

## BY-LAWS OF SOUTHEASTERN ALPACA ASSOCIATION INC.

As Amended August 13, 2005

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#### ARTICLE I OFFICES

Section 1.1 Registered Office and Agent: The registered office of Southeastern Alpaca Association, Inc. (the "Association") shall be in the State of Georgia and the Association shall at all times maintain a registered agent at the address of the registered office.

Section 1.2 Other Offices: The Association may also have offices at such other places both within and without the State of Georgia as Board of Directors may from time to time determine and the business of the Association may require or make desirable.

#### ARTICLE II NONPROFIT STATUS

Section 2.1 Tax Exempt Status: The Association shall be operated exclusively for charitable purposes with the meaning of Section 501(c) **(5)** of the Internal Revenue Code of 1986, as amended (the "Code"). In furtherance of these purposes, the Association shall act, and shall take such actions to ensure compliance with its tax exempt status under the Code in its efforts to promote the Alpaca industry in the southeastern United States *to provide educational or instructive activities, the purpose being to improve conditions of work, to improve products and efficiency*, and to facilitate communication among Alpaca owners.

Section 2.2 Maintenance of Nonprofit Status: This Association is not organized and shall not be operated for pecuniary gain or profit. No part of the property or the net earnings of the Association shall inure to the benefit of or be distributable to any of its directors, officers, or other private persons, except the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth herein. The Association shall not carry on propaganda, or otherwise attempt to influence legislation to such *extent* as would result in the loss of its exemption from federal income tax under Section 501(c) of the Code. Notwithstanding any other provisions of these By-Laws, the Association shall not carry on any other activities not permitted to be carried on by (a) any corporation exempt from Federal income tax under Section 501(c) **(5)** of the Code (or the corresponding provision of any future U.S. Internal Revenue Law); or (b) any corporation contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future U.S. Internal Revenue Code).

Section 2.3 Payment of Liabilities and Distributions of Assets Upon Dissolution: Upon the dissolution of the corporation's affairs, which may be authorized by the adoption of a resolution to dissolve by majority vote at a meeting of the Membership, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the corporation, distribute, transfer, convey, deliver, and pay all the assets of the corporation

then remaining in the hands of the corporation to any other organization qualifying under Section 501(c) (5) of the Code as an exempt organization operating for the same purposes for which the corporation is organized and operated, which shall be selected by the Board of Directors of the corporation; provided, however, that any such recipient organization or organizations shall at the same time qualify as exempt from taxation under the provisions of Section 501 (a) of the Code, as an organization described in Section 501(c) (5) of the Code, or corresponding provisions of any subsequent law. In the event that, for any reason, upon dissolution of the corporation the Board of Directors shall fail to act in a manner herein provided within a responsible period of time, the senior judge of the Superior Court of Fulton County, Georgia, shall make distribution, exclusively upon the application of one or more persons having a real interest in the corporation or its assets.

### ARTICLE III MEMBERSHIP

Section 3.1 Membership: Any person living in the states of Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina or Tennessee may become a Farm Member. Other interested persons, including persons outside the listed states that comprise the Southeastern Alpaca Association, may become an Associate Member. Membership shall be granted upon written application submitted in the form and manner specified by the Secretary of the Association and the Board of Directors and accompanied by annual dues.

Section 3.2 Dues: The annual dues shall be set by the Board of Directors.

Section 3.3 Membership Classes: The following classes of membership shall be recognized by the Board of Directors: Farm Membership, Associate Membership, Lifetime Membership, and Honorary Membership. The Board of Directors may set different privileges for each class.

Section 3.4 Voting Rights: Each Farm Membership shall be entitled to one vote all matters submitted to a vote of the Membership.

***Section 3.5 Termination of Membership: Membership shall terminate upon the resignation of the Member, for non-payment of annual dues, for failing to abide by the purposes and objectives of the SeAA, or, based on a good faith determination of the Board or a committee of persons authorized by the Board to make such determination, that the Member has failed in a material and serious degree to observe the rules of conduct of the SeAA, or has engaged in conduct materially and seriously prejudiced to the SeAA's purposes and interests.***

### ARTICLE IV MEETINGS OF MEMBERS

Section 4.1 Annual Meeting: There shall be an Annual Meeting of the Membership called by the Board of Directors. The meeting shall be on the second Saturday in August or at another time specified by the Board of Directors. At the Annual Meeting of the Membership, the Members shall transact such business as shall properly come before them.

Section 4.2 Special Meetings: Special meetings of the Membership may be called by a majority vote of the Board of Directors, or by petition to the Board of Directors of not less than one-fifth (1/5) of the Members having voting rights.

Section 4.3 Notice of the Meeting: Written notice stating the place, day, and hour of any meeting of the Membership shall be delivered by mail to each Member having voting rights not less than twenty (20) days and not more than forty-five (45) days before the date of the meeting. Such notice shall provide the opportunity for each Member to cast their ballot on the meeting agenda items. Any such notice shall state the purposes of the meeting.

Section 4.4 Quorum: Thirty percent (30%) of all Members entitled to vote at any duly noticed Membership meeting shall constitute a quorum at such meeting. For purposes of establishing a quorum, a mail ballot duly certified shall be considered as if the Member was present. If a quorum is not present, a majority of the Members present may adjourn the meeting to a time certain without further notice.

Section 4.5 Manner of Acting: A majority of the Members present or voting by mail on a matter at a meeting at which quorum is present shall be necessary for the adoption of the matter being voted on unless a greater proportion is required by the law or By-laws. If a matter on the agenda of the Annual Meeting is submitted to Members, and provision made for voting by mail, a Member may vote by mailing the ballot to the Secretary or other designated person. No vote shall be counted unless postmarked by a date set by the Board of Directors, which date shall be indicated on the ballot. The ballots shall not be counted before the meeting, except to determine quorum.

## ARTICLE V BOARD OF DIRECTORS

Section 5.1 General Powers: The property, affairs, and business of the Association shall be managed and directed by its Board of Directors. The Board shall set policy, appoint Officers not elected by the membership, and perform the duties as set forth in the By-laws. The Board may, at their sole discretion, adopt the findings of any duly constituted committee or outside consultants. Directors must be Members in good standing of the Association.

Section 5.2 Number, Election, and Term: ***The term of office of each member of the Board of Directors shall be three years. The Board of Directors shall be composed of no less than seven (7) and no more than ten (10) members. The Board of Directors may by resolution fix the precise number of members between these stated limits. Any reduction in the number of members in the Board shall take effect only at the expiration of the term of office of the members whose offices are eliminated or upon their earlier resignation.***

Whenever the Board of Directors shall by resolution increase or decrease the number of elective members of the Board of Directors, such increase or decrease shall be arranged so that, as nearly as possible, the terms of office of one-third of the members of the Board of Directors shall continue to expire each year thereafter. The term of office of each

member shall commence upon the adjournment of the annual meeting at which such director is elected. A director shall be eligible for re-election to succeed himself or herself. All expired terms shall be filled by election at the Annual Meeting of the Membership, according to Section 4.5 and Article VIII. Directors may serve for an unlimited number of terms, providing that a minimum of *one* year's absence from the Board shall occur after any two (2) consecutive terms. All Board Members shall be elected pursuant to Article VIII. Directors shall be natural persons who have attained the age of 18 years, but need not be residents of the State of Georgia.

Section 5.3 Vacancies: Any vacancy occurring in any Directorship shall be filled by the remaining Directors even though less than a quorum of the Board of Directors is remaining in office. The vacancy shall be filled by affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director appointed to fill a vacancy shall complete the unexpired term of his or her predecessor in office.

Section 5.4 Location and Conduct of Meetings and Minutes: The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Georgia. The minutes of any meeting shall be taken by the Secretary and be available to the Membership.

Section 5.5 Annual, Regular, and Special Meetings: The annual meeting of the Board of Directors for the purpose of electing officers and transacting such other business as may be brought before the meeting shall be held each year without notice *at the conclusion of the Annual Meeting of the Membership*. The Board of Directors may by resolution provide for the time and place of other regular meetings, and no notice of such regular meetings need be given. Special meetings of the Board of Directors may be called by the President or by any two members of the Board of Directors, and written notice of the time and place of such meetings shall be given to each member of the Board of Directors by first class mail, or in person at least two days before the meeting. Any member of the Board of Directors may execute a waiver of notice either before or after any meeting, and shall be deemed to have waived notice if he or she is present at such meeting. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be stated in the notice or waiver of notice of such meeting.

Section 5.6 Quorum: At all meetings of the Board, a majority of directors in office at any time shall constitute a quorum for the transaction of business, and the act of a majority of the voting Directors present at a meeting where there is a quorum present shall be the act of the Board of Directors, except as may be otherwise specifically provided by the law, by the Articles of Incorporation, or by these By-laws.

Section 5.7 Consent of Directors: Unless otherwise restricted by the Articles of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a majority of the Board or committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of the proceedings of the Board or committee. Such consent shall have the same force and effect as an affirmative vote of the Board of Directors.

Section 5.8 Compensation of Directors: Directors shall not be entitled to any compensation for their services as Directors or members of any committee of the Board, except that by resolution of the Board of Directors, a director shall be allowed reimbursement for any reasonable expenses incurred on behalf of the Association and expenses, if any, for attendance at each meeting of the Board. Any such compensation shall be budgeted for and approved by the Members at the Annual Meeting of the Membership.

## ARTICLE VI OFFICERS

Section 6.1 Number: The officers of the Corporation shall be appointed by a majority vote of the Board of Directors and shall consist of a President, Vice President, Secretary, and Treasurer. The Board of Directors may appoint one or more vice presidents, assistant secretaries and assistant treasurers. Any number of offices may be held by the same person. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 6.2 Compensation: The officers of the Association shall not be entitled to any compensation except that by resolution of the Board of Directors, officers shall be allowed reimbursement for any reasonable expenses incurred on behalf of the Association and expenses, if any, for attendance of each meeting of the Membership. Any such compensation shall be budgeted for and approved by the Members at the Annual Meeting of the Membership.

Section 6.3 Term of Office: *Each* officer shall serve for a period of one (1) year or until his or her successor shall have been chosen and qualified, or until his death, resignation, or removal.

Section 6.4 Removal: All officers may be removed by a majority vote of the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

Section 6.5 Vacancies: A vacancy in any office resulting from any cause may be filled by appointment of the Board of Directors for the remaining portion of the term.

Section 6.6 Powers and Duties: Except as hereinafter provided, the officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

(a) President: The President shall be the chief executive officer of the Association and shall be responsible for general and active management of the business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President, with the Secretary or any other proper officer of the Association, shall have the power and authority to execute all contracts requiring a seal, under the seal of the Association, except where the signing and execution thereof shall be

expressly delegated by the Board of Directors to some other officer or agent of the Association. The President shall be a member of the Board of Directors.

(b) Vice President: In the absence of the President or in the event of the President's inability to act, the Vice President (or in the event there is more than one Vice President, the Vice Presidents in the order of their election) 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. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

(c) Secretary: The Secretary shall attend all meetings of the Board of Directors and record all proceedings of the meetings of the Association and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or Board of Directors, under whose supervision the Secretary shall be. The Secretary, with the President, shall have authority to affix the corporate seal of the Association to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary.

(d) Treasurer: The Treasurer shall have charge and custody of and be responsible for all funds of the Association and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Association as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the transactions by the Treasurer and of the financial condition of the Association. In case of the Treasurer's death, resignation, retirement, or removal from office, all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association shall be immediately returned to the possession of the Association. If required by the Board of Directors, the Treasurer shall give a 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.

## ARTICLE VII COMMITTEES

Section 7.1 Committees: The Board of Directors, by resolution adopted by the majority of Directors, may designate from among the members one or more committees, which may consist of one or more directors. Any such committee, to the extent provided in the resolution, shall provide recommendations for action to be voted upon by the Board of Directors and, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors. Except as otherwise provided in such resolution, members of each committee shall be Members of the Association, and the President of the Association shall appoint the members thereof with approval of the Board of Directors. Any member thereof may be removed by the President whenever in the

President's judgment, the best interest of the Association shall be served by such removal. The designation and appointment of any such committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or officer, or any individual director, of any responsibility imposed by the law.

Section 7.2 Chairperson: One member of each committee shall be appointed Chairman by the President.

Section 7.3 Vacancies: Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided for in the case of original appointments.

Section 7.4 Quorum: Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the members of the 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.

## ARTICLE VIII NOMINATION AND ELECTION PROCEDURES FOR BOARD OF DIRECTORS AND OFFICERS

Section 8.1 Nominating Committee: The Board of Directors and President shall provide for the appointment, at least six (6) months before the Annual Meeting, of five (5) Members of the Association, none of whom shall be a director, to constitute a Nomination Committee. The Committee shall actively recruit and nominate candidates for election as Directors for the ensuing terms. The Nomination Committee shall recruit and nominate at least two (2) candidates for each vacancy of the Board. They shall prepare the ballots and mail them to all Members entitled to vote.

Section 8.2 Nomination by Petition: Three (3) Members in good standing of the Association may nominate one or more candidates for Director(s) by petition delivered to the Nomination Committee not less than eighty (80) days prior to the Annual Meeting.

Section 8.3 Qualifications, Statement of Candidacy: All nominees must be Members in good standing of the Association. Nominations shall be closed not later than two (2) months before the first day of the Annual Meeting. The Nominating Committee may request that the nominees individually submit a statement on behalf of their candidacy no later than six (6) weeks before the first day of the Annual Meeting. The form of the statement and its distribution to the Membership shall be established by the Nominating Committee, which shall decide any question of compliance with standards that the committee may establish with respect to such form.

Section 8.4 Inspector of Elections: The Nominating Committee may appoint an Independent Inspector of Elections, who shall supervise the election, count the ballots, tabulate the results and report in writing to the Membership and the Board of Directors the names of those elected. The Inspector of Elections shall be a Member of the Association in good standing and not an officer, director, nor candidate for the election to the Board. If an Inspector of Elections is not designated, the Secretary shall assume the duties of the Inspector of Elections. The candidates may request and received the number

of votes received by each candidate. Each candidate may designate an observer to be present during the vote count. Ballots and the tabulation of results shall not be destroyed for at least two years after an election.

Section 8.5 Ballot: At least four (4) weeks before the Annual Meeting, a ballot containing the names of the nominees shall be mailed by the Nomination Committee to each Member of the Association entitled to vote. The ballot may be accompanied by the statement of each nominee in a form approved by the Nominating Committee.

Section 8.6 Voting Procedure: Each Member shall exercise his or her right to vote by mailing the ballot to the Inspector of Elections. No ballot by mail shall be counted unless postmarked by the date set by the Inspector of Elections, which date will be indicated on the ballot. Procedures for balloting by mail shall be established to assure the secrecy of each Member's vote.

Section 8.7 Election: The Inspector of Elections or President may complete the election and announce the results as soon as practical after the election but prior to the conclusion of the Annual Meeting.

## ARTICLE IX BOOKS, RECORDS, AND BUDGETS

Section 9.1 Records and Right of Inspection: The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and Board of Directors and shall keep at its registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association may be inspected by any Member, or his or her agent or attorney, for any purpose at any reasonable time. The President shall cause the books and records of the Association to be certified annually by a certified public accountant. A copy of this report shall be mailed to the Members annually. Furthermore, this report shall be open for discussion as an agenda item at the Annual Meeting of the Membership.

Section 9.2 Budget: The Board shall cause to be created an Annual Budget for the operation of the Association which shall be submitted to the Members at the Annual Meeting for their approval.

## ARTICLE X GENERAL PROVISIONS

Section 10.1 Fiscal Year: The fiscal year of the Association shall be the calendar year ending December 31.

Section 10.2 Seal: The corporate seal shall have inscribed thereon the name of the Association, the year of its organization, and the words "Corporate Seal" and "Georgia". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. In the event it is inconvenient to use such a seal at any time, the signature of the Association, by those authorized by the Board of Directors to make such signature, followed by the word "Seal" enclosed in parentheses shall be deemed the seal of the Association.

Section 10.3 Parliamentary Authority: The proceedings at all meetings of the Membership and the Board shall be governed by Roberts Rules of Order unless otherwise specified in the By-Laws.

## ARTICLE XI INDEMNIFICATION

Section 11.1 Actions Against Directors: The Association shall indemnify, to the fullest extent permitted by the Georgia Nonprofit Code, and if applicable, Section 4941 of the United States Internal Revenue Code of 1986, as amended, any individual made a party to a proceeding because such individual is or was a director, against liability incurred in the proceeding, if such individual acted in a manner such individual believed in good faith to be or not opposed to the best interests of the Association and, in the case of any criminal proceeding, such individual have no reasonable cause to believe such individual's conduct was unlawful. For purposes of this Article, the terms "party", "proceeding", "director" and "liability" shall have the meanings given to them in provisions of the Georgia Nonprofit Corporation Code which govern the indemnification of directors.

Section 11.2 Advance for Expenses of Directors: The Association shall pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding, in advance of final disposition of the proceeding if:

- (1) The director furnishes the Association a written affirmation of the director's good faith belief that the director has met the standard of conduct set forth in Section 11.1 above; and
- (2) The director furnishes the Association a written undertaking, executed personally or on the director's behalf, to repay any advances if it is ultimately determined that the director is not entitled to indemnification.

The written undertaking required by paragraph (2) above must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.

## ARTICLE XII AMENDMENTS

Section 12.1 Procedure: Amendments to the By-Laws may be proposed by a petition signed by twenty (20) percent of the paid Membership of the Association or by the majority vote of the Board of Directors. The By-Laws may be amended by two-thirds (2/3) affirmative vote, including votes cast by mail, of all Members entitled to vote at the Annual Meeting of the Members. Notice that such business is one of the purposes of the meeting of Members shall be given in advance to Members in the same manner and time as provided in Section 4.3 for Notice of Meetings. A copy of any proposed amendment of the By-Laws, including any recommendation of the Board of Directors may wish to vote on a proposed amendment by voting at the meeting or by mail. Votes cast by mail shall count for purposes of determining a quorum at a meeting. Any proposed amendment of the By-Laws shall be submitted to the Board of Directors not less than sixty (60) days before the Annual Meeting of Members.

