. The Audit Committee shall report to the Board of Directors the results of its evaluation of the audit. The Audit Committee shall be chaired by the Immediate Past Chairman and shall include at least two owners, partners or principals of member agencies who are not members of the Board of Directors.

(b) The Finance/Budget Committee – The Finance/Budget Committee shall provide advice and counsel to the Board of Directors on financial matters, including the review of income and expenditures to ensure financial needs and stability. This committee shall present and monitor an annual budget. The Finance/Budget Committee shall be chaired by the Secretary/Treasurer who will appoint the members of this Committee subject to approval of the Board of Directors.

(c) Investment Committee -- The Investment Committee shall provide advice and counsel to the Board of Directors on investment matters including the periodic review of NAILBA’s investment portfolio to ensure financial need and stability for the future, and adherence to NAILBA’s investment policy. The Secretary/Treasurer will serve

as Chair of this Committee. The Secretary/Treasurer, subject to the approval of the Board of Directors, will appoint the members of this Committee.

(d) Membership Committee -- The Membership Committee shall be responsible for identifying qualified membership prospects and for developing methods and means of securing and retaining a strong membership. The Chairman, subject to the approval of the Board of Directors, will appoint the Chair and members of this Committee.

Section 2. AD HOC COMMITTEES. The Board of Directors, by a majority vote of all Directors then in office, may designate one or more Ad Hoc Committees. The Board will give each Ad Hoc Committee a specific task to perform and a time limit within which to complete the task and submit a report to the Board of Directors. Ad Hoc Committees shall be composed of two or more owners, partners or principals of NAILBA members. Such Committee membership shall not be limited to Directors of the corporation. Individuals employed by member agencies may serve on Ad Hoc Committees, but may not Chair any committee. Individuals representing other related business entities and related organizations may be asked to participate in Ad Hoc Committees. However, the participation of such individuals is without the right to vote and without reimbursement of expenses by NAILBA.

Section 3. COMMITTEE PROCEDURES.

(a) Unless specified above, the Chairman of the Board, subject to approval of the Board of Directors, shall appoint one member of each Committee to be Chairman of the Committee. A Committee Chairman must be the agency principal of a Regular member agency.

(b) Term of Office. Each member of a Committee shall continue as a member of the Committee until the next annual meeting of the Board of Directors of the corporation and until his/her successor is appointed, unless the Committee shall be sooner terminated, or unless such member resigns, is removed from such Committee by the Board of Directors, or ceases to qualify as a member thereof.

(c) Vacancies. Vacancies in the membership of any Committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

(d) Chief Staff Officer. The Chief Staff Officer shall be an ex officio member of all Committees without the right to vote.

(e) Quorum. Unless otherwise provided in the resolution of the Board of Directors establishing a Committee, a majority of the whole Committee shall constitute a Quorum and the vote of a majority of a Quorum shall be the act of a Committee.

(f) Rules. All Committees shall operate pursuant to Robert's Rules of Order, latest edition.

ARTICLE IX - Indemnification

Section 1. DIRECTORS AND OFFICERS.

(a) The corporation shall indemnify any person who was or is a party or is threatened to be made party to any threatened, pending or complete 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 s/he is

or was a Director or officer of the corporation, or is or was serving at the request of the corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if s/he acted in good faith and in a manner s/he reasonably believed to be in, or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which s/he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

- (b) 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 s/he is or was a Director or officer of the corporation, or is or was serving at the request of the corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if s/he acted in good faith and in a manner s/he reasonably believed to be in or not opposed to, the best interest of the corporation, except 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 performances of his duty to the corporation, unless and only to the extent that a court of the Chancery Division, Circuit Court of Cook County, State of Illinois, or the court in which the action or suit was brought shall determine upon application that, despite the adjudication of liability but in the view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which a court of the Chancery Division, Circuit Court of Cook County, State of Illinois, or such other court shall deem proper.
- (c) To the extent that any person referred to in paragraphs (a) and (b) of this Section 1 has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to therein or in defense of any claim, issue or matter therein, s/he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.
- (d) Any indemnification under paragraphs (a) and (b) of this Section 1 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the Director or officer is proper in the circumstances because s/he has met the applicable standard of conduct set forth in paragraphs (a) and (b) of Section 1. Such determination shall be made (i) by the Board of Directors by a majority vote of quorum consisting of Directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion or (iii) by a majority vote of the members.
- (e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation 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 or officer by or on behalf of whom such expenses are incurred to repay such amount unless it shall ultimately be determined that s/he is entitled to be indemnified by the corporation as provided in this Section 1.
- (f) The indemnification provided by this Section 1 shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, bylaw, agreement, vote of members or disinterested Directors or otherwise, both in his/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 or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

- (g) The corporation shall have power to purchase and maintain insurance on behalf of any person who 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, trust or other enterprise, against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the corporation would have the power to indemnify him/her against such liability under the provisions of this Section 1.

Section 2. EMPLOYEES AND AGENTS. The Board of Directors may, by resolution, extend the indemnification provisions of the foregoing Section 1 to 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 by reason of the fact that s/he is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

ARTICLE X - Dues

Section 1. ANNUAL DUES. The Board of Directors may determine the amount of initiation fee, if any, and the amount of annual dues, and the amount of any special assessments, payable to the corporation by each membership class.

Section 2. PAYMENT OF DUES. Dues shall be assessed on a calendar-year (January 1 to December 31) basis, and are due on the 31st day of January of each calendar year. Renewal dues not paid by the 31st day of March each year will incur a late fee to be determined by the Board of Directors. Dues renewal notices shall be mailed in early December. Dues shall not be pro-rated for any Agency which joins during the year. Dues shall not be rebated for any member agency which resigns during the year.

Section 3. DEFAULT AND TERMINATION OF MEMBERSHIP. When any member shall be in default in the payment of dues for a period of three months from the date when such dues became payable, his membership may thereupon be terminated by the Board of Directors in the manner provided in Article IV, Section 4 of these bylaws.

ARTICLE XI - Contracts, Checks, Deposits and Funds

Section 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Secretary/Treasurer and countersigned by the Chairman or a Chairman-Elect of the Corporation.

Section 3. DEPOSITS. All funds of the corporation 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.

Section 4. GIFTS: DISCLOSURE OF DONOR'S NAMES. The Board of Directors may accept on behalf of the

corporation any contribution gift, bequest or devise for the general purpose or for any special purpose of the corporation. The names and addresses of all persons making contributions, gifts, bequests or devises to the corporation shall be publicly disclosed in such manner as the Board of Directors may from time to time determine or as may be required by law.

ARTICLE XII - Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. Any member, or its agent or attorney may inspect all books and records of the corporation for any proper purpose at any reasonable time.

ARTICLES XIII - The Fiscal Year

The fiscal year of the corporation shall end on the last day of June.

ARTICLE XIV - Seal

The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Illinois."

ARTICLE XV - Waiver of Notice

Whenever any notice is required to be given under the provisions of the General Not-For-Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or by the bylaws of the corporation, 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 deemed equivalent to the giving of such notice.

ARTICLE XVI - Amendments

Section 1. Amendments to Bylaws. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the Board of Directors. Such action may be taken at a regular or special meeting for which written notice of the purpose shall be given. The bylaws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with the law of the State of Illinois or articles of incorporation.

Section 2. Amendments to Articles of Incorporation. Amendments to the Articles of Incorporation shall be adopted as follows:

(a) The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote of members at a meeting of members which may be either an annual or a special meeting.

(b) Written or printed notice setting forth the proposed amendment or a summary of the changes to be affected thereby shall be given to each member entitled to vote on amendments at such meeting within the time and manner provided by law of the State of Illinois for giving notice of meetings to members. If such meeting be an annual meeting, the proposed amendment or a summary as stated above shall be included in the notice of

the annual meeting.

(c) At such meeting, at which there must be a Quorum of members either in person and/or by proxy, a vote of the members entitled to vote on the proposed amendment shall be taken. The proposed amendment shall be adopted by receiving the affirmative vote of at least one-half of the votes present and voted either in person or by proxy.

ARTICLE XVII - Conflict of Interest

The Association shall adopt a formal Conflict of Interest Policy. Each year, at the annual meeting, the Board of Directors shall review the Conflict of Interest Policy and complete a process for disclosing any actual or potential conflicts of interest.

ARTICLE XVIII - Annual Audit

The Corporation's financial records shall be audited at least once a year by a firm of certified public accountants retained by the Board of Directors upon the recommendation of the Audit Committee. The results of the audit shall be submitted to the Audit Committee and copies of the audit shall be presented to the Board of Directors together with an analysis of the audit made by the Audit Committee.

ARTICLE XIX - Dissolution

Upon dissolution, the balance of any assets or property of the corporation which remains after payment of all debts and/or obligations will be distributed to another organization with similar purposes and activities that is exempt from federal income taxation under Sections 501(c)(6) or 501(c)(3) of the Internal Revenue Code, as revised, as determined by the Internal Revenue Service. The Board of Directors shall select which organization or organizations will receive such distribution or distributions.