BYLAWS
OF
ARKANSAS COALITION FOR EXCELLENCE

ARTICLE I. PURPOSES

The corporation is organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") as set forth in the Articles of Incorporation.

ARTICLE II. OFFICES

The principal office of the Corporation in the State of Arkansas shall be located in the City of Little Rock, County of Pulaski. The Corporation may have such other offices, either within or without the State of Arkansas, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE III. MEMBERS

SECTION 1. Classes of Membership. The Members shall be those persons and entities in good standing with the Corporation having qualified in one of the Membership classes described below and being current in the payment of dues. All Members shall have full voting rights unless otherwise expressly provided in these Bylaws and shall be entitled to hold office and to all other rights and privileges of Membership in the Corporation; provided however, that no product or service offered by the Corporation to its Members shall be provided to any Member which is not tax exempt under § 501(c)(3) of the Code at a price or upon terms which might constitute either private inurement or more than an incidental private benefit. The Corporation shall have the following classes of Membership:

(a) Public Nonprofit Members. Public Nonprofit Members of the corporation shall consist of nonprofit corporations, foundations, associations and trusts which are tax exempt public charities under Sections 501(c)(3) and 509(a) of the Code.

(b) Private Foundation Members. Private Foundation Members of the Corporation shall consist of family and corporate foundations which are tax exempt under Section 501(c)(3) but which do not qualify as public charities under 509(a) of the Code.

(c) Business Members. Business Members of the Corporation shall consist of firms, partnerships, corporations, consultants, government agencies and other business entities and enterprises which are interested in supporting the mission and objectives of the Corporation.

(d) Individual Members. Individual Members of the Corporation shall consist of those natural persons who are interested in supporting the mission and objectives of the Corporation.

(e) Honorary Members. Honorary Membership may be conferred upon individuals who, in the opinion of the Board of Directors, have rendered distinguished service to the nonprofit sector in the State of Arkansas based upon criteria established by the Board of Directors. A candidate for Honorary Membership may be proposed by any Member of the Corporation or by any member of the Board of Directors and may be elected to Honorary Membership by the Board of Directors at any regular or special meeting thereof. Honorary Members shall be exempt from the payment of any dues whatsoever and shall be entitled to all privileges of regular Members, except the right to vote or to hold office.

(f) Affiliate Members Affiliate Members shall consist of other 501(c) organizations besides 501(c)(3) nonprofit organizations.

SECTION 2. Annual and Regular Meetings. The annual meeting of the Members shall be held after at the close of the fiscal year for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. The Board of Directors shall determine and fix the date, time and place of each annual meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Arkansas, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon as reasonably practical. At the annual meeting the officers of the Corporation shall report on the activities and financial condition of the Corporation. Other regular meetings of the Members may be held at such dates, times and places as shall be determined by the Board of Directors or the Executive Committee.

SECTION 3. Special Meetings of Members. Special meetings of the Members, for any purpose or purposes, may be called by the ent, the Board of Directors, or by the Executive Committee, and a special meeting shall be called by the PresidentChair at the request of the holdersmembers of at least five percent (5%) of all the votes entitled to be cast on any issue proposed to be considered at such special meeting, if such holdersmembers have signed, dated, and delivered to any officer of the corporation one or more written demands for the meeting describing the purpose or purposes for which it is to be held.

SECTION 4. Place of Meeting. Unless otherwise prescribed by statute, the Board of Directors may designate any place, either within or without the State of Arkansas, as the place of meeting for any annual or special meeting of the Members. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, whether within or without the State of Arkansas, unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, the place of meeting shall be the principal office of the corporation in the State of Arkansas.

SECTION 5. Notice of Meeting. Unless otherwise prescribed by applicable law, written notice stating the place, date and time of the meeting, and in case of a special meeting the matter or matters for which the meeting is called, shall be given either by regular mail, by electronic mail, by facsimile transmission, or in person to each Member of record entitled to vote at such meeting, not less than ten (10) days nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to have been given and delivered when deposited in the United States Mail, postage prepaid, and addressed to the Member at the Member's last address as it appears on the books and records of the corporation. The notice of an annual or regular meeting shall include a description of any matter or matters that must be approved by the Members under the Arkansas Nonprofit Corporation Act of 1993.

SECTION 6. Date for Determination of Members of Record. In order that the corporation may determine the Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof or to express consent to corporate action in writing without a meeting, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than seventy (70) days before the date of any such meeting or other action; *provided, however*, the close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting to any corporate officer is the record date for the purpose of determining whether the five percent (5%) requirement in Section 3 has been met. If no record date is fixed: (i) the record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the day next preceding thebefore the day on which

notice is given or, if notice is waived, at the close of business on the day ~~next preceding~~ before the day on which the meeting is held; and (ii) the record date for determining Members for any other purpose shall be at the close of business on the date on which the Board of Directors adopts a resolution relating thereto. A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting; *provided, however*, the Board of Directors may fix a new record date for the adjourned meeting, and it shall do so if the meeting is adjourned to a date more than seventy (70) days after the date fixed for the original meeting.

SECTION 7. List of Members Entitled to Vote. After fixing the record date for a meeting, the Secretary shall prepare an alphabetical listing of the names of all of the Members of the corporation who are entitled to notice of the Members' meeting, which list must show the address of and number of votes each Member is entitled to vote. The Members list must be made available for inspection by any Member beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting at the corporation's principal office or at a place or on a website identified in the meeting notice in the city where the meeting will be held. A Member, and the agents and attorneys of Members, shall be entitled on written demand to inspect and, subject to the requirements of Ark. Code Ann. §4-33-720(d), to copy the list, at the Member's expense, during regular business hours during the period the list is available for inspection. The corporation shall make the Members list available at the meeting, and any Member, and any agent or attorney of any Member, shall be entitled to inspect the list at any time during the meeting or any adjournment thereof.

SECTION 8. Quorum; Vote Required For Action. Unless otherwise provided by applicable law, ten percent (10%) of the votes entitled to be cast on a matter represented in person or by proxy shall constitute a quorum for purposes of such matters at any meeting of Members. A majority of the votes cast at any meeting at which a quorum is present shall decide every question or matter submitted to the Members at such meeting, unless otherwise provided by applicable law, the Articles of Incorporation, or these Bylaws. Cumulative voting in the election of Directors shall not be permitted. Unless one-third (1/3) or more of the voting power is present in person or by proxy, the only matters that may be voted upon at an annual or regular meeting of Members are those matters that are described in the meeting notice.

SECTION 9. Action by Written Ballot. Any action that may be taken at any annual, regular or special meeting of Members may be taken without any meeting if the corporation delivers a written or electronic ballot to every Member entitled to vote on the matter. The written or electronic ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written or electronic ballot pursuant to this Section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be received by the Corporation in order to be counted.

SECTION 10. Proxies. Each Member entitled to vote at a meeting of Members may authorize another person or persons to act for such Member by proxy, but no such proxy shall be voted or acted upon after eleven (11) months from its effective date, unless the proxy expressly provides for a longer period not to exceed three (3) years. A duly executed proxy shall be revocable. A Member may revoke any proxy by attending the meeting and voting in person or by filing with the Secretary of the corporation an instrument in writing revoking the proxy or another duly executed proxy bearing a later date. Proxies shall be dated and shall be filed with the records of the meeting.

SECTION 11. Adjournments. Any meeting of Members, annual, regular or special, at which a quorum is present, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting in the manner provided in these Bylaws.

SECTION 12. Organization. Meetings of Members shall be presided over by the Chair of the Board of Directors or ~~,~~ the Vice-Chair. ~~or the President, or in their absence by a Vice President~~, or in the absence of the foregoing persons by a presiding officer designated by the Board of Directors, or in the absence of such designation by a presiding officer chosen at the meeting. The Secretary shall act as secretary of the meeting, but in the absence of the Secretary the presiding officer of the meeting may appoint any person to act as secretary of the meeting.

SECTION 13. Members' Dues. The dues for each class of Membership and for any categories within a class shall be established from time to time by the Board of Directors. The dues of all Members of the Corporation shall be payable annually. If the dues of any Member shall be unpaid for a period of sixty (60) days after the dues become payable, ~~the Treasurer of the Corporation shall mail~~ a notice of delinquency will be mailed. If the dues of any Member shall not be paid within thirty (30) days after the mailing of such notice of delinquency, the Membership shall automatically terminate on that date by reason of nonpayment, but the Board of Directors may provide for subsequent reinstatement.

SECTION 14. Rights of Members. The right of a Member to vote and all of the Member's rights, privileges and interest in the Corporation shall cease upon termination of Membership. No Member shall be entitled to share in the distribution of the corporate assets upon dissolution of the Corporation.

SECTION 15. Resignation of Members. Any Member may resign from the Corporation by delivering a written resignation to the Chair~~President~~ or Secretary of the Corporation.

SECTION 16. Revocation of Membership. Membership may be revoked for failure to pay dues or ~~or for just cause~~ by action of the Board of Directors. Notice of any proposed revocation shall be given by mail to the Member no more than thirty (30) days and not less than ten (10) days before the meeting of the Board of Directors at which such action will be considered. The Member shall be entitled to appear before and be heard at such meeting.

ARTICLE IV. BOARD OF DIRECTORS

SECTION 1. General Powers. The affairs, activities and operation of the Corporation shall be managed by its Board of Directors.

SECTION 2. Number, Tenure and Qualifications. The number of Directors of the Corporation shall be not less than seven (7) nor more than twenty-four (24). The initial Directors shall be those persons elected by the Incorporators, and any others elected by the initial Directors, who shall serve as Directors until the election of their successors at the first annual meeting of the Members. Thereafter, the following criteria for tenure and qualifications shall apply. There shall be at least one Director~~s~~ from each Arkansas region served by ACE as determined by the map drawn by the Board of Directors. Directors shall be elected by the Members at the annual meeting thereof. Each Director shall hold office for a term of three years with a maximum of six years of continuous service allowed. After two consecutive terms a Director shall not be eligible for reelection for at least

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one year. ~~Directors shall draw for staggered terms of office with 1/3 having terms of one year; 1/3 with two year terms; and 1/3 with terms of three years.~~ Terms for newly elected Directors may be staggered by the existing Directors to further the goal of no more than approximately 1/3 of the terms of the Directors expiring the same year. For example, if 12 new Directors were elected by the Directors and Members in the same year, the existing Directors could vote that 4 new Directors would serve a 1 year term, 4 a 2-year term and 4 a 3-year term. The terms shall be determined by random draw. No paid employee of the corporation or spouse or child thereof shall be eligible to serve as a Director. Each Director, or the organization the Director represents, must be a Member of the Corporation in good standing.

SECTION 3. Regular Meetings. An annual meeting of the Board of Directors shall be held a~~t~~fter the end of each fiscal year on the same date and at the same place designated for the annual meeting of Members, for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The time and place of additional regular meetings may be fixed by resolution of the Board. If the day fixed for a regular meeting shall be a legal holiday in the State of Arkansas, such meeting shall be held on the next succeeding business day. There shall be a minimum of four (4) regular meetings of the Board of Directors each year.

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SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any Director. ~~or the Chair.President~~. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by such person or persons.

SECTION 5. Notice. Notice of any special meeting shall be given at least ten (10) days previously thereto by written notice, delivered either personally, by regular mail, by electronic mail, or by facsimile transmission, to each Director at his 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 so addressed, with postage thereon prepaid. 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 6. Quorum. Fifty percent of the Board of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than f~~F~~ifty percent is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. At any adjourned meeting at which a quorum shall be

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present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 7. Manner of Acting; Conflict of Interest Transactions. The affirmative vote of a majority of the Directors present at a meeting when a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws. Upon disclosure of the material facts of the transaction and the Trustee's interest therein, a Conflict of Interest Transaction may be authorized, approved or ratified if it receives the affirmative vote of a majority of the Directors then in office who have no direct or indirect interest in the transaction. However, a Conflict of Interest Transaction may not be authorized, approved or ratified by less than a majority of the entire Board of Directors. A "Conflict of Interest Transaction" is a transaction with the Corporation in which a Director has a direct or indirect interest. For purposes of this Section a Director has an indirect interest in a transaction: (i) if the Director has a material interest in an entity that has a direct interest; or (ii) the Director is a general partner in a partnership, a manager of a limited liability company, or a director, officer or trustee of another entity that has a direct interest. The Board may impose additional requirements on Conflict of Interest Transactions by a resolution adopting a Conflict of Interest Policy.

SECTION 8. Action without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes filed with the corporate records reflecting the action taken. Any action taken under this Section 8 shall be effective when the last Director has signed the consent, unless the consent specifies a different effective date, which effective date shall control. A consent delivered by facsimile transmission or electronically shall constitute a valid signed consent. A consent signed under this Section 8 has the effect of a meeting vote and may be described as such in any document.

SECTION 9. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

SECTION 10. Removal of Directors. A Director may be removed with cause by the vote of a majority of the Directors present at a meeting which is called for the purpose of removing a Director and for which the meeting notice states that the purpose or one of the purposes, of the

meeting is removal of a Director. The Director shall be entitled to appear before and be heard at such meeting.

SECTION 11. Vacancies. Any vacancy occurring in the Board of Directors may be filled at a regular board meeting by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of the Director's predecessor in office or until the selection, nomination and confirmation of a successor Director in accordance with Article IV, Section 2, whichever occurs first. Any directorship to be filled by reason of an increase in the number of Directors may be filled by election by the Board of Directors for a term of office continuing only until the next election by the Members. Any Director who fails to attend three (3) regular Board meetings in a Board year without a valid excuse as determined by the Chair shall be considered for all purposes as having resigned as Director.

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SECTION 12. Chair and Vice-Chair of the Board. The Chair of the Board of Directors shall preside at all meetings thereof, and in the Chair's absence the Vice-Chair shall preside. The Chair and Vice-Chair shall also serve on the Executive Committee as more fully set forth herein.

SECTION 13. Compensation. No compensation shall be paid to the Directors, as such, for their services, but under policies established by Resolution of the Board, a Director may be reimbursed for actual expenses incurred in attending each regular or special meeting of the Board. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving reasonable compensation therefore within the constraints of the Arkansas law and the federal law relating to charitable organizations tax exempt under § 501(c)(3) of the Code.

ARTICLE V. OFFICERS

SECTION 1. Officers. The officers of the Corporation may be a President, (who may also be referred to as the Chief Executive Officer or Executive Director) one or more ~~a~~ Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer, each of whom shall be elected by the Directors. In the absence of a ~~salaried chief executive officer~~President, the Chair may serve also as President ~~(Executive Director or Chief Executive Officer)~~~~President~~ upon ~~election~~ appointment to that office by the Board of Directors. Any of those officers may also be Directors, provided that no such officer who is a salaried employee of the Corporation may serve ~~on~~as a voting member of ~~-~~the Board of Directors~~-~~. The same individual may simultaneously hold more than one office in the Corporation, but no individual may act in more than one capacity where

action of two or more officers is required. Such other officers and assistant or subordinate officers as may be deemed necessary may be elected or appointed by the Board of Directors. The Board also may delegate to any officer the power to appoint any assistant or subordinate officers and to prescribe the duties and authority thereof.

SECTION 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Directors. ~~at the annual meeting of Directors~~. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until the officer's death, resignation, or removal in the manner hereinafter provided.

SECTION 3. Removal. The President may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. ~~Any other paid employee officer or agent may be removed by the President or the Board of Directors whenever in their judgment the best interests of the Corporation will be served thereby.~~

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SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the Chief ~~principal e~~Executive ~~o~~Officer of the Corporation, 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 may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, any 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 the President shall in general perform all duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice-President. In the absence of the President or in event of the President's death, inability or refusal to act, the Vice-President 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.

SECTION 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Directors and of the Board of Directors in one or more books provided for that purpose; (b) see that

all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds of the Corporation; (b) receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors and in accordance with the financial control procedures duly adopted by the Board of Directors; (c) provide a report on the financial condition of the corporation at the annual meeting of the Directors and at such other times as may be requested by the Board of Directors; and (d) 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 to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI. COMMITTEES

SECTION 1. Establishment. The Board of Directors from time to time may establish, instruct, and discharge one or more committees of the board. A committee may be established either as a standing committee or as an ad hoc committee for a special purpose. Each committee established by the Board of Directors shall consist of two or more Directors each of whom shall serve at the pleasure of the Board of Directors. The creation of each committee and the appointment of members shall be approved by the Board of Directors acting in any manner permitted under Article IV of these Bylaws.

SECTION 2. Powers. The Board of Directors may delegate such of its powers as it deems necessary to such committees as it may from time to time establish; provided, however, that a committee of the Board may not (i) authorize distributions; (ii) approve the dissolution, merger or the sale, pledge or transfer of all or substantially all of the Corporations assets; (iii) elect, appoint or remove Directors or fill vacancies on the Board or any of its committees; or (iv) adopt, amend or repeal the articles or bylaws; or (v) approve the annual budget. Any committee may exercise such of the Board's authority as the committee is granted by the Board of Directors, subject to the restrictions contained in the Articles of Incorporation or these Bylaws.

SECTION 3. Meetings and Action. The provisions of Article IV of these Bylaws shall apply to govern meetings, action without meetings, notice and waiver of notice, and quorum and

voting requirements of each committee and its members. Pursuant to those provisions, the chair of each committee shall fix the time and place of its meetings, shall provide for the recording of minutes of committee meetings, and shall promptly report the committee's actions and recommendations to the Board of Directors. If the committee chair is unable or otherwise fails to perform those duties, the Chair of the Board of Directors may take such actions as are necessary to ensure that the committee's responsibilities are fulfilled, including without limitation the replacement of the committee chair.

SECTION 4. Executive Committee. There shall be a standing committee to be known as the Executive Committee. The members of the committee shall consist of the Chair, the Vice-Chair, the Secretary and the Treasurer of the Corporation, the immediate past-Chairperson~~, as well as two at-large members nominated by the Board Development Committee and appointed by the Board of Directors.~~ The Executive Committee may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation as allowed under the Arkansas Nonprofit Corporation Act of 1993. The Executive Committee shall maintain regular minutes of their proceedings and report the same to the Board of Directors at each regular meeting of the Board.

SECTION 5. Governance and Board Development Committee. There shall be a standing committee to be known as the Governance and Board Development Committee. The committee shall consist of the Chair of the Board of Directors and such other members as may be appointed by the Board. This committee shall be responsible for recruiting, nominating and developing Board members and officers, for evaluating the performance of the Board and its members, for reviewing the Board's composition, structure and functioning, and for making recommendations to continually improve the quality and performance of the Board of Directors.

SECTION 6. Finance Committee. The Finance Committee shall consist of its chair and at least three (3) other directors. The Chair of the Board shall serve as an ex officio member of the Finance Committee. The Finance Committee shall review the Corporation's annual budgets and make recommendations to the Board of Directors on the adoption of annual budgets. On a quarterly basis the Finance Committee shall review the finance reports, audits and budgets and present status reports to the Board of Directors to assist the Board in performing its financial oversight function. The committee shall draft financial policies for Board approval and from time to time shall review policies on the handling of cash deposits and other funds, investments, insurance programs, purchasing policies and procedures, and other financial policies. The committee also shall review all proposals from management regarding operational and capital expenditures that exceed established authorization limits and shall submit recommendations to the Board for action thereon. The

committee shall develop and recommend to the Board quantitative measures to be used in assessing the Corporation's financial status.

SECTION 7. Audit Committee. There shall be a standing committee to be known as the Audit Committee consisting of three members of the Finance Committee having significant expertise in financial matters. The members and chair of this committee shall be appointed annually by the Board of Directors. The Chair of the Board and the Chair of the Finance Committee shall be ineligible to serve on the Audit Committee. This committee shall be responsible for: (i) engaging independent auditors to perform the corporation's annual audits; (ii) to review with the independent auditors the scope of the annual audit to insure that management has imposed no restrictions; (iii) to review with the independent auditors any internal control issues or other problem areas identified by the auditors and to determine whether management has taken sufficient corrective action and to report to the Board of Directors the committee's findings. The Audit Committee shall have the exclusive authority to engage the independent auditors and shall perform that function on behalf of the Board. No member of the Audit Committee may be employed by the firm or firms who perform independent auditing services for the corporation.

SECTION 8. Resource ~~Financial~~ Development Committee. There shall be a standing committee to be known as the Resource ~~Financial~~ Development Committee. The committee shall consist of its Chair and such other members as may be appointed by the Chair. This committee shall be responsible for developing goals, strategies and coordinated plans for making grant applications to institutional funders, soliciting major gifts from individuals, businesses and foundations, and for testamentary gifts, plan gifts, and gifts to build endowment.

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ARTICLE VII. INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Mandatory Indemnification. In accordance with Ark. Code Ann. §§ 4-33-852 and 4-33-856, the Corporation shall indemnify any Director or officer and his or her estate or personal representative who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which the Director or officer is a party by virtue of his or her status as a Director or officer of the Corporation.

SECTION 2. Permissible Indemnification. Pursuant to A.C.A. § 4-33-851, and except as provided in Section 3 below, the Corporation may indemnify a Director or officer made a party to a proceeding by virtue of his or her status as a Director or officer, against liability incurred in the proceeding if the following conditions are met: (i) the Director or officer conducted himself or herself in good faith; (i) with respect to conduct in his or her official capacity, the Director or officer

had reason to believe that his or her conduct was in the best interests of the corporation; and (iii) in cases of conduct not in his or her official capacity, the Director or officer had reason to believe that his or her conduct was at least not opposed to the best interests of the Corporation.

SECTION 3. Prohibition of Indemnification in Certain Cases. The Corporation shall not indemnify a Director or officer in connection with any proceeding by or in the right of the Corporation in which the Director or officer was adjudged liable to the Corporation, or in connection with any other proceeding charging improper personal benefit to the Director or officer, whether or not involving action in his or her official capacity, in which the Director or officer was adjudged liable on the basis that personal benefit was improperly received by the Director or officer.

SECTION 4. Procedure for Authorizing Indemnification of Directors. Before the Corporation may indemnify any Director pursuant to Section 2 above, a determination must be made that indemnification of a Director is permissible because the Director has met the standards of conduct set forth in Section 2 of this Article VII. The Board of Directors shall make that determination by a majority vote of a quorum consisting of Directors who are not at the time parties to the proceeding; provided, however, that if such a quorum cannot be obtained, then the determination shall be made either by a committee designated by the Board of Directors or by special legal counsel in accordance with A.C.A. § 4-33-855(b)(2) and (3). Furthermore, the Corporation may not indemnify a Director until twenty (20) days after the effective date of the written notice of the proposed indemnification to the Attorney General of the State of Arkansas. The Corporation may pay for or reimburse the reasonable expenses incurred by a Director or officer who is a party to a proceeding in advance of final disposition of the proceeding upon authorization made in accordance with A.C.A. § 4-33-855 and upon satisfaction of all the conditions prescribed in § 4-33-853.

SECTION 5. Insurance. The Corporation may purchase and maintain insurance on behalf of its Directors and officers to insure against liabilities asserted against or incurred by the Corporation's Directors and officers in that capacity or arising from their status as Directors and officers, whether or not the Corporation would have the power to indemnify them against the same liability under the preceding sections of this Article VII.

SECTION 6. Definitions. The following definitions apply to the indemnification provisions of this Article VII:

(a) Proceeding. "Proceeding" means any threatened, pending or completed civil action, suit or proceeding, whether judicial, administrative, or investigative, and whether formal or informal.

(b) Liability. "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses actually incurred with respect to a proceeding.

(c) Expenses. Indemnification against expenses which is mandated or permitted under this Article VII is limited to reasonable expenses, including attorneys' fees, incurred in connection with a proceeding.

(d) Ark. Code Ann. All citations in these Bylaws to "Ark. Code Ann." or to "A.C.A." shall refer to the Arkansas Code of 1987 Annotated, as amended from time to time by the Arkansas Legislature.

ARTICLE VIII. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize by resolution any officer or officers, agent or agents, 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. Loans. No loans shall be made by the Corporation to its Directors or officers. Any Directors who vote for or assent to the making of a loan to a Director or officer, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Corporation for the amount of such loan until repayment thereof in accordance with the provisions of the Arkansas Nonprofit Corporation Act of 1993. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the 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.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited promptly to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE IX. FISCAL YEAR

The fiscal year of the Corporation shall be July 1 through June 30.

ARTICLE X. DIVIDENDS PROHIBITED

The Corporation shall not have or issue shares of stock, and no dividend shall be paid and no part of the income of the Corporation shall be distributed to its Directors or officers. The Corporation may pay compensation in a reasonable amount to its Directors or officers for services rendered, and may reimburse its Directors, officers and employees for expenses incurred in attending to their authorized duties; provided, however, that such expenses shall be evidenced by receipt or other proper document.

ARTICLE XI. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors and the Members at any regular or special meetings thereof. Unless the amendments are unanimously adopted by the Directors acting without a meeting pursuant to Section 8 of Article IV hereof or unless notice is waived, the Corporation shall provide ten (10) days written notice to the Directors that the amendment will be voted upon at the meeting of Directors, and the notice must state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment of the Bylaws, and the notice shall also contain or be accompanied by a copy or a summary of the amendment or state the general nature of the amendment. Any amendment must be approved by a majority of the Directors in office at the time the amendment is adopted. Any amendment must also be approved by the Members by a vote of two-thirds (2/3) of the Members present at a regular or special meeting called with the same notice requirements as specified in this Article for Directors, unless the Members take action on the amendment by written ballot in accordance with Article III, Section 9 of these Bylaws.

CERTIFICATE

I, the undersigned, hereby state and certify that the foregoing is a true, correct and conformed copy of the Bylaws of ARKANSAS COALITION FOR EXCELLENCE duly adopted by the Board of Directors of said organization on the 10th of July 2003, and further amended in March 2006, January 2007, ~~and~~ December 2008, August 2011, and August 2012 and that the same have not been altered, modified, amended or repealed in any respect and remain in full force and effect on this date.

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Debbie Watts
Secretary, 2012-2013

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Amended March 2006
Amended January 2007
Amended December 2008
Amended August 2012