

NORTH CENTRAL ECONOMIC DEVELOPMENT ASSOCIATION, INC

The mission of North Central Economic Development Association is to provide industry expertise for lending programs offered or created by the Region Five Development Commission.

The mission of Region Five Development Commission is to enhance the vitality and quality of life in Cass, Crow Wing, Morrison, Todd, and Wadena counties.

ARTICLE I Offices

1. The principal office shall be in the City of Staples, County of Todd, State of Minnesota.
2. The Corporation may also have offices at such other places as the Board of Directors may from time to time appoint, or as the business of the corporation may require.

ARTICLE II Membership

1. The membership of the Corporation shall consist of no more than sixteen (16) representatives elected by the Full Corp and **affirmed by the Region Five Development Commission**. Three (3) representatives from each participating county will comprise the corporation. Based on a profile of financial, accounting, business, and development experience, each jurisdiction, county, city, or development corporation will be permitted to nominate persons for consideration for election to the Corporation. The NCEDA Full Corporation will select, by majority vote, a candidate from nominations received for an open seat on the full corporation. **The corporation will recommend that candidate to the Region Five Development Commission for confirmation and appointment to the full corporation.** The Commission shall have the authority to nominate and elect a Region Five Development Commission member to the Full Corporation in order that there shall be no more than sixteen (16) members with membership and being as representative as possible of the population of the Region. One (1) member will be a Region Five Commissioner, in an ex-officio capacity.

Terms of membership shall commence on April 1st of the year or after the first semi-annual meeting of the year in which the member is elected.

Membership shall be representative of the following categories: local government, community organizations, private lending institutions, economic development and business organizations with equal representation by woman and minorities to the utmost extent possible.

2. The membership shall establish and review overall policies for any and all activities of the Corporation.

3. Terms of membership in the Corporation shall be for three (3) years. No member shall serve more than three (3) consecutive terms. Members appointed to fill a vacancy on the Corporation shall be eligible to serve their full terms; appointment dates will begin and end with the March Full Corp meeting, beginning on their appointment date. To avoid the departure of more than two members from the loan committee during any given year, the Corporation may extend the terms of applicable loan committee members. Under no circumstances, however, shall any member of the loan committee serve more than nine years.

4. A member who fails to maintain any office or position required as a condition of membership, or fails to attend three (3) consecutive meetings, shall no longer serve as a member and his or her position shall be deemed vacant. Such vacancy shall be filled in the same manner as other vacancies are to be filled pursuant to these Bylaws. Any member confirmed by the Commission may be removed at any time by the affirmative voice of a majority of the NCEDA Loan Board or Commission.

5. A vacancy in the membership, any office, or position shall occur upon the death or resignation of a member, or if a member ceases to have the required qualifications for membership as provided herein.

6. Vacancies in the membership shall be filled by appointment by the President of the NCEDA Board of Directors within thirty (30) days for the duration of the unexpired term.

7. Due to confidentiality, all members will sign a "Code of Conduct & Ethics Policy" statement at the semi-annual meeting, orientation or after a policy change. Signing and submitting the Code of Conduct & Ethics Policy is a mandatory membership requirement; members may not attend NCEDA Full Corp meetings until this condition has been met.

8. An orientation will be provided for each NCEDA Full Corp member where relevant documents will be reviewed (By-Laws, RLF Plan, Code of Conduct & Ethics Policy, Position Descriptions, R5DC Operations manual & CEDS) and the culture and intent of the NCEDA Full Corporation will be explained. Receipt and acknowledgement of said documents will be retained in each Full Corp member's file.

ARTICLE III

Membership Meetings

1. The place of all meetings of the members shall be at the principal office of the corporation in the City of Staples, County of Todd, State of Minnesota, or such other places as shall be determined, from time to time, by the Board of Directors, and the time and place at which such meeting shall be held shall be stated in the notice and call of the meeting.

2. The annual meeting of the members of the Corporation for the election of the Board of Directors/Loan Committee to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held each year on the date of the March membership meeting of the Corporation. If the annual meeting of the members will not be held as herein prescribed, election of the Board of Directors/Loan Committee may be held at any meeting thereafter called pursuant to these Bylaws.

The voting at all meetings of the membership may be by voice vote, but any qualified voter may demand a written ballot whereupon such vote shall be taken. There shall be no secret ballots.

At any meeting of the members, each member shall be entitled to vote in person. There shall be no proxies permitted. Each member shall have one (1) vote.

A complete list of the membership entitled to vote at any meeting or election, arranged in alphabetical order, shall be prepared by Region Five staff, and they shall have charge of such membership list. Such list shall be available in the office where the election or meeting is to be held and shall, at all times, be open to examination by members.

3. To facilitate the election of the President/Chairman and the Board of Directors, the membership shall first elect the President/Chairman. Then, from the remaining members of the Full Corp shall caucus and elect a full complement of five (5) members for the Board in alphabetical order of the counties participating and shall adhere to the other representation requirements as set forth herein. To be eligible for election to the Loan Board a member must have at least one year of service on the Full Corp. There will be an annual election of officers at the March semi-annual meeting each year. The membership shall elect from among the elected Board members the vice-president/vice-chairman, the secretary and the treasurer. Finally, the membership will elect two (2) alternate members to the Loan Board, who will attend Loan Board meetings, as needed, to promote a regular meeting schedule and facilitate a quorum. In the event of a permanent vacancy, an alternate may be chosen to fill the vacant seat for the remainder of the term.

4. Special meetings of membership for any purpose or purposes unless otherwise prescribed by statute may be called by the President, Vice-President or by a majority of the Board of Directors/Loan Committee, and shall be called at any time by the President or Vice-President or the Secretary or Treasurer upon the request of at least 30% of the members of the Corporation. Business transacted at all special meetings shall be confined to the objects stated in the call.

5. Written notice of the time and place of the semi-annual meetings of members shall be given at least seven (7) days prior to the meeting. Notice of the time and place of special meetings shall be given in writing at least seven (7) days prior to such meeting.

6. A quorum at any annual or special meeting of membership shall consist of seven (7) members of the Corporation who are entitled to vote at such meeting.

If a quorum is not present at properly called membership meeting, the meeting may be adjourned by those present and held at such later time and place as shall be stated in a notice of adjourned meeting given to all members pursuant to these Bylaws.

7. The membership shall meet at least on a semi-annual basis at such time and at such place as determined at their previous meeting.

ARTICLE IV
Full Corporation Board of Directors

1. The management of all the affairs, property and business of the Corporation shall be vested in the Board of Directors.
2. The Board of Directors shall also comprise the Loan Committee.
3. The Board of Directors shall also comprise the Budget Committee.
4. At least one member of the Board of Directors must be or has previously been an officer of a lending institution. One additional member from a lending institution shall serve as an alternate.
5. All other conditions for the six (6) members and two (2) alternate positions of the Board of Directors are assumed under Articles II, III and V.

ARTICLE V
NCEDA Loan Board

1. The Loan Board, consisting of six (6) persons and two (2) alternates including the President of the Corporation who shall be its Chairman, shall be elected at the first meeting of the membership as provided herein. Said Board members shall serve a one year term or the eligible term remaining from the time of appointment until the first annual meeting of the membership. Elected NCEDA officers may serve three (3) consecutive years in a position.

2. There shall be at least one (1) Loan Board member from each county in Region Five. One member must be or has previously been an officer of a lending institution. One additional member from a lending institution shall serve as an alternate. Membership shall be representative of the following categories: local government, community organizations, private lending institutions, economic development and business organizations with equal representation by woman and minorities to the utmost extent possible.

3. The other Officers of the Corporation shall be members of the Loan Board.

4. The Economic Development Advisor or a commissioner selected by the Region Five Development Commission shall be Ex-Officio, non-voting, member of the NCEDA Board of Directors.

5. The Loan Board may exercise all powers of the Corporation and do all such lawful acts and things as are not directed or required to be done by the members pursuant to law or pursuant to these Bylaws.

6. All vacancies on the Loan Board, whether caused by resignation, death or otherwise, shall be filled from the pool of duly elected alternates by the President of the Corporation and approved by the Region Five Development Commission for the duration of the unexpired term. A Loan Board member thus selected to fill any vacancy shall hold office for the balance of the unexpired term to which he or she appointed and until a successor is elected and qualified.

7. The Chairman of the Loan Board shall not vote on loan review decisions except in case of tie votes.

8. Meetings of the Loan Board shall be held when business dictates in the principal office of the Corporation in the City of Staples, State of Minnesota or at such other place as the Board may establish from time to time. At least five (5) days written notice of such meetings shall be given to the Committee members. Written notice shall include communication by letter, email.

9. Special meetings of the Loan Board may be called at any time by the Chairman, or, in his absence, by the Vice-Chairman or by any two Board persons, to be held at the principal office of the Corporation in the City of Staples, State of Minnesota, or at such other place or places as the Directors may from time to time designate. Notice of special meetings of the Board of Directors/Loan Board shall be given to each Director by telephone, letter, email or personally.

10. A quorum at all meetings of the Loan Board shall consist of four (4) members of the Board; but less than a quorum may adjourn any meeting, which may be held on a subsequent date without further notice, provided a quorum be present at such deferred meeting.

11. No stated salary shall be paid to Loan Board members for their services, but, by subsequent resolution of the Board of Directors, a per diem not to exceed \$50.00 may be allowed for attendance at each regularly scheduled meeting. In the event of a meeting conducted via conference call, regular or special, a per diem not to exceed \$25.00 may be allowed, provided that nothing herein contained shall be construed to preclude any Loan Board member from serving the Corporation in any other capacity and receiving compensation therefore. Furthermore, for crucial decisions on time sensitive matters a meeting via email may become necessary. In the event this approach is used, the "reply to all" menu feature will be used by all voting members. When votes equal to a quorum have been received, that decision will govern. No per diem will be paid for this action.

12. Members' term of service on the Loan Board shall be congruent with the terms of service for corporate officers and directors.

ARTICLE VI **NCEDA Officers**

1. The Officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer. At annual meetings of the membership, officers shall be elected to a three (3) year term or balance of appointment as outlined in Article III.3. They shall hold office until their successors are elected and qualified. Officers shall be members of the Loan Board. No person may hold more than one office on the Board of Directors.

2. The President shall preside at all meetings of the members, shall be in charge of operations of the Corporation, shall sign or counter-sign all certificates, contracts and other instruments of the corporation as authorized by the Board of Directors, shall make reports to the Board of Directors and members, shall be the Chairman of the Loan and Budget Board, and shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors. The President shall vote only in case of ties.

3. The Vice-President shall exercise the functions of the President during the absence or disability of the President.

4. The Secretary shall be responsible for signing the approved minutes of all meetings, shall review the loans originated each year for accuracy, prior to the audit, and shall make such reports and perform such other duties as are incident to his office, or are properly required of him by the Board of Directors.

5. The Treasurer shall perform all duties of the office which are properly required of him by the Board of Directors. Two (2) signatures are required on checks issued by the corporation. All officers and the Region Five Executive Director are designated and authorized to sign such documents.

6. In the case of absence or inability to act of any Officer of the Corporation and of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer, or any director or other person whom it may select.

7. The salaries or per diems, if any, of all officers and agents of the corporation shall be determined by the Region Five Development Commission.

8. The Officers of the Corporation shall hold office until their successors are chosen and qualified. Any Officers elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the affirmative voice of a majority of the whole Board of Directors.

ARTICLE VII **Certificates of Membership**

This Corporation shall not issue written certificates of membership.

ARTICLE VIII **Attendance and Expenses**

1. Any member, Director or Loan Board member who is absent from three (3) consecutive duly called meetings of the Corporation, the Board, or the Loan Committee, shall be deemed to have resigned.

2. Members, Directors and Officers shall be entitled to reimbursement for all reasonable travel and related expense incurred in attendance at meetings and in performance of duties on behalf of the Corporation. Schedules of reimbursable expense shall be established by the Corporation from time to time.

Travel other than mileage requires the approval of the R5DC.

ARTICLE IX **Micro-lending Loan Committee**

1. The Micro Loan Committee, consisting of five (5) persons including the President, who shall act as committee Chairman, shall be elected at the first meeting of the membership as provided herein. Said Committee members shall serve a three (3) year term or the eligible term remaining from the time of appointment until the annual meeting of NCEDA to approve membership.
2. One member must be or has previously been an officer of a lending institution. One additional member from a lending institution shall serve as an alternate. Membership shall be representative of the following categories: economic development, local government, community organizations, education, lending institutions and business organizations. Members shall be persons who live within the Region that have an interest in the financial economic climate of the applicant territory. Three persons of the committee shall constitute a quorum necessary for approving or rejecting an application for funding from the Micro-loan funds. A simple majority (51%) of the members voting shall be necessary for approval. The Committees composition to the utmost extent possible shall have equal representation by women and minorities.
3. The other Officers, secretary and vice-chair, of the Committee shall be elected from the balance of the Loan Committee. There will be an annual election of officers in April of each year. Officer terms are limited to two consecutive years in the same office.
4. The Executive Directors and business loan developers of Region Five and East Central RDC shall be non-voting members of the Micro-lending Loan Committee.
5. The term of membership on the Committee shall be for three (3) years. No member shall serve more than three (3) consecutive terms. The NCEDA Loan Committee shall approve nominated Micro-lending Committee members. Regular appointment dates will begin and end after approval at the April NCEDA Loan Board meeting each year as needed. To avoid the departure of more than two members from the loan committee during any given year, the Committee may extend the terms of applicable loan committee members. Under no circumstances, however, shall any member of the loan committee serve more than nine years. All vacancies on the Loan Committee, whether caused by resignation, death or otherwise, shall be filled from a pool of duly selected alternates by the President of the Committee. Members appointed to fill a vacancy on the Committee shall be eligible to serve their full terms. A Loan Committee member thus selected to fill any vacancy shall hold office for the balance of the unexpired term to which he or she is appointed and until a successor is elected and qualified. Any member appointed by the NCEDA Loan Board may be removed at any time, with or without cause, by the affirmative voice of a majority of the Micro-lending Committee or the NCEDA Loan Board.
6. The Chairman of the Loan Committee shall not vote on loan review decisions except in case of tie votes.
7. Meetings of the Loan Committee shall be held when business dictates in such a place as the Board may establish. At least five (5) days written notice of such meetings shall be given to the Committee members. Written notice shall include communication by letter or by email.
8. Special meetings of the Loan Committee may be called at any time by the Chairman, or, in his absence, by the Vice-Chairman or by any two Committee persons, to be held at such a place or places as the Committee may from time to time designate. Notice of special meetings of the Loan Committee shall be given to each member by telephone, letter, email or personally.

9. A quorum at all meetings of the Loan Committee shall consist of three (3) members of the Committee; but less than a quorum may adjourn any meeting, which may be held on a subsequent date without further notice, provided a quorum be present at such deferred meeting.

10. No salary shall be paid to Loan Committee members for their services. Furthermore, for crucial decisions on time sensitive matters a vote via email may become necessary. In the event this approach is used, the "reply to all" menu feature will be used by all voting members. When votes equal to a quorum have been received, that decision will govern. No per diem will be paid for this action.

11. No member of the Micro-lending Committee shall vote on a project in which they are affiliated with, or stand to advance from. The board member will identify themselves and their relationship with the proposed project. Member will be excused during the discussion and vote on said project.

ARTICLE X

Finance and Administration

1. The monies of the Corporation shall be deposited in the name of the Corporation in such bank or banks as the Board of Directors shall designate, and shall be drawn out only by checks signed by persons designated by resolution by the Board of Directors.

2. The fiscal year of the Corporation shall run concurrently with the Region Five Development Commission, July 1st to June 30th.

3. The nature, number and qualifications of the staff required by the Corporation to conduct its business according to these Bylaws and its Articles of Incorporation shall be annually determined by the Region Five Development Commission. All such staff services shall be obtained from the Region Five Development Commission according to the contract developed between the Corporation and said Commission. Said agreement shall set forth in reasonable detail the nature of the services to be performed, the cost basis for such services and the payment to be made by the Corporation to the Region Five Development Commission.

4. The NCEDA is a 501c3 non-profit subsidiary organization of the Region Five Development Commission. NCEDA is a co-applicant for Federal EDA funding and reporting. A lead agency agreement has been signed; Region Five is the lead agency and the NCEDA will defer in all matters pertaining to the RLF.

The books and records of the Corporation shall be kept at the corporate offices in the City of Staples, State of Minnesota.

ARTICLE XI

Decisions on Loans

All decisions made for EDA funded RLF loans made by the Corporation shall be made exclusively by a majority vote of the Loan Board at a regular or special meeting held and conducted pursuant to these Bylaws.

All decisions made for USDA funded Microenterprise loans shall be made exclusively by a majority vote of the Micro-lending loan Committee at a regular or special meeting held and conducted pursuant to these Bylaws.

The Region Five Commission retains the right to monitor and assess the performance and composition of the loan portfolio and the Loan Board.

The Region Five Development Commission shall have only such authority to affect actions by the Board of Directors or the Loan Board with regard to the loan portfolio as is commensurate with its (the Commission's) ultimate responsibility as Grantee, including rescindment or approval of loan decisions.

In extraordinary circumstances, the Region Five Commission may elect to act to preserve the integrity of the fund, including rescindment or approval of loan decision.

ARTICLE XII **Use of Corporate Profits**

The Board of Directors may make gifts, grants or other expenditure of net profit earned by the Corporation for the stimulation and growth of economic development in Region Five. Included within such purpose shall be expenditures to assist in or promote the development of programs for assistance to small business in the Region. Any such expenditure, gift or grant, shall, however, be consistent with the provisions of EDA regulation use of funds, these Bylaws and with the Articles of Incorporation of the Corporation **and shall be approved by the Region Five Development Commission.**

ARTICLE XIII **Annual Report**

The Corporation shall prepare a report annually describing its activities and providing an accurate statement of its financial condition. Said report shall be prepared and submitted to the Region Five Development Commission in sufficient time for its inclusion into the annual report required to be made by said Commission.

ARTICLE XIV **Notice**

1. Whenever the provisions of the statute or these Bylaws require notice to be given to any Director, officer, or member, they shall not be construed to mean personal notice; such notice may be given in writing by depositing the same in a post office or letter box, in a post-paid, sealed wrapper, addressed to such Director, officer or member at his or her address as the same appears in the books of the Corporation, and the time when the same shall be mailed shall be deemed to be the time of the giving of such notice. An email is also deemed a "notice" and it is the member's responsibility to provide the correct email address and any change in address that may occur to the corporation's staff.

2. A Waiver of any Notice in writing, signed by a member, Director or Officer, whether before or after the time stated in said Waiver for holding a meeting, shall be deemed equivalent to a Notice required to be given to any Director, officer or member.

ARTICLE XV **Seal**

This Corporation shall have no seal.

ARTICLE XVI **Indemnification**

1. The Corporation shall have the power to indemnify any persons, whether Officers, Directors, employees, agents or other persons acting for or on behalf of the Corporation in respect to any and all matters or actions for which indemnification is permitted by the laws of the State of Minnesota, including, without limitation, liability for expenses incurred in defending against actions commenced or threatened.

2. At the discretion of the Directors, the Corporation may purchase and maintain insurance against claims arising out of events and made or threatened against persons described in Section 1 above, whether or not the Corporation has the power to indemnify such person under the laws of the State of Minnesota.

ARTICLE XVII

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II of the Articles of Incorporation.

No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provisions of the Articles of Incorporation or of these Bylaws, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by a corporation, contributions to which are deductible under 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE XVIII

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the corporation, distribute the entire net assets remaining in accordance with applicable State and Federal regulations, and for such purposes as shall qualify as exempt activities under Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provision of any future U.S. Internal Revenue Law).

ARTICLE XIX **Amendment of Bylaws**

Alterations, amendments or repeal of the Bylaws may be made by a majority of the members entitled to vote at any meeting, if the notice of such meeting contains a statement of the proposed alteration, amendment or repeal. Notice of any alteration, amendment or repeal of the Bylaws shall be given in writing to each member at least twenty (20) days prior to the meeting at which said proposed alteration, amendment or repeal shall be considered.

In addition to the above and in order for any such alteration, amendment or repeal to be effective, **it must be ratified by the Region Five Development Commission at the next regularly scheduled meeting, following the alteration, amendment or repeal of these Bylaws.**

ARTICLE XX
Miscellaneous

All meetings of the Corporation shall be governed by Roberts Rule of Order, Revised.

The Corporation shall adopt and maintain a conflict of interest policy which shall be applied to all actions to be taken by the membership, directors or officers.

These bylaws are subject to review and approval by the Region Five Development Commission.

Duly adopted by the members of the NCEDA, Inc., on October 24, 2013 to which we attest:

President, NCEDA, Inc.

Vice-President, NCEDA, Inc.

Approved by the Region Five Commission, October 24, 2013:

Chairman, R5DC

Vice-Chairman, R5DC