

Bylaws of the Griggs-Steele Empowerment Zone
Approved July 29, 2002

Article I: Griggs-Steele Empowerment Zone, Inc.

Section 1. Name of the Corporation

The name of the corporation shall be Griggs-Steele Empowerment Zone, Inc., hereinafter referred to as the Corporation.

Article II: Offices

Section 1. Principal Office.

The principal office of the Corporation shall be located at 602 Lincoln Ave. S. Finley, ND 58230.

Section 2. Other Offices.

The board of Directors shall have the power to authorize and establish other offices to transact the business and carry out the tax-exempt purposes of the Corporation.

Article III: Purpose

The purpose for which this corporation is organized is to receive and maintain real or personal property, or both, and to use and apply the income there from and the principal thereof for the aims of the Corporation's Strategic Plan. These aims include but are not limited to the advancement and diffusion of knowledge and understanding of economics, matters of public concern, finance, education and training, housing, human relations, science and technology, economic planning and development, and other subjects related to improved efficiency, development and acceleration of both the quality and quantity of economic, community and human development opportunities.

Article IV: Membership Fees and Compensation.

Section 1. The Corporation will not have members or fees.

No monetary or other donation given to the Corporation shall be considered a fee or due, and nothing shall be construed to differentiate between, or imply, classes of membership.

Section 2. Compensation.

There shall be no regular compensation for members of the Board of Directors and its Committees. However members may be reimbursed for expenses incurred in transacting the business of the Corporation and by per diem as approved by the board.

Article V: Management

Section 1. Powers of the Board of Directors.

The Board of Directors shall be the governing authority of the Corporation. The Board of Directors shall have the power to enter legally binding agreements to transact the business of the Corporation and to enable it to carry out its tax-exempt purposes. This includes the power to determine its own rules of procedure, select its officers, create and dissolve committees, appoint a Chief Executive Officer, and to do every act and thing necessary to effectuate its purposes under its Articles of Incorporation and as provided under the applicable laws and general provisions of the state of North Dakota. The Board of Directors delegates its decision making authority to the Chief Executive Officer through written policies which articulate the organizational results to be achieved and describes situations to be avoided.

Section 2. Number of Board Members.

The total number of seats on the Board of Directors shall not be more than fourteen nor less than seven, and shall be reviewed biennially as to its size and diversification.

Section 3: Qualifications of Board Members

The Board member must reside within the physical boundaries of the Griggs-Steele Empowerment Zone. The nominating committee is responsible for meeting the requirements of Department of Agriculture 7 CFR Part 25 Section 25.404.

Section 4: Initial Board of Directors.

The initial members of the Board of Directors shall be as stated in the Articles of Incorporation filed with the North Dakota Secretary of State.

Section 5: Election and Term of Office

All original members of the Board of Directors will serve initially a two-year term. Thereafter, and until such time as three year terms are phased in, members of the board of directors will serve one year, two year, and three year terms; the length of those terms, i.e., one year, two years, three years, will be determined by drawing lots at a meeting. Thereafter as those initial terms of office expire, board members shall serve staggered three-year terms. No board member shall serve more than two consecutive terms. The original term of the founding board shall not count towards the limit. Two-term board members are not eligible for Board membership for a period of one year after the completion of their second term. No Board member shall be employed by the corporation at any time during membership.

In October a nominating committee for new board members will be assigned by the executive committee. The nominating committee will submit nominees in December. The election of board members will be held in January. Incumbent board members receive an automatic qualification if they are still eligible.

Section 6. Resignation.

Any member of the Board of Directors may resign by giving written notice to the Chair of the Board. The resignation shall take effect at the time specified therein, or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Removal.

Any resident of the Empowerment Zone may petition in writing to the Executive Committee to have a member removed from office. This petition cannot be anonymous. The Executive Committee will review the petition and will bring unresolved issues to the full Board. A member of the Board of Directors may be removed from office by at least a three-fourths vote at a meeting at which a quorum of the Board is present, for just cause.

Section 8. Vacancies.

When a vacancy occurs (due to death, resignation, removal, end of term otherwise), such vacancies will be filled by a majority vote at a meeting at which three-fourths of the Board members are present. A director appointed to fill a vacancy shall be elected for the un-expired term of the predecessor of that position. The board's nominating committee will present recommendations for the vacant positions to the Board for approval.

Section 9. Manner of Action.

Every member of the board is entitled to one vote on every matter before the board. The act of the majority of the Board of Directors at a meeting at which a quorum is present shall be the act of the Board of Directors. Only an act of the Board as a group shall be official. No Individual member shall be empowered to act on behalf of the Board unless authorized to do so by majority vote of the Board. Proxy voting is prohibited.

Article VI: Officers

Section 1. Number and Titles.

The officers of the Corporation shall be a President, Vice-President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors.

Section 2. Election and Term of Office.

Except for the initial organizational meeting, the President shall appoint a nominating committee in January of each year to present a slate of officers for the upcoming fiscal year. No standing officers shall serve on the nominating committee. The proposed slate shall be presented to the Board at the regular scheduled meeting in February for a vote. Elected officers will take office in February and shall serve a term of one year.

Section 3. Removal.

Any officer may be removed from office by at least three-fourths vote of the Board whenever in its judgment the best interests of the corporation will be served thereby.

Section 4. Vacancies.

A vacancy in any office may be filled by the Board for the un-expired portion of the term by majority vote at a meeting at which a quorum is present.

Section 5. President.

The President shall assure the integrity of Board process including effectiveness of meetings and the Board's adherence to its own rules. He or she may sign such deeds, mortgages, bonds, contracts, or other instruments which the board has authorized to be executed, and may perform such other duties as authorized by the Board.

Section 6. Vice-President.

The Vice-President shall act in the absence or incapacity of the president, and when doing so, shall exercise the powers of the President. The Vice-President also will monitor the effective operation of the board through its Board Leadership policies. The Vice-President may also be responsible for duties delegated by the president.

Section 7. Secretary.

The secretary, by affixing her/his signature, shall attest formally to the legitimacy of board documents. The Secretary shall act in the absence or incapacity of the President, Vice-President, and Treasurer, and when doing so, shall exercise the powers of the President. In addition the Secretary shall perform other duties incident to this office as assigned by the Board, including the co-signing of documents with the President and affixing the Corporate seal.

Section 8. Treasurer.

The Treasurer is to perform duties in connection with the finances of the Corporation as may be required by the Board and by law. Duties of the Treasurer will neither lessen nor

add to the Chief Executive Officer's accountability to (and only to) Board Policies related to financial matters. The Treasurer shall act in the absence or incapacity of the President and Vice-President, and when doing so, shall exercise the powers of the President. In addition the Treasurer shall perform other duties incident to this office as assigned by the Board.

Article VII. Committees

Section 1. Executive Committee.

The Executive Committee shall consist of the President, Vice-President, Secretary, and Treasurer as voting members and the Chief Executive Officer as a non-voting member. The Executive Committee shall make any and all decisions as delegated by the board of Directors. The Executive committee may convene to expedite operations, and/or in case of emergency.

Section 2. Ad Hoc Committees.

The Board of Directors may appoint from its number, or from among such persons as the Board may see fit, one or more ad hoc Committees. The members of any such committee shall serve at the pleasure of the Board of Directors. Such as ad hoc Committees shall advise and aid the Corporation in all matters designated by the Board of Directors.

Section 3. Other Committees.

The Board of Directors, by resolution adopted by a majority of the entire Board, or the President may designate committees consisting of two or more persons, the majority of whom are directors but the remainder of whom need not be directors. No corporate obligation shall be made by any committee unless prior approval for such action is specifically authorized by the Board of Directors.

Each member of each such committee shall serve at the pleasure of the Board.

Section 4. Reporting.

Committees shall report any actions taken to the next meeting of the Board of Directors following the taking of such action, unless the board otherwise requires. So far as applicable, the provisions of these bylaws relating to the conduct of the meetings of the Board of Directors shall govern meetings of the Executive and other committees.

Article VIII. Meetings

Section 1. Regular Meetings.

The Board shall meet on a regular basis, monthly, at a time and place established by the Board.

Section 2. Annual Meeting.

The annual meeting of the board shall be held after January 1st of each year on a date determined by the Board. This meeting may be held on the same date and at the same location as a regular meeting.

Section 3. Special Meetings.

The President may call special meetings of the Board, or may call a special meeting upon request by three members of the Board. Notice of special meetings will be provided 48 hours in advance of such meeting.

Section 4. Executive Sessions.

Executive Sessions will only be used when the subject matter is related to litigation, personnel, real estate transactions, or sensitive business issues. Any Board member may request an executive session, but the authority to declare such session is vested in the Chair unless overridden by simple majority of the Board. The purpose of such session must be stated and the Board may include anyone it chooses.

Section 5. Meeting Notices.

All Board members will receive notice of regular meetings and of proposed meeting agenda topics at least five days prior to meetings. When possible, executive sessions should be on the published agenda.

Section 6. Waiver of Notice.

When any meeting or other notice is required to be given to any board member under the terms of these bylaws, members may waive this requirement by declaring in writing their intent to do so before or after the time stated therein, and this shall be deemed equivalent to giving such notice.

Section 7. Quorum.

One more than one-half of the non-vacant seats shall constitute a quorum.

Section 8. Conduct of Meetings.

Meetings of the Board of shall be conducted in conformance with Roberts Rules of Order, as amended.

Section 9. Minutes.

The Secretary shall take, or cause to be taken, minutes of all board meetings that include a record of votes taken on all motions made.

Article IX. Administration

Section 1. Chief Executive Officer

The Chief Executive Officer shall be selected and/or dismissed by the Board of Directors, as provided for in the Board's Policy Manual. The board delegates its decision making authority to the Chief Executive Officer through written policies which articulate the organizational results to be achieved and describe situations to be avoided. All authority and accountability of staff is considered the authority and accountability of the Chief Executive Officer.

Article X. General Provisions.

Section 1. Contracts.

The board of Directors may authorize officers, agent, or agents, to enter into any contract or to execute any instrument in the name and in behalf of the corporation. Such authority may be general or confined to specific instances.

Section 2. Loans.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness issued in the name of the Corporation unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc.

The Chief Executive Officer and one officer shall sign all checks, drafts, or other orders of payment. In the absence of the Chief Executive Officer, signatures of two officers are required.

Section 4. Deposits.

All funds of the Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its board of Directors.

Section 6. Annual Statement.

The Board of Directors shall prepare before each annual meeting a full and clear statement of the business and condition of the Corporation, including a reasonable

detailed balance sheet, income statement, and surplus statement, all prepared in conformity with generally accepted accounting principles applied on a consistent basis and certified by independent public accountants.

Section 7. Fiscal Year.

The fiscal year of the Corporation shall be the calendar year.

Section 8. Audit.

Annually, or upon the request of the Board of Directors, the accounts of the Corporation will be audited by a reputable Certified Public Accountant in accordance with 7 C.F.R. part 3052 – Audits of States, Local Governments and Non-Profit Organizations, whose report shall be submitted to each member of the Board.

Article XI. Seal

The Board of Directors shall provide a Corporate Seal, which shall be in accordance with the laws and regulations of the State of North Dakota. The Corporate Seal will be located at the Secretary's office and entrusted to the Secretary.

Article XII. Indemnification of Directors and Officers/ Errors and Omissions

Every Director and officer of the Corporation shall be indemnified by the corporation against all expenses and liabilities, including the settlement thereof, and including legal counsel's fees reasonably incurred by, or imposed upon, such director or officer in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a director or officer of the Corporation, whether or not he or she is a director or officer at the time such expenses and liabilities are incurred, unless a judgment or other final adjudication thereof adverse to the director or officer shall establish his or her actual negligence or misconduct in the performance of his or her official duties, and that such conduct was material to the cause of action so adjudicated.

In the event of a settlement of such liability without adjudication, the indemnification shall apply only when determined by a majority vote of a quorum consisting of directors who are not parties to the proceedings. The foregoing article of indemnification shall extend not only to the officers and directors, but also to the estates and personal representatives of the officers and directors and shall be in addition to and not exclusive of all other rights to which the officer or director may be entitled by statute, bylaw, contract, agreement or otherwise. Indemnification shall not extend beyond the limits permissible under applicable common or statutory laws, state or federal. The Corporation shall not be required to indemnify any officer or director if the director or officer has been indemnified by another organization or plan for the same judgment, penalty, fine or cost with respect to the same proceeding in the same acts or omissions.

Article XIII. Conflict of Interest

All officers, directors, delegates, committee members, consultants, and staff members of the Griggs-Steele Empowerment Zone, Inc., and its component committees shall avoid conflict, whether real or apparent, between individual, professional, or business interests and the interests and decision-making capacity of the Board.

In the event that any officer, director, delegate, committee member, consultant or staff member has any direct or indirect, real or apparent, conflict of interest, said individual shall first declare a conflict of interest, participate in presenting the facts relative to the transaction at the request of other officers, directors, delegates, committee members, consultants or staff, and then excuse themselves from the room during further discussion and voting on the transaction to avoid exerting influence in any way on the Board or its components to affect its decision to participate or not participate in such transaction.

Undeclared conflicts of interest and inappropriate exertion of influence are grounds for immediate removal for cause from the Board.

Article XIV. Prohibition Against Sharing in Corporate Earnings

No director, officer, or employee of or member of a committee or person connected with the Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided that this shall not prevent the payment to any such persons 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 person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All members of the Corporation shall be deemed to have expressly consented and agreed that upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the board of Directors exclusively to charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under the appropriate provisions of the Internal Revenue code and its regulations as they now exist or as they may be amended.

Article XV. Amendments

These bylaws may be altered, amended, or repealed and new bylaws adopted by at least three-fourths vote of the Board of Directors at any regular meeting or at any special meeting of the Board at which a quorum is present provided that the amendments were given a first reading at a previous Board meeting.