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Southern Governors'
Association

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March 24, 2015

The Honorable Nikki Haley
State of South Carolina
South Carolina State House, First Floor
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley:

On February 22 in Washington, DC, SGA Chairman Missouri Governor Jay Nixon convened Southern Governors to discuss an organizational restructuring to more broadly reflect its participants' policy priorities, and to address various challenges that have risen over the past several years regarding scheduling, costs, and time commitments. Attending Governors voted to adopt new by-laws and a FY2016 budget, and approved these restructuring plans.

I'm writing today to provide you an overview of the changes SGA is making, and to ask you to consider supporting these changes by rejoining your namesake organization.

BACKGROUND:

Founded as the Southern Governors Conference 80 years ago, this organization served as the mechanism to overcome key obstacles to the region's economic growth during the Depression. Over the ensuing decades, regional education, economic development, and tax and fiscal policy were added to the organization's agenda, and governors' staff became more involved in the organization's work. In 1978, the organization was renamed the Southern Governors' Association, and in 1981, governors relocated SGA to Washington, DC, and added professional staff, with the objectives of increasing an awareness for issues affecting the American South and monitoring federal policy affecting the region through a bipartisan consensus-building mechanism. This approach proved beneficial to the region's chief executives for a time, but interest in consensus building waned, leading to the current restructuring of SGA's mission and approach.

ACTION:

With a renewed focus on the economic competitiveness of the region, SGA will now concentrate its efforts on providing an active, nonpartisan forum where participants can exchange views, and access data, information and expertise on issues of general importance in order to augment their own policy deliberations.

In this way, SGA can:

- collect and disseminate critical information that informs you and your Administration's policymaking efforts on a wide array of issues;

March 24, 2015

- connect the subject-matter leaders and experts you rely on with their respective peers across the region; and
- facilitate the exchange of expertise among the diverse and deeply experienced pool of participants in the SGA community.

You can expect the following advantages as a result of these approved changes:

1. Cost of participation for Governors will be dramatically reduced, and presented as an annual subscription rather than dues.

Beginning in FY2016 (July 1) your annual subscription will be set at \$25,000 for states, or \$10,000 for territories. This represents a cost savings of between 33% to 50% depending on your current dues positioning within SGA's existing system. This reduction is being made in response to numerous concerns voiced by Southern Governors about shrinking discretionary budgets.

I've already taken other immediate cost-saving measures, including relocating SGA's offices to a smaller footprint (*note our new Suite number*) and reducing the size of our full-time staff.

Our new business model relies on the sharing of information, data and expertise among SGA's unique community of Southern Governors, their subject matter leaders, experts and staff, and Affiliates, predominantly via a Web portal available only to SGA participants. In other words, **only active participants** in SGA's community will be able to access and contribute to the data, tools, information and expertise we aggregate and/or develop.

2. Participating Governors will be asked to appoint high-level representatives from their Administrations to lead and/or participate in "virtual" committees in the following policy areas:

- a. Economic competitiveness
- b. Manufacturing
- c. Trade and Investment
- d. Innovation and Emerging Issues
- e. Workforce and Education
- f. Health and Wellness
- g. Energy and Natural Resources
- h. Infrastructure (roads, bridges, water, electrical grid, broadband, etc.)
- i. Security/Cyber

Appointees may be cabinet secretaries, department heads, chiefs of staff, policy directors or other subject matter experts within the Governor's Administration.

March 24, 2015

The important element will be that appointees have the authority and willingness to contribute to and be a part of the discussion and information exchange.

Participating Governors need not appoint a representative to every committee, but it is an option. In addition to appointees, staff from throughout a Governor's Administration can access these resources for their own education.

Furthermore, Governors' key cabinet officials with common responsibilities in parallel to SGA committee/issue priorities will have access to a supported virtual environment in which to make and maintain connections with their peers throughout the region. Governors' commerce/economic development secretaries, international trade directors, workforce secretaries and others have expressed interest in having SGA support regular peer group interactions. The development of this new virtual platform allows this to happen by overcoming scheduling challenges and costs associated with travel and events space.

SGA is working diligently to complete the first phase of the new Web-based collaborative platform that will support these committees. In April and May, SGA will begin assembling committee rosters and making suggestions based on participating Governors' designated subject matter leaders/experts and Affiliate Members. At that time, I also will be asking for your commitment to become a paying subscriber to SGA for FY2016.

3. To overcome the time and budgetary constraints of in-person meetings, the majority of committee activity will be conducted via SGA's new Web portal.

This means that only valid participants will be given password-protected access to the Web portal, which will be buttressed with:

- interactive visualized data relevant to committee issue areas and drawn from an array of publicly available sources;
- news and information aggregated from an array of perspectives and resources; and
- the insights of SGA community experts, as well as other recognized leaders outside of SGA's community who are invited to share their knowledge.

SGA will support participants' engagement in committee exchanges and other resources through electronic notices, news digests, and other communications, which each participant can customize to their own interests and needs.

4. SGA events are in the process of being reevaluated and restructured with the goal of reducing overall scheduling demands, improving opportunities for

March 24, 2015

private discussions among participating Governors, reducing costs, and cultivating non-dues revenue to support participants' goals.

Beginning this year, we anticipate making changes to the timing, duration and format of SGA's Annual Meeting. The agenda would align with committee work, and allow participating Governors to attend the portions of the agenda they care most about if they are unable to stay for the entire conference. This approach envisions more active involvement of Governors' appointed committee representatives to set the agenda, and to lead/participate in the programming.

Separate programming geared specifically to governor-to-governor discussions would be determined each year and convened by SGA's Chairman.

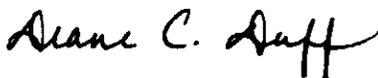
- 5. Each participating Governor will have a seat on SGA's governing board, and will be asked to appoint an appropriate staff representative to a governance committee that will work with me on various governance matters.**

Establishing a working governance committee is required by SGA's legal, financial and administrative framework. The time required of Governors' appointees for this function will be limited, but individuals who can speak for their participating Governor and provide guidance to me will be essential to SGA's long-term success.

In a few weeks, I will send you an update on our progress in launching SGA's new Web-based work plan, asking whether I can count on you and your Administration to rejoin and participate in the SGA community.

For most of its 80-year history, the Southern Governors' Association has been one of the most vibrant of the regional Governors' associations. With the changes I have described, I believe we can reenergize this organization to provide valuable resources and connectivity with leaders beyond your borders. In an increasingly connected world, such connectivity takes on greater importance, and I hope you will actively support my efforts on behalf of all Southern Governors.

Sincerely,



Diane C. Duff

enclosures



**AMENDED AND RESTATED
BYLAWS OF THE SOUTHERN GOVERNORS' ASSOCIATION**

The following Bylaws of the Southern Governors' Association (SGA) shall provide for SGA's name, mission, function; membership; board structure; staffing; advisory committees; resolutions; funding sources and budgeting; books and records; annual report; rules of order and parliamentary authority; organizational standing and dissolution; and indemnification.

I. Name, Mission Statement and Function.

The name of this organization shall be the "Southern Governors' Association" or "SGA."

SGA's Mission Statement shall read as follows: "SGA is a nonpartisan enterprise where Members can exchange views with each other and constituents and access data, information and expertise on issues of general importance in order to augment the deliberations of public, private and nonprofit decision-makers in the American South."

SGA shall function as a forum for the exchange of views and experiences among its membership on subjects of general importance to the people of the American South: soliciting outside expertise to inform its membership; fostering interstate dialog, cooperation, peer-to-peer relationships and regional development; supporting members' efforts to attain greater efficiency in state administration and to explore public-private partnerships; facilitating the exchange of information between its members and the various branches of the federal government; and pursuing improved state-federal relationships.

II. Membership.

Individuals elected and currently serving as Governors of the following jurisdictions are eligible for Membership in the Southern Governors' Association: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia, the Commonwealth of Puerto Rico and the Territory of the U.S. Virgin Islands. Membership presumes the participation of the Governor of that jurisdiction and all appropriate representatives of his/her Administration. Governors shall be considered Members in good standing upon receipt of their annual subscription/dues payment.

Member Governors in good standing shall serve as the decision makers for all matters regarding SGA's programs and administration in consultation with SGA's Executive Director. Each Member Governor who is in good standing shall have one vote on matters requiring a vote of the Membership.

At a minimum, each Member Governor in good standing shall appoint one staff member or representative from within his/her administration to serve as the primary point of contact for SGA's Executive Director to coordinate the Governor's involvement in SGA activities and events. This appointee shall be deemed as having his/her respective Governor's authority to convey to SGA decisions on matters of association business. In addition, SGA's Executive Director may call upon each Member Governor's appointee to assist in facilitating the appointment and inclusion of other subject matter representatives within that Member Governor's administration to issue-specific SGA committees, projects, consortia or other relevant activities, in accordance with the Member Governor's wishes.

SGA shall hold an annual meeting of Members at time and location to be determined by the Executive Director after consulting with Members or their designated representatives. The annual meeting need not be held at a physical location if it is held by means of the Internet or other electronic communication in which the Members have an opportunity to read or hear the proceedings substantially concurrently, vote on matters submitted for vote, ask questions and provide comments.

SGA may hold other meetings of Members from time to time as determined by the Chairman or the Executive Committee (as defined below). A special meeting of Members shall be held at the request of Members in good standing holding at least twenty percent of the votes held by Members in good standing.

Neither the annual meeting nor a special meeting must be held at a physical location if it is held by means of the Internet or other electronic communication in which the Members have an opportunity to read or hear the proceedings substantially concurrently, vote on matters submitted for vote, ask questions and provide comments.

Except as provided in these Bylaws, the rules of Subchapter V of the District of Columbia Nonprofit Corporation Act (the "Act") shall govern the procedures for meetings of Members and voting by Members.

III. Chairman.

SGA shall have a Member Governor serve as Chairman to oversee all aspects of SGA's work and administration. A Governor is eligible to serve as SGA Chairman if he/she is a Member in good standing and is not subject to re-election in his or her own state during his or her term as Chairman. A Chairman shall serve for a term of not less than one-year and not more than two years as determined by the Executive Committee. If the Executive Committee does not set a term, the Chairman shall serve for a term of one year ending on the first anniversary of the date that he or she takes office.

A Chairman-elect may be identified from among Member Governors in good standing through a nomination process, self-nomination or by the sitting Chairman's invitation. If more than one Member Governor in good standing is nominated, the Chairman shall call for a vote of the Members in good standing, which may be done in a meeting or by mail or email ballot. In the absence of expressed interest from within the Membership, the sitting Chairman, in consultation with the Executive Director, shall invite another Member Governor in good standing to serve as Chairman-elect until the post is accepted. Whenever possible, the Chairman-elect should be of different political party than the then-current Chairman. A Member Governor shall be eligible to be elected Chairman-elect only if the Governor will meet the qualifications for serving as Chairman at the expiration of the term of the then-current Chairman.

If a Chairman-elect resigns as Chairman-elect or ceases to be a Member in good standing, the Member Governors shall elect a replacement Chairman-elect in accordance with the procedures set forth in the preceding paragraph.

When the term of the Chairman expires, the Chairman resigns as Chairman, or the Chairman ceases to be a Member, the Chairman-elect shall become Chairman. If there is no Chairman-elect at such time, the Members shall elect a new Chairman using a process similar to the process described above for electing a Chairman-elect.

IV. Executive Committee.

SGA shall be governed by an Executive Committee, led by the Chairman. The Executive Committee shall act as the "board of directors" of SGA. Each Member Governor in good standing may choose to be appointed as a "Director" on the Executive Committee (or choose not to be so appointed). There is no limit to the number of terms a Member Governor in good standing may serve as a Director. There shall be at least three Directors at all times. If at any time there are less than three Directors, the Executive Committee shall have no authority to act until at least three Member Governors have agreed to serve as Directors.

Unless a greater proportion is required by the law or these Bylaws, a majority of Directors shall constitute a quorum for transaction of business. Except as otherwise provided by law or these Bylaws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Executive Committee.

Any notice of a meeting of the Executive Committee may be provided to Directors in writing by the Chairman, the Executive Director or twenty percent of the Directors then in office at least two days prior to a meeting of the Executive Committee. No additional notice shall be required for meetings that are included on a schedule provided to the Directors at the beginning of a year.

Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken by the Executive Committee may be taken without a meeting if all of the members of the Executive Committee consent in writing to the adoption of an agreement authorizing the action.

A Director may resign from the Executive Committee at any time by giving notice to the Chairman and the Executive Director. Such resignation shall take effect when the notice is delivered unless the notice specifies a later time. Unless otherwise specified in the notice of resignation, no acceptance of the resignation shall be necessary to make it effective. A Director shall be disqualified and cease to be a Director if the individual ceases to meet the eligibility qualifications of SGA Membership or, unless the disqualification would result in fewer than three Directors, ceases to be in good standing.

V. Executive Director, Officers and Office and Staff Resources.

The SGA shall have a staff and office in Washington, D.C. The SGA staff shall include an Executive Director and such other staff as needed to carry out the work of SGA, within budgeted means.

- A. The Executive Director shall report to the Executive Committee, and the Executive Committee or their representatives shall provide annual oversight of the Executive Director's performance, including annual review.
- B. The Executive Director shall be the chief executive officer of SGA and, subject to the supervision and direction of the Executive Committee, shall manage the day-to-day general administrative and programmatic work of SGA. The SGA Executive Director shall maintain all records of SGA and its meetings. The SGA Executive Director shall keep SGA's members informed of SGA's activities, policies, events and inter-organizational relationships. For purposes of the Act, the Executive Director shall be considered the "President" of SGA and may use such title when executing documents that the Act requires or permits to be executed by the president of a nonprofit corporation.
- C. Unless the Executive Committee appoints another individual to serve as SGA's Secretary, the Executive Director shall serve as SGA's Secretary. The Secretary shall be responsible for the keeping of an accurate record of the proceedings of all meetings of the Members and Executive Committee and, in general, shall perform all duties customary to the office of Secretary.

- D. The Executive Director shall have custody of the corporate seal of SGA; and she/he shall have authority to affix the same to any instrument requiring it; and, when so affixed, it may be attested by her/his signature.
- E. The SGA shall have a Treasurer, who shall be an individual other than the Executive Director. The Treasurer shall have the custody of, and be responsible for, all funds and securities of SGA. The Treasurer shall deposit all monies and other valuable property of SGA in the name and to the credit of SGA in such banks or depositories as the Executive Committee may designate. Whenever required by the Executive Committee, the Treasurer shall render a statement of accounts. The Treasurer shall at all reasonable times exhibit the books and accounts to any officer or member of SGA, and shall perform all duties incident to the office of the Treasurer, subject to the supervision of the Executive Director and Chairman, and such other duties as shall from time to time be assigned by the Executive Committee. SGA shall hire a qualified outside Certified Public Accountant to assist in the keeping of complete and accurate accounts of receipts and disbursements of SGA. The Treasurer may be an employee or principal of the accounting firm.

The Executive Committee or the Executive Director may designate an individual to serve as Assistant Treasurer. Subject to the supervision of the Executive Committee, the Executive Director and Treasurer (if available and if any), the Assistant Treasurer shall assume such roles of the Treasurer as the Treasurer (if one) or the Executive Director (if no Treasurer) shall delegate to the Assistant Treasurer.

- F. The SGA Executive Director and any other person entrusted with the handling of funds or property of SGA shall be covered by appropriate insurance.
- G. The SGA Executive Director shall be solely responsible for the recruitment, employment, supervision, evaluation and dismissal of staff members of SGA, in compliance with SGA Personnel Policies and Procedures. All SGA staff, including the Executive Director, will be employees of SGA. The personnel policies, benefits, and programs of SGA shall apply to each SGA staff member.
- H. All SGA staff will perform functions for SGA and participate in appropriate activities of other organizations for the benefit of SGA, as directed by the SGA Executive Director.

- I. Staff resources also may be provided through contractual agreements between SGA and independent contractors who have a demonstrated expertise on a specific topic but no conflicts of interest.
- J. SGA shall not make any loans to officers or Directors.
- K. Any officer may be removed by the Executive Committee with or without cause whenever in its judgment the best interests of SGA will be served thereby, provided, however, that the removal of an officer shall be without prejudice to his or her contract rights, if any, and the election or appointment of an officer shall not of itself create contract rights.

VI. Advisory Committees; Affiliates.

- A. The Chairman and/or the Executive Director may establish advisory committees drawn from Member Governors, their staff, SGA Affiliates or from selected outside experts to assist in meeting their respective responsibilities for, but not limited to, developing and carrying out the SGA work plan, planning the program of the Annual Meeting and other events or special meetings of SGA, and providing financial oversight, fundraising, or other duties.
- B. SGA may establish a program (“CAP”) for designating certain individuals, businesses entities or organizations as affiliates (“Affiliates”). Affiliates may participate in various SGA programs, projects and/or events that aim to facilitate the exchange of views, data, information, and/or expertise on issues of general importance to the American South and Member Governors in good standing, consistent with the organization’s mission. Affiliates shall have no rights or authority relating to the governance of SGA.

VII. Resolutions and Statements of Principles.

Resolutions and statements of principles (“resolutions”) may be adopted when SGA wishes to communicate its Member Governors’ views on a specific matter of relevance to the region. A resolution may be proposed at any time by an individual Member Governor. Resolutions may be representative of any combination of Member Governors, and must represent specifically which Member Governors associate themselves to such resolution. Resolutions shall not be a binding agreement, but instead, may provide information as to the viewpoints of some set of SGA Members on a particular issue or topic. Resolutions are prepared for the sole use of its Members in furtherance of their own policy-related activities, but may be published and circulated by SGA for informational purposes.

VIII. Funding Sources and Budgeting.

SGA shall receive funding from its Members' jurisdictions, and from other means.

- A. Subscriptions/Dues.** The basic financial support for SGA shall be in the form of subscriptions/dues payments made by Member Governors and Affiliates for annual access to the data, information, and collaborative dialog among Members as provided through SGA's Web site at www.southern.org and any other Web site designated by SGA. Annual subscriptions/dues shall be billed to Member Governors within thirty (30) days of the beginning of each fiscal year, and to Affiliates within thirty (30) days of the anniversary of their admittance to SGA's Affiliates Program. If annual subscriptions/dues are not paid by or with respect to any Member Governor within ninety (90) days from the due date, the membership of that Governor shall be suspended. If annual subscriptions/dues are not paid by or with respect to any Affiliate within thirty (30) days from the due date, the status of the CAP member shall be suspended. A suspended Member shall have no voting rights and no access to SGA resources until subscriptions/dues have been reactivated. In the circumstance that a Member Governor or Affiliate presents extenuating circumstances, SGA's Executive Director has the authority to temporarily waive these deadlines, by a period not to exceed the fiscal year.
- B. Other Funding Sources.** In addition to annual subscriptions/dues, SGA and its representatives shall be authorized to raise supplemental financial support through sponsorship funding to support specific events, projects and collaborations, including but not limited to corporate support. SGA and its representatives also shall be authorized to pursue grants from federal, foundation, nonprofit, and other sources. SGA has established an affiliated nonprofit corporation, the Foundation for the American South, that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code, that may receive grants and contributions to support the activities of the SGA.
- C. Budgeting and Expenditures**

 1. The SGA Executive Director shall present the annual budget for SGA to the SGA Executive Committee, through a meeting or other means, for review, revision and approval.

2. The SGA budget shall reflect all sources of revenue and include categories to provide a complete and accurate financial picture of the organization. Expenditures will be within the approved budget.
3. The SGA Executive Director shall provide, by electronic or overnight mail, semi-annual financial reports to the SGA officers showing the level of expenditures and the budget balance.
4. SGA's fiscal year shall be July 1 through June 30.
5. The financial soundness of SGA shall be determined annually by a recognized audit firm, which shall submit its written opinion to the Executive Committee.
6. Compensation. Neither Governors nor their appointees shall receive compensation for their services as Members of SGA, Directors on the Executive Committee, or advisors. This does not prohibit reimbursement of direct expenses, where appropriate.
7. All contributions and gifts to SGA shall be used for exclusively for "public purposes" (as such term is defined for purposes of section 170(c)(1) of the Internal Revenue Code).

IX. Books and Records.

SGA shall keep at its principal office, correct and complete books and records of account; written minutes of the proceedings of its meetings, the original or a copy of the Bylaws as amended to date, a copy of its Articles of Incorporation as amended to date, a list of the names and business addresses of its current Directors and officers, a record giving the names and addresses of all current Members of the SGA in alphabetical order, all communications in the form of a record to Members generally in the last three years, including the financial statements furnished for the last three years under §29-413.20 of the Act, and its most recent biennial report delivered to the Mayor of the District of Columbia. All books and records of SGA may be inspected by any Member, his agent or attorney, at any reasonable time and for any reasonable purpose, where such Member has provided a written request to SGA.

X. Annual Report.

The SGA Executive Director shall prepare an annual report subsequent to the conclusion of the fiscal year for presentation to SGA members. The annual report shall include information on SGA's major activities during the previous fiscal year and a financial overview.

XI. Rules of Order and Parliamentary Authority.

At any meeting of SGA these Bylaws may be amended by a two-thirds majority vote of all Member Governors present and voting. On any issue not covered by these Bylaws or the Act, *Robert's Rules of Order* shall be the standard authority, when applicable.

XII. Organizational Standing and Terms of Dissolution.

For purposes of sections 115 and 170(c)(1) of the Internal Revenue Code, the Members intend that SGA shall be an instrumentality of the states whose Governors are Members of SGA. The SGA is formed and shall be operated for exclusively public purposes.

In the event of dissolution or final liquidation of SGA, all remaining assets and property shall, after paying or making provision for the payment of all of the liabilities and obligations of SGA (including, without limitation, the return to grantors of all unused grant funds that have not or will not be used for their intended purposes) and for necessary expenses thereof, be distributed to the States (or United States possessions) whose governors are current Members in good standing of SGA for use for exclusively public purposes. In no event shall any of such assets or property be distributed to any Member, Director, Officer or any private individual.

XIII. Indemnification.

SGA shall indemnify any Director, officer and any employee, agent or volunteer of the Corporation who is party to a proceeding or subject to a claim because of his or her relationship with the Corporation to the extent required by the Act or other applicable law. SGA shall indemnify any Director or officer of the SGA who is party to a proceeding or subject to a claim because of his or her relationship with SGA to the extent permitted by the Act and other applicable law. SGA may by act of the Executive Committee, but shall not be required to, indemnify any employee, agent or volunteer of SGA who is party to a proceeding or subject to a claim because of his or her relationship with SGA to the extent such indemnification is neither required nor prohibited by the Act or other law. Any indemnification shall be made in accordance with procedures set forth in the Act. SGA may, before final disposition of a proceeding, advance funds to pay for expenses for which an individual may be entitled to indemnification if such advances are permitted by and made in accordance with procedures set forth in the Act.

SGA may purchase for the benefit of any Director, officer, employee, or other agent insurance against any liability asserted against or incurred by him or her which arises out of such person's status as a Director, officer, employee, or agent or out of acts taken in such capacity, whether or not SGA would have the power to indemnify the

person against that liability under law.

SGA shall retain such levels of insurance as are required under § 29-406.90 of the Act for such section to provide immunity from civil liability for volunteers (except for injury or damage resulting from (i) the willful misconduct of the volunteer, (ii) a crime unless the volunteer had reasonable cause to believe the act was lawful, (iii) a transaction that resulted in an improper personal benefit to the volunteer or (iv) an act or omission that is not in good faith and is beyond the scope of authority of the corporation).

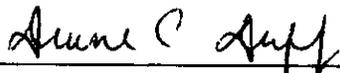
A Director shall not be subject to actions for equitable relief, damages or sanctions in a proceeding by or in the right of SGA on the grounds that opportunity should have been first offered to SGA if the Director brings it to the attention of SGA and the Executive Committee disclaims the SGA's interest in the opportunity in compliance with § 29-406.80 of the Act. The fact that a Director did not follow this procedure shall not support an inference that the opportunity should have been first presented to the Executive Committee.

XIV. Miscellaneous.

Unless the context otherwise requires, the terms "written," "record" or "notice" shall refer to information that is inscribed on a tangible medium (such as a printed document) or that is stored in an electronic medium or other medium and is retrievable in perceivable form.

* * * * *

These Amended and Restated Bylaws were adopted by the Executive Committee of SGA on February 22, 2015 and are effective as of such date.



Executive Director and Secretary

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Fiscal Years run July 1 - June 30

	FY14 End-of-Yr ACTUAL	FY15 BUDGET	Mid-Yr FY2015 ACTUAL	FY16 BUDGET
Revenue				
State Dues	\$ 375,000	375,000	205,000	280,000
CAP Dues	\$ 606,457	378,000	262,750	400,000
Annual Meeting Sponsorships	\$ 331,932	373,209	376,750	250,000
Economic Forum Sponsorships	na	200,000		280,000
Winter Mtg Sponsorships	na	na		30,000
Committee Sponsorships	na	na		50,000
Meeting Fees	43,530	18,495	18,495	18,000
Grant--USDA	188,346	157,500	84,314	na
Grant--Kettering	2,500	30,000	40,000	72,000
Grant--EDA	63,858	90,000	41,725	200,000
Grant--Ted's stuff		30,000	11,395	33,600
Subtenant Rent	16,800	12,245	2,053	19,200
Interest	75	70	24	
Miscellaneous	7,172	0	0	
Total Revenue	1,635,760	1,664,519	1,042,506	1,632,800
Expenses				
Salaries & Wages	589,792	456,905	198,573	458,324
Payroll Tax	41,063	39,065	16,573	39,187
Employee Benefits	88,228	89,442	44,463	93,915
Web Build/Maintenance		90,000		35,000
Annual Meeting Expenses		248,000	368,197	125,000
Economic Forum Expenses		100,000		100,000
Winter Mtg Exxpenses		15,000		15,000
Grant--USDA	140,864	140,000	84,314	na
Grant--Kettering		57,500	37,500	65,000
Grant--EDA	1,769	15,000	77,945	120,000
Grant--Ted's stuff		27,500		31,100
Consulting/Contractual	31,607	10,000	43,767	10,000
Accounting, Legal & Prof Fees	59,723	46,050	24,214	35,000
Speaker Fees/Honoraria	1,426	34,000	30,367	50,000
Receptions and Events	140,182	15,000	42,365	20,000
Event Operations	149,262	5,000	60,831	
Communications	31,551	18,000	2,315	20,000
Audio/Visual	105,632	41,000	94,070	30,000
Subscriptions & Memberships	5,428	5,000	1,292	10,000
Equipment Lease, Repair & Maint	17,931	14,300	4,477	17,000
Office Supplies & Support	14,139	10,850	1,272	12,000
Rent	148,141	148,141	35,630	148,141
Travel	35,973	16,500	5,686	20,000
Depreciation	6,603	0	589	
Total Expenses	1,609,314	1,642,254	1,174,440	1,454,667
Change in Net Assets	26,446	22,266	150,655	178,133

FY16 State Dues Assumptions

11 @ \$25K	275,000
2 @ \$10K	20,000
	295,000



CC: James Burns

March 24, 2015

The Honorable Nikki Haley
State of South Carolina
South Carolina State House, First Floor
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley:

On February 22 in Washington, DC, SGA Chairman Missouri Governor Jay Nixon convened Southern Governors to discuss an organizational restructuring to more broadly reflect its participants' policy priorities, and to address various challenges that have risen over the past several years regarding scheduling, costs, and time commitments. Attending Governors voted to adopt new by-laws and a FY2016 budget, and approved these restructuring plans.

I'm writing today to provide you an overview of the changes SGA is making, and to ask you to consider supporting these changes by rejoining your namesake organization.

BACKGROUND:

Founded as the Southern Governors Conference 80 years ago, this organization served as the mechanism to overcome key obstacles to the region's economic growth during the Depression. Over the ensuing decades, regional education, economic development, and tax and fiscal policy were added to the organization's agenda, and governors' staff became more involved in the organization's work. In 1978, the organization was renamed the Southern Governors' Association, and in 1981, governors relocated SGA to Washington, DC, and added professional staff, with the objectives of increasing an awareness for issues affecting the American South and monitoring federal policy affecting the region through a bipartisan consensus-building mechanism. This approach proved beneficial to the region's chief executives for a time, but interest in consensus building waned, leading to the current restructuring of SGA's mission and approach.

ACTION:

With a renewed focus on the economic competitiveness of the region, SGA will now concentrate its efforts on providing an active, nonpartisan forum where participants can exchange views, and access data, information and expertise on issues of general importance in order to augment their own policy deliberations.

In this way, SGA can:

March 24, 2015

- collect and disseminate critical information that informs you and your Administration's policymaking efforts on a wide array of issues;
- connect the subject-matter leaders and experts you rely on with their respective peers across the region; and
- facilitate the exchange of expertise among the diverse and deeply experienced pool of participants in the SGA community.

You can expect the following advantages as a result of these approved changes:

1. Cost of participation for Governors will be dramatically reduced, and presented as an annual subscription rather than dues.

Beginning in FY2016 (July 1) your annual subscription will be set at \$25,000 for states, or \$10,000 for territories. This represents a cost savings of between 33% to 50% depending on your current dues positioning within SGA's existing system. This reduction is being made in response to numerous concerns voiced by Southern Governors about shrinking discretionary budgets.

I've already taken other immediate cost-saving measures, including relocating SGA's offices to a smaller footprint (*note our new Suite number*) and reducing the size of our full-time staff.

Our new business model relies on the sharing of information, data and expertise among SGA's unique community of Southern Governors, their subject matter leaders, experts and staff, and Affiliates, predominantly via a Web portal available only to SGA participants. In other words, **only active participants** in SGA's community will be able to access and contribute to the data, tools, information and expertise we aggregate and/or develop.

2. Participating Governors will be asked to appoint high-level representatives from their Administrations to lead and/or participate in "virtual" committees in the following policy areas:

- a. Economic competitiveness
- b. Manufacturing
- c. Trade and Investment
- d. Innovation and Emerging Issues
- e. Workforce and Education
- f. Health and Wellness
- g. Energy and Natural Resources
- h. Infrastructure (roads, bridges, water, electrical grid, broadband, etc.)
- i. Security/Cyber

March 24, 2015

- 4. SGA events are in the process of being reevaluated and restructured with the goal of reducing overall scheduling demands, improving opportunities for private discussions among participating Governors, reducing costs, and cultivating non-dues revenue to support participants' goals.**

Beginning this year, we anticipate making changes to the timing, duration and format of SGA's Annual Meeting. The agenda would align with committee work, and allow participating Governors to attend the portions of the agenda they care most about if they are unable to stay for the entire conference. This approach envisions more active involvement of Governors' appointed committee representatives to set the agenda, and to lead/participate in the programming.

Separate programming geared specifically to governor-to-governor discussions would be determined each year and convened by SGA's Chairman.

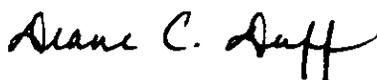
- 5. Each participating Governor will have a seat on SGA's governing board, and will be asked to appoint an appropriate staff representative to a governance committee that will work with me on various governance matters.**

Establishing a working governance committee is required by SGA's legal, financial and administrative framework. The time required of Governors' appointees for this function will be limited, but individuals who can speak for their participating Governor and provide guidance to me will be essential to SGA's long-term success.

In a few weeks, I will send you an update on our progress in launching SGA's new Web-based work plan, asking whether I can count on you and your Administration to rejoin and participate in the SGA community.

For most of its 80-year history, the Southern Governors' Association has been one of the most vibrant of the regional Governors' associations. With the changes I have described, I believe we can reenergize this organization to provide valuable resources and connectivity with leaders beyond your borders. In an increasingly connected world, such connectivity takes on greater importance, and I hope you will actively support my efforts on behalf of all Southern Governors.

Sincerely,



Diane C. Duff

enclosures

March 24, 2015

Appointees may be cabinet secretaries, department heads, chiefs of staff, policy directors or other subject matter experts within the Governor's Administration. The important element will be that appointees have the authority and willingness to contribute to and be a part of the discussion and information exchange.

Participating Governors need not appoint a representative to every committee, but it is an option. In addition to appointees, staff from throughout a Governor's Administration can access these resources for their own education.

Furthermore, Governors' key cabinet officials with common responsibilities in parallel to SGA committee/issue priorities will have access to a supported virtual environment in which to make and maintain connections with their peers throughout the region. Governors' commerce/economic development secretaries, international trade directors, workforce secretaries and others have expressed interest in having SGA support regular peer group interactions. The development of this new virtual platform allows this to happen by overcoming scheduling challenges and costs associated with travel and events space.

SGA is working diligently to complete the first phase of the new Web-based collaborative platform that will support these committees. In April and May, SGA will begin assembling committee rosters and making suggestions based on participating Governors' designated subject matter leaders/experts and Affiliate Members. At that time, I also will be asking for your commitment to become a paying subscriber to SGA for FY2016.

3. **To overcome the time and budgetary constraints of in-person meetings, the majority of committee activity will be conducted via SGA's new Web portal.**

This means that only valid participants will be given password-protected access to the Web portal, which will be buttressed with:

- interactive visualized data relevant to committee issue areas and drawn from an array of publicly available sources;
- news and information aggregated from an array of perspectives and resources; and
- the insights of SGA community experts, as well as other recognized leaders outside of SGA's community who are invited to share their knowledge.

SGA will support participants' engagement in committee exchanges and other resources through electronic notices, news digests, and other communications, which each participant can customize to their own interests and needs.

Fiscal Years run July 1 - June 30

	FY14 End-of-Yr ACTUAL	FY15 BUDGET	Mid-Yr FY2015 ACTUAL	FY16 BUDGET
Revenue				
State Dues	\$ 375,000	375,000	205,000	280,000
CAP Dues	\$ 606,457	378,000	262,750	400,000
Annual Meeting Sponsorships	\$ 331,932	373,209	376,750	250,000
Economic Forum Sponsorships	na	200,000		280,000
Winter Mtg Sponsorships	na	na		30,000
Committee Sponsorships	na	na		50,000
Meeting Fees	43,530	18,495	18,495	18,000
Grant--USDA	188,346	157,500	84,314	na
Grant--Kettering	2,500	30,000	40,000	72,000
Grant--EDA	63,858	90,000	41,725	200,000
Grant--Ted's stuff		30,000	11,395	33,600
Subtenant Rent	16,800	12,245	2,053	19,200
Interest	75	70	24	
Miscellaneous	7,172	0	0	
Total Revenue	1,635,760	1,664,519	1,042,506	1,632,800
Expenses				
Salaries & Wages	589,792	456,905	198,573	458,324
Payroll Tax	41,063	39,065	16,573	39,187
Employee Benefits	88,228	89,442	44,463	93,915
Web Build/Maintenance		90,000		35,000
Annual Meeting Expenses		248,000	368,197	125,000
Economic Forum Expenses		100,000		100,000
Winter Mtg Exxpenses		15,000		15,000
Grant--USDA	140,864	140,000	84,314	na
Grant--Kettering		57,500	37,500	65,000
Grant--EDA	1,769	15,000	77,945	120,000
Grant--Ted's stuff		27,500		31,100
Consulting/Contractual	31,607	10,000	43,767	10,000
Accounting, Legal & Prof Fees	59,723	46,050	24,214	35,000
Speaker Fees/Honoraria	1,426	34,000	30,367	50,000
Receptions and Events	140,182	15,000	42,365	20,000
Event Operations	149,262	5,000	60,831	
Communications	31,551	18,000	2,315	20,000
Audio/Visual	105,632	41,000	94,070	30,000
Subscriptions & Memberships	5,428	5,000	1,292	10,000
Equipment Lease, Repair & Maint	17,931	14,300	4,477	17,000
Office Supplies & Support	14,139	10,850	1,272	12,000
Rent	148,141	148,141	35,630	148,141
Travel	35,973	16,500	5,686	20,000
Depreciation	6,603	0	589	
Total Expenses	1,609,314	1,642,254	1,174,440	1,454,667
Change in Net Assets	26,446	22,266	150,655	178,133

FY16 State Dues Assumptions

11 @ \$25K	275,000
2 @ \$10K	20,000
	295,000



**AMENDED AND RESTATED
BYLAWS OF THE SOUTHERN GOVERNORS' ASSOCIATION**

The following Bylaws of the Southern Governors' Association (SGA) shall provide for SGA's name, mission, function; membership; board structure; staffing; advisory committees; resolutions; funding sources and budgeting; books and records; annual report; rules of order and parliamentary authority; organizational standing and dissolution; and indemnification.

I. Name, Mission Statement and Function.

The name of this organization shall be the "Southern Governors' Association" or "SGA."

SGA's Mission Statement shall read as follows: "SGA is a nonpartisan enterprise where Members can exchange views with each other and constituents and access data, information and expertise on issues of general importance in order to augment the deliberations of public, private and nonprofit decision-makers in the American South."

SGA shall function as a forum for the exchange of views and experiences among its membership on subjects of general importance to the people of the American South: soliciting outside expertise to inform its membership; fostering interstate dialog, cooperation, peer-to-peer relationships and regional development; supporting members' efforts to attain greater efficiency in state administration and to explore public-private partnerships; facilitating the exchange of information between its members and the various branches of the federal government; and pursuing improved state-federal relationships.

II. Membership.

Individuals elected and currently serving as Governors of the following jurisdictions are eligible for Membership in the Southern Governors' Association: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia, the Commonwealth of Puerto Rico and the Territory of the U.S. Virgin Islands. Membership presumes the participation of the Governor of that jurisdiction and all appropriate representatives of his/her Administration. Governors shall be considered Members in good standing upon receipt of their annual subscription/dues payment.

Member Governors in good standing shall serve as the decision makers for all matters regarding SGA's programs and administration in consultation with SGA's Executive Director. Each Member Governor who is in good standing shall have one vote on matters requiring a vote of the Membership.

At a minimum, each Member Governor in good standing shall appoint one staff member or representative from within his/her administration to serve as the primary point of contact for SGA's Executive Director to coordinate the Governor's involvement in SGA activities and events. This appointee shall be deemed as having his/her respective Governor's authority to convey to SGA decisions on matters of association business. In addition, SGA's Executive Director may call upon each Member Governor's appointee to assist in facilitating the appointment and inclusion of other subject matter representatives within that Member Governor's administration to issue-specific SGA committees, projects, consortia or other relevant activities, in accordance with the Member Governor's wishes.

SGA shall hold an annual meeting of Members at time and location to be determined by the Executive Director after consulting with Members or their designated representatives. The annual meeting need not be held at a physical location if it is held by means of the Internet or other electronic communication in which the Members have an opportunity to read or hear the proceedings substantially concurrently, vote on matters submitted for vote, ask questions and provide comments.

SGA may hold other meetings of Members from time to time as determined by the Chairman or the Executive Committee (as defined below). A special meeting of Members shall be held at the request of Members in good standing holding at least twenty percent of the votes held by Members in good standing.

Neither the annual meeting nor a special meeting must be held at a physical location if it is held by means of the Internet or other electronic communication in which the Members have an opportunity to read or hear the proceedings substantially concurrently, vote on matters submitted for vote, ask questions and provide comments.

Except as provided in these Bylaws, the rules of Subchapter V of the District of Columbia Nonprofit Corporation Act (the "Act") shall govern the procedures for meetings of Members and voting by Members.

III. Chairman.

SGA shall have a Member Governor serve as Chairman to oversee all aspects of SGA's work and administration. A Governor is eligible to serve as SGA Chairman if he/she is a Member in good standing and is not subject to re-election in his or her own state during his or her term as Chairman. A Chairman shall serve for a term of not less than one-year and not more than two years as determined by the Executive Committee. If the Executive Committee does not set a term, the Chairman shall serve for a term of one year ending on the first anniversary of the date that he or she takes office.

A Chairman-elect may be identified from among Member Governors in good standing through a nomination process, self-nomination or by the sitting Chairman's invitation. If more than one Member Governor in good standing is nominated, the Chairman shall call for a vote of the Members in good standing, which may be done in a meeting or by mail or email ballot. In the absence of expressed interest from within the Membership, the sitting Chairman, in consultation with the Executive Director, shall invite another Member Governor in good standing to serve as Chairman-elect until the post is accepted. Whenever possible, the Chairman-elect should be of different political party than the then-current Chairman. A Member Governor shall be eligible to be elected Chairman-elect only if the Governor will meet the qualifications for serving as Chairman at the expiration of the term of the then-current Chairman.

If a Chairman-elect resigns as Chairman-elect or ceases to be a Member in good standing, the Member Governors shall elect a replacement Chairman-elect in accordance with the procedures set forth in the preceding paragraph.

When the term of the Chairman expires, the Chairman resigns as Chairman, or the Chairman ceases to be a Member, the Chairman-elect shall become Chairman. If there is no Chairman-elect at such time, the Members shall elect a new Chairman using a process similar to the process described above for electing a Chairman-elect.

IV. Executive Committee.

SGA shall be governed by an Executive Committee, led by the Chairman. The Executive Committee shall act as the "board of directors" of SGA. Each Member Governor in good standing may choose to be appointed as a "Director" on the Executive Committee (or choose not to be so appointed). There is no limit to the number of terms a Member Governor in good standing may serve as as a Director. There shall be at least three Directors at all times. If at any time there are less than three Directors, the Executive Committee shall have no authority to act until at least three Member Governors have agreed to serve as Directors.

Unless a greater proportion is required by the law or these Bylaws, a majority of Directors shall constitute a quorum for transaction of business. Except as otherwise provided by law or these Bylaws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Executive Committee.

Any notice of a meeting of the Executive Committee may be provided to Directors in writing by the Chairman, the Executive Director or twenty percent of the Directors then in office at least two days prior to a meeting of the Executive Committee. No additional notice shall be required for meetings that are included on a schedule provided to the Directors at the beginning of a year.

Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken by the Executive Committee may be taken without a meeting if all of the members of the Executive Committee consent in writing to the adoption of an agreement authorizing the action.

A Director may resign from the Executive Committee at any time by giving notice to the Chairman and the Executive Director. Such resignation shall take effect when the notice is delivered unless the notice specifies a later time. Unless otherwise specified in the notice of resignation, no acceptance of the resignation shall be necessary to make it effective. A Director shall be disqualified and cease to be a Director if the individual ceases to meet the eligibility qualifications of SGA Membership or, unless the disqualification would result in fewer than three Directors, ceases to be in good standing.

V. Executive Director, Officers and Office and Staff Resources.

The SGA shall have a staff and office in Washington, D.C. The SGA staff shall include an Executive Director and such other staff as needed to carry out the work of SGA, within budgeted means.

- A. The Executive Director shall report to the Executive Committee, and the Executive Committee or their representatives shall provide annual oversight of the Executive Director's performance, including annual review.
- B. The Executive Director shall be the chief executive officer of SGA and, subject to the supervision and direction of the Executive Committee, shall manage the day-to-day general administrative and programmatic work of SGA. The SGA Executive Director shall maintain all records of SGA and its meetings. The SGA Executive Director shall keep SGA's members informed of SGA's activities, policies, events and inter-organizational relationships. For purposes of the Act, the Executive Director shall be considered the "President" of SGA and may use such title when executing documents that the Act requires or permits to be executed by the president of a nonprofit corporation.
- C. Unless the Executive Committee appoints another individual to serve as SGA's Secretary, the Executive Director shall serve as SGA's Secretary. The Secretary shall be responsible for the keeping of an accurate record of the proceedings of all meetings of the Members and Executive Committee and, in general, shall perform all duties customary to the office of Secretary.

- D. The Executive Director shall have custody of the corporate seal of SGA; and she/he shall have authority to affix the same to any instrument requiring it; and, when so affixed, it may be attested by her/his signature.
- E. The SGA shall have a Treasurer, who shall be an individual other than the Executive Director. The Treasurer shall have the custody of, and be responsible for, all funds and securities of SGA. The Treasurer shall deposit all monies and other valuable property of SGA in the name and to the credit of SGA in such banks or depositories as the Executive Committee may designate. Whenever required by the Executive Committee, the Treasurer shall render a statement of accounts. The Treasurer shall at all reasonable times exhibit the books and accounts to any officer or member of SGA, and shall perform all duties incident to the office of the Treasurer, subject to the supervision of the Executive Director and Chairman, and such other duties as shall from time to time be assigned by the Executive Committee. SGA shall hire a qualified outside Certified Public Accountant to assist in the keeping of complete and accurate accounts of receipts and disbursements of SGA. The Treasurer may be an employee or principal of the accounting firm.

The Executive Committee or the Executive Director may designate an individual to serve as Assistant Treasurer. Subject to the supervision of the Executive Committee, the Executive Director and Treasurer (if available and if any), the Assistant Treasurer shall assume such roles of the Treasurer as the Treasurer (if one) or the Executive Director (if no Treasurer) shall delegate to the Assistant Treasurer.

- F. The SGA Executive Director and any other person entrusted with the handling of funds or property of SGA shall be covered by appropriate insurance.
- G. The SGA Executive Director shall be solely responsible for the recruitment, employment, supervision, evaluation and dismissal of staff members of SGA, in compliance with SGA Personnel Policies and Procedures. All SGA staff, including the Executive Director, will be employees of SGA. The personnel policies, benefits, and programs of SGA shall apply to each SGA staff member.
- H. All SGA staff will perform functions for SGA and participate in appropriate activities of other organizations for the benefit of SGA, as directed by the SGA Executive Director.

- I. Staff resources also may be provided through contractual agreements between SGA and independent contractors who have a demonstrated expertise on a specific topic but no conflicts of interest.
- J. SGA shall not make any loans to officers or Directors.
- K. Any officer may be removed by the Executive Committee with or without cause whenever in its judgment the best interests of SGA will be served thereby, provided, however, that the removal of an officer shall be without prejudice to his or her contract rights, if any, and the election or appointment of an officer shall not of itself create contract rights.

VI. Advisory Committees; Affiliates.

- A. The Chairman and/or the Executive Director may establish advisory committees drawn from Member Governors, their staff, SGA Affiliates or from selected outside experts to assist in meeting their respective responsibilities for, but not limited to, developing and carrying out the SGA work plan, planning the program of the Annual Meeting and other events or special meetings of SGA, and providing financial oversight, fundraising, or other duties.
- B. SGA may establish a program (“CAP”) for designating certain individuals, businesses entities or organizations as affiliates (“Affiliates”). Affiliates may participate in various SGA programs, projects and/or events that aim to facilitate the exchange of views, data, information, and/or expertise on issues of general importance to the American South and Member Governors in good standing, consistent with the organization’s mission. Affiliates shall have no rights or authority relating to the governance of SGA.

VII. Resolutions and Statements of Principles.

Resolutions and statements of principles (“resolutions”) may be adopted when SGA wishes to communicate its Member Governors’ views on a specific matter of relevance to the region. A resolution may be proposed at any time by an individual Member Governor. Resolutions may be representative of any combination of Member Governors, and must represent specifically which Member Governors associate themselves to such resolution. Resolutions shall not be a binding agreement, but instead, may provide information as to the viewpoints of some set of SGA Members on a particular issue or topic. Resolutions are prepared for the sole use of its Members in furtherance of their own policy-related activities, but may be published and circulated by SGA for informational purposes.

VIII. Funding Sources and Budgeting.

SGA shall receive funding from its Members' jurisdictions, and from other means.

- A. Subscriptions/Dues.** The basic financial support for SGA shall be in the form of subscriptions/dues payments made by Member Governors and Affiliates for annual access to the data, information, and collaborative dialog among Members as provided through SGA's Web site at www.southern.org and any other Web site designated by SGA. Annual subscriptions/dues shall be billed to Member Governors within thirty (30) days of the beginning of each fiscal year, and to Affiliates within thirty (30) days of the anniversary of their admittance to SGA's Affiliates Program. If annual subscriptions/dues are not paid by or with respect to any Member Governor within ninety (90) days from the due date, the membership of that Governor shall be suspended. If annual subscriptions/dues are not paid by or with respect to any Affiliate within thirty (30) days from the due date, the status of the CAP member shall be suspended. A suspended Member shall have no voting rights and no access to SGA resources until subscriptions/dues have been reactivated. In the circumstance that a Member Governor or Affiliate presents extenuating circumstances, SGA's Executive Director has the authority to temporarily waive these deadlines, by a period not to exceed the fiscal year.
- B. Other Funding Sources.** In addition to annual subscriptions/dues, SGA and its representatives shall be authorized to raise supplemental financial support through sponsorship funding to support specific events, projects and collaborations, including but not limited to corporate support. SGA and its representatives also shall be authorized to pursue grants from federal, foundation, nonprofit, and other sources. SGA has established an affiliated nonprofit corporation, the Foundation for the American South, that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code, that may receive grants and contributions to support the activities of the SGA.
- C. Budgeting and Expenditures**

 1. The SGA Executive Director shall present the annual budget for SGA to the SGA Executive Committee, through a meeting or other means, for review, revision and approval.

2. The SGA budget shall reflect all sources of revenue and include categories to provide a complete and accurate financial picture of the organization. Expenditures will be within the approved budget.
3. The SGA Executive Director shall provide, by electronic or overnight mail, semi-annual financial reports to the SGA officers showing the level of expenditures and the budget balance.
4. SGA's fiscal year shall be July 1 through June 30.
5. The financial soundness of SGA shall be determined annually by a recognized audit firm, which shall submit its written opinion to the Executive Committee.
6. Compensation. Neither Governors nor their appointees shall receive compensation for their services as Members of SGA, Directors on the Executive Committee, or advisors. This does not prohibit reimbursement of direct expenses, where appropriate.
7. All contributions and gifts to SGA shall be used for exclusively for "public purposes" (as such term is defined for purposes of section 170(c)(1) of the Internal Revenue Code).

IX. Books and Records.

SGA shall keep at its principal office, correct and complete books and records of account; written minutes of the proceedings of its meetings, the original or a copy of the Bylaws as amended to date, a copy of its Articles of Incorporation as amended to date, a list of the names and business addresses of its current Directors and officers, a record giving the names and addresses of all current Members of the SGA in alphabetical order, all communications in the form of a record to Members generally in the last three years, including the financial statements furnished for the last three years under §29-413.20 of the Act, and its most recent biennial report delivered to the Mayor of the District of Columbia. All books and records of SGA may be inspected by any Member, his agent or attorney, at any reasonable time and for any reasonable purpose, where such Member has provided a written request to SGA.

X. Annual Report.

The SGA Executive Director shall prepare an annual report subsequent to the conclusion of the fiscal year for presentation to SGA members. The annual report shall include information on SGA's major activities during the previous fiscal year and a financial overview.

XI. Rules of Order and Parliamentary Authority.

At any meeting of SGA these Bylaws may be amended by a two-thirds majority vote of all Member Governors present and voting. On any issue not covered by these Bylaws or the Act, *Robert's Rules of Order* shall be the standard authority, when applicable.

XII. Organizational Standing and Terms of Dissolution.

For purposes of sections 115 and 170(c)(1) of the Internal Revenue Code, the Members intend that SGA shall be an instrumentality of the states whose Governors are Members of SGA. The SGA is formed and shall be operated for exclusively public purposes.

In the event of dissolution or final liquidation of SGA, all remaining assets and property shall, after paying or making provision for the payment of all of the liabilities and obligations of SGA (including, without limitation, the return to grantors of all unused grant funds that have not or will not be used for their intended purposes) and for necessary expenses thereof, be distributed to the States (or United States possessions) whose governors are current Members in good standing of SGA for use for exclusively public purposes. In no event shall any of such assets or property be distributed to any Member, Director, Officer or any private individual.

XIII. Indemnification.

SGA shall indemnify any Director, officer and any employee, agent or volunteer of the Corporation who is party to a proceeding or subject to a claim because of his or her relationship with the Corporation to the extent required by the Act or other applicable law. SGA shall indemnify any Director or officer of the SGA who is party to a proceeding or subject to a claim because of his or her relationship with SGA to the extent permitted by the Act and other applicable law. SGA may by act of the Executive Committee, but shall not be required to, indemnify any employee, agent or volunteer of SGA who is party to a proceeding or subject to a claim because of his or her relationship with SGA to the extent such indemnification is neither required nor prohibited by the Act or other law. Any indemnification shall be made in accordance with procedures set forth in the Act. SGA may, before final disposition of a proceeding, advance funds to pay for expenses for which an individual may be entitled to indemnification if such advances are permitted by and made in accordance with procedures set forth in the Act.

SGA may purchase for the benefit of any Director, officer, employee, or other agent insurance against any liability asserted against or incurred by him or her which arises out of such person's status as a Director, officer, employee, or agent or out of acts taken in such capacity, whether or not SGA would have the power to indemnify the

person against that liability under law.

SGA shall retain such levels of insurance as are required under § 29-406.90 of the Act for such section to provide immunity from civil liability for volunteers (except for injury or damage resulting from (i) the willful misconduct of the volunteer, (ii) a crime unless the volunteer had reasonable cause to believe the act was lawful, (iii) a transaction that resulted in an improper personal benefit to the volunteer or (iv) an act or omission that is not in good faith and is beyond the scope of authority of the corporation).

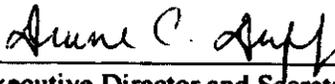
A Director shall not be subject to actions for equitable relief, damages or sanctions in a proceeding by or in the right of SGA on the grounds that opportunity should have been first offered to SGA if the Director brings it to the attention of SGA and the Executive Committee disclaims the SGA's interest in the opportunity in compliance with § 29-406.80 of the Act. The fact that a Director did not follow this procedure shall not support an inference that the opportunity should have been first presented to the Executive Committee.

XIV. Miscellaneous.

Unless the context otherwise requires, the terms "written," "record" or "notice" shall refer to information that is inscribed on a tangible medium (such as a printed document) or that is stored in an electronic medium or other medium and is retrievable in perceivable form.

* * * * *

These Amended and Restated Bylaws were adopted by the Executive Committee of SGA on February 22, 2015 and are effective as of such date.



Executive Director and Secretary

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