

**ARTICLES OF INCORPORATION  
OF  
THE ASSOCIATION OF KENTUCKY FRIED CHICKEN FRANCHISEES, INC.**

**I.**

The name of the corporation is **The Association of Kentucky Fried Chicken Franchisees, Inc.**

**II.**

The Corporation shall have perpetual duration.

**III.**

The Corporation is organized under the Georgia Nonprofit Corporation Code for the following purposes:

To function as a business league as that term is used in Section 501(c)(6) of the Internal Revenue Code, as now and hereafter amended; to foster and coordinate the activities of regional associations of franchisees of Kentucky Fried Chicken food outlets; to develop the industry composed of Kentucky Fried Chicken franchised food outlets; to improve the character of the services performed and labor employed in the industry, and by better public service and promotion, to contribute to the advancement of the industry; to encourage inventiveness and interchange of thought, and to elicit and communicate among the members of the industry for the benefit of the industry the best talent and results of the experience and ability of all; to secure for the industry fair and equitable treatment in transactions with manufacturers of and dealers in supplies, and to do all things necessary and proper for the advancement of Kentucky Fried Chicken franchised food outlets.

To do each and every thing necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation.

IN FURTHERANCE OF AND NOT IN LIMITATION of the general powers conferred by the laws of the State of Georgia and the objects and purposes herein set forth, it is expressly provided that to such extent as a corporation organized under the Georgia Nonprofit Corporation Code may now or hereafter lawfully do, the Corporation

shall have power to do, either as principal or agent and either alone or in connection with other corporations, firms, or individuals, all and everything necessary, suitable, convenient or proper for, or in connection with, or incident to, the accomplishment of any of the purposes or attainment of any one or more of the objects herein enumerated, or designed directly or indirectly to promote the interests of the Corporation or to enhance the value of its properties; and in general to do any and all things and exercise any and all powers, rights and privileges which a corporation may now or hereafter be authorized to do or to exercise under the Georgia Nonprofit Corporation Code or under any act amendatory thereof, supplemental thereto or substituted therefore.

The foregoing provisions of this Article III shall be construed both as purpose and powers and each as an independent purpose and power. The foregoing enumeration of specific purposes and powers herein specified shall, except when otherwise provided in this Article III, be in no wise limited or restricted by reference to or inference from the terms of any provision of this or any other Article of these Articles of Incorporation.

#### IV.

The Corporation is not organized and shall not be operated for pecuniary gain or profit, and in no event shall any income or profit of the Corporation be distributable to or inure to the benefit of its members, directors, officers, or any other individual.

#### V.

The conditions, method of admission, qualifications and classifications of membership, the limitations, rights, powers and duties of members, the dues, assessments and contributions of members, the method of expulsion from and termination of membership, limitations upon or qualifications of voting power, and all other matters pertaining to the membership and the conduct, management and control of the business, property and affairs of the Corporation shall be as provided from time to time in the bylaws of the Corporation.

#### VI.

The Corporation shall be managed by a Board of Directors of such number and having such qualifications, powers and duties as shall be provided from time to time in the bylaws. The manner in which the directors are to be elected or appointed shall be provided from time to time in the bylaws.

**VII.**

The initial registered office of the Corporation shall be at 3100 Equitable Building, 100 Peachtree Street, Atlanta, Fulton County, Georgia. The initial registered agent of the Corporation shall be Carl I. Gable, Jr.

**VIII.**

The initial board of directors shall consist of three (3) persons who shall be as follows:

**Donald R. Hines**  
31 Town Line Road  
Wethersfield, Connecticut 06109

**Bobby Helms**  
PO Box 1332  
Hammond, Louisiana

**Charles Wentz**  
PO Box 1469  
Laurinburg, North Carolina

**IX.**

The name and address of the incorporator is:

**Carl I. Gable, Jr.**  
100 Peachtree St., Suite 3100  
Atlanta, Georgia

**RESTATED BYLAWS OF  
THE ASSOCIATION OF KENTUCKY  
FRIED CHICKEN FRANCHISEES, INC.**

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**ARTICLE I  
OFFICES AND  
CORPORATE SEAL**

**Section 1.1 Restated Bylaws.** These Bylaws repeal and restate in their entirety the Bylaws of the Association and all amendments thereto. Adoption of these Restated Bylaws does not impair the validity of acts under the former Bylaws as amended. These Restated Bylaws are effective as of June 1, 2004.

**Section 1.2 Corporate Seal.** The Association shall have no corporate seal.

**Section 1.3 Registered and Other Offices.** The registered office of THE ASSOCIATION OF KENTUCKY FRIED CHICKEN FRANCHISEES, INC. (the "Association") in Georgia shall be that set forth in the most recent statement of the Board of Directors filed with the Secretary of State of Georgia. The Association may have other offices, within or without the State of Georgia, as the Board of Directors determines from time to time to be necessary or convenient for the purposes of the Association and the carrying out of its work and activities.

**ARTICLE II  
MEMBERSHIP**

**Section 2.1 Members.** The Association is composed of regional associations ("Members") of persons franchised by KFC Corporation or its affiliates to operate Kentucky Fried Chicken outlets. A region becomes an active Member only by resolution of the Board of Directors of the Association. References in these Bylaws to "Members" means only active Members. Regions of the Association that are not active Members are not qualified to participate in Association activities and may not be represented on the Board of Directors. Any Kentucky Fried Chicken Franchisee anywhere in the world who is a member in good standing of a Member of the Association or whose KFC outlet(s) are outside the territory of any Member is welcome to attend Association conferences, conventions and open sessions of Board meetings. The configuration of the regions constituting the Members is subject to periodic definition and re-definition, including consolidation of two or more regions, division of a region, and movement of certain areas from one region to another, at the discretion of the Board of Directors. The Association is composed of the following regions, of which regions (A) through (J) are active Members:

- (A) **Great Lakes Region:** Indiana, Michigan, Ohio, Pennsylvania west of and including the counties of Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Clarion, Clearfield, Crawford, Elk, Erie,

Fayette, Forest, Greene, Indiana, Jefferson, Lawrence, McKean, Mercer, Somerset, Venango, Warren, Washington and Westmoreland, and West Virginia;

- (B) **Greater Southwest Region:** Arizona, Arkansas, Colorado, Kansas, Oklahoma, Missouri, New Mexico and Texas;
- (C) **Northeast Region:** Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Eastern Pennsylvania (counties not included in Great Lakes Region), Rhode Island and Vermont;
- (D) **Northwest Region:** Alaska, California (other than Southern California), Idaho, Montana, Nevada, Oregon, Utah, Washington and Wyoming;
- (E) **Southeast Region:** Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia;
- (F) **Southern California Region:** the California Counties of San Luis Obispo, Kern, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, San Diego and Imperial;
- (G) **Upper Midwest Region:** Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin;
- (H) **Caribbean Region:** Aruba, Bahamas, Barbados, Bermuda, Costa Rica, Curacao, Ecuador, Grand Cayman, Grenada, Jamaica, Panama, St. Lucia, St. Maarten, St. Vincent, Trinidad and U.S. Virgin Islands; all of South America;
- (I) **Canada Region:** all of Canada; and
- (J) **Mexico Region:** all of Mexico.

**Section 2.2 Membership Conditions.** A region becomes an active Member entitled to participate in the Association as provided in these Bylaws only if the Board of Directors determines that one or more franchisees who own and operate KFC outlets located in that geographic region have organized themselves into a coherent regional organization of franchisees, with established bylaws affording members open and democratic participation in regional governance, including election of a Board or other governing council. The Board of Directors may grant "Affiliate Membership" status to any other organized group the members of which are limited to independent Kentucky Fried Chicken franchisees, upon such terms and conditions as the Board determines in its discretion, which terms and conditions may differ from the terms and conditions of membership of active Members.

**Section 2.3 Dues, Duties and Privileges of Membership.** Members are obligated to abide by the Articles of Incorporation of the Association, these Bylaws, and

the decisions, rules and policies adopted by the Board of Directors consistent with these Bylaws. Regions each have three seats and three votes on the Association's Board of Directors. Subject to Section 2.2 and 2.4, active Members are equally entitled to the privileges, and equally subject to the duties and obligations, of membership in the Association.

**Section 2.4 Future Changes.** The Board of Directors reserves plenary authority to: (i) expand, amend, restate and delete any section or all of these Bylaws; (ii) set, clarify, revise and revoke both the boundaries of any region or Member, and the definition for purposes of these Bylaws of the territory of any Member; (iii) establish reasonable classifications of Members, consistent with these Bylaws; and (iv) set, clarify, revise and revoke any existing or additional condition, obligation or privilege of membership of Members in any classification.

**Section 2.5 Suspension and Inactivation of Membership.**

- (A) The Board of Directors by a two-thirds vote and with written notice to the Member may suspend the membership of a Member that fails to pay dues or assessments owed to the Association, or whose continued participation in Association activities the Board finds to be contrary to the best interests of the Association. If the member fails to correct the act or omission that is the basis for the Board's action promptly after receiving notice of it, or if the Member repeatedly fails to pay dues and assessments owed, or repeatedly fails to conduct itself in a manner consistent with the best interests of the Association, the Board by a two-thirds vote and with written notice to the Member may declare that Member to be inactive and no longer qualified to participate in Association activities or to be represented on the Board of Directors.
- (B) A Member may request at any time by written notice to the Secretary that it be placed, subject to acceptance by the Executive Committee, in an inactive status. The making of such a request or its acceptance by the Executive Committee does not affect the Member's obligation to pay current or past due dues or assessments or entitle the Member to a refund of any part of dues or assessments paid. A Member placed on inactive status may not participate in Association activities or be represented on the Board of Directors.

**ARTICLE III  
MEETINGS OF MEMBERS**

**Section 3.1 Meetings of Members.** Directors shall be appointed in accordance with Article IV of these Bylaws, and meetings of the Board of Directors also constitute meetings of the Members of the Association.

## **ARTICLE IV DIRECTORS**

**Section 4.1 General.** The affairs of the Association shall be managed by, or under the direction of, the Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, the Articles of Incorporation or the Bylaws of the Association.

**Section 4.2 Number, Appointment and Term of Office.** The Board of Directors shall be composed of three directors from each Member and the officers described in Section 5.3. The Directors shall be the President, President-Elect (or First Vice President), and Immediate Past President of each Member. If a Director becomes disqualified, is removed, dies or is incapacitated, the Member represented by that Director may designate a surrogate for the unexpired term of the affected Director. If a Director is elected to serve as an officer of the Association, the Member may not designate another person to represent it on the Board of the Association in place of its Director who is serving as an officer. The Secretary of each Member shall certify to the Secretary of the Association the names of the Directors representing the Member. Each Director shall hold office until his or her successor is appointed and qualifies or until the Director resigns or is removed. The Officers of the Association who are not Directors appointed by a Member are members ex officio of the Board.

Past Presidents shall be Honorary Directors without vote, except the Immediate Past President shall be a regular Director, with vote, until the next annual election following the expiration of said Officer's term as President. To maintain Honorary status, an Honorary Director shall be a member in good standing of a Member and attend at least one Board meeting every two years.

**Section 4.3 Qualifications.** A Director must be and remain (i) an Officer described in Section 5.3; or a person franchised by Kentucky Fried Chicken Corporation or by a licensee or affiliate of such corporation to operate one or more Kentucky Fried Chicken food outlets, or must be a partner, shareholder or principal officer of such a franchisee, and (ii) a member in good standing of the Member that appointed him or her, and not an employee of YUM! or its affiliates. A Director may not vote on any matter until she or he has completed a Directors' orientation designated by the Board. The Board is the final authority for determining the eligibility of a person to act as a Director.

**Section 4.4 Alternates.** A Director may not appoint a proxy, but a Member may designate and certify to the Association an alternate who may represent the Member as a Director at a meeting of the Directors which a regular Director is unable to attend for reasons other than those listed in Section 4.2.

**Section 4.5 Board Meetings; Place and Notice.** An annual meeting shall be held each year at a time and place designated by the Board of Directors. Other meetings of the Board may be held from time to time at any place within or without the State of Georgia that the Board designates. Special or regular meetings of the Board may be called by the President, upon not less than forty-eight (48) hours notice. Any four

Directors may call a meeting of the Board by giving not less than ten business days notice to all Directors of the date, time, place and general purpose of the meeting. If a meeting schedule is adopted by the Board and communicated to the Members, or if the date, time and place of a meeting has been announced at a previous meeting, no notice is required.

**Section 4.6 Waiver of Notice.** A Director may waive notice of a meeting of the Board before, at or after such meeting. Attendance of a Director at a meeting of the Board constitutes a waiver of notice of such meeting and consent to the place, time, notice and convening of the meeting, except when a Director states at the beginning of the meeting any such objections to the transaction of business.

**Section 4.7 Executive Committee.** The President, Immediate Past President, First Vice President, Second Vice President, Secretary and Treasurer of the Association shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in managing the affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. The Executive Committee shall act in the Board's behalf on matters requiring action before the next scheduled meeting of the Board if the Executive Committee determines that (i) there is insufficient time to call a special meeting of the Board to consider the matter or (ii) the matter does not warrant the inconvenience and expense of convening a special meeting of the Board, or (iii) the Executive Committee finds that a matter requires immediate or unusually confidential action such that it would be preferable to address the matter in the Executive Committee. The Executive Committee shall keep and report promptly to the Board minutes of actions taken by the Executive Committee. The Executive Committee may adopt its own rules of proceeding not inconsistent with these Bylaws and may establish its own quorum and voting requirements.

**Section 4.8 Quorum.** At all meetings of the Board of Directors a quorum for the transaction of business requires 18 Directors then holding office who include one or more Directors representing each of six of the Members, of which six, four must be Members from Regions A through G. The act of a majority of the Directors present at any meeting at which there is a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at the meeting of the Board, the Directors present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present. Once a quorum is established for a meeting, it is not lost regardless of the departure of one or more Directors from the meeting.

**Section 4.9 Action Without a Meeting.** Any action required or permitted to be taken at the meeting of the Board of Directors or Executive Committee may be taken with equal authority without a meeting if all members of the Board or Executive Committee, as the case may be, consent thereto in writing setting forth the action so taken and the writing is filed with the Secretary of the Association. Meetings of the Board or Executive Committee may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means provided each Director is able to speak to and hear every other Director.



**Section 4.10 Removal.** A Director may be removed from office or from a meeting by a vote of two-thirds of all of the Directors holding office at any regular or special meeting of the Board.

**Section 4.11 Nominating Committee.** The President, Immediate Past President, First Vice President and two Directors appointed by the President shall constitute a Nominating Committee. The Immediate Past President is Chairman of the Nominating Committee. The Nominating Committee shall recommend annually to the Board a slate of Officers of the Association.

**Section 4.12 Other Committees.** The Board of Directors may appoint such other committees, for specific or general purposes, as it deems appropriate. Committees may include members who are not Directors. Committees shall keep and report promptly to the Board minutes of their actions. The Board may remove any or all members of a committee without cause and without notice.

## **ARTICLE V OFFICERS**

**Section 5.1 Composition.** The principal Officers of the Association shall include President, a First Vice President – President Elect, a Second Vice President, a Secretary and a Treasurer. The Board may appoint other, subordinate, Officers it deems necessary or useful for the operation and management of the Association, each of whom shall have the powers, rights, duties, responsibilities and terms of office determined by the Board from time to time. Any number of offices may be held by the same person, except the office of President and any other office shall not be held by the same person. Every principal Officer shall be either (i) a Director or (ii) a past or current officer of a Member, who is a member in good standing of the Member. Appointment of a past or current officer of a Member as an Officer of the Association does not decrease the number of Directors such Member is entitled to appoint under Section 4.2.

**Section 5.2 Term of Office.** Officers shall be appointed by the Board of Directors at its annual meeting to serve until their respective successors are duly appointed and qualified, their term of office to begin July 1 of each year, unless otherwise designated by the Board. The First Vice President – President Elect automatically becomes President on July 1 of the next succeeding year.

**Section 5.3 Powers and Duties.** The Officers of the Association shall have the powers and duties described herein and such others as may be prescribed from time to time by the Board of Directors.

- (A) **President.** The President is the Chief Executive Officer of the Association and Chairman of the Board of Directors. The President shall preside at all meetings of Members and Directors, shall see that all orders and resolutions of the Board are carried into effect and shall have such other duties as may be prescribed from time to time by the Board. The President has general supervision of the Association, subject to the

direction of the Board, and has all authority and duties usually incumbent upon the Chief Executive Officer of a nonprofit corporation. The President may delegate one or more functions or responsibilities to an Officer, agent or employee of the Association and may authorize in writing other Officers to do so.

- (B) First Vice President - President Elect. The First Vice President - President Elect shall succeed to the powers and duties of the President in the President's absence or disability and shall have other powers and perform other duties prescribed from time to time by the Board of Directors, the President or the Bylaws.
- (C) Second Vice President. The Second Vice President shall succeed to the powers and duties of the President in the absence or disability of both the President and the First Vice President - President Elect and shall have other powers and perform other duties prescribed from time to time by the Board of Directors, the President or the Bylaws.
- (D) Secretary. The Secretary shall be secretary of and shall attend all meetings of the Board and subject to review and approval by the Board shall record all proceedings of such meetings in the minute book of the Association. The Secretary shall give proper notice of meetings of Directors, shall mail copies of the minutes of each Directors' meeting to all Directors within thirty (30) days after such meeting, shall maintain in good order all non-financial records and correspondence of the Association and shall perform such other duties prescribed from time to time by the Board, the President or the Bylaws.
- (E) Treasurer. The Treasurer is the Chief Financial Officer of the Association and shall keep the books of the Association, make all financial collections and disbursements, shall maintain in good order all records relating thereto, shall distribute to the Directors at each annual meeting a statement of receipts and disbursements for the preceding fiscal year, have custody of the assets of the Association and perform such other duties prescribed from time to time by the Board, the President or the Bylaws.

**Section 5.4 Vacancies.** Vacancy in any office resulting from any cause may be filled by appointment by the Board.

**Section 5.5 Removal.** Any Officer may be removed at any time, with or without cause, by the Board.

**ARTICLE VI  
DUES AND ASSESSMENTS**

**Section 6.1 Amount.** Each Member shall pay to the Association annual dues set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time.

**Section 6.2 Payment.** Dues are due and payable in full and in advance on the first day of each fiscal year.

**Section 6.3 Special Assessments.** By a vote of sixty percent or greater of the Directors then holding office, and including a majority of the Directors representing each of a majority of the Members, the Board may levy on Members from time to time special assessments, which shall be treated for all purposes as additional dues, and are due and payable on the date established by the Board.

**ARTICLE VII  
INDEMNIFICATION OF DIRECTORS AND OFFICERS**

**Section 7.1 Indemnification of Directors and Officers.** To the full extent that the Georgia Business Corporation Code, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors and officers of a Georgia nonprofit corporation, a Director or Officer of this Association shall not be liable to the Association, its Members or a third party by reason of any act or omission in his or her capacity as a Director or Officer of the Association. Any amendment or repeal of this Article VII shall not adversely affect any right or protection of a Director or Officer of the Association for or with respect to any acts or omission of such Director or Officer occurring before such amendment or repeal. For purposes of this indemnification, individuals serving on Board committees and the Editors of an Association publication shall be deemed to be an "Officer" of the Association.

**Section 7.2 Insurance.** The Board may authorize the purchase of such insurance as it deems appropriate to protect the Association and its Directors and Officers from liability resulting from or in connection with their acts or omissions.

**Section 7.3 Reimbursement of Expenses.** Directors shall not be compensated for serving as Directors, and ordinarily shall not be reimbursed expenses of attending meetings of Directors, but by authority of the Board or of the President a Director may be reimbursed documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or of the President.

**ARTICLE VIII  
MISCELLANEOUS**

**Section 8.1 Fiscal Year.** The fiscal year of the Association shall be the year ending October 31 of each calendar year.

**Section 8.2 Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Treasurer shall prepare or cause to be prepared:

- (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year; and
- (b) a statement showing the sources and uses of funds by the Association during its fiscal year.

The annual statements of the Association shall be audited, or if authorized by the Board, reviewed, by an independent Certified Public Accountant retained by the Board.

**Section 8.3 Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary of the Association, or sent by facsimile, electronic mail, telex or private courier service.

**Section 8.4 Authority.** No person, other than a duly appointed Officer of the Association acting within his or her authority in that capacity, shall speak for or on behalf of the Association, contract for or bind the Association, or incur any obligation for or on behalf of the Association without the express written authority of the Board or the Executive Committee, which authority may be general or limited, or as may be expressly permitted by the Articles of Incorporation or Bylaws of the Association. Each check drawn on funds of the Association for more than \$1,000.00 and each contract of the Association must be signed by two persons holding two separate offices of the Association.

## **ARTICLE IX AMENDMENTS**

**Section 9.1 Amendments.** The Board of Directors may amend, restate or repeal these Bylaws in whole or in part or adopt new Bylaws by action by a majority of all of the Directors then holding office, and which includes a majority of the Directors representing each of a majority of the Members.

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## TERRITORIES OF REGIONS

**Great Lakes Region:** Indiana, Michigan, Ohio, Pennsylvania the counties of Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Fayette, Forest, Greene, Indiana, Jefferson, Lawrence, McKean, Mercer, Somerset, Venango, Warren, Washington and Westmoreland, and West Virginia;

**Greater Southwest Region:** Arizona, Arkansas, Colorado, Kansas, Oklahoma, Missouri, New Mexico, Texas, and also takes some from Southern Illinois.

**Northeast Region:** Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Eastern Pennsylvania (counties not included in Great Lakes Region), Rhode Island, and Vermont.

**Northwest Region:** Alaska, California (other than Southern California), Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

**Southeast Region:** Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia.

**Southern California Region:** the California Counties of San Louis Obispo, Kern, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, San Diego and Imperial.

**Upper Midwest Region:** Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin.

**Caribla Region:** Aruba, Bahamas, Barbados, Bermuda, Costa Rica, Curacao, Ecuador, Grand Cayman, Grenada, Jamaica, Panama, St. Lucia, St. Maarten, St. Vincent, Trinidad and U.S. Virgin Islands; all of South America.

**Canada Region:** All of Canada.

**Mexico Region:** All of Mexico.

## **RESOLUTION**

**WHEREAS, AKFCF has considered the formation of a political action committee, and concluded that such action should be taken;**

**NOW, THEREFORE, the AKFCF Board of Directors authorizes the establishment of a federal political action committee to take the form of a Separate Segregated Fund in accordance with applicable federal laws and regulations, and authorizes the President and his designee to take all actions necessary to create the Association of Kentucky Fried Chicken Franchisees, Inc. Political Action Committee ("AKFCF PAC"). The AKFCF PAC may not solicit or fund the solicitation of contributions until counsel to the AKFCF obtains an Advisory Opinion from the U.S. Federal Election Commission concerning the AKFCF PAC's solicitation of contributions from the AKFCF Regions' individual members.**

**CHARTER**  
**OF**  
**ASSOCIATION OF KENTUCKY FRIED CHICKEN**  
**FRANCHISEES, INC. ("AKFCF")**  
**POLITICAL ACTION COMMITTEE**

**ARTICLE I.**  
**COMPOSITION**

The Association of Kentucky Fried Chicken Franchisees, Inc. Political Action Committee ("AKFCF PAC") is chartered as a Committee of the AKFCF Board of Directors.

**ARTICLE II.**  
**PURPOSES AND AUTHORITY**

AKFCF PAC is organized for the following purposes:

(1) To support the mission of the AKFCF and of the AKFCF Government Affairs Committee.

(2) To promote good citizenship and engage in political activities in support of candidates for election to federal offices and issues, including issue advocacy, at the federal level in support of the business interests of U.S. KFC franchisees.

(3) To achieve these purposes, AKFCF PAC is authorized to solicit and accept voluntary personal contributions, but only insofar as may be lawful. AKFCF PAC is authorized to expend such political contributions to support or oppose the candidacy, nomination and election of candidates for federal office, and to support or oppose any political party committee, political committee, or any resolution or ballot issue all at the federal, not state or local, level, in coordination with the AKFCF Government Affairs Committee.

All solicitations, contributions, and expenditures by AKFCF PAC shall be made in accordance with applicable laws and regulations, and the provisions of this Charter and the AKFCF PAC Bylaws.

### **ARTICLE III.**

#### **COMMITTEE COMPOSITION**

The general management of the property, policies, programs and affairs of the AKFCF PAC shall be exercised by a committee of eight U.S. KFC Franchisees (to be known as Directors) seven of whom (one from each U.S. Regional member of AKFCF) shall be appointed by the AKFCF Board of Directors or Executive Committee in accordance with the Bylaws, and ex officio the President of AKFCF. The AKFCF President shall designate the Chair of AKFCF PAC.

### **ARTICLE IV.**

#### **BYLAWS**

The AKFCF Board of Directors shall adopt, and reserves the authority to amend, restate or abolish, Bylaws governing the activities of AKFCF PAC.

### **ARTICLE V.**

#### **DISSOLUTION**

This Committee may be dissolved at the direction of the AKFCF Board of Directors. Upon such dissolution, all funds remaining in the depository accounts of AKFCF PAC shall be promptly returned to the contributors of the funds in the manner and allocation determined by the Board of Directors, or shall be promptly distributed to one or more political party committees or to tax-exempt charitable organizations, in accordance with the provisions of the AKFCF PAC Bylaws, as may be determined by the AKFCF Board.

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**BYLAWS**  
**OF**  
**THE ASSOCIATION OF KENTUCKY FRIED CHICKEN FRANCHISEES,  
INC. POLITICAL ACTION COMMITTEE ("AKFCF PAC")**

**ARTICLE I.**  
**OFFICES**

In addition to its registered office, the corporation may have offices at any other location in the discretion of the Board of Directors.

**ARTICLE II.**  
**PURPOSE AND POWERS**

The purpose of AKFCF PAC is to promote good citizenship and further business interests that are of concern to the members of the AKFCF, through participation in the elective process at the federal level of government and to accept voluntary contributions and make contributions and other expenditures to encourage the election of qualified, informed, and constructive candidates for office or to support or oppose any political party committee, political committee or any resolution or ballot issue.

**ARTICLE III.**

**MEMBERS**

**Section 3.1 Qualification.** AKFCF PAC shall be a voluntary organization open only to U.S.-resident natural persons who are franchisees of Kentucky Fried Chicken Corp., or its affiliates or successors, to operate a KFC restaurant in the United States, and U.S.-resident natural persons who are shareholders or owners of U.S. KFC franchisees that are incorporated entities, and their respective executive and administrative employees who are paid on a salary rather than on an hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities as defined in 11 C.F.R. § 114.1(e). AKFCF PAC shall be independent of any political party, candidate, or organization except that it shall be a separate segregated fund of the Association of Kentucky Fried Chicken Franchisees, Inc. ("AKFCF"). A member may not be an employee, agent or consultant.

**Section 3.2 Meetings of Members.** An annual meeting of the Members shall be held in the second half of each year at the time and place designated by the Board of Directors. A midyear meeting shall be held in the first half of each year at a time and place designated by the Board. Special meetings of the Members may be called by the Board or the President, or 10% of the Members, or any five Directors.

**Section 3.3 Voting.** At meetings of Members, each Member is entitled to one vote in person or by proxy on each question to come before the Membership. At all meetings of Members a quorum for the transaction of business requires forty percent (40%) of the Members. The act of a majority of the Members present in person or by proxy at any meeting at which there is a quorum is the act of the Members, except as may otherwise be specifically provided by law, the Articles of Incorporation or these Bylaws. There shall be no cumulative voting. A quorum, once established, is not lost by reason of departure of any number of Members from the meeting. If a quorum is not present at any meeting of Members, the Members present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is established.

**Section 3.4 Notice of Meetings.** Notice of each meeting of Members shall be given to each Member at least 10, but not more than 50, days before the date of the meeting.

**Section 3.5 Waiver of Notice.** A Member may waive notice of a meeting of Members before, at or after the meeting. Attendance at a meeting constitutes a waiver of notice of the meeting and consent to the place, time, notice and convening of the meeting, except when a Member states at the beginning of the meeting any objection to the transaction of business.

**Section 3.6 Membership List.** The Association shall maintain a complete list of Member names, addresses, telephone and facsimile numbers, and e-mail addresses (as updated periodically by Members). The Secretary shall make available for inspection during and for seven days preceding each meeting of Members, a complete list of the Members entitled to vote at the meeting. The list is open for examination by any Member for any purpose germane to the meeting during ordinary business hours of the Association, and during the course of the meeting.

**Section 3.7 Proxies.** Notwithstanding the terms of a proxy: A proxy must be in writing, delivered to the Secretary or to the chair of a meeting, signed and dated by the Member, and designate another Member of the same category in good standing as of the date of the meeting as the proxy. A proxy expires no later than 150 days after it is executed. A proxy is automatically revoked if the Member who gave it appears at a Meeting.

**Section 3.8 Attendance.** The Chair of a meeting may open all or parts of a meeting to designated guests.

#### **ARTICLE IV. BOARD OF DIRECTORS**

**Section 4.1 General Powers.** The Board of Directors shall manage the property, policies, programs, and affairs of the corporation to carry out the purposes of the corporation stated in the Articles of Incorporation.

**Section 4.2 Board Size.** The Board of Directors shall consist of seven appointed directors and, ex officio, the President of AKFCF. The initial appointed directors shall be appointed by the President of AKFCF after consulting with the President of each domestic Region. Each initial appointed Director shall serve for such term as may be determined by the President of AKFCF, and thereafter until a successor is chosen and qualified, or until the Director resigns or is removed.

**Section 4.3 Qualification.** Directors shall be of legal age, and lawful residents of the United States, and shall meet the qualifications in Section 3.1 to be Members of this corporation. No two appointed Directors of this corporation shall be employees or affiliates of the same KFC franchisee and no two appointed Directors shall be primarily from the same AKFCF Region.

**Section 4.4 Appointment.** The President of AKFCF after consulting with the President of each domestic Region shall present a slate of seven qualified nominees, one from each AKFCF domestic (United States) Regional member, annually to the AKFCF Board of Directors. The seven individuals approved annually by the AKFCF Board of Directors shall serve one year terms as Directors of this corporation.

**Section 4.5 Meetings.** A meeting of the Board may be called by the President or by any three Directors. Written notice of every annual, regular and special meeting of the Board shall be delivered, mailed, faxed, or sent by means of electronic communications, to each Director, addressed to the last address on file with the Secretary, at least twenty-four (24) hours before the meeting is to be held. Each such notice shall state the time and place of the meeting, but need not state the purposes thereof except as otherwise expressly required by the laws of the State of \_\_\_\_\_, the Articles of Incorporation, or these Bylaws. Notice of any meeting may be waived by a Director by signing a written waiver of notice or by attending the meeting. Directors may participate in a meeting by means of conference telephone through which each Director can speak and be heard by all participants. A Director may not appoint a proxy. A decision of the Directors is required to (a) determine to whom or on whose behalf contributions or expenditures will be made to support or oppose the candidacy, nomination and election of candidates for federal office, or to support or oppose any resolution or ballot issue, or (b) to determine the disposition of funds belonging to AKFCF PAC upon its dissolution. In lieu of a meeting, the directors may act on behalf of AKFCF PAC through a unanimous written consent resolution signed by all of the Directors.

**Section 4.6 Required Vote.** At all meetings of the Board a quorum for the transaction of business requires a majority of the Directors then holding office. The act of a majority of the Directors constituting a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at a meeting of the Board, the Directors present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present. A quorum once established is not lost by reason of departure of any number of Directors from the meeting. Meetings of the Board may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means, provided each Director present is able to speak to and hear every other Director.

**Section 4.7 Removal and Vacancies of Board Members.** Any Director may be removed, with or without cause, by the Board or Executive Committee of AKFCF. Vacancies shall be filled by the President of AKFCF.

**Section 4.8 Resignation of Board Member.** Any Director may resign at any time by delivering a written resignation to the President or Secretary or to the President of AKFCF. The resignation of any director shall take effect at the time, if any, specified therein, or if no time is specified therein, immediately upon receipt thereof by the officer of this corporation to whom it

is given; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## ARTICLE V.

### OFFICERS

**Section 5.1 Number.** The AKFCF PAC shall have no fewer than three (3) officers. The officers shall include a President, a Treasurer, an assistant Treasurer and such other officers as may be determined by the Board of Directors. A person may hold more than one office at the same time.

**Section 5.2 Appointment, Term of Office, and Qualifications.** The officers shall be appointed by the Board of Directors. The officers shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. All officers shall hold office until their successors are chosen and qualified or until their respective earlier resignation or removal. Officers shall be Members of this corporation, but need not be Directors of the corporation.

**Section 5.3 Resignation.** An officer may resign at any time by giving written notice of his or her resignation to the President or to the Secretary or to the President of AKFCF. The resignation of an officer shall take effect at the time, if any, specified therein, or if no time is specified therein, immediately upon receipt thereof by the officer to whom it is given; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

**Section 5.4 Removal.** Any officer may be removed, either with or without cause, by the Board of Directors.

**Section 5.5 Vacancies.** A vacancy in an office of the corporation shall be filled by a majority of the Directors then in office.

**Section 5.6 President.** The President shall have and exercise general charge and supervision over the day to day activities of the corporation under the direction of the Board of Directors; shall do and perform such other duties as may be assigned by the Board; and in general shall perform all duties usually incident to the office of the President.

**Section 5.7 Treasurer.** The Treasurer shall be the Chief Financial Officer of AKFCF PAC. Subject to provisions of the Articles of Incorporation and applicable law, the Treasurer shall have custody of all funds, shall keep full and accurate accounts of receipts and disbursements in books belonging to AKFCF PAC, shall cause all funds to be deposited, and shall keep detailed records, accounts, bills and receipts in a manner authorized by the AKFCF PAC. The Treasurer shall disburse the funds of AKFCF PAC as may be ordered by the Board of Directors, taking proper documentation for such disbursements. The Treasurer shall also prepare, sign, file and maintain copies of all reports and tax returns concerning the activities of AKFCF PAC.

## ARTICLE VI

### SOLICITATION OF VOLUNTARY CONTRIBUTIONS

**Section 6.1 Solicitations.** AKFCF PAC, in accordance with applicable law, may solicit and accept voluntary political contributions only from members and from qualified executives, administrative personnel, and stockholders/owners of the U.S. franchisee members of the U.S. domestic Regional members of AKFCF, insofar as may be lawful.

**Section 6.2 Deposit of Funds.** Voluntary political contributions received by AKFCF PAC shall be deposited in a checking account or similar transaction account designated by the Treasurer as the depository of AKFCF PAC. Except as provided by applicable law, all voluntary contributions shall be deposited within 10 days of the Treasurer's receipt thereof. Funds in the depository account, and any other accounts maintained by the Treasurer on behalf of AKFCF PAC, shall be reported, maintained and disbursed from said accounts in accordance with applicable law.

**Section 6.3 Investment of Funds.** Funds may be transferred from the depository account for investment purposes, but shall be returned to the depository account before being used to make contributions or expenditures to or on behalf of federal or other candidates, or in support of or in opposition to any resolution or ballot issues.

**Section 6.4 No Commingling.** No funds belonging to AKFCF, or to any other person, entity or organization, shall be commingled with any funds of AKFCF PAC.

## ARTICLE VII

### CONTRIBUTIONS AND EXPENDITURES

**Section 7.1 Contributions.** The Treasurer shall cause to be made such disbursement or disbursements in support of or in opposition to federal candidates, or in support or in opposition to any resolution or ballot issue as shall be determined by the Board of Directors. In no event shall such disbursements to or on behalf of any single candidate or political committee, or the aggregate of all disbursements made to or on behalf of all candidates, exceed any maximum amounts applicable to AKFCF PAC under applicable law.

**Section 7.2 Other Expenditures.** In accordance with applicable law, AKFCF PAC may make such other expenditures, contributions, and disbursements as may be authorized by the Board of Directors.

## ARTICLE VIII MISCELLANEOUS

**Section 8.1 Fiscal Year.** The fiscal year of AKFCF PAC shall be the year ending October 31 of each calendar year.

**Section 8.2 Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Treasurer shall prepare or cause to be prepared and deliver to the President and Secretary:

(a) a balance sheet showing in reasonable detail the financial condition of AKFCF PAC as of the close of its fiscal year; and

(b) a statement showing the sources and uses of funds by AKFCF PAC during its fiscal year.

**Section 8.3 Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary, or sent by facsimile, e-mail, telex or private courier service.

**Section 8.4 Authority.** No person, other than a duly appointed Officer of AKFCF PAC acting within his or her authority in that capacity, shall speak for or on behalf of AKFCF PAC, contract for or bind the corporation, or incur any obligation for or on behalf of AKFCF PAC without the express written authority of the Board or the Executive Committee, which authority may be general or limited, or as may be expressly permitted by the Articles of Incorporation or Bylaws of the corporation.

**Section 8.5 Required Signatures.** Signatures of two officers shall be required on all checks drawn on funds of AKFCF PAC over \$1,000.

#### **ARTICLE IX. AMENDMENTS TO BYLAWS**

The Bylaws may be amended, restated or repealed in whole or in part by action of the Board of Directors and concurrence by the Board of Directors of AKFCF.

The undersigned **DOES HEREBY CERTIFY** that:

1. I am the duly elected and acting Secretary of the AKFCF PAC a \_\_\_\_\_  
corporation; and

2. The foregoing Bylaws, consisting of \_\_\_ pages, constitute the original Bylaws of  
the corporation as duly adopted by written action of the directors, effective as of  
\_\_\_\_\_, 2005.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name as of the \_\_\_ day  
of \_\_\_\_\_, 2005.

**AKFCF PAC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **AKFCF PAC SOLICITATION POLICY**

Following are guidelines for solicitation for contributions to the Association of Kentucky Fried Chicken Franchisees Political Action Committee (AKFCF PAC, or the "PAC"). Federal law prohibits soliciting on behalf of a PAC in a coercive way or in a way that suggests that an employee's decision concerning contributing to the PAC is a condition of an employee's employment or in any way will affect continuing employment. The following are examples of a solicitation: direct requests for a contribution, asking persons to buy tickets to a fund-raising event or a raffle, or operating a fund-raising booth at a trade association convention.

The following guidelines must be followed in every solicitation by the PAC:

1. Corporate entities cannot be solicited, and cannot make contributions to the PAC. Under no circumstances may the PAC solicit the general public.
2. The PAC may solicit and may accept contributions only from stockholders, and executive or administrative personnel, of U.S. Kentucky Fried Chicken franchisees who are members of one of the seven domestic U.S. Regional members of the Association of Kentucky Fried Chicken Franchisees, Inc. These persons are called the PAC's "restricted class." Individuals who are paid by a salary rather than an hourly basis and who have policymaking, managerial, professional or supervisory responsibilities are considered "executive or administrative personnel." This definition includes corporate officers, executives and managers. Professionals represented by labor unions, salaried low-level supervisors of hourly employees, former or retired personnel or consultants may not be solicited. Corporate directors of members of the restricted class may only be solicited if they are stockholders or receive a regular salary or fee for their service.
3. Immediate family members (mother, father, sons and daughters) of members of the restricted class who reside with the member of the restricted class are also members of the restricted class and may be solicited, and contribute to the PAC.
4. No corporate member of the restricted class may be solicited by or on behalf of the PAC, or contribute to the PAC, unless both (1) the Region (the Regional member of AKFCF) of which the member of the restricted class is a member franchisee; and (2) the member franchisee have given to the PAC written consent for such solicitation or contribution to occur. A consent shall be in the form of a resolution of the Region and member's Board of Directors certified by its Secretary. If a member franchisee is a member of more than one Region, for purposes of the Region's consent the franchisee shall be deemed to belong only to the Region in which the franchisee has its principal place of business. A Region or member must provide consent annually and no solicitation may be made of or contribution accepted from a member of the restricted class unless the Region and its member has consented as provided above within the preceding 52 weeks and has not notified the PAC that the consent has been withdrawn.



5. **Members of the restricted class may be solicited as often as necessary as authorized by the PAC Board.**
6. **Federal law prohibits PAC solicitation of foreign nationals. Thus, no person from the Mexico, CARIBLA, and Canada Regions may be solicited at any time.**
7. **The PAC may not collect contributions through a payroll deduction plan and members of the restricted class may not designate a portion of their Regional membership fees or dues to the PAC.**
8. **There is a limit of \$5,000 on the amount an individual may contribute to a PAC in a calendar year. In addition, cash contributions exceeding \$100 per contributor per year are illegal. For this reason, contributions to the PAC should be made by check only.**
9. **Contributions to the PAC are not tax deductible.**
10. **When a contribution is received, the PAC's Treasurer must deposit it or return it within 10 days of receipt. If the Treasurer is not available to do so, the Assistant Treasurer must deposit the check or return it to the contributor within 10 days of receipt.**
11. **The PAC's Treasurer must examine all contributions for evidence of illegality and must determine whether the contribution exceeds the limits set forth under federal law. If there is a question of legality, the Treasurer must, within 10 days of receipt, deposit or return the contribution. If a possibly illegal contribution is deposited, the PAC cannot use the funds until their legality is confirmed. The funds in doubt must be segregated or the Treasurer must ensure that the deposit account can cover any necessary refund. The Treasurer must return contributions determined to be illegal contributions within 30 days of receipt. The Treasurer must make and retain a written record noting the basis for the contribution's appearance of illegality and disclose that the contribution's legality is in question on any reports required to be filed in that timeframe. If the contribution is accepted but later returned because it is illegal, the Treasurer must note the refund on the report covering the reporting period in which the refund is made.**
12. **AKFCF and its Regional members may engage in joint solicitation of members of the restricted class but may not engage in separate solicitation of the same people.**
13. **Contributions must be purely voluntary and undue pressure on any person to contribute must be strictly avoided.**
14. **Contribution amounts may be suggested so long as it is clear that the guidelines are only suggestions, will not be enforced and that the person solicited can contribute in any amount he or she wishes or not contribute at all without any reprisal. The PAC may not set minimum or maximum contribution amounts except as provided by law.**

15. Solicitations cannot suggest that contributing is a condition of employment. Thus, the following phrases cannot be used on a written solicitation: "must contribute," "have to contribute," or "is required to contribute."
16. Solicitations cannot directly or indirectly imply that a contribution will affect an employee's opportunity for advancement. Solicitations may, however, inform employees that it is important to contribute to the PAC. In addition, PAC contributions can be characterized as helping to elect candidates holding views consistent with the AKFCF members' interests.
17. The PAC may use internet or intranet sites for fundraising purposes only if access to the site of the actual solicitation is limited to members of the restricted class. The PAC may use email to send solicitations so long as the PAC uses appropriate safeguards to ensure that only restricted class members receive the email.
18. Written or oral solicitations must communicate the following:
  - (a) A statement informing the person solicited of the political purposes of the fund at the time of the solicitation;
  - (b) A statement informing the person solicited that he or she may refuse to contribute without reprisal;
  - (c) So that the fund and the Treasurer are deemed to use best efforts to obtain reporting information on contributors, the following sentence: "Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions exceed \$200 in a calendar year." This request must appear in a clear and conspicuous manner on any response material contained in a solicitation.
  - (d) That contributions to the PAC are not tax deductible as charitable contributions for federal income tax purposes. This statement must also be made in a conspicuous and easily recognizable format.
19. Follow-up communications with solicitees may not be made to ask solicitees if they have contributed to the PAC, or if they have not contributed, to ask why not. Follow-up communications can be made, however, to offer to answer any questions a solicitee may have. An oral follow-up communication, such as a phone call, should be scripted. Also, the direct supervisor of a person solicited may not make follow-up communications. The PAC's Board and the AKFCF Government Relations Committee must be notified in advance of any follow-up communications with solicitees.
20. Oral solicitations should not be one-on-one. Oral solicitations of groups (e.g., Regional or AKFCF closed membership meetings) are permitted so long as the solicitation is scripted and the PAC's Board and AKFCF's Government Relations Committee reviews the solicitation script and any audio visual materials used in the solicitation.

21. **Written solicitations must be reviewed in advance by the PAC's Board and by the AKFCF Government Relations Committee. Attached to this policy is a sample solicitation letter, contribution card and script for a meeting to solicit PAC contributions.**

**Any variance from the procedures set forth above requires written approval of the [AKFCF PAC Board and AKFCF Government Relations Committee].**

## Sample Solicitation Letter

Dear \_\_\_\_\_:

The purpose of this letter is to introduce you to the Association of Kentucky Fried Chicken Franchisees' Political Action Committee (AKFCF PAC) and ask you to support it with your voluntary contributions.

We recently formed the PAC to aid in our efforts to influence important public policy issues that affect the well-being of U.S. KFC franchisees who are members of AKFCF Regions. Federal policies and legislation increasingly dictate how we do business. For example, minimum wage laws, environmental law, and obesity litigation all have potentially adverse impacts on KFC franchisees.

We need to ensure that legislators and policymakers are fully informed of our members' concerns. In addition, we need to help elect candidates who hold views consistent with the goals of KFC franchisees. A PAC is a legal and efficient means of combining our individual contributions so that those contributions have the maximum effect and impact on the electoral process.

We need your support to make the AKFCF PAC succeed. We hope that you will generously contribute to the AKFCF PAC. If you wish to support the PAC, please fill out the enclosed Contribution Card and return it with your contribution check to \_\_\_\_\_ . Please remember these two very important points: Under federal law, only U.S. individuals may contribute to a PAC. Contributions by corporations (including LLCs, etc.) and by non-U.S. citizens are strictly prohibited. Also, contributions to PACs are not deductible on federal tax returns as charitable contributions.

Sincerely,

---

## PAC CONTRIBUTION CARD

I have decided to contribute to the AKFCF PAC. I am a U.S. citizen. I have been informed and am aware of the following:

- Contributions to the PAC will be used in connection with federal elections and are subject to the prohibitions and limitations of federal law.
- I have a right to refuse to contribute to the PAC without reprisal.
- Any guideline contribution amounts provided to me are merely suggestions. I may contribute more or less money or I can decide not to contribute. I will not be favored or disadvantaged by reason of the amount of my contribution or my decision not to contribute.
- Contributions to the PAC are not tax-deductible.

Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions exceed \$200 in a calendar year. Please provide the following information:

---

Name

---

Address

---

City

State

Zip Code

---

Title

---

Signature

Date

### **Script for Meeting to Solicit Contributions to AKFCF PAC**

- **Thank you for taking the time to join me to discuss the AKFCF PAC.**
- **It is important that U.S. KFC franchisees participate in the federal political process. The well being of our KFC businesses depends on having lawmakers who share our views on issues important to KFC franchisees.**
- **For example, issues of importance to KFC franchisees include federal minimum wage law, federal environmental laws, and diversity litigation.**
- **A critical way for AKFCF's interests to be adequately represented in Congress is for you to join the AFKCF PAC. The PAC allows qualified franchisees and their executive employees to pool their money and have a stronger voice in the legislative process.**
- **Your participation is important to the success of AKFCF's Government Affairs programs.**
- **The materials I am handing out give instructions on how to make contributions to the PAC. Please review these materials before deciding whether or not to contribute. While we think your participation is important, your participation is voluntary and if you decide not to make a contribution, you will not be disadvantaged in any way.**
- **Only qualified individuals may contribute. Please review the criteria carefully.**



Albert Kiss/FEC/US  
08/01/2005 05:30 PM

To: aselden@briggs.com, nbueth@briggs.com  
cc: Robert Knop/FEC/US@FEC, Mai Dinh/FEC/US@FEC, Rosie Smith/FEC/US@FEC, Marla Johnson/FEC/US@FEC  
bcc:  
Subject: Association of Kentucky Fried Chicken Franchisees Inc. ("AKFCF") political action committee ("PAC")

Dear Messrs. Selden and Bueth:

As discussed, below are the additional materials needed to supplement your letter dated July 14, 2005 on behalf of the Association of Kentucky Fried Chicken Franchisees Inc. ("AKFCF") political action committee ("PAC") to make your request complete.

1. Please explain how persons are nominated for, and appointed for, AKFCF positions that comprise the AKFCF Executive Committee (i.e., President, Immediate Past President, First Vice President, Second Vice President, Secretary, and Treasurer). Please include in your response whether selections are made by majority vote by members of the AKFCF board of directors.
2. Please provide copies of the articles of Incorporation and bylaws for the seven United States regional associations (i.e., for Regions A through G).
3. Please confirm that the AKFCF PAC is an unincorporated association. Since the AKFCF PAC charter and bylaws provided with the letter dated July 14, 2005 are proposed documents, we look forward to receiving copies of the final approved charter and bylaws.
4. Please confirm that the President, First Vice President and Immediate Past President of each of the AKFCF's United States regional associations is ex officio (i.e., automatically) on the AKFCF Board of Directors and that each is a full voting member of the AKFCF Board of Directors.

If you have any questions, please feel free to contact me or Robert Knop at (202) 694-1650 or via email (akiss@fec.gov or rknop@fec.gov).

Thank you.  
Albert J. Kiss  
FEC Office of General Counsel



Albert Kise/FEC/US  
08/04/2005 02:21 PM

To Merita Johnson/FEC/US@FEC  
cc  
bcc  
Subject Fw: Association of Kentucky Fried Chicken Franchisees, Inc. PAC

— Forwarded by Albert Kise/FEC/US on 08/04/2005 02:21 PM —



"Selden, Andrew C."  
<ASelden@Briggs.com>  
Sent by: "Hermann, Peggy"  
<PHermann@Briggs.com>  
08/04/2005 11:32 AM

To <akise@fec.gov>, <rkrop@fec.gov>  
cc "Buetho, Neal T." <NBuetho@Briggs.com>  
Subject Association of Kentucky Fried Chicken Franchisees, Inc. PAC

Gentlemen,

Please see the attached letter in response to your e-mail of August 1, 2005.

Andrew C. Selden  
Briggs and Morgan, P.A.  
612.977.8485  
aselden@briggs.com

**CONFIDENTIALITY NOTICE:** The information contained in this e-mail communication and any attached documentation may be privileged, confidential or otherwise protected from disclosure and is intended only for the use of the designated recipient(s). It is not intended for transmission to, or receipt by, any unauthorized person. The use, distribution, transmittal or re-transmittal by an unintended recipient of this communication is strictly prohibited without our express approval in writing or by e-mail. If you are not the intended recipient of this e-mail, please delete it from your system without copying it and notify the above sender so that our e-mail address may be corrected. Receipt by anyone other than the intended recipient is not a waiver of any attorney-client or work-product privilege.

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AKFCF Response\_001.pdf



2200 IDS CENTER  
80 SOUTH EIGHTH STREET  
MINNEAPOLIS, MINNESOTA 55402  
TELEPHONE (612) 977-8400  
FACSIMILE (612) 977-8630

# BRIGGS AND MORGAN

PROFESSIONAL ASSOCIATION

WRITER'S DIRECT DIAL  
(612) 977-8485

WRITER'S E-MAIL  
ssaiden@briggs.com

August 2, 2005

Albert J. Kiss  
Robert Knop  
Federal Election Commission  
Office of General Counsel  
999 E Street, N.W.  
Washington, D.C. 20463

**Re: AKFCF Political Action Committee**

Dear Mr. Kiss and Mr. Knop:

This is in reply to the questions that you raised in an e-mail dated Monday, August 1, 2005. The numbers below correspond to those in your e-mail.

1. Members of the Executive Committee of the Board of Directors of the Association of Kentucky Fried Chicken Franchisees, Inc. ("AKFCF") are elected by the Board of Directors of AKFCF. Officers are nominated as a slate by a nominating committee. The slate is presented to the Board of Directors for its consideration. Additional nominations are solicited from other members of the Board. Following discussion, and assuming that the slate is moved and seconded, the full Board of Directors votes on the slate.

The Association practices a rotation through the offices of Second Vice President, First Vice President, President, and Immediate Past President. Individuals who are nominated, and elected, to serve as Second Vice President are expected to be nominated the following year for First Vice President, then President. The offices of Secretary and Treasurer do not rotate in that fashion.

Under the AKFCF Bylaws, the vote on a motion to approve a slate of officers (who comprise the Executive Committee) must obtain a majority of the votes cast at a meeting at which a quorum is present for the motion to prevail. In practice, the vote for the slate of officers is usually unanimous.

2. We are in the process of collecting samples of the Articles of Incorporation and Bylaws for as many of the seven (autonomous) U.S. regional associations, the members of the AKFCF, as we can collect. As we indicated to you, AKFCF does not control, rather is controlled by, its regional members, meaning that we expect to receive good cooperation from the regions,

**BRIGGS AND MORGAN**

Albert J. Kiss  
August 2, 2005  
Page 2

but cannot compel them to provide their individual Articles and Bylaws. We will forward what we are able to collect, and identify to you that we are not able to.

3. The AKFCF PAC will function as an unincorporated committee of the AKFCF Board of Directors. It will not be a separately incorporated body. We will provide the version of the Charter and Bylaws for the AKFCF PAC once they have been adopted by the AKFCF Board of Directors.

4. Under Section 4.2 of the AKFCF Bylaws, the AKFCF Board of Directors is composed of the three senior officers, the president, president elect (or first vice president), and immediate past president of each of its regions. Section 4.2 provides as follows:

The Board of Directors shall be composed of three directors from each Member and the officers described in Section 5.3. The Directors shall be the President, President-Elect (or First Vice President), and Immediate Past President of each Member. Each is a full voting member of the Board of Directors, as no provision of the Bylaws disenfranchises any of these Directors. Only past presidents of AKFCF are treated as honorary directors without vote, except that the Immediate Past President of the AKFCF remains a full Director with full voting power.

Even in the rare cases where AKFCF might elect as its Secretary or Treasurer a person who is not theretofore a member of its Board of Directors, under Section 5.1 in order to qualify to hold the office of secretary or treasurer, the candidate must be either a Director, or a past or current officer of one of the Regional Members. There are, in other words, no circumstances in which the AKFCF Board of Directors could include anyone who is not either a sitting officer of a regional member, or a past officer (and in that case, that would be limited to no more than two individuals in a board consisting of 30 regional officers).

I hope this information satisfies your inquiry. If you need additional information, please let us know.

Very truly yours,



Andrew C. Selden

ACS/ph  
cc: Neal Bueth, Esq.

# BRIGGS AND MORGAN

PROFESSIONAL ASSOCIATION

2200 IDS CENTER  
80 SOUTH EIGHTH STREET  
MINNEAPOLIS, MINNESOTA 55402  
TELEPHONE (612) 977-8400  
FACSIMILE (612) 977-8850

WRITER'S DIRECT DIAL

(612) 977-8248

WRITER'S E-MAIL

nburthe@briggs.com

August 8, 2005

## VIA FEDERAL EXPRESS

Albert J. Kiss  
Robert Knop  
Federal Election Commission  
Office of General Counsel  
999 E Street, N.W.  
Washington, D.C. 20463

2005 AUG -9 A 11:55  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Re: **AKFCF Political Action Committee**

Dear Mr. Kiss and Mr. Knop:

This letter is to supplement our August 2, 2005, response to your e-mail of August 1, 2005.

The following is a list of the documents enclosed with this letter in response to your August 1 request:

1. **Articles of Incorporation and Bylaws of the Great Lakes K.F.C. Franchisee Association, Inc. (as amended through January 23, 1996).**
2. **Certificate of Incorporation and Amended and Restated Bylaws of the Kentucky Fried Chicken Northeast Franchisee Association, Inc.**
3. **By-Laws of Northwest Kentucky Fried Chicken Franchisee Association, Inc. (no Articles of Incorporation enclosed).**
4. **Bylaws of Southern California KFC Franchisees Association, Inc. (no Articles of Incorporation enclosed).**
5. **Articles of Incorporation and By-Laws of Southeastern KFC Franchisee Association, Inc. (as amended through July 25, 1994).**
6. **Restated Bylaws of Greater Southwestern Kentucky Fried Chicken Franchisee Association, Inc. (no Articles of Incorporation enclosed)**

**BRIGGS AND MORGAN**

**August 8, 2005**

**Page 2**

**7. Articles of Incorporation and Restated Bylaws of Upper Midwest Kentucky Fried Chicken Franchisee Association, Inc.**

**We are in the process of obtaining the remaining Articles of Incorporation. As soon as we receive them, they will be forwarded to you.**

**If you have any questions or need further information, please do not hesitate to contact me.**

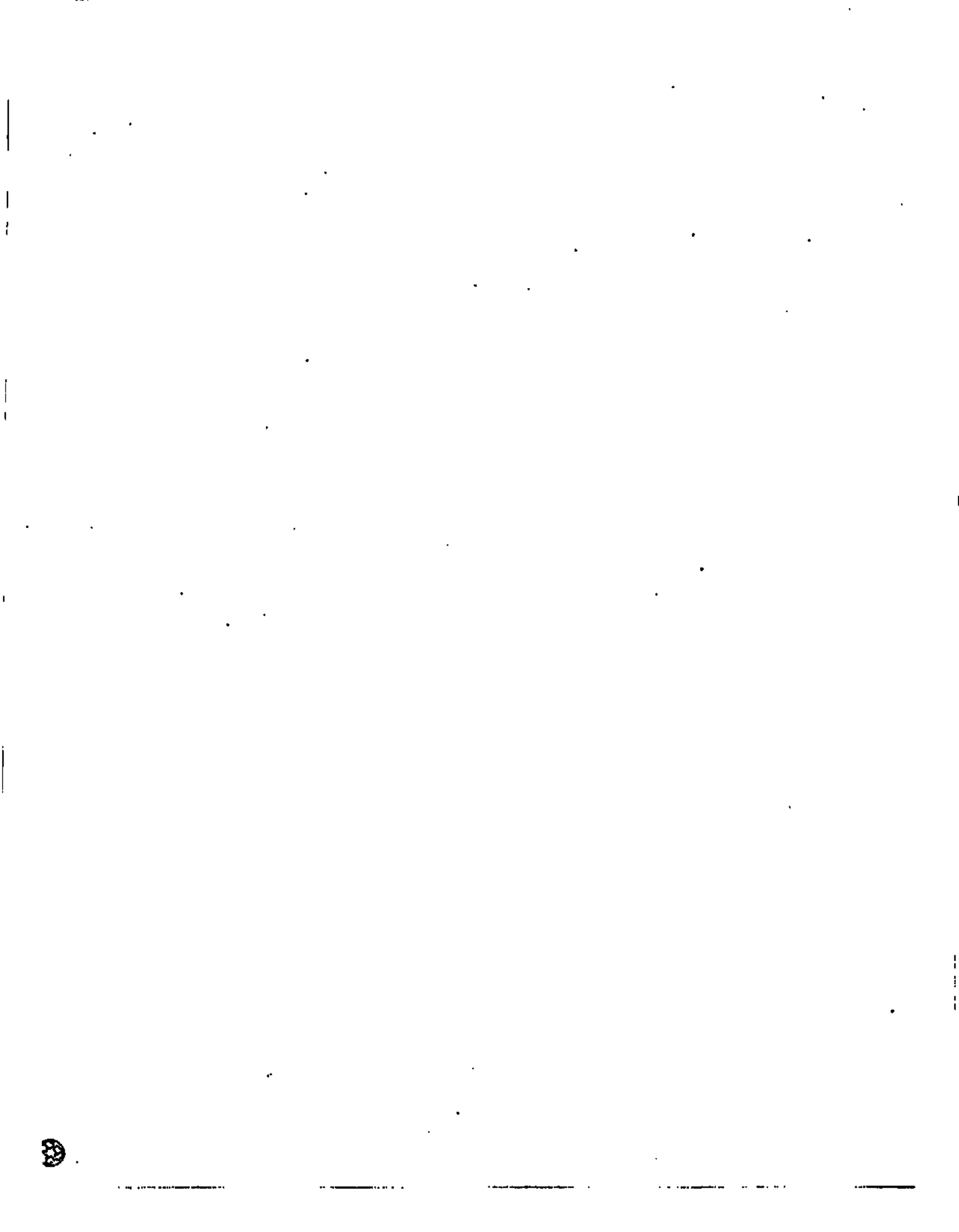
**Sincerely,**



**Neal T. Buethe**

**NTB/ph  
Enclosures**

**cc: Andrew C. Selden, Esq.**





Lansing, Michigan

To All To Whom These Presents Shall Come:

I, Richard N. Schenck, Director, Michigan Department of Commerce,  
 Do hereby Certify That Articles of Incorporation of \_\_\_\_\_  
 GREAT LAKES K.F.C. FRANCHISEE ASSOCIATION, INC.

were duly filed in this office on the \_\_\_\_\_ 1st day of \_\_\_\_\_ October \_\_\_\_\_, 19 76,  
 in conformity with Act 284, Public Acts of 1972, as amended, and Act 327, Public  
 Acts of 1931, as amended.



In testimony whereof, I have hereunto set my  
 hand and affixed the Seal of the Department  
 in the City of Lansing, this \_\_\_\_\_ day  
 of \_\_\_\_\_ October \_\_\_\_\_, 19 76.

*Richard N. Schenck*  
 Director

TRUE COPY  
MICHIGAN DEPARTMENT  
OF COMMERCE

CS 6-102  
Rev. 7-24

(Non-Profit Domestic Corporations)  
**ARTICLES OF INCORPORATION**

These Articles of Incorporation are signed by the incorporators for the purpose of forming a non-profit corporation pursuant to the provisions of Act 327, Public Acts of 1931, as amended, and Act 284, Public Acts of 1972, as amended, as follows:

**ARTICLE I**

The name of the corporation is GREAT LAKES K.F.C. FRANCHISE ASSOCIATION, INC.

**ARTICLE II**

The purpose or purposes for which the corporation is organized are as follows:

To encourage, promote and develop, without pecuniary gain, increased efficiency, better management methods and greater public service among the franchisees of K.F.C. Corporation (Kentucky Fried Chicken) primarily in the states of Indiana, Michigan, Ohio and West Virginia by providing meetings, conventions, conferences, and publications as media for the exchange of ideas, to foster and improve the interests of those engaged in such activity, to reform abuses relative thereto, secure freedom from unjust or unlawful exactions, to secure uniform and united action in the common interest, to encourage fraternal spirit and resist encroachment on their rights, to improve the condition of the industry represented by the members individually and collectively and improve their service to the public, to cooperate with the franchisor, suppliers and others engaged in the same or related activities, to foster just and reasonable regulations by any and all governmental agencies authorized to supervise or legislate the business activities of members, to advance the civic, commercial, industrial and agricultural interests of the territory where the corporation has members, to promote the general welfare and prosperity of such territory and to stimulate public sentiment to these ends, and to join with and assist in the activities, interests and objectives of similar franchisee associations and organizations wherever the same may be located; in general to function as a business league as defined by the Internal Revenue Code of the United States and do all things authorized by law to carry out its corporate purpose.

**ARTICLE III**

Said corporation is organized upon a non-stock basis.

(b)

(If upon a stock-share basis fill in the following)

The total number of shares of stock which the corporation shall have authority to issue is \_\_\_\_\_ of the par value of \$\_\_\_\_\_ per share.

A statement of all or any of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof is as follows: \_\_\_\_\_

60

If upon a non-judicial sale, write out paragraph (a) above and fill in the following:  
The amount of assets which said corporation possesses is:

\*Real Property: NONE

\*Personal Property: NONE

\*Give description and value. If none, insert "none"

Said corporation is to be financed under the following general plan:

Funds will be raised through dues and contributions from members in such amounts and at such times as the members provide in the bylaws. Funds and contributions will also be accepted from others interested in furthering the corporate purposes.

ARTICLE IV.

(1) The address of the initial registered office is (See part 2 of instructions)

1106 Technology Tower, 26555 Evergreen, Southfield Michigan 48076  
(City, and State) (Name or City) (Zip Code)

(2) The mailing address of the initial registered office is (need not be completed unless different from the above address—See part 2 of instructions)

\_\_\_\_\_  
(City, and State) (Name or City) Michigan (Zip Code)

(3) The name of the initial resident agent of the registered office is  
Burton E. Shifman

ARTICLE V.

The names and addresses of the incorporators are as follows:

Name	Address or Business Address
<u>Henry B. Coulter</u>	<u>133 Sunset Drive, Sandusky, Ohio 44870</u>
<u>Robert Begshaw</u>	<u>301 Chillicothe Avenue, Hillsboro, Ohio 45133</u> <u>P.O. Box 48</u>
<u>J. B. Roystar, Jr.</u>	<u>1415 E. Michigan Avenue Jackson, Michigan 49204</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



ARTICLE VI.

The names and addresses of the first board of directors (or trustees) are as follows:

NAME

RESIDENCE OR BUSINESS ADDRESS

(See attached list)

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ARTICLE VII.

(Here insert any desired additional provisions authorized by the Act)

No part of the income of the corporation shall inure to the benefit of any member, director or officer of the corporation or to any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes) and no member, officer or director of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.

The Board of Directors shall consist of such number of directors as are elected by the membership at the annual meeting and shall be not less than three (3) nor more than nineteen (19). Any vacancy in the Board of Directors resulting from the number below that selected by the members at the annual meeting shall be filled by the Board of Directors for the unexpired term.

We, the incorporators of the above named corporation, hereby sign these Articles of Incorporation on this 28th day of July, 1976.

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*H. B. Coulter*  
 Henry B. Coulter

*Robert Eugene*  
 Robert Eugene

*J. H. ...*  
 J. H. ...

ARTICLE VI.

The names and addresses of the first board of directors (or trustees) are as follows:

NAME	RESIDENCE OR BUSINESS ADDRESS
Henry B. Coulter	143 Sunset Drive Sandusky, Ohio 44870
Bill Duncan	2701 South Western Avenue Marion, Indiana 46952
Robert Bayshaw	301 Chillicothe Avenue Willsboro, Ohio 45133
J. B. Royster, Jr.	P.O. Box 40 1415 East Michigan Avenue Jackson, Michigan 49206
Don Fraser	512 Dix Road Lincoln Park, Michigan 48146
William L. Bell	702 Salisbury Bay City, Michigan 48706
Edward Kolbier	611 Chestnut Cadillac, Michigan 49601
Norman D. Masters	22124 Telegraph Road Southfield, Michigan 48075
Richard McFarland	1815 North Meridian Indianapolis, Indiana 46202
Louis Bonesso	140 East Pike Street Clarkeburg, West Virginia 26301
Levi Wethington	510 East Broadway Shelbyville, Indiana 46176
Joseph Hall	Route 12, Highway 31 South Seymour, Indiana 47274
Anton Lambos	3632 Lincoln Way East Massillon, Ohio 44646
Keith Swain	443 Emerald Woods Drive Oxford, Ohio 45056
William L. Luehrman	P.O. Box 785 145 Columbus Road Athens, Ohio 45701
Don True	545 Grant Chester Road Lexington, Kentucky 40505

(Please do not write in spaces below -- for Department use)

MICHIGAN DEPARTMENT OF COMMERCE -- CORPORATION AND SECURITIES BUREAU	
Date Received	<p style="text-align: center;"><b>FILED</b></p> <p style="text-align: center;">OCT 1 1976</p> <p style="text-align: center;"><i>Richard J. Roberts</i></p> <p style="text-align: center;">SECRET</p> <p style="text-align: center;">Michigan Department of Commerce</p>
AUG 2 1976	
SEP 22 1976	

CS-300  
Rev. 3-75

**INFORMATION AND INSTRUCTIONS**

Articles of Incorporation--Non-Profit Corporations  
(Including Ecclesiastical Corporations)

- Article II should state, in general terms, the specific purpose or object for which the corporation is organized.
- Article IV--A post office box is not permitted to be designated as the address of the registered office in part (1) of Article IV. The mailing address in part (2) of Article IV may differ from the address of the registered office only if a post office box address in the same city as the registered office is designated as the mailing address.
- Article VI--At least three incorporators are required. Article VI--A) lists three directors for trustees are required. The addresses should include a street number and, where applicable, in addition to the name of the city and state.
- The duration of the corporation should be stated in the Articles only if the duration is not perpetual.
- The Articles must be signed in ink by each incorporator. The names of the incorporators as set out in Article V should correspond with the signatures.
- An effective date, not later than 90 days subsequent to the date of filing, may be stated in the Articles of Incorporation.
- One original copy of the Articles is required. A true copy will be prepared by the Corporation and Securities Bureau and returned to the person submitting the Articles for filing.
- FEES:** \$10.00 filing plus \$18.00 franchise; total \$28.00. Checks or money orders should be made payable to the State of Michigan.
- Mail Articles of Incorporation and fees to:
 

Michigan Department of Commerce  
Corporation and Securities Bureau  
Corporation Division  
P. O. Drawer 6  
Lansing, Michigan 48904

**BY-LAWS**  
**OF**  
**GREAT LAKES K.F.C. FRANCHISEE ASSOCIATION, INC.**

**AS AMENDED THROUGH JANUARY 23, 1996**

**ARTICLE I**  
**MEMBERSHIP**

**Section 1. Classes of Members. Membership in this Association shall be divided into four classes as follows:**

a) Regular Membership. Regular Membership in this Association shall be open to any person ("Franchisee") franchised by KFC Corporation (the "Franchise Corporation"), a Delaware corporation, or any affiliated corporation to operate one or more KFC food outlets in Indiana, Michigan, Ohio, Pennsylvania, and West Virginia, except that if the Franchisee is not an individual then the Franchisee must designate for such membership an individual who is a partner or principal officer of the Franchisee. As used in these By-Laws, "Regular Member" means a regular member in good standing whose dues and all special assessments of the Association have been paid in accordance with Article VI of these By-Laws and whose name appears on the membership list of Regular Members entitled to vote.

b) Associate Membership. Associate Membership in this Association shall be open to any person ("Franchisee") franchised by the Franchise Corporation or any affiliated corporation, to operate one or more KFC food outlets in the United States other than in the states named in Section 1(a), except that if the Franchisee is not an individual then the Franchisee must designate for such membership an individual who is a partner or principal officer of the Franchisee.

c) Institutional Membership. Institutional Membership in this Association shall be open to any person involved in the KFC franchise food business, as an equipment or merchandise supplier or otherwise, whose application for membership is accepted by the Board of Directors.

d) Special Membership. Special Membership in the Association shall be open to any person who has been a

Regular Member of the Association, but who is no longer eligible for Regular Membership because they are no longer franchised by the Franchise Corporation to operate a KFC food outlet in the states named in Section 1(a) ("Former Franchisee"), provided that such person may not be an employee of the Franchise Corporation. If the Former Franchisee was not an individual, then any partner, stockholder or principal officer of the Former Franchisee may apply for Special Membership upon approval of the Board and said membership can be revoked by the Board of Directors annually.

**Section 2. Membership Applications.** Membership shall commence upon the filing with the Secretary-Treasurer of the Association of an application for membership and acceptance thereof by the Secretary-Treasurer. If the Secretary-Treasurer denies an application, the Secretary-Treasurer shall advise the applicant of such fact and report such action to the Board of Directors at the first meeting after such action. Any applicant whose application for membership is denied shall have the right to appeal that decision to the Board of Directors by notice to the Secretary-Treasurer, and the Board of Directors shall consider such appeal at the first meeting after receipt of the notice of appeal and either accept or reject such application. The application shall be in such form as may be prescribed by the Association and shall specify that the applicant agrees to abide by the rules and By-Laws of the Association and to fulfill the obligations and responsibilities of membership as set out in the Association's Articles of Incorporation and in these By-Laws.

**Section 3. Resignation from Membership.** A member may resign from membership at any time by giving written notice of such intention to the Secretary-Treasurer, which notice shall be presented to the Board of Directors by the Secretary-Treasurer at the first meeting after its receipt. Members who resign from membership shall not be entitled to any refund of dues or special assessments theretofore paid.

**Section 4. Suspension or Exclusion of Members.** A member may be suspended for a period or excluded from membership in the Association for a violation of any of the By-Laws or rules of the Association, or for conduct deemed by the Board of Directors to be contrary to the best interest of the Association. Suspension or exclusion shall be by two-thirds vote of the membership of the Board of Directors, provided that a statement of the reasons therefor shall have been mailed to the member at the last recorded address of said member at least 15 days before final action is taken thereon, together with a notice of the time and place of the meeting of the Board of Directors at which such matter is to be decided. The member shall be given an

opportunity to present a response to the proposed action at the time and place set forth in said notice.

**Section 5. Multiple Franchisees.** For purposes of determining eligibility for Regular and Associate Membership, a group of franchise holders shall be deemed to be a single Franchisee if one or more persons owns beneficially, directly or indirectly, 50% or more of the voting or equity interest of each such franchise holder.

ARTICLE II

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

## ARTICLE III

MEMBERSHIP MEETINGS

Section 1. Annual Meetings. An annual meeting of the membership of the Association shall be held in each fiscal year at such time and place as may be determined by the Board of Directors for the purpose of electing officers and Directors and transacting such other business as may properly be brought before the meeting.

Section 2. Mid-Year Meetings. A mid-year meeting of the membership may be held in each fiscal year at such time and place as may be determined by the Board of Directors for transacting such business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of the membership shall be held at any time and place as may be designated in the notice of said meetings, upon call of the President or the Board of Directors. Any such request shall state the purpose for which such a meeting is called.

Section 4. Notice of Meetings. Written notice of every meeting of the membership, stating the place, date and hour of the meeting, shall be given either personally or by mail to each Regular Member, not less than 10 nor more than 50 days before the date of the meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail with first class postage prepaid thereon addressed to the member at the member's address as it appears on the association's record of members. Attendance of a member at a membership meeting shall constitute a waiver of notice of such meeting and of all objections to the place or time of meeting, or the manner in which it has been called or convened, except when a member attends a meeting solely for the purpose of stating, at the beginning of the meeting, any such objection to the transaction of any business. Notice need not be given to any member who signs a waiver of notice, in person or by written proxy, either before or after the meeting. Associate, Institutional and Special Members shall be given such notice of meetings as the Board of Directors shall deem appropriate.

Section 5. Quorum. Thirty-Five Percent (35%) of the Regular Members, present in person (excluding any proxies), shall constitute a quorum for the transaction of business at all meetings of the membership except as otherwise provided by statute, by the Articles of Incorporation, or by these By-Laws. If a quorum is not present at any meeting of the membership, a majority of the Regular Members entitled to vote thereat, present in person, may adjourn the meeting from time to time, without



notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each Regular Member.

**Section 6. Voting.** When a quorum is present at any meeting, the vote of a majority of the Regular Members present in person or represented by written proxy shall decide any question brought before such meeting. Each Regular Member shall at every meeting of the membership be entitled to one vote in person or by written proxy. The Secretary-Treasurer of the Association shall maintain on file a facsimile signature for each Regular Member, to be utilized for verification of written proxies when a Regular Member is not present to vote on a question.

**Section 7. List of Members.** The Association shall keep at its registered office or principal place of business a record of its members, with their names and addresses. The officer who has charge of the membership records of the Association shall prepare and make before every meeting of the membership or any adjournment thereof, a complete list of the Regular Members entitled to vote at the meeting or any adjournment thereof, with the address of each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Regular Member during the meeting for the purposes thereof. The said list may be the Association's regular record of members.

**Section 8. Order of Business.** The order of business shall be as follows at all the meetings of the Association, and where applicable of the Board of Directors and Executive Committee:

- (a) Calling of the roll.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of the minutes.
- (d) Receiving communications.
- (e) Election of officers and new members.
- (f) Reports of officers.
- (g) Reports of committee.
- (h) Unfinished business.
- (i) New business.

Any question as to the priority of business shall be decided by the President, or in the absence of the President, the officer presiding at the meeting, without debate.

This order of business may be altered or suspended at any meeting by majority vote of the Regular Members present.

Section 9. Closed Meetings. Upon a majority vote of those members of the Executive Committee required to constitute a quorum thereof, any membership meeting scheduled in accordance with these By-Laws may be closed to all persons except Regular Members.

Section 10. Recordation of Meetings. No audio or audio/visual recording equipment may be used to tape or otherwise record any membership meeting scheduled in accordance with these By-Laws without the prior written consent of the Executive Committee. This section shall not preclude members from taking "candid" still photographs during meetings as has been customary.

## ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Association shall be elected by the Regular Members and shall be a President, a First Vice President, a Second Vice President, and a Secretary-Treasurer. In addition, there may be such other subordinate officers as the membership or Board of Directors may from time to time deem necessary.

Section 2. Term of Office. The officers of the Association shall be elected annually by the membership at the Annual Meeting. The term of each officer so elected shall commence thirty (30) days after the Annual Meeting at which the officer is elected and end thirty (30) days after the Annual Meeting at which their successor is elected regardless of the period of time between Annual Meetings.

Section 3. Nominations and Elections.

(a) Nominations Committee. The President, the First Vice President, the Immediate Past President, and two other Regular Members in good standing appointed by the President shall comprise the Nominations Committee. The Immediate Past President shall serve as chairperson of the Nominations Committee. The Nominations Committee shall nominate one or more Regular Members, who are currently members of the Board of Directors, for election to each of the following offices: President, First Vice President, Second Vice President, and Secretary-Treasurer. The nominations of the Nominations Committee shall be mailed to the Regular Members (in the same manner as notices of meetings) in writing not less than 10 days prior to the Annual Meeting.

(b) Vacancy on Nominations Committee. In case any member of the Nominations Committee is unable or refuses to serve in that capacity, the President shall designate a replacement.

(c) Other Written Nominations. Any Regular Member, whether or not nominated by the Nominations Committee may be nominated to run for election by written nomination signed by one Regular Member and seconded by at least one other Regular Member accompanied by the written consent of the nominee to serve in such office, if elected, and addressed to the Immediate Past President. If such nomination is received by the Immediate Past President prior to the mailing of the

nominations of the Nominations Committee to the Regular Members, the nomination of such member shall be included in such mailing as a nominee, but shall be distinguished from the nominees nominated by the Nominations Committee. If such nomination is not received by the Immediate Past President prior to the mailing of the nominations of the Nominations Committee to the Regular Members, such nomination shall be treated as a nomination from the floor under section 3(d).

(d) Nominations From The Floor. Other Regular Members may be nominated for election to any office upon motion duly seconded at the Annual Meeting. Such nominations must be accompanied by a written consent of the nominee to serve in such office if elected.

(e) Elections. All officers shall be elected by a majority vote of the Regular Members present in person or by written proxy, a quorum being present, either in person or by a Regular Member's written proxy.

Section 4. Powers and Duties. Except as hereinafter provided, the officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as those that from time to time may be conferred by the membership or the Board of Directors.

(a) President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the membership and shall have general supervision of the Association. The President shall sign all contracts and obligations of the Association unless otherwise directed by the Board of Directors, and generally shall have all duties usually incumbent upon the chief executive officer of a membership association and such as may be assigned to said officer by the membership or these By-Laws.

(b) First Vice President. The First Vice President shall exercise the functions of the President during the absence or disability of the President, and shall assume the office of President if that office becomes vacant for the unexpired term of the President. The First Vice President shall have such other duties as may be assigned by the membership or these By-Laws.

(c) Second Vice President. The Second Vice President shall exercise the functions of the President during the absence or disability of the President and of the First Vice President. The Second Vice President shall

have such other duties as may be assigned by the membership or these By-Laws.

(d) Secretary-Treasurer. The Secretary-Treasurer shall timely send all required notices of meetings to the membership. The Secretary-Treasurer shall maintain in good order minutes of all meetings and all records and correspondence of the Association, and shall mail copies of the minutes of each membership meeting to all members within 60 days from the conclusion of each meeting. The Secretary-Treasurer shall make all financial collections and disbursements, maintain in good order all records relating thereto, and distribute to the members at each Annual Meeting a statement of receipts and disbursements for the preceding fiscal year. The Secretary-Treasurer shall also have such other duties as may be assigned by the membership or the Board of Directors.

(e) Temporary Officers. In case of the absence or disability of any officer of the Association and of any person hereby authorized to act in said officer's place during such period of absence or disability, the President or any person entitled to exercise the powers of the President may from time to time delegate the powers and duties of such officer to any other officer or any Regular Member.

Section 5. Vacancies. Any vacancy in an office resulting from any cause may, if not filled as otherwise provided herein, be filled for the unexpired portion of the term thereof by appointment of the Board of Directors.

Section 6. Removal. Any officer may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of the Regular Members, at any meeting duly called.

**ARTICLE V****DIRECTORS**

**Section 1. Powers and Responsibilities.** The property and affairs of the Association shall be managed and directed by a Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, by the Articles of Incorporation of the Association, or by these By-Laws.

**Section 2. Number, Selection and Term.** All Directors must be Regular Members of the Association who are current on all assessments, voluntary or otherwise, to the Association of KFC Franchisees. The number of Directors which shall constitute the whole Board, the manner in which the Directors are selected and their terms as Directors shall be as follows:

(a) **Officers.** The President, Immediate Past President, First Vice President, Second Vice President, and Secretary-Treasurer shall be members of the Board of Directors. Each shall begin their terms as Directors upon election to their respective offices and their terms as Directors shall continue while they serve in said offices.

(b) **State Delegates.** There shall be elected as additional Directors one Regular Member to represent each of the following states: Indiana, Michigan, Ohio, Pennsylvania, and West Virginia. For purposes of this section, a Regular Member, or an entity in which the Regular Member is a partner or principal officer, may represent any state in which said member or entity operates a KFC food outlet, but said member or entity may not be deemed to represent more than one state at a time.

(c) **At Large Directors.** There shall be elected as additional Directors up to sixteen (16) Regular Members who shall be elected at large without reference to the state in which they operate a KFC food outlet.

(d) **KFC Representatives.** Regular Members or partners or principal officers of Regular Members who serve as representatives to the KFC National Advisory Council, the KFC National Cooperative Advertising Program and the National Purchasing Co-operative, or any organization which is the successor to such organizations shall be members of the Board of

Directors during the period in which they serve as representatives to or members of those organizations.

(e) Term. Except as provided in Section 2(f), Directors elected under Sections 2(b) and 2(c) shall serve for a three (3) year term commencing thirty (30) days after the Annual Meeting at which they are elected and continuing until thirty (30) days after the third Annual Meeting thereafter. Such Directors may serve no more than two (2) consecutive three (3) year terms plus any period of time during which they serve as Directors pursuant to Sections 2(a) and 2(d) and any period for which they may be appointed or elected to fill an unexpired term, and may not thereafter serve as a Director for a period of two (2) years (as measured from Annual Meeting to Annual Meeting) unless they are serving as a Director pursuant to Sections 2(a) and 2(d).

(f) Transitional Terms. All Directors elected at the Annual Meeting in 1995 shall serve until the Annual Meeting in 1996 at which time their terms shall expire. At the Annual Meeting in 1996, (i) the State Delegates to be elected under Section 2(b) and two (2) at large Directors to be elected under Section 2(c) shall be elected for a full three (3) year term; (ii) seven (7) at large Directors to be elected and Section 2(c) shall be elected for a two (2) year term; and (iii) seven (7) at large Directors to be elected under Section 2(c) shall be elected for a one (1) year term. Thereafter, one-third (1/3) of the Directors to be elected under Sections 2(b) and 2(c) shall be elected at the Annual Meeting each year.

(g) Nominations Committee. The Nominations Committee appointed pursuant to Article IV, Section 3(a) shall nominate one (1) or more Regular Members for election to each position on the Board of Directors to which a Director must be elected at the next Annual Meeting and to any unfilled vacancies on the Board of Directors for the balance of the term to which the vacancy relates. Such nominations shall be mailed to the Regular Members at the same time and in the same manner as the nominations for officers under Article IV, Section 3(a).

(h) Other Written Nominations. Any Regular Member, whether or not nominated by the Nominations Committee may be nominated for election as a Director by written nomination signed by one Regular Member and seconded by at least one other Regular Member accompanied by the

written consent of the nominee to serve as a Director if elected addressed to the Immediate Past President. If such nomination is received by the Immediate Past President prior to the mailing of the nominations of the Nominations Committee to the Regular Members, the nomination of such member shall be included in such mailing as a nominee, but shall be distinguished from the nominees nominated by the Nominations Committee. If such nomination is not received by the Immediate Past President prior to the mailing of the nominations of the Nominations Committee to the Regular Members, such nomination shall be treated as a nomination from the floor under Section 2(i).

(i) Nominations From the Floor. Other Regular Members may be nominated for election as a Director under Sections 2(b) and 2(c) upon motion duly seconded at the Annual Meeting. Such nominations must be accompanied by a written consent of the nominee to serve as a Director if elected.

(j) Vacancies. If a Director who is serving a term under Sections 2(b) or 2(c) is elected an officer of the Association pursuant to Article IV [(but not if appointed to a KFC Representative position under Section 2(d))] prior to the expiration of their term as Director, such person shall become a Director under Section 2(a) and their Director's position under Sections 2(b) or 2(c) shall become vacant. Any such vacancy or any other vacancy on the Board for less than a full term may be filled by appointment by the Board of Directors for the remainder of the term, and if not filled prior to the next Annual Meeting, shall be filled by election by the Regular Members in accordance with this section for the remainder of the term.

**Section 3. Removal.** Any Director may be removed by a two-thirds (2/3) vote of the Regular Membership at the Mid-Year Meeting, or at any special meeting, or by a two-thirds (2/3) vote of all the Directors at any meeting of the Board of Directors at which a quorum is present. Any Director who fails to attend two (2) consecutive meetings of the Board of Directors without an excused absence from the President, shall be automatically removed from the Board of Directors, and shall not be eligible for re-election to the Board under Sections 2(b) and 2(c) until the third Annual Meeting following such removal.

**Section 4. Honorary Directors.** All Past Presidents of the Association shall be honorary Directors without vote, except that the Immediate Past President shall be a regular Director with vote until thirty (30) days after the next Annual Meeting



following the expiration of said officer's term as President, and Past Presidents who serve as Directors under Section 2(d) or as elected Directors under Sections 2(b) or 2(c) after being off the Board the required time, shall be regular Directors.

To maintain honorary status, an honorary Director shall be a member in good standing and attend at least one Board of Directors meeting every two years. A Past President shall not be eligible to serve as a Director, except under Section 2(d) for a period of two (2) years (as measured from Annual Meeting to Annual Meeting) after the completion of their term as Immediate Past President.

**Section 5. Executive Committee.** The President, Immediate Past President, First Vice President, Second Vice President, and Secretary-Treasurer shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in the management of the affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. In case of a vacancy on the Executive Committee due to the death or resignation of the Immediate Past President, a successor shall be chosen by a majority of voting members of the Board of Directors present and constituting a quorum at the next Board meeting and such successor shall serve on the Executive Committee until the next Annual Meeting.

**Section 6. Meetings and Notices.** The Board of Directors of the Association may hold meetings, both regular and special, at any location it so designates. Regular meetings shall be held semi-annually. Special meetings of the Board may be called by the President or by a majority of the Board of Directors or of the Executive Committee. Written notice of the time and place of both regular and special meetings shall be given to each Director either by personal delivery or by mail, telegram or cablegram at least seven (7) days before the meeting. Such notice shall be deemed to have been duly served or given, for regular meetings when first-class mail, or for special meetings when first-class certified mail, is deposited postage prepaid in the United States mail. Such notice shall state a reasonable time, date, and place of meeting, but the purpose need not be stated therein. Notice need not be given to any Director who signs a waiver of notice either before or after the meeting. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and waiver of all objections to the place and time of the meeting, or the manner in which it has been called or convened, except when the Director states, at the beginning of the meeting, any such objection or objections to the transaction of business.

**Section 7. Quorum.** At all meetings of the Board of Directors fifty percent (50%) of the Directors entitled to vote shall constitute a quorum for the transaction of business. At all meetings of the Executive Committee a majority of the members thereof shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Board of Directors or the Executive Committee, as the case may be, except as may be otherwise specifically provided by law, by the Articles of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**Section 8. Consent of Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors or of the Executive Committee thereof may be taken without a meeting, if all members of the Board or of the Executive Committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of the proceedings of the Board or Committee. Such consent shall have the same force and effect as the unanimous vote of the Board or of the Executive Committee, as the case may be.

**Section 9. Participation by Communications Equipment.** Unless otherwise restricted by the Articles of Incorporation of the Association, a member of the Board of Directors or of a committee designated by the Board may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

**Section 10. Closed Meeting.** Directors, by a majority vote of those Directors required to constitute a quorum, may close any Board of Directors meeting scheduled in accordance with these By-Laws to all persons except members of the Board of Directors, both elected and honorary.

**Section 11. Recordation of Meeting.** No audio or audio/visual recording equipment may be used to tape or otherwise record any meeting of the Board of Directors or Executive Committee scheduled in accordance with these By-Laws without the prior consent of the Executive Committee. This section shall not preclude members from taking "candid" still photographs as has been customary.

## ARTICLE VI

DUES

Section 1. Annual Dues. The Board of Directors may determine from time to time the amount of initiation fee, if any, and annual dues payable to the Association by Regular Members, Associate Members, Institutional Members, and Special Members.

Section 2. Special Assessments. The Association by a majority vote of the Regular Members present or by written proxy, a quorum being present either in person or by a Regular Member's written proxy, may establish special assessments of Regular Members, for a particular purpose or purposes which shall be in addition to annual dues.

Section 3. Payment of Dues. Dues of members of all classes shall be due and payable in full on March 31 of each year; provided, however, that in the year of joining the Association, the member's dues shall be due and payable in full fifteen (15) days after becoming a member, and shall not be pro-rated.

Section 4. Payment of Special Assessments. Special assessments of Regular Members shall be due and payable as determined in the resolution establishing the special assessment.

Section 5. Default and Termination of Membership. When any member shall be in default in the payment of dues or special assessment for a period of three months after the beginning of the fiscal year or period for which such dues or special assessments become payable, said person's membership may thereupon be terminated by the Board of Directors in the manner provided in Article I, Section 4 of these By-Laws.

ARTICLE VII

ANNUAL AUDIT

The books and records of the Association shall be audited at the end of each fiscal year of the Association by an independent Certified Public Accountant to be selected by the Board of Directors. Copies of the audit shall be made available to Regular Members upon written request.

**ARTICLE VIII**

**AMENDMENTS**

These By-Laws may be amended, repealed or altered in whole or in part by a majority vote at any duly called meeting of the Association, a quorum being present in person or by written proxy. The proposed change shall be mailed to the last recorded address of each Regular Member at least fifteen (15) days before the time of the meeting at which the change is to be considered.

## ARTICLE IX

INDEMNIFICATION AND INSURANCE

Section 1. Mandatory Indemnification. To the full extent that Michigan law as it exists on the date of the adoption of this Article or may hereafter be amended, permits indemnification of officers and Directors of nonprofit corporations incorporated in the State of Michigan, the Association shall indemnify any officer or Director of the Association who is a party or is threatened to be made a party to any threatened or pending suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action threatened or instituted by or in the right of the Association), by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a representative of the Association to the Association of KFC Franchisees, the KFC National Advisory Council, the KFC National Cooperative Advertising Program, the KFC Purchasing Co-operative, or any similar group, committee, association or entity relating to the KFC business (collectively a "Related Group") against expenses (including, without limitation, attorneys' fees, filing fees, court reporters' fees and transcript costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding unless it is proved by clear and convincing evidence that he or she did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and unless, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. A person claiming indemnification under this Section 1 with respect to any criminal matter shall be presumed to have had no reasonable cause to believe his or her conduct was unlawful, and the termination of any other action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, rebut such presumption.

Section 2. Article IX Not Exclusive. The indemnification provided by this Article IX shall not be deemed exclusive of, and shall be in addition to, any other rights granted to any person seeking indemnification under the Articles of Incorporation of the Association, the By-Laws or any agreement, vote of members or disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be an officer or Director of the Association and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 3. Insurance. The Association may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, or self-insurance on behalf of or for any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, trustee, officer, employee, or agent of a Related Group against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Association would have the obligation or the power to indemnify him or her against such liability under the provisions of this Article IX.





## **Certificate of Incorporation**

of

**The Kentucky Fried Chicken Northeast Franchisee  
Association, Inc.**  
*under section 402 of the Not-for-Profit Corporation Law*

### **IT IS HEREBY CERTIFIED THAT:**

**(1) The name of the corporation is**

**The Kentucky Fried Chicken Northeast Franchisee Association, Inc.**

**(2) The corporation is a corporation as defined in subparagraph (a)(3) of section 102 (Definitions) of the Not-for-Profit Corporation Law.**

**(3) The purpose or purposes for which the corporation is formed are as follows:**

**(a) To associate its members together for their mutual benefit as owners of Kentucky Fried Chicken Restaurants without profit to the corporation and without any attempt on the part of the members to fix common prices;**

**(b) To establish friendly relations among the members and to assist one another in social and business matters;**

**(c) To provide its members with information and to aid in the exchange of ideas pertaining to the operation of Kentucky Fried Chicken Restaurants;**

**(d) To perform any and all things not inconsistent with the law that affect the mutual interests of owners of Kentucky Fried Chicken Restaurants.**

*The corporation, in furtherance of its corporate purposes above set forth, shall have all the powers enumerated in section 202 of the Not-for-Profit Corporation Law, subject to any limitations provided in the Not-for-Profit Corporation Law or any other statute of the State of New York. Nothing herein shall authorize this corporation, directly or indirectly, to engage in, or include among its purposes, any of the activities mentioned in Not-for-Profit Corporation Law, section 404 (b)-(c).*

(4) The corporation shall be a Type **A** corporation pursuant to section 201 of the Not-for-Profit Corporation Law. (In the case of Type B and C corporations set forth the names and addresses of at least 3 initial directors. Type C corporation must set forth the lawful public or quasi-public objective which each business purpose will achieve.)

(5) The office of the corporation is to be located in the City **Kingston** of **Kingston** County of **Ulster** (city) (town) (incorporated village) **Ulster** State of **New York**.

(6) The territory in which the activities of the corporation are principally to be conducted is

(7) The Secretary of State is designated as agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is

c/o Darlene Pfeiffer  
P.O. Box 3455  
286 Chester Avenue  
Kingston, N. Y. 12401

**(1) Approval and consents required by law.**

~~† No approvals and consents are required by law.~~

† Prior to delivery to the department of state for filing all approvals and consents required by law will be endorsed upon or annexed to this certificate.

**State and Federal exemption language for Type B and C corporations seeking tax exemption.**

Notwithstanding any other provisions of these articles, the corporation is organized exclusively for one or more of the purposes as specified in §501(c)(3) of the Internal Revenue Code of 1954, and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under IRC §501(c)(3) or corresponding provisions of any subsequent Federal tax laws.

No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation), and no member, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.

No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided by IRC §501(h)) or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidates for public office.

In the event of dissolution, all of the remaining assets and property of the corporation shall, after necessary expenses thereof, be distributed to another organization exempt under IRC §501(c)(3), or corresponding provisions of any subsequent Federal tax laws, or to the Federal government, or state or local government for a public purpose, subject to the approval of a Justice of the Supreme Court of the State of New York.

In any taxable year in which the corporation is a private foundation as described in IRC §509(a), the corporation shall distribute its income for said period in such time and manner as not to subject it to tax under IRC §4942, and the corporation shall not (a) engage in any act of self-dealing as defined in IRC §4941(d), retain any excess business holdings as defined in IRC §4943(c), (b) make any investments in such manner as to subject the corporation to tax under IRC §4944, or (c) make any taxable expenditures as defined in IRC §4945(d) or corresponding provisions of any subsequent Federal tax laws.

*IN WITNESS WHEREOF, the undersigned incorporator, or each of them if there are more than one, being at least nineteen years of age, affirm(s) that the statements made herein are true under the penalties of perjury. Dated*

19 84.

Darlene Pfeiffer

Type name of incorporator

*Darlene Pfeiffer*

Signature

P.O. Box 3455, 286 Chester Ave., Kingston, N.Y. 12401

Address

\_\_\_\_\_

Type name of incorporator

\_\_\_\_\_

Signature

\_\_\_\_\_

Address

*I, the undersigned Justice of the Supreme Court of the State of New York District, do hereby approve the foregoing Certificate of Incorporation.*

*Judicial*

*Dated*

\_\_\_\_\_

*J. S. C.*

**Certificate of Incorporation**

*of*

**The Kentucky Fried Chicken Northeast Franchisee Association, Inc.**

*under Section 402 of the Not-for-Profit Corporation Law*

**Filed By: Shanberg Marwell Cherneff & Hocherman, P.C.**

*Office and Post Office Address*

**55 Smith Ave., PO Box 148  
Mount Kisco, N.Y. 10549**

**AMENDED AND RESTATED  
BY-LAWS  
OF  
THE KENTUCKY FRIED CHICKEN  
NORTHEAST FRANCHISEE ASSOCIATION, INC.  
(A Not-for-Profit Corporation)**

**ARTICLE I**

**NAME**

1.1 Restated Bylaws. The name of the corporation is The Kentucky Fried Chicken Northeast Franchisee Association, Inc. hereinafter referred to as the "Association". These Amended and Restated Bylaws amend and restate the Bylaws of the Association and all amendments thereto as of the date of adoption of these Bylaws. Adoption of these Bylaws does not impair the validity of acts under former Bylaws as amended. These Restated Bylaws are effective as of May 9, 2005. All prior Bylaws and amendments are hereby repealed and these Amended and Restated Bylaws, as hereinafter amended, constitute all of the Bylaws of the Association.

1.2 Purpose. The Association is a non-profit membership corporation under Section 402 of the New York Not-For-Profit Corporation Law. The members are Kentucky Fried Chicken ("KFC") Franchisees and certain others connected with the KFC business. The Association is an affiliate of the Association of Kentucky Fried Chicken Franchisees, Inc. and provides a means by which a common voice can be heard by all Northeast KFC Franchisees through regularly scheduled meetings and communications. KFC Franchisees meet to share information regarding sales, promotional efforts, new products, vendors, distributors and other common interests. The meetings are also used for the training of store managers and for the purpose of recognizing outstanding achievement.

1.3 Registered and Other Offices. The registered office of the Association shall be that set forth in the most recent statement of the Board of Directors filed with the New York Secretary of State as prescribed by law. The Association may have other offices, within

or outside the State of New York as the Board of Directors determines to be necessary or convenient for the purposes of the Association and the carrying out of its work and activities.

## ARTICLE II

### MEMBERSHIP

2.1 Classes of Members. Membership in the association shall be divided into four classes as follows:

(a) Regular Members. Regular Membership in the Association shall be open to any person, corporation or other entity ("Franchisee") franchised by the KFC Corporation, a Delaware corporation, to operate one or more KFC food outlets within the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Eastern Pennsylvania (defined as that area of Pennsylvania which is included in region 1 of the NCAC), Rhode Island and Vermont, and the District of Columbia. If the Franchisee is not an individual, the Franchisee must designate as its representative the individual who is the partner or principal officer of record for the franchise. For the purpose of determining eligibility for Regular Membership, a group of franchise holders shall be deemed to be a single Franchisee if one of more persons owns beneficially, directly or indirectly, 50% or more of the voting or equity interest of each such franchise holder. Regular Members shall have the right to vote as Members of the Association on all matters which are required by law, the Certificate of Incorporation or these By- Laws. At every meeting of the membership, each regular member shall be entitled to one (1) vote in person or by proxy.

(b) Associate Members. Associate Membership shall be open to any owner, partner or principal officer of a KFC franchise who is not a Franchisee qualifying for Regular Membership. Associate Members shall not be voting members of the Association.

(c) Institutional Members. Institutional Membership shall be open to any person or entity providing services, equipment or merchandise (as a supplier or manufacturer) to the

(b) A Member may request at any time by written notice to the Secretary that it be placed, subject to acceptance by the Executive Committee, in an inactive status. The making of such a request or its acceptance by the Executive Committee does not affect the Member's obligation to pay current or past due dues or assessments or entitle the Member to a refund of any part of dues or assessments paid. A Member that assumes inactive status may not participate in Association activities or serve on the Board of Directors.

### ARTICLE III

#### MEMBERSHIP MEETINGS

3.1 Annual Meetings. An annual meeting of the membership of the Association shall be held in each fiscal year at such time and place as may be determined by the Board of Directors for the purpose of electing officers and directors and conducting such other business as may properly be brought before the meeting.

3.2 Mid-Year Meetings. A mid-year meeting of the membership may be held in each fiscal year at such time and place as may be determined by the Board of directors for the purpose of conducting such other business as may be properly brought before the meeting.

3.3 Special Meetings. Special Meetings may be called by the President, by the majority vote of the Board of Directors, by members having at least  $\frac{1}{4}$  of votes entitled to be cast at such meeting, or by five (5) Directors, and upon receipt of such request, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held any place and at such time as specified in the request for the notice of such special meeting.

3.4 Notice of Meetings. Written notice of every meeting of the membership, stating the place, date and hour of the meeting shall be given either personally, by mail, facsimile, or

electronic mail to each regular member not less than 10 days nor more than 120 before the date of the meeting.

If mailed, such notice shall be deemed delivered when deposited in the United States mail with first class postage thereon prepaid addressed to the member at his address as it appears on the Association's record of members. Attendance of the member at a meeting constitutes a waiver of notice of such meeting and of all objections to the place or time of meeting, or the manner in which it has been called or convened, except when a member states at the beginning of the meeting any objection to the transaction of any business. Notice need not be given to any member who signs a waiver of notice, in person or by written proxy, either before, at or after the meeting. Members other than regular Members shall be given such notice of such meetings as the Board of Directors shall deem appropriate.

**3.5 Quorum.** Forty percent (40%) of the Regular Members present in person or by written proxy shall constitute a quorum for the transaction of business at all meetings of the membership except as otherwise provided by statute, by the Certificate of Incorporation, or by the By-Laws of the Association. If a quorum is not present or represented at any meeting of the membership, a majority of the members entitled to vote in person or by written proxy at such meeting may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is more than 30 days, a notice of the adjourned meeting shall be given to each Regular Member.

**3.6 Voting.** After a quorum is established at any meeting, the vote of a majority of the Regular Members present or represented by written proxy shall decide any question brought before such meeting unless the question is one upon which, by express provision of law or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of the question. Each Regular Member shall at every meeting of the



membership be entitled to one vote in person or by written proxy given to another Regular Member. All proxies must be submitted to the secretary prior to the vote and must specifically refer to the date of the meeting. A Member granting a proxy shall notify the Secretary by mail, email or telephone of the granting of the proxy.

3.7 List of Members. The officer who has charge of membership records of the Association shall prepare and make, before every meeting of the membership or any adjournment thereof, a complete list of the Regular Members entitled to vote at the meeting, or any adjournment thereof, arranged in alphabetical order with the addresses of each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Regular Member during the entire meeting. The list may be the Association's regular record of members if it is arranged in alphabetical order or contains the alphabetical index.

#### ARTICLE IV

#### DIRECTORS

4.1 Powers and Responsibilities. The property and affairs of the Association shall be managed and directed by a Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, by the Certificate of Incorporation of the Association or by the By-Laws.

4.2 Number, Selection and Term. The number of directors constituting the whole Board of Directors shall be not less than 5 nor more than 30, the exact number to be set by resolution of the Board from time to time. All directors must be Regular or Associate Members of the Association in good standing and, other than Special Directors, shall be elected at the annual meeting of the membership. The term of a newly elected director shall begin at the close of the fiscal year at which such director is elected. Each category of directors shall serve for the terms specified below. A director shall remain in office, beyond the expiration of his or her time, until such time as a successor

shall be duly elected or duly appointed and shall have assumed office. A director shall leave office prior to the expiration of his or her term immediately upon death, disability, removal or resignation, or if he or she becomes ineligible to serve as a director. The Board of Directors shall consist of at least the following:

(a) Officers. The President, First Vice-President, Second Vice-President, Secretary, Treasurer, and the Immediate Past President shall be directors. His or her term as a director shall coincide with his or her term as an officer.

(b) State Delegates. In each of the states of Connecticut, Delaware, Maine, Maryland, New Hampshire, New Jersey, New York, Eastern Pennsylvania, (defined as that area of Pennsylvania which is included in Region 1 of the NCAC), Rhode Island, Vermont and District of Columbia, the Local Advertising Co-op President, or a franchisee, appointed by the Local Co-op President, will serve as a director. There shall be one (1) director to represent each of the Local Co-ops operating in the Northeast Region. For the purpose of this paragraph a Local Advertising Co-op is one recognized by the NCAC and has as its President, a Franchisee in good standing with the Northeast Franchisee Association. The term of each director will coincide with the term of the elected President of each Local Advertising Co-op.

Any state not represented by a Local Co-op, a representative will be appointed by the Board.

For purposes of aiding the Local Co-ops in this respect each Local Co-op shall be advised that the Local Co-op bylaws should be amended to add the following (or a statement of similar effect) to any description of the duties and responsibilities of the president: "The president (provided such person (i) is a Franchisee (as defined in the bylaws of the Kentucky Fried Chicken Northeast Franchisee Association, Inc. (the "KFCNFA")) or (ii) owns an entity that is a Franchisee) shall also be obliged to represent the Co-op as a State Delegate (as defined in the bylaws of KFCNFA) of the KFCNFA and to attend and participate in all meetings thereof and to report back to the board and the Co-op concerning the meetings attended and any other matter that may be of interest to the Co-op emanating from such

meetings. In instances where the president is neither a Franchisee nor owns an entity that is a Franchisee then this obligation shall be on the officer who is a Franchisee or owns an entity that is a Franchisee. If no officer qualifies hereunder then the Board of Directors shall designate a member who either is a Franchisee or who owns a Franchisee to be its State Delegate of the KFCNFA."

(c) Special Directors. Regular Members or Associate Members that serve as representatives to the NCAC, OEC and KFC National Purchasing Cooperative (or any similar organizations or committees designated by the Board of Directors), shall serve as directors during the period of their service as representatives to these organizations.

4.3 Removal of Directors. Any Director may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of the Regular Members in good standing at any meeting duly called or by the affirmative vote of two-thirds (2/3) of all the directors at any regular or special meeting of the Board.

4.4 Vacancies. The Board of Directors may fill any vacancy among the directors, including a vacancy caused by death, disability, removal, resignation, ineligibility, or otherwise, by appointing a successor director to serve the remainder of the vacating director's term. The directors may fill a vacancy even if they lack a quorum to decide other matters. Any person elected to fill a vacancy on the Board of Directors shall hold office until the later of the expiration of his or her predecessor's term or the date on which a successor is duly elected and assumes office.

4.5 Executive Committee. The President, Immediate Past President, First Vice-President, Second Vice-President, Secretary, and Treasurer shall constitute the Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in the management of the affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. The Executive Committee shall act in the Board's behalf on all matters requiring action

before the next scheduled meeting of the Board of Directors if the Executive Committee determines that (i) there is insufficient time to call a special meeting of the Board of Directors to consider the matter, or (ii) the matter does not warrant the time and expense of a special meeting .

## ARTICLE V

### MEETINGS OF THE DIRECTORS

5.1 Meetings. The Board of Directors of the Association may hold meetings, both regular and special, at any reasonable time and location it designates. Regular meetings of the Board shall be held twice yearly. Special meetings of the Board may be called by the President or by majority of the Board of Directors. Meetings of the Board of Directors or the Executive Committee by telephone conference call or by any means of communication by which all person are able to each other shall be permitted.

5.2 Notice of Meetings. Written notice of the time and place of both regular and special meetings shall be given to each director at least three (3) days before the meeting. Such notice shall be given either by personal delivery, mail, telegram, cablegram, overnight delivery, facsimile transmission, or electronic mail. Such notice shall state reasonable time, date and place of the meeting, but the purpose need not be stated therein. Notice need not be given to any director who signs a waiver of notice either before, at or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of all objections to the place and time of the meeting, or manner in which it has been called or convened, except when a director states at the beginning of the meeting any objection to the transaction of business.

5.3 Quorum. (a) At all meetings of the Board or the Executive Committee a majority of the members thereof shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Board or the Executive Committee, as the case may be, except as may otherwise specifically be

provided by law, the Certificate of Incorporation, or the By-Laws. If a quorum shall not be present at any meeting of the Board, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(b) After a quorum has been met, a director in attendance at a meeting may give a proxy to another director. No other form of proxy voting will be permitted at meetings of the Board of Directors.

(c) Representation by proxy in any form will not be permitted for the Executive Committee at any time.

5.4 Voting. After a quorum is established at any meeting, of the Board of Directors or the Executive Committee a majority vote of the either of the preceding shall decide any question brought before such meeting unless the question is one upon which, by law or under the Certificate of Incorporation or By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of the question. Each director shall at every meeting of the Board be entitled to one vote in person or by written proxy as specified in Section 5.3 (b) hereof.

5.5 Consent of Directors. Any action required or permitted to be taken at any meetings of the Board of Directors or of the Executive Committee may be taken with equal authority without a meeting if all members of the Board or the Executive Committee, as the case may be, consent thereto in writing setting forth the action so taken, and the writing is filed with the minutes of the proceedings of the Board or Committee or Executive Committee. Such consent shall have the same force and effect as a unanimous vote of the Board or the Executive Committee, as the case may be.

## ARTICLE VI

### OFFICERS

6.1 Number. The officers of the Association shall be elected by the Regular Members and shall be a President, a First Vice-President, a Second Vice-President, a Secretary and a

Treasurer. In addition, there may be such other subordinate officers as the membership or Board of Directors may from time to time deem necessary. Any Regular or Associate Member in good standing may serve as an officer. One person may hold more than one office in the Association except for the office of the President.

6.2 Term of Office. The officers of the Association shall be elected by the Regular Members of the Association at the annual meeting. Each officer shall hold office from the first day of August following the election until the following July 31, or until their successor have been elected and qualified .

6.3 Nominations and Elections.

(a) Search and Nominating Committee. The Executive Committee shall serve as the Search and Nominating Committee. The nomination of officers shall be made to the Regular Members prior to the vote at the annual meeting.

(b) Nominations from the Floor. At the annual meeting, other Regular and Associate Members in good standing may be nominated from the floor for election to any office. Such nominations must be accompanied by a written or oral consent of the nominee to serve if elected.

(c) Elections. All officers shall be elected by a majority vote of the Regular Members present in person or by proxy, a quorum being present. All proxies must be presented to Secretary prior to the vote and must refer specifically to the date of the meeting. All proxies shall expire after the designated meeting.

6.4 Powers and Duties Except as hereinafter provided, the officers of the Association shall each have such powers and duties that generally pertain to their respective offices, as well as those that are from time to time conferred by the Regular Members or the Board of Directors.

(a) President. The President shall be the chief executive officer of the Association. The President shall preside at all meeting of the Board of Directors and of the

membership and shall have general supervision of the Association. The President together with the Secretary shall have the power to sign and execute in the name of the Association all contracts and obligations of the Association, unless otherwise directed by the Board of Directors, and generally shall have all duties usually incumbent upon the chief executive officer of a membership association and as may be assigned to him or her by the Regular Membership, the Board of Directors, or the By-Laws.

(b) First Vice-President. The First Vice-President shall exercise the functions of the President during the absence or disability of the President. If the office of President becomes vacant, he or she shall assume the duties of the office of President for the unexpired term of the President, and shall have such other duties as may be assigned to him or her by the Regular Membership, the Board of Directors, or the By-Laws.

(c) Second Vice-President. The Second Vice-President shall exercise the functions of the President during the absence or disability of the President and of the First Vice-President and shall have such other duties as may be assigned him or her by the Regular Membership, the Board of Directors, or the By-Laws.

(d) Secretary. The Secretary shall keep the minutes of all meetings of the membership, the Board of Directors and the Executive Committee in books provided for that purpose, and shall mail copies of the minutes of each membership meeting to members within 60 days from the conclusion of each meeting. The Secretary is responsible for giving and serving all notices of the Association and shall perform all duties customarily incident to the office of the Secretary. The Secretary may also be assigned other duties by the Regular Members, the Board of Directors, or the By-Laws.

(e) Treasurer. The Treasurer shall keep or cause to be kept full and accurate accounts of receipts and disbursements of the Association, and shall deposit or cause to be deposited all monies, evidences of indebtedness and other valuable documents of the Association in the name and to the credit of the Association in such banks or depositories as the Board of Directors

may designate. At the annual meeting and whenever required by the Board of Directors, the Treasurer shall render a statement of the Association's accounts. The Treasurer shall at all reasonable times exhibit the Association's books and accounts to any officer or director of the Association and shall perform all duties incident to the position of Treasurer subject to the control of the Board of Directors

6.5 Vacancies. Any vacancy in any office resulting from any cause, if not filled as otherwise provided herein, may be filled for the unexpired portion of the term thereof by appointment of the Board of Directors.

6.6 Removal of Officers. Any officer may be removed from office, with or without cause, by the affirmative vote of two thirds (2/3) of the Regular Members good standing at any meeting duly called.

## ARTICLE VII

### COMMITTEES

7.1 Committees of the Board. Special committees (other than the Executive Committee) may be appointed by the President with the consent of the Board and shall have only the powers and duties specifically delegated to them by the Board. The President shall appoint the chairperson and designate the power and duties of each such committee.

7.2 Committees of the Association. The President of the Association may from time to time create committees of the Association which may include members other than Regular Members. The President shall appoint the chairperson and designate the power and duties of each such committee.

## ARTICLES VIII

### DUES

8.1 Annual Dues. The Board of directors may determine from time to time



the amount of initiation fee, if any, and annual dues payable to the Association by Regular Members, Associate Members and Institutional Members.

8.2 Special Assessments. The Association by a majority vote of the Regular Members present or by written proxy, may establish special assessments of Regular Members for a particular purpose or purposes. Special assessments shall be in addition to dues.

8.3 Payment of Dues. Annual dues of members of all classes shall be due and payable in full each year prior to the annual meeting; provided, however, that in the year a member first joins the Association, the member's dues shall be due and payable in full fifteen (15) days after the member joins the Association and such dues shall not be pro-rated for a partial year.

8.4 Payment of Special Assessments. Special assessments of Regular Members shall be due and payable as set forth in the resolution establishing the special assessment

8.5 Default and Termination of Membership. When any member shall be in default in the payment of dues or a special assessment for a period of three months after such dues or special assessment becomes due and payable, that member's voting rights shall be automatically suspended and the member's membership in the Association may thereupon be terminated by the Board Directors as provided in these By-Laws.

## ARTICLE IX

### AGENT AND CONTRACTS

9.1 Authority. The Board of Directors may appoint additional agents and representatives of the Association to perform such acts or duties on behalf of the Association as the Board of Directors may see fit, so far as may be consistent with these By-Laws, and to the extent authorized or permitted by law.

9.2 Agency. The Board of Directors, except as these By-Laws otherwise provide, may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or

confined to a specific instance. Consistent with Section 517 of the New York Not-for-Profit Corporation Law, no member or franchisee shall be liable for any contract, instrument, liability or obligation entered into by the Association.

9.3 Contracts and Services. The directors and officers of the Association may be interested directly or indirectly in any contract relating to or incidental to the operations conducted by the Association, and may freely make contracts, enter transactions, or otherwise act for and on behalf of the Association, notwithstanding that they also may be acting as individuals, or as agents for other persons or corporations, or may be interested in the same matters as stockholders, directors, trustees, or otherwise. However, any contract, transaction, or act on behalf of the Association in a matter in which any director or officer is personally interested as a stockholder, director, trustee, or otherwise shall be disclosed to the Board of Directors, conducted at arm's length, and shall not violate the proscription in the Association's Certificate of Incorporation against the Association's use or application of its funds for private benefit. In addition, no contract, transaction, or act shall be taken on behalf of the Association if such contract, transaction or act is a prohibited transaction or an act of self-dealing as those terms are defined in the Internal Revenue Code ("Code") or would result in the denial of any tax exemption, deduction, or benefit under any provision of the Code.

## ARTICLE X

### CHECKS, BANK ACCOUNTS AND INVESTMENTS

#### 10.1 Checks, Notes, Bank Accounts.

(a) The Board of Directors may select such depositories as it deems appropriate for the deposit of funds of the Association, and shall determine who shall be authorized in the Association's behalf to sign bills, notes, receipts, acceptances, endorsements, checks, releases and charge accounts.

(b) All checks and notes must have two signatures.

10.2 Investments. The funds of the Association may be retained in whole or part in cash or be invested and reinvested from time to time as the Board of Directors may determine, so long as there is no greater risk to the principal than if the funds had been retained as cash.

10.3 Commingling. The Board of Directors shall incorporate as assets of the Association all property received and accepted by the Association and, subject to any limitations, conditions, or requirements which may be a part of any gift, may commingle any assets of the Association with any other of the Association's assets, or may maintain any asset or assets in segregated funds or accounts whenever in their sole discretion they shall determine such segregation to be in the best interest of Association.

#### ARTICLE XI

##### OFFICE AND BOOKS

11.1 Office. The office of the Association shall be located at such place as the Board of Directors may from time to time determine.

11.2 Books. There shall be kept at the office of the Association correct books of account of the activities and transactions of the Association including a minute book, which shall contain a copy of the certificate of incorporation, a copy of these By-Laws, and all minutes of the meetings of the membership and the Board of Directors.

11.3 Seal. If the Board of Directors shall determine that the Association shall have a corporate seal, it shall be circular in form and shall bear on its outer edge the words "THE KENTUCKY FRIED CHICKEN NORTHEAST FRANCHISEE ASSOCIATION, INC." and in the center, the words and figures "Incorporated 1984 New York." The Board of Directors may change the form of the seal or the inscription thereon at its pleasure.

#### ARTICLE XII

##### FISCAL YEAR

12.1 The fiscal year of the Association shall be determined by resolution of the Board of Directors.

### ARTICLE XIII

#### AUDIT

13.1 The books and records of the association can be audited by the affirmative vote of two-thirds (2/3) of all the directors at any regular or special meeting of the board. For the fiscal years where an audit is not conducted, there shall be a compilation statement of financial position of the association as of fiscal year end, and the related statements of activities, net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts.

The audit or compilation statement shall be completed prior to the mid-year meeting of the membership and copies shall be made available to Regular Members upon written request.

### ARTICLE XIV

#### INDEMNIFICATION

14.1 Indemnification by Association. Each present and future member of the Board of Directors and each present and future officer of the Association and each present and future member of any committee of the Board of Directors or the Association, and the legal representatives of such persons, shall be indemnified by the Association to the fullest extent permitted by the New York Not-for-Profit Corporation Law, as may be amended from time to time.

14.2 Indemnification Not in Restriction of Other Privileges. The right of indemnification described in section 14.1 above shall be in addition to, and not in restriction or limitation of, any other privilege or power with respect to indemnification or reimbursement which the Association or the individual seeking indemnification may have.

14.3 Insurance. The Board of Directors may authorize the purchase of such

insurance as it seems appropriate to protect the Association, its directors, officers and agents from liability resulting from or in connection with their acts or omissions.

## ARTICLE XV

### EXEMPT ACTIVITIES

15.1 No Private Inurement. Officers, directors and committee members of the Association shall not be compensated for their service as officers, directors or committee members, respectively. No director, officer, employee, committee member, or other person connected with the Association, or any other private individual, shall receive any of the net earnings or pecuniary profit from the operations of the Association at any time, provided, however, that this shall not prevent the payment to any such person for reimbursement of documented, actual and reasonable expenses incurred on behalf of the Association.

15.2 Preservation of Exempt Status. Notwithstanding any other provision of these By-Laws, no director, officer, employee, or representative of this Association shall take any action or carry on any activity by or on behalf of the Association which is not permitted to be taken or carried on by an organization exempt from federal income tax under Code Section 501 (c)(6).

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

## ARTICLE XVI

### AMENDMENTS

16.1 These by-laws may be amended, revised, restated, or repealed by the affirmative vote of a majority of the Board of Directors at any meeting of the Board, or by a majority

of the Regular Members of the Association at a meeting duly called for the purpose of altering these By-Laws, providing notice of the proposed alteration has been included in the notice of meeting.



**BY-LAWS**  
**OF**  
**NORTHWEST KENTUCKY FRIED CHICKEN**  
**FRANCHISEE ASSOCIATION, INC.**

**ARTICLE I**

**MEMBERSHIP**

The By-laws of the Northwest Kentucky Fried Chicken Franchisee Association, Inc., are hereby re-stated and amended and adopted as the By-laws of said corporation following due notice to the members of the consideration of amendments to the By-laws at a meeting held by the membership at which a quorum was present and acted throughout on the 29<sup>th</sup> day of October, 1991.

**ARTICLE I**

**MEMBERSHIP**

**SECTION 1. Requirements for Membership.**

Any person, firm, association, or corporation may become a member of the Northwest Kentucky Fried Chicken Franchisee Association, Inc. under the rules and requirements as expressed in these By-laws.

**SECTION 2. Classes of Members.**

Membership in this association shall be divided into three (3) classes as follows:

- (a) Regular membership. Regular membership in this association shall be opened to any franchisee, other than an affiliate of KFC Corporation, holding a franchise from KFC Corporation (the Franchise Corporation), a Delaware corporation, or any affiliated corporation to operate one or more Kentucky Fried Chicken (KFC) food outlets in Washington, Oregon, Idaho, Alaska, Wyoming, Montana, Utah, Nevada, Northern California and Central California, excluding these Southern California counties: San Luis Obispo, Santa Barbara, Ventura,



Imperial, Riverside, San Bernadino, Los Angeles, Orange, and San Diego.

A member who is a firm, association, or corporation shall designate to the association an individual and representative of such franchise member who will represent the franchisee member.

- (b) Associate membership. Associate membership in the association shall be available to any applicant who is franchised by the franchise corporation ("Franchisee") or any affiliated corporation to operate one or more KFC food outlets in the United States in areas other than those states or portions of the states named in Section 2(a) above.

A member who is a firm, association, or corporation shall designate to the association an individual and representative of such franchise member who will represent the franchisee member.

- (c) Institutional associate membership. An institutional associate membership shall be available to any applicant involved in the sale or service to a Kentucky Fried Chicken franchised food business as an equipment or merchandise supplier or in any other way involved or affiliated with the franchise food business or the Kentucky Fried Chicken franchises.

A member who is a firm, association, or corporation shall designate to the association an individual and representative of such franchise member who will represent the franchisee member.

- (d) Lifetime Associate Members. A lifetime membership may be granted to any regular member upon a recommendation of the Board of Directors and by an affirmative vote of the general membership.

Lifetime associate members shall not be required to pay dues to the association, nor shall they have a vote in any proceedings, but may attend and participate at all meetings. Lifetime associate members shall receive notice of all meetings, but not the minutes of the meetings.

**SECTION 3. Membership Applications.**

An applicant for membership shall make an application upon such form as may be prescribed by the board of directors of the association and shall:

- (a) Make a written application for membership.
- (b) Agree to comply with and be bound by the Articles of Incorporation and the By-laws of the association and any rules and regulations adopted by the board of directors (hereinafter called the "Board"), and
- (c) Agree to pay the membership fee and membership dues as set by the board of directors from time to time, and which shall be established on uniform terms and conditions, within each class of members, as set by the Board.
- (d) Acceptance by the Board of Directors of the application for membership.

**SECTION 4. Resignation from Membership.**

A member may resign from membership at any time upon giving prior written notice thereof to the President of the Association. Members who resign from membership shall not be entitled to any refund of dues theretofore paid.

**SECTION 5. Termination of Membership.**

The Association, by a two-thirds vote of its members, may terminate the membership of any member whose continued membership is deemed by them to be contrary to the best interest of the Association. Notice of such termination shall be given in writing addressed to the member and shall take effect at the time specified in the notice.

- (a) The Board may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-laws, or any rules or regulations adopted by the Board; but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be

reinstated by vote of the Board or by vote of the members at any annual or special meeting. The grounds for termination shall include, but shall not be limited to, the non-payment of fees or dues assessed, and flagrant infractions of the provisions of the Articles of Incorporation and By-laws.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate.

**SECTION 6. Dues and Assessment.**

- (a) Amount. Each member shall pay to the Association annual dues as set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time, which shall be under uniform terms and conditions.
- (b) Payment. Dues are due and payable in full and in advance on the first day of each calendar year.
- (c) Special assessments. By a vote of a two-thirds majority or greater of the Directors then holding office and subject to the ratification by the affirmative consent and approval of a majority of the general membership, the Board may levy on the members from time to time special assessments for special purposes, which shall be treated for all purposes, as additional dues, and which shall be due and payable on the date established by the Board.

**ARTICLE II**

**MEETING OF MEMBERS**

**SECTION 1. Annual Meetings.**

An annual meeting of the members shall be held during the month of October in each year or at such date and time as the Board of Directors may fix for the purpose of electing Directors, hearing reports and passing upon reports for the previous fiscal year, and transacting such other business as may properly come before the meeting.

**SECTION 2. Place.**

The meeting shall be held at such place as the Board of Directors may set and which shall be designated in the notice of the meeting.

**SECTION 3. Mid-year Meetings.**

A mid-year meeting of the membership shall be held during the month of May in each fiscal year or at such time and place as may be designated by the Board of Directors and as designated in the notice setting such meeting. The purpose of such meeting shall be for the nomination of the Directors, with the election thereof to be held in the October meeting and for the hearing of reports, and for the transacting of such other business as may properly be brought before the meeting.

**SECTION 4. Special Meetings.**

Special meetings of the members may be called by the President, by the majority vote of the Board of Directors, by members having at least one-fourth of the votes entitled to be cast at such meeting, or by any five (5) Directors, and upon receipt of such request, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place and at such time as specified in the request for the notice of such special meeting.

**SECTION 5. Notice of Members' Meeting.**

Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 6. Quorum.**

Forty percent (40%) of the regular members, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the membership except as otherwise provided by statute, by the Articles of Incorporation or by these By-laws. If a quorum is not present or represented at any meeting of the membership, a majority of the shareholders entitled to vote thereat, present in person or represented by proxy, may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, a notice of the adjournment meeting shall be given to each regular member.

**SECTION 7. Voting.**

When a quorum is present at any meeting the vote of a majority of the regular members present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of law or of the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of the question. Each regular member shall be entitled to one vote in person or by proxy.

**SECTION 8. Proxy.**

A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney-in-fact. Said duly authorized attorney-in-fact shall be limited to any other member of the Association or another representative of the absent member's organization.

A person voting a proxy must submit the written proxy to the secretary of the meeting at or prior to the commencement of the meeting at which such proxy is to be voted. Every proxy shall be revocable at the pleasure of the member executing it, and no proxy shall be valid beyond the meeting for which it was submitted or any continuation thereof. The member granting a proxy shall notify the secretary by mail or telephone of the granting of the proxy, and the mailing of the proxy directly to the secretary shall be sufficient compliance with this notice requirement.

**SECTION 9. List of Members.**

The Association shall keep at its registered office or principal place of business a record of its members, giving their names and addresses. The officer who has charge of the membership records of the Association shall prepare and make, before every meeting of the membership or any adjournment thereof, a complete list of the regular members entitled to vote at the meeting or any adjournment thereof, arranged in alphabetical order, with the address of each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any regular member during the whole time of the meeting for the purposes thereof. The said list may be the Association's regular record of members if it is arranged in alphabetical order or contains an alphabetical index. The President may designate all or portions of meetings to exclude members, other than regular members, from meetings or any adjournment thereof.

**ARTICLE III.****BOARD OF DIRECTORS****SECTION 1. Powers and Responsibilities.**

The business and affairs of the Association shall be managed and directed by a Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, by the Articles of Incorporation of the Association or by these By-laws.

**SECTION 2. Number, Election, and Tenure of Office.**

The Board of Directors shall be composed of the number in total of not less than ten (10) nor more than twenty-five (25) for the entire Board of Directors. The number on the Board of Directors shall be determined by the membership, who shall determine the number of the Board by majority vote of the members at the membership meeting held in May of each year, at which time, the nominations for Directors shall be opened. Once established, the number of Directors shall not change except upon the vote of the membership after notice is given in the notice of the membership meeting to be held in May that the question will be raised as to the number of Directors to serve.

Nominations shall be closed and nominees shall be confirmed by the Board of Directors at the summer Board

reinstated by vote of the Board or by vote of the members at any annual or special meeting. The grounds for termination shall include, but shall not be limited to, the non-payment of fees or dues assessed, and flagrant infractions of the provisions of the Articles of Incorporation and By-laws.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate.

**SECTION 6. Dues and Assessment.**

- (a) Amount. Each member shall pay to the Association annual dues as set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time, which shall be under uniform terms and conditions.
- (b) Payment. Dues are due and payable in full and in advance on the first day of each calendar year.
- (c) Special assessments. By a vote of a two-thirds majority or greater of the Directors then holding office and subject to the ratification by the affirmative consent and approval of a majority of the general membership, the Board may levy on the members from time to time special assessments for special purposes, which shall be treated for all purposes, as additional dues, and which shall be due and payable on the date established by the Board.

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The meeting shall be held at such place as the Board of Directors may set and which shall be designated in the notice of the meeting.

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A mid-year meeting of the membership shall be held during the month of May in each fiscal year or at such time and place as may be designated by the Board of Directors and as designated in the notice setting such meeting. The purpose of such meeting shall be for the nomination of the Directors, with the election thereof to be held in the October meeting and for the hearing of reports, and for the transacting of such other business as may properly be brought before the meeting.

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Special meetings of the members may be called by the President, by the majority vote of the Board of Directors, by members having at least one-fourth of the votes entitled to be cast at such meeting, or by any five (5) Directors, and upon receipt of such request, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place and at such time as specified in the request for the notice of such special meeting.

**SECTION 5. Notice of Members' Meeting.**

Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.



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**SECTION 8. Proxy.**

A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney-in-fact. Said duly authorized attorney-in-fact shall be limited to any other member of the Association or another representative of the absent member's organization.

A person voting a proxy must submit the written proxy to the secretary of the meeting at or prior to the commencement of the meeting at which such proxy is to be voted. Every proxy shall be revocable at the pleasure of the member executing it, and no proxy shall be valid beyond the meeting for which it was submitted or any continuation thereof. The member granting a proxy shall notify the secretary by mail or telephone of the granting of the proxy, and the mailing of the proxy directly to the secretary shall be sufficient compliance with this notice requirement.

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The Board of Directors shall be composed of the number in total of not less than ten (10) nor more than twenty-five (25) for the entire Board of Directors. The number on the Board of Directors shall be determined by the membership, who shall determine the number of the Board by majority vote of the members at the membership meeting held in May of each year, at which time, the nominations for Directors shall be opened. Once established, the number of Directors shall not change except upon the vote of the membership after notice is given in the notice of the membership meeting to be held in May that the question will be raised as to the number of Directors to serve.

Nominations shall be closed and nominees shall be confirmed by the Board of Directors at the summer Board

meeting, and voting will be by written ballot mailed to the membership at least thirty (30) days prior to the fall membership meeting.

The Directors shall serve upon election for a three-year term commencing on the first day of January of the year next following their election and shall serve for three full years until the January 1st three (3) years following their taking of office, or until their successor shall have been elected and shall have qualified. The initial Board of Directors elected following the adoption of these By-laws shall draw lots as to which one-third of the number elected shall serve for one (1) year, which one-third of the number elected shall serve for two (2) years, and which one-third elected shall serve for the term of three (3) years, and thereafter, the elections shall be for the term of three (3) years.

**SECTION 3. Composition of Board.**

The Board of Directors must be composed of regular members of the Association, and the number to be elected shall be determined as follows:

- (a) Officers. The President, the Immediate Past President, the First Vice President, the Second Vice President, the Secretary/Treasurer shall be members of the Board of Directors.
- (b) Balance of members. The balance of the number determined to be on the Board of Directors shall be elected as Directors as above set forth in Section 2 of this Article III.
- (c) Additional regular members. Those persons elected by regional franchisees vote to the following positions shall be invited to serve as directors of the Association during the period in which they act as representatives to, or members of, such organizations. Such members shall be counted in determining the total number of the Board of Directors serving: The Northwest Association representative to the KFC National Advisory Council, the Region 9 member on the KFC National Cooperative Advertising Program, the representative to the Facilities Council, the Purchasing Cooperative representative, and the QFC Council representative.
- (d) Additional directors. Other Directors in addition to those selected as hereinabove provided may be

elected by the regular members at any regular or special meeting, provided notice is given of such proposal to elect additional Directors in the notice of such meeting.

**SECTION 4. Executive Committee.**

The President, Immediate Past President, First Vice President, Second Vice President, and Secretary/Treasurer shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in the management of the day-to-day affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. In case of a vacancy on the Executive Committee due to the death or resignation of the Immediate Past President, a successor shall be chosen by a majority of voting members of the Board of Directors at the next Board meeting and such successor shall serve on the Executive Committee until the next annual meeting.

**SECTION 5. Appointment of Committees.**

The Board may create committees from time to time with such authority as designated by the Board. These committees will be comprised of members designated by the President, and may include regular members, and not just members of the Board. Such committees shall keep minutes and report to the Board.

**SECTION 6. Removal of Directors.**

Any member of the Board of Directors may bring charges against a Director, and by filing with the Secretary such charges in writing, together with a petition, which may request the removal of such Director. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence with respect to the charges. The person or persons bringing the charges against him shall have the same opportunity.

A director who shall fail to attend two or more directors' meetings during any one year without good cause shall be subject to removal as herein provided.

**SECTION 7. Vacancies.**

A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the period of time until the next election of board members when a successor shall be elected for the unexpired portion of the term of the vacant office, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting called for that purpose if the members should desire, without compliance with the foregoing provisions in respect to nominations.

**SECTION 8. Indemnification.**

The Association shall indemnify and hold harmless the Directors and the officers of the Association and members of Committees appointed by the Board, acting in the course and scope of their duties and activities for the Association unless the Board votes to the contrary by a two-third majority. The Association shall seek and obtain, if feasible under determination of the Directors, insurance coverage which shall indemnify the individual officeholders and Directors from any claim and demand, provided, however, that any insurance coverage that the individual has from other sources shall be first relied upon and resorted prior to the responsibility of the Association for indemnity.

**ARTICLE IV.****MEETINGS OF DIRECTORS****SECTION 1. Regular and Special Meetings.**

Regular meetings of the Board of Directors shall be held on a regular, periodic basis, and special meetings of the Board may be held upon the due notice and call. Regular meetings or special meetings may be called by the President, First Vice President, Second Vice President, or by any five (5) Directors, and upon such call, it shall be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President, Vice President, or Directors calling the meeting shall fix the time and place for the holding of the regular or special meeting.

**SECTION 2. Notice of Directors' Meetings.**

Written notice of the time and place of any regular meeting and the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than ten (10) days previous to the date of such meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in the duty of the Secretary, by the President, Vice President, or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Association, with postage thereon pre-paid. If the Board adopts a schedule of regular meetings, no further notice need be given.

**SECTION 3. Quorum.**

Fifty percent (50%) of the voting members of the Board shall constitute a quorum, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time, and provided, further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the voting Directors present at the meeting at which a quorum is present shall be the act of the Board.

**ARTICLE V.****OFFICERS****SECTION 1. Number.**

The officers of the Association shall be a President, a First Vice President, a Second Vice President, a Secretary/Treasurer, and such other officers as may be determined by the Board or the membership from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**SECTION 2. Election and Term of Office.**

The officers shall be elected by ballot annually at the annual meeting of the membership held in each year. Each officer shall hold office from the first day of January

following the election until the following December 31st, or until their successor shall have been elected and qualified.

**SECTION 3. Officer Qualifications.**

All elected officers shall be a franchise owner, partner of a franchisee owner, or a designated representative of a corporation franchise owner.

**SECTION 4. Executive Secretary.**

The Board of Directors shall have the authority and power to select and appoint an Executive Secretary to perform such duties and functions as directed and specified by the Board. This office does not require the officeholder to be a member, and shall provide for a salary and necessary and reasonable expenses incurred in the conduct of the Association's affairs as determined by the Board of Directors. This officeholder shall have no vote by reason of holding such office in the membership or the Board of Directors' meetings.

**SECTION 5. Powers and Duties.**

Except as hereinafter provided, the officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as those that from time to time may be conferred by the membership or the Board of Directors.

- (a) President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the membership and shall have general supervision of the Association. He shall sign all contracts and obligations of the Association unless otherwise directed by the Board of Directors, and generally shall have all duties usually incumbent upon the chief executive officer of a membership association and such as may be assigned to him by the membership or these By-laws.
- (b) First Vice President. The First Vice President shall exercise the functions of the President during the absence or disability of the President, shall assume the office of President if that office becomes vacant, and shall have such other duties as may be assigned to him by the membership or these By-laws. The First Vice President shall succeed to the office of the President only if elected by the regular members.

- (c) Second Vice President. The Second Vice President shall exercise the same functions as the First Vice President in the event of the absence or disability of the First Vice President, and shall have such other duties as may be assigned to him by the membership or these By-laws. The Second Vice President shall succeed to the office of First Vice President only if elected by the regular members.
- (d) Executive Secretary. The Executive Secretary shall, under the direction of the corporate secretary, maintain in good order minutes of all meetings and all records and correspondence of the Association, and shall mail copies of the minutes of each membership meeting to all members within thirty (30) days from the conclusion of each meeting.
- (e) Secretary. The Secretary shall have supervision and control of the corporate records and shall also have such other duties as may be assigned by the membership or the Board of Directors.
- (f) Treasurer. The Treasurer shall make all financial collections and disbursements, maintain in good order all records relating thereto, and distribute to the members at each annual meeting a statement of receipts and disbursements for the preceding fiscal year. The Treasurer shall also have such other duties as may be assigned by the membership or the Board of Directors.
- (g) (Secretary and Treasurer). The offices of Secretary and Treasurer may be combined to one office and filled by the same person upon the vote of the members.
- (g) Temporary Officers. In case of the absence or disability of any officer of the Association and of any person hereby authorized to act in his place during such period of absence or disability, the President or any person entitled to exercise the powers of the President may from time to time delegate the powers and duties of such officer to any other officer or any regular member.

#### SECTION 6. Vacancies.

Any vacancy in an office resulting from any cause may, if not filled by succession of the First Vice President to



President or as otherwise provided herein, be filled for the unexpired portion of the term thereof by appointment of the Board of Directors.

**SECTION 7. Removal of Officers.**

Any member of the Board of Directors may bring charges against an Officer, and by filing with the Secretary such charges in writing, together with a petition, may request the removal of such Officer. Such Officer shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence with respect to the charges. The person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Officer shall be considered and voted upon at the meeting of the members, and any vacancy created by such removal may be filled by a vote of the members at such meeting with the provisions in respect to nominations.

**SECTION 8. Expenses.**

The Board of Directors shall cause the Officers to be reimbursed for their necessary and reasonable expenses incurred in the conduct of the Association's affairs. All such expenses shall have approval of the Board of Directors.

**ARTICLE VI.**

**MISCELLANEOUS**

**SECTION 1. Waiver of Notice.**

Any member or Director may waive in writing any notice of a meeting required to be given by these By-laws and the attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**SECTION 2. Rules and Regulations.**

The Board shall have the power to make and adopt such rules and regulations not inconsistent with law, the Articles

of Incorporation as it may deem advisable for the management of the business and affairs of the Association.

SECTION 3. Amendments.

These By-laws may be altered, restated, amended or repealed by the affirmative vote of a majority of the members of the Association voting in person or by proxy at any regular or special meeting duly called of the membership, provided a quorum, as provided in these By-laws be present and provided that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, the President, Vice Presidents, Secretary and Treasurer of the Northwest Kentucky Fried Franchisee Association, Inc., a Washington corporation, do hereby certify that the above and foregoing By-laws were duly adopted as the amended and restated By-laws of the Association at a meeting of the members at which a quorum was present and enacted throughout and at which a unanimous affirmative vote of all present and voting voted in favor of adoption of the amended and restated By-laws held on the 18th day of October, 1991, and that the same do now constitute the By-laws of said Association.

NORTHWEST KENTUCKY FRIED CHICKEN  
FRANCHISEE ASSOCIATION, INC.

By: Larry I. Stewart  
President

By: Charles W. Dickerson  
First Vice President

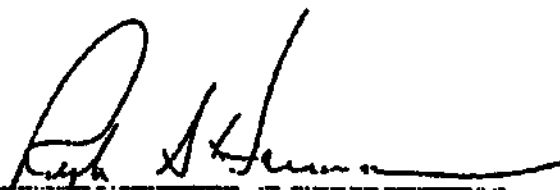
By: [Signature]  
Second Vice President

ATTEST:

[Signature]  
Secretary/Treasurer

**CERTIFICATE**

The undersigned does hereby certify that he is a duly elected, qualified and acting secretary of the Northwest Kentucky Fried Chicken Franchisee Association, Inc., and that the above and foregoing are the true and correct By-laws of the Northwest Kentucky Fried Chicken Franchisee Association, Inc., adopted by a meeting of the membership of said Association held on the 28<sup>th</sup> day of October, 1991, at which a quorum of the members was present and acted throughout and that the same do form the duly constituted By-laws of said Association.

  
Secretary, Northwest Kentucky  
Fried Chicken Franchisee  
Association, Inc.

KFC/WJAD

**AMENDMENT TO THE BY-LAWS  
OF THE  
NORTHWEST KENTUCKY FRIED CHICKEN  
FRANCHISEE ASSOCIATION, INC.**

Upon motion duly made and seconded, members of the Northwest Kentucky Fried Chicken Franchisee Association, Inc., at a regularly scheduled meeting of that Association at which a quorum was present, on October 20, 1995, unanimously passed a motion to adopt the following Amendment to its By-Laws:

Page 1, Article 1, Section 2, (2), be amended to read:

- (a) Regular membership. Regular Membership in this association shall be opened to any franchisee, other than an affiliate of KFC Corporation, holding a franchise from KFC Corporation (the franchise Corporation), a Delaware corporation, or any affiliated corporation to operate one or more Kentucky Fried Chicken (KFC) food outlets in Washington, Oregon, Idaho, Alaska, Wyoming, Montana, Utah, Nevada, Colorado, Northern California and Central California, excluding these Southern California counties: San Luis Obispo, Santa Barbara, Ventura, Imperial, San Bernadino, Los Angeles, Orange, and San Diego.

*Franchisees from other adjacent areas may apply for and be granted membership in the association by a majority vote of the Board of Directors, followed by confirmation by a vote of the majority of the General Membership at its next meeting. It is understood that said franchisees have good reason to be accepted with respect to business interests (such as local advertising co-op) in common with those franchisees within the original geographic boundaries set forth above.*

*It is further understood said franchisees, from the State of Colorado or from any other state outside the original geographic boundaries set forth above, can not represent the association on any current or future National Committee, including, but not limited to: NFAC, OEC, NAC, Purchasing Co-op.*

A member who is a firm, association, or corporation shall designate to the association an individual and representative of such franchisee member who will represent the franchisee member.

Note: All additions are in *italics*, plain copy is the entire original text of Section (a).

Ratified: January 24, 1996

ATTEST:



O. C. Crothers, President

  
Ralph A. Harman, Secretary-Treasurer



BYLAWS  
OF  
SOUTHERN CALIFORNIA KFC FRANCHISEES ASSOCIATION, INC.

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ARTICLE I  
OFFICES AND  
CORPORATE SEAL

Section 1.1. **Bylaws.** These Bylaws replace the prior Restated Bylaws of KENTUCKY FRIED CHICKEN FRANCHISEES ASSOCIATION OF SOUTHERN CALIFORNIA, which has now been incorporated under the name SOUTHERN CALIFORNIA KFC FRANCHISEES ASSOCIATION, INC. (hereinafter referred to as the "Association").

Section 1.2. **Corporate Seal.** The Association shall have no corporate seal.

Section 1.3. **Registered and Other Offices.** The registered office and registered agent of the Association in California shall be as set forth in the most recent statement of the Board of Directors filed with the Secretary of State of California as prescribed by law. The Association may have other offices, within or without the State of California, as the Board of Directors determines from time to time to be necessary or convenient for the purposes of the Association and the carrying out of its work and activities.

**ARTICLE II****MEMBERSHIP**

**Section 2.1. Members.** The Association shall have only one class of members. Membership in the Association is open but limited to persons, partnerships, corporations or other legal entities which are franchised by Kentucky Fried Chicken Corporation or its affiliates ("Members").

**Section 2.2. Members in Good Standing.** Members are obligated to abide by the rules and Bylaws of the Association and to fulfill the responsibilities of membership set out in the Articles of Incorporation and Bylaws of the Association. To be a Member in good standing, a Member must fulfill such obligations and responsibilities, including payment of dues on a current basis, and must not engage in any activities which in the determination of the Board of Directors are deemed to be detrimental to the Association.

**Section 2.3. Resignation from Membership.** A Member may resign from membership at any time upon 60 days' prior written notice to the Secretary. Resignation does not affect a Member's obligation to pay dues or assessment or entitle a Member to a refund of any part of dues or assessment paid.

**Section 2.4. Expulsion of Members.** Any Member who fails to pay the dues or assessments of the Association or whose continued membership is found by a vote of two-thirds of the Board of Directors to be contrary to the best interests of the Association may be expelled from further membership in the Association following at least ten (10) days prior written notice to such Member and an opportunity for such Member to be heard by the Board at the meeting where such expulsion is being considered. A Member will be expelled automatically if such Member sells or otherwise loses its franchise(s) and is no longer eligible to be a Member of the Association.

**Section 2.5 Loss of Voting Rights.** If any Member is determined by the Board of Directors to no longer be a Member in good standing, such Member shall following notice lose the right to vote on any matter submitted for a vote of the Members until such Member takes all actions deemed necessary by the Board of Directors to return to good standing.

**Section 2.6 Sale of Franchise.** When a Member sells all of his or its Kentucky Fried Chicken franchises, such Member shall cease to be eligible to be a Member of the Association but shall remain responsible for all obligations owed to the Association up to the time of sale. A Member must notify the Association in writing at least ten (10) days prior to the anticipated sale of a franchise.

**ARTICLE III****MEETINGS OF MEMBERS**

**Section 3.1. Meetings of Members.** An annual meeting of the Members of the Association shall be held each year at the time and place designated by the Board of Directors. At such annual meeting, Members shall by written ballot elect or appoint, as provided herein, Directors whose terms have expired.

**Section 3.2. Voting.** At any meeting of Members, each Member eligible to vote shall be entitled to one vote in person, by written ballot or by written proxy. For voting purposes, if a franchise is owned jointly by a husband and wife or by two or more partners, they shall be considered as one Member, and one of the owners of such Member shall be designated in writing to exercise such Member's right to vote. The President of a corporate Member shall be its authorized representative for voting purposes unless such corporation prior to the voting delivers to the Association Secretary its written authorization for a different voting representative. In the event that the same individual, corporation, partnership or other legal entity has a fifty percent or more ownership interest in more than one Member, such commonly-owned Members shall be considered as the same Member for voting purposes.

**Section 3.3. Notice of Meetings.** Written notice of each meeting setting forth the time, place and purpose thereof, shall be given to each Member at least fifteen (15) days but not more than thirty (30) days before the date of the meeting. Such notice may be delivered either personally or by mail. If mailed, the notice shall be deemed delivered when deposited postage prepaid in the United States Mail addressed to the Member at the address of the Member as it appears on the records of the Association.

**Section 3.4. Waiver of Notice.** A member may waive notice of any meeting before, at or after the meeting. Attendance of a Member at a meeting constitutes a waiver of notice of such meeting and consent to the place, time, purpose and convening of the meeting, except when a Member states at the beginning of the meeting any such objection or objections to the transaction of business.



**Section 3.5 Written Ballots.** (a) Any action which may be taken at a meeting of the Members may be taken without a meeting if the Association distributes a written ballot to every Member entitled to vote on the matter. Such ballot shall (i) set forth the proposed action, (ii) provide an opportunity to specify approval or disapproval of any proposal, (iii) specify a reasonable time within which to return the ballot to the Association and the time by which the ballot must be received in order to be counted, (iv) state, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any matter, the vote shall be cast in accordance therewith, (v) indicate the number of responses needed to meet the quorum requirement and (vi) except for the election of directors, state the percentage of approvals necessary to pass the measure submitted.

(b) The written ballot shall be either delivered personally to the Member or sent by mail or other means of communication, addressed to the Member at his or her address appearing on the books of the Association or such other place as authorized by applicable law. Approval by written ballot shall be valid only when the number of votes cast by ballot within the specified time period equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

**Section 3.6 Quorum.** The presence, either in person or by proxy of a majority of Members shall constitute a quorum. In the event that a quorum is not present at any meeting, the Members present shall adjourn the meeting to such later date as a majority vote of those present shall designate.

**Section 3.7 Proxies.** Each Member in good standing may authorize any other Member in good standing (or a representative of a Member in good standing designated pursuant to Section 3.2 above) to vote on such Member's behalf but only by doing so in a written proxy signed and dated by the Member and delivered to the Association Chairman or Secretary before the meeting commences. Such proxy shall be valid only for the next meeting of Members.

**Section 3.8 Manner of Acting.** The act of a majority vote of those Members present either in person or by valid proxy at a meeting at which a quorum is present shall be the act of the Association, except where otherwise provided by law or these Bylaws.

**ARTICLE IV****Board of Directors**

**Section 4.1. General.** The affairs of the Association shall be managed by, or under the direction of, the Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, the Articles of Incorporation or these Bylaws.

**Section 4.2. Number, Election and Term of Office.**

(a) The Board of Directors shall consist of nine (9) Directors, divided into three (3) classes with each class to have terms of office ending the same year. The initial Board of Directors shall be made up of Class 1 whose terms will expire in 1991, Class 2 whose terms will expire in 1992 and Class 3 whose terms will expire in 1993. Thereafter, Directors will each have a term of three years or until a qualified successor is elected and assumes office.

(b) Each Member operating fifty or more Kentucky Fried Chicken outlets ("Outlets") shall appoint one Director to the Board of Directors. The remaining Directors shall be elected by the Members on the basis of one vote per Member for each Director to be elected by such Members. A Member may cast all of his or her total votes for one Member or may cast his or her total votes for more than one candidate by splitting such votes among one or more candidates.

(c) Directors shall be elected by written ballot pursuant to Section 3.5 above unless the Board of Directors determines otherwise.

**Section 4.3. Qualifications.** A Director must be a Member in good standing or an authorized representative of a Member in good standing.

**Section 4.4. Vacancies.** In the event of a vacancy on the Board, another Director shall be appointed by the remaining members of the Board of Directors, except that if such Director was appointed by a Member operating fifty or more Outlets, such Member shall appoint a successor.

**Section 4.5. Non-Voting Directors at Large.** In addition to the nine voting members of the Board of Directors, there shall be three Directors at Large who will be appointed by the voting Directors for the purpose of advising the Association and who will not have any vote as Directors. Each such Director at Large shall have a one-year term of office, with appointments to be made each year at the annual meeting of the Board of Directors.

**Section 4.6. Board Meetings; Place and Notice.** An annual meeting of the Board of Directors shall be held each year at a time and place designated by the Board of Directors. Other meetings of the Board may be held from time to time at any place within or without the State of California that the Board designates. Special or regular meetings of the Board may be called by the Chairman of the Board or the President, upon not less than forty-eight hours notice by telephone, in person or by mail. Any three (3) voting Directors may call a meeting of the Board by giving not less than ten business days written notice to all Directors of the date, time, place and general purpose of the meeting. If a meeting schedule is adopted by the Board or if the date, time and place of a meeting has been announced at a previous meeting, no additional notice is required for such meetings.

**Section 4.7. Waiver of Notice.** A Director may waive notice of a meeting of the Board before, at or after such meeting. Attendance of a Director at a meeting of the Board constitutes a waiver of notice of such meeting and consent to the place, time, notice and convening of the meeting, except when a Director states at the beginning of the meeting any such objection or objections to the transaction of business.

**Section 4.8. Quorum.** At all meetings of the Board of Directors a quorum for the transaction of business requires a majority of the voting Directors then holding office. ~~The~~ act of a majority of the voting Directors present at any meeting at which there is a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at any meeting, the Directors may adjourn the meeting to a later time, with notice to be given to all Directors of such adjourned meeting.

**Section 4.9. Written Consents; Telephonic Meetings.** Any action required or permitted to be taken at a meeting of the Board of Directors or Executive Committee may be taken without a meeting if all members of the Board of Directors consent thereto in writing setting forth the action so taken and the writing is filed with the Secretary of the Association for inclusion in its minute books. Meetings of the Board of Directors may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means provided each Director is able to speak to and hear every other Director.

**Section 4.10. Removal.** A Director may be removed from office or from a meeting by a two-thirds vote of all of the Directors holding office at any regular or special meeting of the Board.

**Section 4.11. Committees.** The Board of Directors may appoint an Executive Committee or such other committees for specific or general purposes as it deems appropriate. Committees other than the Executive Committee may include Members who are not Directors. Committees shall keep and report promptly to the Board minutes of their actions. The Board may remove any or all Members of a committee without cause and without notice.

## ARTICLE V

## OFFICERS

**Section 5.1. Composition.** The Officers of the Association shall be President, a Vice President, a Secretary and a Treasurer. The offices of Secretary and Treasurer may be held by the same person as Secretary-Treasurer. The Board may appoint other Officers as it deems necessary or useful for the operation and management of the Association, each of whom shall have the powers, right, duties, responsibilities and terms of office determined by the Board from time to time. Any number of offices may be held by the same person, except the office of the President and any other office shall not be held by the same person,

**Section 5.2. Term of Office.** Officers shall be appointed by the Board of Directors at its annual meeting for a term of one year or until their respective successors are duly appointed and take office.

**Section 5.3. Powers and Duties.** The Officers of the Association shall have the powers and duties described herein and such others as may be prescribed from time to time by the Board of Directors.

(a) **President.** The President is the chief executive officer of the Association. The President shall preside at all meetings of the Directors and the Members, shall see that all orders and resolutions of the Board are carried into effect and shall have such other duties as may be prescribed from time to time by the Board. The President has general supervision over the Association, subject to the direction of the Board, and has all authority and duties usually incumbent upon the chief executive officer of a non-profit corporation. The President may delegate one or more functions or responsibilities to an Officer, agent or employee of the Association and may authorize in writing other Officers to do so.

(b) **Vice President.** The Vice President shall succeed to the powers and duties of the President in the absence or disability of the President and shall have such other powers and perform other duties prescribed by the Board of Directors, the President or these Bylaws.

(c) **Secretary.** The Secretary shall be secretary of and shall attend all meetings of the Board of Directors and the Members and, subject to review and approval by the Board or Members, as the case may be, shall record all proceedings of such meetings in the minute books of the Association. The Secretary shall give proper notice of meetings of Directors, shall mail copies of the minutes of each Board meeting to all Directors within thirty days after such meeting, shall maintain in good order all records and correspondence of the Association and shall perform such other duties as may, from time to time, be prescribed by the Board, the President or these Bylaws.

(d) **Treasurer.** The Treasurer shall keep the books of the Association, shall make all financial collections and disbursements, shall maintain in good order all records relating thereto, shall distribute to the Directors at each annual meeting a statement of receipts and disbursement for the preceding fiscal year, have custody of the assets of the Association and perform such other duties as may, from time to time, be prescribed by the Board, the President or these Bylaws.

**Section 5.4. Vacancies.** Vacancy in any office resulting from any cause may be filled by appointment by the Board.

**Section 5.5. Removal.** Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board.

**ARTICLE VI****DUES AND ASSESSMENTS**

**Section 6.1. Amount.** Each Member shall pay to the Association annual dues set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time.

**Section 6.2. Payment.** Dues are due and payable in full and in advance on the first day of each fiscal year.

**Section 6.3 Special Assessments.** The Board may levy on Members during any year special assessments no greater than the then current yearly dues. The special assessments will be due and payable on the date established by the Board. Special assessments in any year greater than the then current yearly dues must be approved by a majority vote of those Members present either in person or by valid proxy at a meeting at which a quorum is present or by a majority of written ballots pursuant to Section 3.5 hereof.

**ARTICLE VII****INDEMNIFICATION OF  
DIRECTORS AND OFFICERS**

**Section 7.1. Indemnification of Directors and Officers.** To the full extent that California law (as it exists at such time) permits indemnification of directors and officers of a California nonprofit corporation, a Director or Officer of this Association shall be indemnified by this Association against expenses incurred in connection with any act or omission in his or her capacity as an Officer or Director of the Association. Any amendment or repeal of this Article VII shall not adversely affect any right or protection of a Director or Officer of the Association for or with respect to any acts or omission of such Director or Officer occurring before such amendment or repeal.

**Section 7.2. Insurance.** The Board may authorize the purchase of such insurance as it deems appropriate to protect the Association and its Directors and Officers from liability resulting from or in connection with their acts or omissions.

**Section 7.3. Reimbursement of Expenses.** Directors shall not be compensated for serving as Directors and ordinarily shall not be reimbursed expenses of attending meetings of Directors, but by authority of the Board or of the President a Director may be reimbursed for documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or the President.

**ARTICLE VIII**

**MISCELLANEOUS**

**Section 8.1. Fiscal Year.** The fiscal year of the Association shall be the year ending May 31 of each calendar year.

**Section 8.2 Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Treasurer shall prepare or cause to be prepared:

- (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year; and
- (b) a statement showing the sources and uses of funds by the Association during its fiscal year.

**Section 8.3. Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary of the Association, or sent by facsimile, telex or private courier service.

**Section 8.4. Authority.** No person, other than a duly appointed Officer of the Association acting within his or her authority in that capacity, shall speak for or on behalf of the Association, contract for or bind the Association, or incur any obligation for or on behalf of the Association without the express written authority of the Board of Directors, which authority may be general or limited, or as may be expressly permitted by the Articles of Incorporation or Bylaws of the Association.

**ARTICLE IX**

**AMENDMENTS**

**Section 9.1. Amendments.** The Board of Directors may alter, amend, restate or repeal these Bylaws in whole or in part or adopt new Bylaws by action of a majority of all of the Directors then holding office.



**CERTIFICATION**

I, \_\_\_\_\_, do hereby certify that I am the duly appointed, qualified and acting Secretary of Southern California KFC Franchisees Association, Inc., a nonprofit mutual benefit corporation organized under the laws of the State of California, and that the foregoing is a true and correct copy of the Bylaws adopted on \_\_\_\_\_, 1990 by the Board of Directors of the Association.

\_\_\_\_\_  
Secretary

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# State of Georgia



## OFFICE OF SECRETARY OF STATE

*J. Ben M. Fortson, Jr., Secretary of State of the State of Georgia, do hereby certify that*

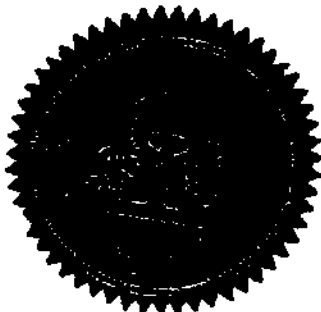
"SOUTHEASTERN KENTUCKY FRIED CHICKEN FRANCHISE ASSOCIATION, INC."

was on the 16th day of January 1974  
duly incorporated under the laws of the State of Georgia by the Superior Court of  
Fulton County for a period of Perpetual years  
from said date, in accordance with the certified copy hereto attached, and that the original  
articles of incorporation of said corporation has been duly filed in the office of the  
Secretary of State and the fees therefor paid, provided by law.

In TESTIMONY WHEREOF, I have hereunto set my hand  
and affixed the seal of office, at the Capitol, in the City of  
Atlanta, this 16th day of January in the year  
of our Lord One Thousand Nine Hundred and Seventy  
FOUR and of the Independence of the United States  
of America the One Hundred and Ninety-Eighth.

*Ben M. Fortson Jr.*

SECRETARY OF STATE, EMERGENCY CORPORATION  
COMMISSIONER OF THE STATE OF GEORGIA



ARTICLES OF INCORPORATION

I.

The name of the corporation is:

Southeastern Kentucky Fried Chicken Franchisee Association, Inc.

II.

The Corporation shall have perpetual duration.

III.

The Corporation is organized under the Georgia Non-profit Corporation Code for the following purposes:

To function as a business league as that term is used in Section 501(c)(6) of the Internal Revenue Code, as now and hereafter amended; to develop, primarily in the Southeastern United States, the industry composed of Kentucky Fried Chicken franchised food outlets, to improve the character of the services performed and labor employed in the industry, and by better public service and promotion to contribute to the advancement of the industry; to encourage inventiveness and interchange of thought, and to elicit and communicate among the members of the industry for the benefit of the industry the best talent and results of the experience and ability of all; to secure for the industry equitable treatment in transactions with manufacturers of and dealers in supplies, and to do all things necessary and proper for the advancement of Kentucky Fried Chicken franchised food outlets.

To do each and every thing necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation.

It is the intent of AND THE LEGISLATURE of the general powers conferred by the laws of the State of Georgia and the objects and purposes herein set forth, it is expressly provided that to such extent as a corporation organized under

the Georgia Nonprofit Corporation: one may now or hereafter lawfully do, the Corporation shall have power to do, either as principal or agent and either alone or in connection with other corporations, firms or individuals, all and everything necessary, suitable, convenient or proper for, or in connection with, or incident to, the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or designed directly or indirectly to promote the interests of the Corporation; and in general to do any and all things and exercise any and all powers, rights and privileges which a corporation may now or hereafter be authorized to do or to exercise under the Georgia Nonprofit Corporation Code or under any act amendatory thereof, supplemental thereto or substituted therefor.

The foregoing provisions of this Article III shall be construed both as purposes and powers and each as an independent purpose and power. The foregoing enumeration of specific purposes and powers herein specified shall, except when otherwise provided in this Article III, be in no wise limited or restricted by reference to, or inference from the terms of any provision of this or any other article of these articles of incorporation.

#### IV.

The Corporation is not organized and shall not be operated for pecuniary gain or profit, and in no event shall any income or profit of the Corporation be distributable to or inure to the benefit of its members, directors, officers or any other individual.

#### V.

The conditions, method of admission, qualifications and classifications of membership, the limitations, rights, powers and duties of members, the dues, assessments, and contributions of members, the method of expulsion from and termi-

nation of membership, limitations upon or qualifications of voting power, and all other matters pertaining to the membership and the conduct, management and control of the business, property and affairs of the Corporation shall be as provided from time to time in the by-laws of the Corporation.

VI.

The Corporation shall be managed by a Board of Directors of such number and having such qualifications, powers, and duties as shall be provided from time to time in the by-laws. The manner in which the directors are to be elected or appointed shall be provided from time to time in the by-laws.

VII.

The initial registered office of the Corporation shall be at 3100 Equitable Building, 100 Peachtree Street, Atlanta, Fulton County, Georgia. The initial registered agent of the Corporation shall be Carl I. Gable, Jr.

VIII.

The initial Board of Directors shall consist of four (4) persons who shall be as follows:

Charles Wentz  
P. O. Box 1469  
Laurinburg, North Carolina

Jobby Lunnou  
3407 Washington Street  
Vicksburg, Mississippi

Abby Hales  
P. O. Box 1332  
Monroe, Louisiana

Carlotta S. Metzendorf  
Route 2, Box 704  
Santee, South Carolina

IX.

The name and address of the incorporator is:

Carl I. Gable, Jr.  
3100 Equitable Building  
100 Peachtree Street  
Atlanta, Fulton County, Georgia

IN WITNESS WHEREOF, the undersigned executed these Articles of Incorporation.

  
\_\_\_\_\_  
Incorporator

**O R D E R**

The Articles of Incorporation of Southeastern Kentucky Fried Chicken Franchises Association, Inc. and the certificate of the Secretary of State of Georgia that said corporate name is available having been examined and found lawful;

IT IS HEREBY ORDERED that Southeastern Kentucky Fried Chicken Franchises Association, Inc. be and it hereby is incorporated under the laws of the State of Georgia.

This 12 day of January 1974.

/s/ Jack E. Hardy  
Judge, Superior Court of  
Fulton County, Georgia

**ARTICLES OF INCORPORATION**

On application of Carl I. Gable, Jr. articles of incorporation have been granted to Southeastern Kentucky Fried Chicken Franchise Association, Inc. by the Honorable Jack E. Threlkeld, Judge of the Superior Court of Fulton County, in accordance with the applicable provisions of the Georgia Nonprofit Corporation Code. The registered office of the Corporation is located at 3100 Equitable Building, 100 Peachtree Street, Atlanta, Fulton County, Georgia, and its registered agent at such address is Carl I. Gable, Jr. The purposes of the Corporation are to function as a business league as that term is used in Section 501(c)(6) of the Internal Revenue Code, as now and hereafter amended, and to develop, primarily in the Southeastern United States, the industry composed of Kentucky Fried Chicken franchised food outlets.

KILPATRICK, CODY, ROGERS,  
McCLATCHEY & REGENSTEIN  
3100 Equitable Building  
100 Peachtree Street  
Atlanta, Georgia 30303



STATE OF GEORGIA  
COUNTY OF FULTON

Before me, the undersigned, a Notary Public, this day personally came JOHN  
HARRISON .., who, being first duly sworn, according to law, says that he is an Agent  
of the Daily Report Company, publishers of the Fulton County Daily Report, the official  
newspaper in which the Sheriff's advertisements in and for said County are published,  
and a newspaper of general circulation, with its principal place of business in said  
County, and that there has been deposited with said newspaper the cost of publishing  
four (4) insertions of a notice pursuant to Ga. <sup>None listed</sup> ~~Business~~ Corporation Code of the granting  
of Articles of Incorporation ~~Articles of Amendment~~ ~~Articles of Merger~~ ~~Articles of Intent~~  
to ~~incorporate~~ to

Southwestern Kentucky and Ohio  
Fire Insurance Association, Inc.

John Harrison

Subscribed and sworn to before me this 16th  
day of JANUARY, 1974

Clay C. Page  
NOTARY PUBLIC, ~~STATE OF GEORGIA~~  
STATE AT LARGE

**STATE OF GEORGIA  
COUNTY OF FULTON**

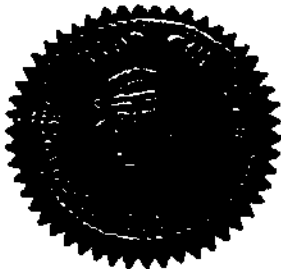
I, **BARBARA J. PRICE**, Clerk of the Superior Court of Fulton County, Georgia, do hereby certify that the within and foregoing is a true and correct copy of petition of Carl I. Gable, Jr. et al.

for incorporation under the name and style of Southeastern Kentucky Fried Chicken Franchisee Association, Inc.

\_\_\_\_\_ and the Order of Court thereon  
allowing same, all of which appears of file and record in this Office.

Given under my hand and seal of Office.

This the 16 day of January, 1974.



*Barbara J. Price*

**CLERK OF SUPERIOR COURT  
FULTON COUNTY, GEORGIA**

**BY-LAWS**  
**OF**  
**SOUTHEASTERN KFC**  
**FRANCHISEE ASSOCIATION, INC.**  
**(AS AMENDED THROUGH JULY 25, 1994)**

**ARTICLE I**

**MEMBERSHIP**

**Section 1. Classes of Members. Membership in this Association shall be divided into four classes as follows:**

**(a) Regular Membership. Regular Membership in this Association shall be open to any person ("Franchisee") franchised by KFCC (the "Franchise Corporation"), a Delaware corporation, or any affiliated corporation, to operate one or more KFC restaurants in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, or Virginia, and also to include bordering states in which advertising co-ops that exist in the covered ten states include franchisees in bordering states. If the Franchisee is not an individual then the Franchisee must designate for such membership an individual who is a partner or principal officer of the Franchisee.**

**(b) Associate Membership. Associate Membership in this Association shall be open to any person ("Franchisee") franchised by the Franchise Corporation or any affiliated corporation to operate one or more KFC restaurants in the United States, but not in those States named in Section 1(a), except that if the Franchisee is not an individual then the Franchisee must designate for such membership an individual who is a partner or principal officer of the Franchisee.**

**(c) Institutional Membership. Institutional Membership shall be open to any person involved in the KFC franchised food business, as an equipment or merchandise supplier or otherwise, whose application**

for membership is accepted by the Board of Directors.

(d) Special Membership. Special Membership in this Association shall be open to any person ("Franchisee") formerly franchised by KFCC to operate one or more KFC restaurants. If the former Franchisee was a corporation, then any stockholder, or principal officer of that corporation may apply for special Membership upon approval of the Board and said Membership can be revoked by the Board annually.

**Section 2. Membership Applications.** Membership shall commence upon the filing with the Secretary-Treasurer of the Association of an application for membership and upon acceptance thereof by the Board of Directors. The application shall be in such form as may be prescribed by the Association and shall specify that the applicant agrees to abide by the rules and By-Laws of the Association and to fulfill the obligations and responsibilities of membership as set out in the Association's Articles of Incorporation and in these By-Laws.

**Section 3. Resignation from Membership.** A member may resign from membership at any time upon giving prior written notice thereof to the Secretary-Treasurer of the Association. Members who resign from membership shall not be entitled to any refund of dues theretofore paid.

**Section 4. Exclusion of Members.** The Board of Directors, by a two-thirds vote of its members, may terminate the membership of any member whose continued membership is deemed by them to be contrary to the best interest of the Association. Notice of such termination shall be given in writing addressed to the member and shall take effect at the time specified in the notice.

**Section 5. Multiple Franchises.** For purposes of determining eligibility for Regular and Associate membership, a group of franchise holders shall be deemed a single Franchisee if one or more persons owns beneficially directly or indirectly 50% or more of the voting or equity interest of each such franchise holder.

## **ARTICLE II**

### **MEMBERSHIP MEETINGS**

**Section 1. Annual Meetings.** An annual meeting of the membership of the Association shall be held before June 1 in each fiscal year at such time and place as may be determined by the Board of Directors for the purpose of electing officers and directors and transacting such other business as may properly be brought before the meeting.

**Section 2. Mid-Year Meetings.** A mid-year Meeting of the membership may be held after June 30 in each fiscal year at such time and place as may be determined by the Board of Directors for transacting such business as may properly be brought before the meeting.

**Section 3. Special Meetings.** Special meetings of the membership shall be held at any time and place as may be designated in the notice of said meetings, upon call of the President or the Board of Directors. Any such request shall state the purpose for which such meeting is called.

**Section 4. Notice of Meetings.** Written notice of every meeting of the membership, stating the place, date and hour of the meeting, shall be given either personally or by mail to each Regular Member not less than 10 nor more than 60 days before the date of the meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail with first class postage thereon prepaid addressed to the member at his address as it appears on the Association's record of members. Attendance of a member at a membership meeting shall constitute a waiver of notice of such meeting and of all objections to the place or time of meeting, or the manner in which it has been called or convened, except when a member attends a meeting solely for the purpose of stating, at the beginning of the meeting, any such objection to the transaction of any business. Notice need not be given to any member who signs a waiver of notice, in person or by proxy, either before or after the meeting. Associate, Institutional and Special members shall be given such notice of meetings as the Board of Directors shall deem appropriate.

**Section 5. Quorum.** Ten percent (10%) of the Regular Members, present in person, shall constitute a quorum for the transaction of business at all meetings of the membership except as otherwise provided by statute, by the articles of incorporation, or by these By-Laws. If a quorum is not present at any meeting of the membership, a majority of the Regular Members entitled to vote thereat, present in person, may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted at the meeting as originally notified. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each Regular Member.

**Section 6. Voting.** When a quorum is present at any meeting, the vote of a majority of the Regular Members present in person shall decide any question brought before such meeting, unless the question is one upon which by express provision of law or of the articles of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of the question. Each Regular Member shall

at every meeting of the membership be entitled to one vote in person.

**Section 7. LIST of Members.** The Association shall keep at its registered office or principal place of business a record of its members, giving their names and addresses. The officer who has charge of the membership records of the Association shall prepare and make, before every meeting of the membership or any adjournment thereof, a complete list of the Regular Members entitled to vote at the meeting or any adjournment thereof, arranged in alphabetical order, with the address of each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Regular Member during the whole time of the meeting for the purposes thereof. The said list may be the Association's regular record of members if it is arranged in alphabetical order or contains an alphabetical index.

### ARTICLE III

#### OFFICERS

**Section 1. Number.** The officers of the Association shall be elected by the Regular Members and shall be a President, First Vice President and President-Elect, a Second Vice President, and a Secretary-Treasurer. In addition, there may be such other subordinate officers as the membership or Board of Directors may from time to time deem necessary.

**Section 2. Term of Office.** The officers shall be elected annually by the membership at the Annual Meeting to serve until their successors are elected.

#### **Section 3. Nominations and Elections**

**(a) Nominations Committee.** The President, the First Vice President and President-Elect, the Immediate Past President and two other Members in good standing elected by the Board of Directors shall comprise the Nominations Committee, with the Immediate Past President acting as Chairman of the Committee. The Nominations Committee shall nominate one or more Regular Members for election to each of the following offices: First Vice President and President-Elect, Second Vice President, and Secretary-Treasurer. If the incumbent First Vice President and President-Elect is unable for any reason to serve for the following term as President, then the Nominations Committee shall also nominate one or more Regular Members for election as President. The nominations of the Nominations Committee shall be mailed to the Regular Members (in the same manner as notices of meetings) in writing not less than 15 days prior to the Annual Meeting.

(b) Vacancy on Nominations Committee. In case any member of the Nominations Committee is unable or refuses to serve in that capacity, the Board of Directors shall designate a replacement.

(c) Nominations from the Floor. Other Regular Members in good standing may be nominated for election to any office. Such nominations must be accompanied by a written consent of the nominee to serve in such office if elected.

(d) Elections. All officers shall be elected by a majority vote of the Regular Members present in person, a quorum being present.

**Section 4. Powers and Duties.** Except as hereinafter provided, the officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as those that from time to time may be conferred by the membership or the Board of Directors.

(a) President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the membership and shall have general supervision of the Association. He shall sign all contracts and obligations of the Association unless otherwise directed by the Board of Directors and generally shall have all duties usually incumbent upon the chief executive officer of a membership association and such as may be assigned to him by the membership or these By-Laws.

(b) First Vice President and President-Elect The First Vice President and President-Elect shall exercise the functions of the President during the absence or disability of the President, shall assume the office of President if that office becomes vacant, and shall have such other duties as may be assigned to him by the membership or these By-Laws. He shall succeed to the office of President at the Annual Meeting of the Association next following the Annual Meeting at which he is elected First Vice President and President-Elect, if confirmed by a majority of members present and voting.

(c) Second Vice President. The Second Vice President shall exercise the functions of the President during the absence or disability of the President and of the First Vice President and President-Elect.

(d) Secretary-Treasurer. The Secretary-Treasurer shall maintain in good order minutes of all meetings and all records and correspondence of the Association, and shall mail copies of the minutes of each membership meeting to all members within 60 days from the conclusion of each meeting. The Secretary-Treasurer shall make all financial collections

and disbursements, maintain in good order all record relating thereto, and distribute to the members at each Annual Meeting a state of receipts and disbursement for the preceding fiscal year. The Secretary-Treasurer shall also have such other duties as may be assigned by the membership or the Board of Directors.

**Section 5. Vacancies.** Any vacancy in an office resulting from any cause may, if not filled by succession or as otherwise provided herein, be filled for the unexpired portion of the term thereof by appointment of the Board of Directors, except that no such appointment shall be made to the office of First Vice President and President-Elect.

**Section 6. Removal.** Any officer may be removed from office, with or without cause, by the affirmative vote of two-thirds (2/3) of the Regular Members in good standing, at any meeting duly called.

#### ARTICLE IV

##### DIRECTORS

**Section 1. Powers and Responsibilities.** The property and affairs of the Association shall be managed and directed by a Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, by the Articles of Incorporation of the Association, or by these By-Laws.

**Section 2. Number, Selection and Term.** All directors must be Regular Members of the Association. The number of directors which shall constitute the whole board, the manner in which the directors are selected and their terms as directors shall be as follows:

(a) **Officers.** The President, Immediate Past President, the First Vice President and President-Elect, the Second Vice President, and the Secretary-Treasurer shall be members of the Board of Directors. Each shall begin his term as director upon his election to office and his term as director shall continue while he serves in each office.

(b) **State Delegates.** There shall be elected as additional directors two Regular Members to represent any State with ten or more Regular Members of the Southeastern KFC Franchisee Association, Inc., and one Regular Member to represent any state with less than ten Regular Members of the Southeastern KFC Franchisee Association, Inc. For purposes of this paragraph, a Regular Member may represent any State in which he or she, or an entity of which he or she is a partner or principal officer, operates a KFC franchise, but he or she may not be deemed to represent more



than one State at a time.

Directors selected under this paragraph (b) shall be elected at the Annual Meeting by a majority of the Regular Members represented, a quorum being present. Nominations shall be made in the same manner as provided for principal officers. Vacancies due to the resignation or removal of any directors or when directors fills an office may be filled by the Directors.

Members to the Board of Directors elected under this paragraph (b) shall serve from the time of their election until the next Annual Meeting for a two (2) year term and can serve two (2) consecutive terms. After serving two (2) consecutive terms he or she must be off the Board for one (1) term before being eligible for re-election. At the first election following the acceptance of these Amended By-Laws, the first term for one member elected from those states having two board members will be one year, enabling staggered terms for those members.

(d) Eligibility. If a director has been absent from three consecutive meetings held by the Board of Directors during one term of office, he or she may not be reelected for the next succeeding term.

**Section 3. Removal.** Any director may be removed by a two-thirds (2/3) vote of the Regular Membership, or by a two-thirds (2/3) vote of all the directors at any meeting of the Board.

**Section 5. Executive Committee.** The President, Immediate Past President, First Vice President and President-Elect, Second Vice President and Secretary-Treasurer shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in the management of the affairs of the Association, subject only to any restrictions which may be imposed by law, the Articles of Incorporation or from time to time by resolution of the Board of Directors. In case of a vacancy on the Executive Committee due to the death or resignation of the Immediate Past President, a successor shall be chosen by a majority of voting members of the Board of Directors at the next Board Meeting and such successor shall serve on the Executive Committee until the next Annual Meeting.

**Section 6. Meetings and Notices.** The Board of Directors of the Association may hold meetings, both regular and special, either within or without the State of Georgia. Regular meetings shall be held semi-annually. Special meetings of the Board may be called by the President or by a majority of the Board of Directors or of the Executive Committee. Written notice of the time and place of both regular and special meetings shall be given to each director either by personal delivery or by mail,

telegram or cablegram, at least three (3) days before the meeting. Such notice shall be deemed to have been duly served or given when deposited, first class postage prepaid, in the United States mail. Such notice shall state a reasonable time, date and place of meeting, but the purpose need not be stated therein. Notice need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and waiver of all objections to the place and time of the meeting, or the manner in which it has been called or convened, except when the director states, at the beginning of the meeting, any such objection or objections to the transaction of business.

**Section 7. Quorum.** At all meetings of the Board or its Executive Committee a majority of the members thereof shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Board or of the Executive Committee, as the case may be, except as may be otherwise specifically provided by law, by the Articles of Incorporation or by these By-Laws. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**Section 8. Consent of Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors or of the Executive Committee thereof may be taken without a meeting, if all members of the Board or of the Executive Committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of the proceedings of the Board or Committee. Such consent shall have the same force and effect as a unanimous vote of the Board or of the Executive Committee, as the case may be.

## ARTICLE V

### DUES

**Section 1. Amount.** The dues of this Association shall be assessed at the following rates:

(a) **Regular Membership.** Each Regular Member owning or serving as a principal officer of an entity owning beneficially one KFC restaurant, shall pay dues to the Association at the rate of One Hundred Twenty-Five Dollars (\$125) per annum. All other Regular Members owning or serving as a principal officer of any entity owning beneficially more than one KFC restaurant shall pay dues to the Association at the rate of One Hundred Twenty-Five Dollars (\$125) per annum for the first restaurant, plus

Twenty-Five Dollars (\$25) per annum for each additional restaurant.

(b) Associate Membership. Associate Members shall pay dues to the Association at the rate of Twenty-Five Dollars (\$25) per annum.

(c) Institutional Membership. The amount of dues for Institutional Members shall be determined by the Board of Directors from time to time.

(d) Special Membership. Special Members shall pay dues to the Association at the rate of One Hundred dollars (\$100) per annum.

Section 2. Payment. Dues of members of all classes shall be due and payable in full on January 31 of each year; provided, however, that in the year of joining the Association, the member's dues shall be due and payable in full fifteen days after becoming a member, and shall not be pro rated.

## ARTICLE VI

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right of Indemnification and Standards of Conduct. Every person (and the heirs and legal representatives of such person) who is or was a director or officer of the Association may in accordance with Section 2 hereof be indemnified for any liability and expense that may be incurred by him in connection with or resulting from any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (whether brought by or in the right of this Association or otherwise) or in connection with any appeal relating thereto, in which he may become involved, as a party or prospective party or otherwise, by reason of his being or having been a director or officer of this Association, or by reason of any action taken or not taken in his capacity as such director or officer or as a member of any committee appointed by the Board of Directors of this Association to act for, in the interest of, or on behalf of this Association, regardless of whether he continues to be such at the time such liability or expense shall have been incurred; provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of this Association and, in addition, with respect to any criminal action or proceeding, did not have reasonable cause to believe that his conduct was unlawful. As used in this Article, the terms "liability" and "expense" shall include but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties, and amounts paid in compromise or settlement by a director or officer. The termination of any claim, action, suit or proceeding, by judgment, order, compromise, settlement (with or without court approval) or conviction or upon a plea of

guilty or of sole contendere, or its equivalent, shall not create a presumption that a director or officer did not meet the standards of conduct set forth in this Section.

**Section 2. Determination of Right of Indemnification.** Every person (and the heirs and legal representatives of such person) referred to in Section 1 hereof who has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the character described in Section 1 hereof shall be entitled to indemnification as of right without any further action or approval by the Board of Directors. Except as provided in the immediately preceding sentence, any indemnification under Section 1 next above shall be made at the discretion of this Association, but only if (a) the Board of Directors acting by a majority vote of a quorum consisting of directors who were not parties to such claim, action, suit or proceeding, present or voting, shall find that the director or officer has met the standard of conduct set forth in Section 1 thereof, or (b) if no such quorum of the Board exists, independent legal counsel selected by any Judge of the United States District Court for the Northern District of Georgia, Atlanta Division, at the request of either the Association or the person seeking indemnification, shall deliver to the Association their written opinion that such director or officer has met such standards, or (c) a majority of the Members shall determine by affirmative vote that such director or officer has met such standards.

Notwithstanding the foregoing, no officer or director who was or is a party to any action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was an officer or director of this Association shall be indemnified in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to this Association unless and except to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court shall deem proper.

## **ARTICLE VII**

### **AMENDMENTS**

The Board of Directors shall have power to alter, amend or repeal the By-Laws or adopt new By-Laws by majority vote of all the directors, but any By-Laws adopted by the Board of directors may be altered, amended or repealed and new By-Laws adopted by majority vote of all of the Regular Members having voting power.

\_\_\_\_\_

\_\_\_\_\_



RESTATED BYLAWS OF  
GREATER SOUTHWESTERN  
KENTUCKY FRIED CHICKEN  
FRANCHISEE ASSOCIATION, INC.

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ARTICLE I

OFFICES AND  
CORPORATE SEAL

**Section 1.1. Restated Bylaws.** These Bylaws repeal and restate in their entirety the Bylaws of GREATER SOUTHWESTERN KENTUCKY FRIED CHICKEN FRANCHISEE ASSOCIATION, INC. (the "Association") and all amendments thereto as of the date of adoption of these Bylaws. Adoption of these Bylaws does not impair the validity of acts under the former Bylaws as amended.

**Section 1.2. Corporate Seal.** The Association shall have no corporate seal.

**Section 1.3. Registered and Other Offices.** The registered office of the Association in Arkansas shall be that set forth in the most recent statement of the Board of Directors filed with the Secretary of State of Arkansas as prescribed by law. The Association may have other offices, within or without the State of Arkansas as the Board of Directors determines from time to time to be necessary or convenient for the purposes of the Association and the carrying out of its work and activities.

ARTICLE II

MEMBERSHIP

**Section 2.1. Members.** Membership in the Association is divided into three categories:

(a) **Regular Members.** Persons (other than Kentucky Fried Chicken Corporation and its affiliates and their directors, officers, agents and employees) that are franchisees of record for one or more Kentucky Fried Chicken outlets in the Arkansas, Missouri, Kansas, Colorado, New Mexico, Texas, Oklahoma or Arizona;

(b) **Associate Members.** Persons (other than Kentucky Fried Chicken Corporation and its affiliates and their directors, officers, agents and employees) that are franchisees of record for one or more Kentucky Fried Chicken outlets in the United States but not in any of the states listed in Section 2.1(a);

(c) **Institutional Members.** Persons (other than Kentucky Fried Chicken Corporation and its affiliates and their directors, officers, agents and employees) that

supply food, equipment and other supplies to Kentucky Fried Chicken franchised food outlets in the United States.

**Section 2.2. Eligibility Criteria.** For purposes of these Bylaws, a franchisee of record for a Kentucky Fried Chicken outlet may be a natural person or a corporation, partnership or other legal entity. If ownership or control of an outlet is divided among more than one person, a majority ownership interest and control must be held by persons or organizations other than Kentucky Fried Chicken Corp. or its affiliates for the franchisee of record to qualify as a Regular Member. Membership is automatic for qualified persons who meet the eligibility requirements set out herein for Regular Members, Associate Members and Institutional Members. Regular Membership may be granted to Associate Members by action of the Board of Directors upon application and qualification.

**Section 2.3. Membership Responsibilities.** Members are obligated to abide by the rules and Bylaws of the Association and to fulfill the obligations and responsibilities of membership set out in the Association's Articles of Incorporation and Bylaws.

**Section 2.4. Good Standing.** A Member (of any category) is in good standing only if the Member is not more than 90 days delinquent in payment of dues and assessments properly owing to the Association with respect to each Kentucky Fried Chicken outlet the Member owns or controls, and has not been determined by the Board of Directors to be in violation of Section 2.3 of these Bylaws. A Member (of any category) may make written request to the Board periodically for relief from an obligation owed to the Association. The Board in its absolute and sole discretion by a vote of two-thirds may waive, defer, relax or condition the obligation(s) owed, subject to the Board's discretion to withdraw or further condition its action. While any such waiver, deferral, relaxation or other relief is in place, all voting power in the Association is suspended for the affected Member and for its affiliates, and no person who owns five percent (5%) or more of the equity in the Member is eligible to serve as a Director of the Association. A Member not in good standing without waiver or other relief by the Board may not attend meetings of Members and may not vote or enjoy other privileges of Membership.

**Section 2.5. Resignation from Membership.** A Member may resign from membership at any time upon 60 days' prior written notice to the Secretary-Treasurer. Resignation does not affect a Member's obligation to pay current dues or assessments or entitle a Member to a refund of any part of dues or assessments paid.

**Section 2.6. Expulsion of Members.** The Board of Directors by a two-thirds vote and with written notice to the Member may terminate the membership of any Member who is not in good standing or whose continued membership it finds to be contrary to the best interests of the Association.

### ARTICLE III

#### MEETINGS OF MEMBERS

**Section 3.1: Meetings of Members.** An annual meeting of the Members shall be held each year at the time and place designated by the Board of Directors. At such annual meeting,

Members shall elect, as provided in Section 4.2, qualified successors for Directors whose terms have expired. Special meetings of the Members may be called by the Board of Directors or the President.

**Section 3.2. Voting.** At meetings of Members, each Regular Member is entitled to one vote in person or by proxy. A Regular Member that is a corporation or other form of organization shall designate a representative to vote on behalf of the Regular Member. At all meetings of Members a quorum for the transaction of business requires ten percent (10%) of the Regular Members. The act of a majority of the Regular Members present in person or by proxy at any meeting at which there is a quorum is the act of the Members, except as may otherwise be specifically provided by law, the Articles of Incorporation or these Bylaws. A quorum, once established, is not lost by reason of departure of any number of Members from the meeting. If a quorum is not present at any meeting of Members, the Members present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is established.

**Section 3.3. Notice of Meetings.** Notice of each meeting of Members shall be given to each Member at least 10, but not more than 50, days before the date of the meeting.

**Section 3.4. Waiver of Notice.** A Member may waive notice of a meeting of Members before, at or after the meeting. Attendance at a meeting of Members constitutes a waiver of notice of the meeting and consent to the place, time, notice and convening of the meeting, except when a Member states at the beginning of the meeting any objection to the transaction of business.

**Section 3.5. Membership List.** The Association shall maintain a complete list of Member names, addresses, telephone and facsimile numbers, and e-mail addresses (as periodically updated by Members). The Secretary-Treasurer shall make available during and for seven days preceding each meeting of Members, a complete list of the Regular Members entitled to vote at the meeting, the number of votes to which each Regular Member is entitled at the meeting, and the identity of Members' designated voting representatives (where applicable). The list is open for examination by any Member for any purpose germane to the meeting during ordinary business hours of the Association, and during the course of the meeting. The Chair of the meeting shall resolve any dispute involving the number of votes a Regular Member is entitled to cast on each question that comes before the meeting.

## ARTICLE IV

### DIRECTORS

**Section 4.1. General.** The affairs of the Association shall be managed by, or under the direction of, the Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, the Articles of Incorporation or the Bylaws of the Association.

**Section 4.2: Number, Election and Term.** The Board of Directors shall consist of between three and 24 Directors. Directors shall serve two-year terms, except that Officers of the



Association shall serve as Directors during their terms of office. Except for an Officer elected to serve consecutive terms, a Director may not serve consecutive terms unless no other Regular Member is eligible to replace the outgoing Director in accordance with these Bylaws. Directors shall be elected at the annual meeting of Members as follows:

(a) Officers. The President, Immediate Past President, First Vice President, Second Vice President, and Secretary-Treasurer shall be elected as members of the Board of Directors in accordance with Section 5.2. Each shall begin his or her term as Director on January 1 in the year immediately following his or her election and shall continue as Director while serving in said office.

(b) State Delegates. Two additional Directors shall be elected as representatives of each of the following states: Arkansas, Missouri, Kansas, Colorado, New Mexico, Texas, Oklahoma or Arizona. For purposes of this section, a Member, or an entity in which the Member is a partner or principal officer, may represent any state in which said Member or entity operates a Kentucky Fried Chicken franchise, but said Member or entity may not be deemed to represent more than one state at a time.

(c) Discretionary Directors. The Members may elect additional Directors in their discretion, subject to the restriction that the Board of Directors may not consist of more than 24 voting Directors at any time.

Nominations shall be made in the same manner as provided for principal Officers in Section 5.2. Vacancies due to the death, resignation or removal of a Director may be filled by the remaining Directors in accordance with this Section 4.2. The terms of Directors elected under Section 4.2(b) shall be staggered by electing one Director from each state listed at each annual meeting of Members.

**Section 4.3. Qualifications.** A Director must be and remain a Regular Member of the Association, or must be a partner, shareholder or principal officer of a Regular Member. The Board is the final authority for determining the eligibility of a person to act as a Director.

**Section 4.4. Kentucky Fried Chicken Representatives: Past Presidents.** Members of this Association or their representatives who are representatives to the Kentucky Fried Chicken National Council and Advertising Cooperative (NCAC), the Kentucky Fried Chicken or Unified Foodservice Purchasing Co-operative (UFPC), and the Kentucky Fried Chicken Operations Excellence Committee (OEC) shall serve as *ex officio* (nonvoting) Directors during the period in which they act as representatives to or members of those organizations. Past Presidents who have completed a one-year term as Immediate Past President (and as a Director during that additional one-year term in the capacity of Immediate Past President), thereafter shall serve as Honorary Directors. Honorary Directors are entitled to attend, and participate in discussions at, meetings of the Board of Directors, but are not entitled to vote. Honorary Directors shall be in addition to the number of Directors authorized under Section 4.2 of these Bylaws.

**Section 4.5. Board Meetings: Place and Notice.** An annual meeting shall be held each year at a time and place designated by the Board. Other meetings of the Board may be held

from time to time at any place within or without the State of Arkansas that the Board designates. Special or regular meetings of the Board may be called by the Chairman of the Board or the President, upon not less than forty-eight (48) hours' notice. A majority of Directors may call a meeting of the Board by giving not less than ten business days' notice to all Directors of the date, time, place and general purpose of the meeting. If a meeting schedule is adopted by the Board or if the date, time and place of a meeting has been announced at a previous meeting, no further notice is required.

**Section 4.6. Waiver of Notice.** A Director may waive notice of a meeting of the Board before, at or after such meeting. Attendance of a Director at a meeting of the Board constitutes a waiver of notice of such meeting and consent to the place, time, notice and convening of the meeting, except when a Director states at the beginning of the meeting any objection to the transaction of business.

**Section 4.7. Executive Committee.** The President, Immediate Past President, First Vice President, Second Vice President, and Secretary-Treasurer of the Association shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in managing the affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. The Executive Committee shall act in the Board's behalf on matters requiring action before the next scheduled meeting of the Board if the Executive Committee determines that (i) there is insufficient time to call a special meeting of the Board to consider the matter or (ii) the matter does not warrant the inconvenience and expense of convening a special meeting of the Board, or (iii) the Executive Committee finds that a matter requires immediate or unusually confidential action such that it would be preferable to address the matter in the Executive Committee. The Executive Committee shall keep and report promptly to the Board minutes of actions taken by the Executive Committee. The Executive Committee may adopt its own rules of proceeding not inconsistent with these Bylaws and may establish its own quorum and voting requirements.

**Section 4.8. Quorum.** At all meetings of the Board of Directors a quorum for the transaction of business requires a majority of the Directors then holding office. The act of a majority of the Directors present at any meeting at which there is a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, the Directors present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present. A quorum once established is not lost by reason of departure of any number of Directors from the meeting.

**Section 4.9. Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors or Executive Committee may be taken with equal authority without a meeting if all members of the Board or Executive Committee, as the case may be, consent thereto in writing setting forth the action so taken and the writing is filed with the Secretary-Treasurer of the Association. Meetings of the Board or Executive Committee may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means, provided each Director is able to speak to and hear every other Director.

**Section 4.10. Removal.** A Director may be removed from office or from a meeting with or without cause by a two-thirds vote of all of the Directors holding office at any regular or special meeting of the Board.

**Section 4.11. Other Committees.** The Board of Directors may appoint such other committees, for specific or general purposes, as it deems appropriate. Committees may include Members who are not Directors. Committees shall keep and report promptly to the Board minutes of their actions. The Board may remove any or all members of a committee without cause and without notice.

**Section 4.12. Reimbursement of Expenses.** Directors shall not be compensated for serving as Directors, and ordinarily shall not be reimbursed expenses of attending meetings of Directors, but by authority of the Board or of the President, a Director may be reimbursed for documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or the President.

## ARTICLE V

### OFFICERS

**Section 5.1. Composition.** The principal Officers of the Association shall include a President, a Vice President, and a Secretary-Treasurer. The Board may appoint other, subordinate, Officers it deems necessary or useful for the operation and management of the Association, each of whom shall have the powers, rights, duties, responsibilities and terms of office determined by the Board from time to time. Any number of offices may be held by the same person, except the office of President and any other office shall not be held by the same person.

**Section 5.2. Term of Office.** Officers shall be elected by the Members at each annual meeting of the Members from a slate (a) provided by a Nominations Committee appointed by the Board of Directors, and (b) approved by the Board of Directors. Officers shall serve until their respective successors are duly elected and qualified, except that the First Vice President automatically becomes President on the adjournment of the succeeding annual meeting.

**Section 5.3. Powers and Duties.** The Officers of the Association shall have the powers and duties described herein and such others as may be prescribed from time to time by the Board of Directors.

(a) **President.** The President is the chief executive officer of the Association. The President shall preside at all meetings of Members and Directors, shall see that all orders and resolutions of the Board are carried into effect and shall have such other duties as may be prescribed from time to time by the Board. The President has general supervision of the Association, subject to the direction of the Board, and has all authority and duties usually incumbent upon the chief executive officer of a corporation. The President may delegate one or more functions or responsibilities to an Officer, agent or employee of the Association and may authorize in writing other Officers to do so.

(b) First Vice President. The Vice President shall succeed to the powers and duties of the President in the President's absence or disability and shall have other powers and perform other duties prescribed by the Board of Directors, the President or the Bylaws.

(c) Second Vice President. The Second Vice President is responsible for planning meetings of the Association, and shall succeed to the powers and duties of the First Vice President in the First Vice President's absence or disability, and shall have other powers and perform other duties prescribed by the Board of Directors, the President, or the Bylaws.

(d) Secretary-Treasurer. The Secretary-Treasurer shall be secretary of all meetings of the Board and, subject to review and approval by the Board, shall record all proceedings of such meetings in the minute book of the Association. The Secretary-Treasurer shall give proper notice of meetings of Directors, shall mail copies of the minutes of each Directors' meeting to all Directors within thirty days after such meeting, shall maintain in good order all records and correspondence of the Association. The Secretary-Treasurer shall keep the books of the Association, shall make all financial collections and disbursements, shall maintain in good order all records relating thereto, shall distribute to the Directors at each annual meeting a statement of receipts and disbursements for the preceding fiscal year, and shall have custody of the assets of the Association. The Secretary-Treasurer shall perform such other duties as may, from time to time, be prescribed by the Board, the President or the Bylaws.

**Section 5.4. Vacancies.** Vacancy in any office resulting from any cause may be filled by appointment by the Board.

**Section 5.5. Removal.** Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board.

**Section 5.6. Reimbursement of Expenses.** Officers shall not be compensated for serving as Officers, and ordinarily shall not be reimbursed expenses, but by authority of the Board an Officer may be reimbursed for documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or the President.

## ARTICLE VI

### DUES AND ASSESSMENTS

**Section 6.1. Amount.** Each Member shall pay to the Association annual dues set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time. Dues may be different for different classes of Members.

**Section 6.2. Payment.** Dues are due and payable in full each year on or before June 1.

**Section 6.3. Special Assessments.** By a vote of seventy-five percent or greater of the Directors then holding office, the Board may levy on Members from time to time special

assessments, which shall be treated for all purposes as additional dues, and are due and payable on the date established by the Board. Special assessments may be different for different classes of Members.

## ARTICLE VII

### INDEMNIFICATION

**Section 7.1. Indemnification.** To the full extent permitted under Arkansas law as it exists on the date hereof or as hereafter amended, a Director, Officer, agent or member of a committee other than a Director or Officer of this Association shall be indemnified by this Association against expenses incurred in connection with any act or omission in his or her capacity as an Officer, Director, agent or member of a committee other than an Officer or Director of the Association. Any amendment or repeal of this Article VII shall not adversely affect any right or protection of a Director, Officer, agent or member of a committee other than a Director or Officer of the Association for or with respect to any acts or omission of such Director, Officer, agent or member of a committee other than a Director or Officer occurring before such amendment or repeal.

**Section 7.2. Insurance.** The Board may authorize the purchase of such insurance as it deems appropriate to protect the Association and its Directors and Officers from liability resulting from or in connection with their acts or omissions.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.1. Fiscal Year.** The fiscal year of the Association shall be the year ending May 31 of each calendar year.

**Section 8.2. Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Secretary-Treasurer shall prepare or cause to be prepared:

- (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year; and
- (b) a statement showing the sources and uses of funds by the Association during its fiscal year.

**Section 8.3. Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary-Treasurer of the Association, or sent by facsimile, e-mail, telex or private courier service.

**Section 8.4. Authority.** No person, other than a duly appointed Officer of the Association acting within his or her authority in that capacity, shall speak for or on behalf of the Association, contract for or bind the Association, or incur any obligation for or on behalf of the Association without the express written authority of the Board or the Executive Committee,

which authority may be general or limited, or as may be expressly permitted by the Articles of Incorporation or Bylaws of the Association.

## ARTICLE IX

### AMENDMENTS

The Members may alter, amend, restate or repeal these Bylaws in whole or in part or adopt new Bylaws by action of the Members in accordance with Section 3.2 of these Bylaws.

### CERTIFICATION

I, \_\_\_\_\_, do hereby certify that I am the duly appointed, qualified and acting Secretary-Treasurer of Greater Southwestern Kentucky Fried Chicken Franchisee Association, Inc., a corporation organized under the laws of the State of Missouri, and that the foregoing is a true and correct copy of the Restated Bylaws adopted on \_\_\_\_\_ by the Board of Directors.

\_\_\_\_\_  
\_\_\_\_\_, Secretary-Treasurer

Certificate Number 24353



To all to whom these presents shall come, Greeting:

Whereas, Articles of Incorporation duly signed and verified of  
**UPPER MID-WEST KENTUCKY FRIED CHICKEN**  
**FRANCHISE ASSOCIATION, INC.**

have been filed in the Office of the Secretary of State on the 28th  
day of October A. D. 1974, as provided by the "GENERAL NOT  
FOR PROFIT CORPORATION ACT" of Illinois approved July 17, 1948, in force  
January 1, A. D. 1947.

Now Therefore, I, MICHAEL J. HOWLETT, Secretary of State of the State of Illinois,  
by virtue of the power vested in me by law, do hereby issue this Certificate of  
Incorporation and attach thereto a copy of the Articles of Incorporation  
of the aforesaid corporation.

In Testimony Whereof, I have to my hand and cause to  
be affixed the Great Seal of the State of Illinois  
Done at the City of Springfield this 28th  
day of October A. D. 1974 and  
of the Independence of the United States  
the one hundred and 99th

(SEAL)

Michael J. Howlett

SECRETARY OF STATE

ARTICLES OF INCORPORATION UNDER THE GENERAL NOT FOR PROFIT CORPORATION ACT

(These Articles Must Be Filed in Duplicate)

(Do Not Write in This Space)

Date Paid 10-26-74

Filing Fee \$ 25.00

Cost \$

To Secretary of State, Springfield Illinois.

We, the undersigned,

CHAS. H.

Table with 5 columns: Name, Number, Street, Address City, State. Rows include Joseph W. Zimmermann, Robert Cutshall, Robert Schultz, Peggy Hobbs, Don Delaria, Don Nicolson, and Karl W. Jones.

being natural persons of the age of twenty-one years or more and citizens of the United States, for the purpose of forming a corporation under the "General Not For Profit Corporation Act" of the State of Illinois, do hereby adopt the following Articles of Incorporation:

- 1. The name of the corporation is: Upper Mid-West Kentucky Fried Chicken Franchise Association, Inc.
2. The period of duration of the corporation is: Perpetual
3. The address of its initial Registered Office in the State of Illinois is: 10540 S. Western Ave., Chicago, Cook County, Illinois

The name of its initial Registered Agent or said Address is: Joseph W. Zimmermann

- 4. The first Board of Directors shall be: (List names and addresses)

Table with 5 columns: Name, Number, Street, Address City, State. Rows include Joseph W. Zimmermann, Robert Cutshall, Robert Schultz, Peggy Hobbs, Don Delaria, Don Nicolson, and Karl W. Jones.

5. The purposes or purposes for which the corporation is organized are: To function as a business league as that term is used in Section 501 (c) (6) of the Internal Revenue Code, as now and hereafter amended; to develop, primarily in the Upper Mid Western United States, the industry composed of Kentucky Fried Chicken franchised food outlets; to improve the character of the services performed and labor employed in the industry and by better public service and promotion to contribute to the advancement of the industry; to encourage inventiveness and interchange of thought, and to elicit and communicate among the members of the industry for the benefit of the industry the best talent and results of the experience and ability of all; to secure for the industry equitable treatment in transactions with manufacturers of and dealers in supplies, and to do all things necessary and proper for the advancement of Kentucky Fried Chicken franchised food outlets.



STATE OF ILLINOIS  
 COUNTY OF COOK  
 I, the undersigned, Clerk of said County, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of said County.

Witness my hand and seal of office at Chicago, Illinois, this 17th day of October, 1954.

Notary Public in and for the State of Illinois

My Commission Expires \_\_\_\_\_

Notary Public in and for the State of Illinois

My Commission Expires \_\_\_\_\_

My Commission Expires \_\_\_\_\_

Official (Any official provision authorized or permitted by statute to be omitted in this space) may be inserted above.

STATE OF ILLINOIS

KNOW ALL MEN BY THESE PRESENTS

*Richard K. Zimmermann*  
*Joseph W. Zimmermann*  
*Robert Schultze*  
*Peggy Hobbs*  
*Don DeLaria*  
*Karl W. Jones*

Incorporators

STATE OF ILLINOIS

County of Cook

I, Richard K. Zimmermann, of the County of Cook and State of Illinois, do hereby certify that on the 17th day of October, 1954, Joseph W. Zimmermann, Robert Cutchall, Robert Schultze, Peggy Hobbs, Don DeLaria, Don Wisolinski and Karl W. Jones

personally appeared before me and being duly sworn, they acknowledged that they signed the foregoing document in their respective capacities therein set forth and declared that the statements therein contained were true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Notary Public in and for the State of Illinois

*Richard K. Zimmermann*

154-139-8

FORM NO. 9  
 STATE OF ILLINOIS  
 UNDER THE  
 MERGERS AND ACQUISITIONS  
 ACT

FILED  
 OCT 28 1954  
 CHICAGO, ILLINOIS

RECORDED IN BOOK NO. \_\_\_\_\_  
 PAGE NO. \_\_\_\_\_

**RESTATED BYLAWS OF  
UPPER MIDWEST  
KENTUCKY FRIED CHICKEN  
FRANCHISEE ASSOCIATION, INC.**

**ARTICLE I**

**OFFICES AND  
CORPORATE SEAL**

**Section 1.1. Restated Bylaws.** These Bylaws repeal and restate in their entirety the Bylaws of UPPER MIDWEST KENTUCKY FRIED CHICKEN FRANCHISEE ASSOCIATION, INC. (the "Association") and all amendments thereto as of the date of adoption of these Bylaws. Adoption of these Bylaws does not impair the validity of acts under the former Bylaws as amended.

**Section 1.2. Corporate Seal.** The Association shall have no corporate seal.

**Section 1.3. Registered and Other Offices.** The registered office of the Association in Illinois shall be that set forth in the most recent statement of the Board of Directors filed with the Secretary of State of Illinois as prescribed by law. The Association may have other offices, within or without the State of Illinois as the Board of Directors determines from time to time to be necessary or convenient for the purposes of the Association and the carrying out of its work and activities.

**ARTICLE II**

**MEMBERSHIP**

**Section 2.1. Members.** Membership in the Association is open but limited to persons franchised by Kentucky Fried Chicken Corporation or Kentucky Fried Chicken Corporation's affiliates ("Members").

**Section 2.2. Membership Responsibilities.** Members are obligated to abide by the rules and Bylaws of the Association and to fulfill the obligations and responsibilities of membership set out in the Association's Articles of Incorporation and Bylaws.

**Section 2.3. Resignation from Membership.** A Member may resign from membership at any time upon 60 days' prior written notice to the Secretary. Resignation does not affect a Member's obligation to pay current dues or assessments or entitle a Member to a refund of any part of dues or assessments paid.

**Section 2.4. Expulsion of Members.** The Board of Directors by a two-thirds vote and with written notice to the Member may terminate the membership of any Member who fails to pay dues or assessments or whose continued membership it finds to be contrary to the best interests of the Association.

### **ARTICLE III**

#### **MEETINGS OF MEMBERS**

**Section 3.1. Meetings of Members.** An annual meeting of the Members shall be held each year at the time and place designated by the Board of Directors. At such annual meeting, Members shall elect, as provided in Section 4.2, qualified successors for Directors whose terms have expired. Special meetings of the Members may be called by the Board of Directors or the President. Except as provided in this Section 3.1, meetings of the Board of Directors constitute meetings of the Members of the Association.

**Section 3.2. Voting.** At meetings of Members, each Member is entitled to one vote in person or by proxy. A Member that is a corporation or other form of organization shall designate a representative to vote in elections. At all meetings of Members a quorum for the transaction of business requires one-third of the Members. The act of a majority of the Members present at any meeting at which there is a quorum is the act of the Members, except as may otherwise be specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at any meeting of Members, the Members present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present.

**Section 3.3. Notice of Meetings.** Notice of each meeting of Members shall be given to each Member at least 10, but not more than 50, days before the date of the meeting.

**Section 3.4. Waiver of Notice.** A Member may waive notice of a meeting of Members before, at or after the meeting. Attendance at a meeting of Members constitutes a waiver of notice of the meeting and consent to the place, time, notice and convening of the meeting, except when a Member states at the beginning of the meeting any objection to the transaction of business.

### **ARTICLE IV**

#### **DIRECTORS**

**Section 4.1. General.** The affairs of the Association shall be managed by, or under the direction of, the Board of Directors, which may exercise all powers of the Association and do all acts and things not prohibited by law, the Articles of Incorporation or the Bylaws of the Association.

**Section 4.2. Number, Election and Term.** The Board of Directors shall consist of three or more Directors. The number of Directors shall be determined by the Members from time to

time. Except as provided in this Section 4.2, Directors shall be elected to serve a two year term in office. Directors may serve consecutive terms. Directors shall be elected as follows:

(a) Officers. The President, Immediate Past President, First Vice President/President-Elect, Second Vice President/First Vice President-Elect, Secretary and Treasurer shall be members ex officio of the Board of Directors. Each shall begin his or her term as Director upon election to his or her respective office and shall continue as Director while serving in said office, except that the Immediate Past President's term as a member of the Board of Directors shall commence at the normal termination date of his or her term as President and shall continue to adjournment of the second succeeding annual meeting.

(b) State Delegates. Additional Directors shall be elected as necessary to elect the number of Directors established by the Members. Of the additional Directors, at least one Member shall be elected who is a representative of each of the following states not otherwise represented by a Director: Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin. For purposes of this section, a Member, or an entity in which the Member is a partner or principal officer, may represent any state in which said Member or entity operates a Kentucky Fried Chicken franchise, but said Member or entity may not be deemed to represent more than one state at a time. Of the additional Directors, up to two Members may be elected who are representatives of states other than Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota or Wisconsin.

Nominations shall be made in the same manner as provided for principal Officers. Vacancies due to the death, resignation or removal of a Director may be filled by the remaining Directors in accordance with this Section 4.2. Except as provided below, Directors elected under Section 4.2(b) shall serve from the time of their election until the second succeeding annual meeting. During the two-year period commencing in May, 1992 and expiring in May, 1994, LaVerne Holden, Bob Gensler, Dave Kasten and Mike Bartlett shall serve as four of the Directors elected under Section 4.2(b). During the three-year period commencing in May, 1992 and expiring in May, 1995, Stan Rothenberger, Terry Robinson, Ted Stoa and Paul Hommerding shall serve as four of the Directors elected under Section 4.2(b). Thereafter, and subject to the foregoing transitional terms, the terms of Directors elected under Section 4.2(b) shall be staggered by electing one-half of such Directors at each annual meeting of Members.

**Section 4.3. Qualifications.** A Director must be and remain a person franchised by Kentucky Fried Chicken Corporation or by a licensee or affiliate of such corporation to operate one or more Kentucky Fried Chicken outlets, or must be a partner, shareholder or principal officer of such a franchise. The Board is the final authority for determining the eligibility of a person to act as a Director.

**Section 4.4. Kentucky Fried Chicken Representatives: Past Presidents.** Members of this Association or their representatives who are representatives to the Kentucky Fried Chicken National Franchisee Advisory Council, the Kentucky Fried Chicken National Cooperative Advertising Program, the Kentucky Fried Chicken Purchasing Co-operative, and the Kentucky Fried Chicken Operations Excellence Committee shall serve as Directors during the period in which they act as representatives to or members of those organizations. Past Presidents who

have completed a two-year term as Immediate Past President shall also serve as Directors for one additional two-year term in the capacity of Immediate Past President, and thereafter shall serve as Honorary Directors. Honorary Directors are entitled to attend, and participate in discussions at, meetings of the Board of Directors, and are entitled to vote. Past President Directors and Honorary Directors shall be in addition to the number of Directors authorized under Section 4.2 of these Bylaws.

**Section 4.5. Board Meetings; Place and Notice.** An annual meeting shall be held each year at a time and place designated by the Board. Other meetings of the Board may be held from time to time at any place within or without the State of Illinois that the Board designates. Special or regular meetings of the Board may be called by the Chairman of the Board or the President, upon not less than forty-eight (48) hours' notice. A majority of Directors may call a meeting of the Board by giving not less than ten business days' notice to all Directors of the date, time, place and general purpose of the meeting. If a meeting schedule is adopted by the Board or if the date, time and place of a meeting has been announced at a previous meeting, no further notice is required.

**Section 4.6. Waiver of Notice.** A Director may waive notice of a meeting of the Board before, at or after such meeting. Attendance of a Director at a meeting of the Board constitutes a waiver of notice of such meeting and consent to the place, time, notice and convening of the meeting, except when a Director states at the beginning of the meeting any objection to the transaction of business.

**Section 4.7. Executive Committee.** The President, Immediate Past President, First Vice President/President-Elect, Second Vice President/First Vice President-Elect, Secretary and Treasurer of the Association shall constitute an Executive Committee of the Board of Directors. The Executive Committee shall have and may exercise all of the authority of the Board of Directors in managing the affairs of the Association, subject only to any restrictions which may be imposed from time to time by resolution of the Board of Directors. The Executive Committee shall act in the Board's behalf on matters requiring action before the next scheduled meeting of the Board if the Executive Committee determines that (i) there is insufficient time to call a special meeting of the Board to consider the matter or (ii) the matter does not warrant the inconvenience and expense of convening a special meeting of the Board, or (iii) the Executive Committee finds that a matter requires immediate or unusually confidential action such that it would be preferable to address the matter in the Executive Committee. The Executive Committee shall keep and report promptly to the Board minutes of actions taken by the Executive Committee. The Executive Committee may adopt its own rules of proceeding not inconsistent with these Bylaws and may establish its own quorum and voting requirements.

**Section 4.8. Quorum.** At all meetings of the Board of Directors a quorum for the transaction of business requires a majority of the Directors then holding office. The act of a majority of the Directors present at any meeting at which there is a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, the Directors present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present.

**Section 4.9. Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors or Executive Committee may be taken with equal authority without a meeting if all members of the Board or Executive Committee, as the case may be, consent thereto in writing setting forth the action so taken and the writing is filed with the Secretary of the Association. Meetings of the Board or Executive Committee may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means, provided each Director is able to speak to and hear every other Director.

**Section 4.10. Removal.** A Director may be removed from office or from a meeting with or without cause by a two-thirds vote of all of the Directors holding office at any regular or special meeting of the Board.

**Section 4.11. Other Committees.** The Board of Directors may appoint such other committees, for specific or general purposes, as it deems appropriate. Committees may include Members who are not Directors. Committees shall keep and report promptly to the Board minutes of their actions. The Board may remove any or all members of a committee without cause and without notice.

**Section 4.12. Reimbursement of Expenses.** Directors shall not be compensated for serving as Directors, and ordinarily shall not be reimbursed expenses of attending meetings of Directors, but by authority of the Board or of the President a Director may be reimbursed for documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or the President.

## ARTICLE V

### OFFICERS

**Section 5.1. Composition.** The principal Officers of the Association shall include a President, a First Vice President/President-Elect, a Second Vice President/First Vice President-Elect, a Secretary and a Treasurer. The Board may appoint other, subordinate, Officers it deems necessary or useful for the operation and management of the Association, each of whom shall have the powers, rights, duties, responsibilities and terms of office determined by the Board from time to time. Any number of offices may be held by the same person, except the office of President and any other office shall not be held by the same person.

**Section 5.2. Term of Office.** Officers shall be elected by the Members at every second annual meeting of the Members from a slate (a) provided by a Nominations Committee appointed by the Board of Directors, and (b) approved by the Board of Directors. Officers shall serve until their respective successors are duly elected and qualified, except that the First Vice President/President-Elect automatically becomes President and the Second Vice President/First Vice President-Elect automatically becomes First Vice President/President-Elect on the adjournment of the second succeeding annual meeting.

**Section 5.3. Powers and Duties.** The Officers of the Association shall have the powers and duties described herein and such others as may be prescribed from time to time by the Board of Directors.

(a) **President.** The President is the chief executive officer of the Association. The President shall preside at all meetings of Members and Directors, shall see that all orders and resolutions of the Board are carried into effect and shall have such other duties as may be prescribed from time to time by the Board. The President has general supervision of the Association, subject to the direction of the Board, and has all authority and duties usually incumbent upon the chief executive officer of a corporation. The President may delegate one or more functions or responsibilities to an Officer, agent or employee of the Association and may authorize in writing other Officers to do so.

(b) **First Vice President/President-Elect.** The First Vice President-President Elect shall succeed to the powers and duties of the President in the President's absence or disability and shall have other powers and perform other duties prescribed by the Board of Directors, the President or the Bylaws.

(c) **Second Vice President/First Vice President-Elect.** The Second Vice President/First Vice President-Elect shall succeed to the powers and duties of the President in the absence or disability of both the President and the First Vice President/President-Elect and shall have other powers and perform other duties prescribed by the Board of Directors, the President or the Bylaws.

(d) **Secretary.** The Secretary shall be secretary of all meetings of the Board and, subject to review and approval by the Board, shall record all proceedings of such meetings in the minute book of the Association. The Secretary shall give proper notice of meetings of Directors, shall mail copies of the minutes of each Directors' meeting to all Directors within thirty days after such meeting, shall maintain in good order all records and correspondence of the Association and shall perform such other duties as may, from time to time, be prescribed by the Board, the President or the Bylaws.

(e) **Treasurer.** The Treasurer shall keep the books of the Association, make all financial collections and disbursements, shall maintain in good order all records relating thereto, shall distribute to the Directors at each annual meeting a statement of receipts and disbursements for the preceding fiscal year, have custody of the assets of the Association and perform such other duties as may, from time to time, be prescribed by the Board, the President or the Bylaws.

**Section 5.4. Vacancies.** Vacancy in any office resulting from any cause may be filled by appointment by the Board.

**Section 5.5. Removal.** Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board.

**Section 5.6. Reimbursement of Expenses.** Officers shall not be compensated for serving as Officers, and ordinarily shall not be reimbursed expenses, but by authority of the Board an Officer may be reimbursed for documented, actual and reasonable expenses incurred on behalf of the Association at the direction or on the specific authority of the Board or the President.

## ARTICLE VI

### DUES AND ASSESSMENTS

**Section 6.1. Amount.** Each Member shall pay to the Association annual dues set by resolution of the Board on such formula, allocation or other basis as the Board determines from time to time.

**Section 6.2. Payment.** Dues are due and payable in full each year on or before the date of the annual meeting of Members.

**Section 6.3. Special Assessments.** By a vote of seventy-five percent or greater of the Directors then holding office, the Board may levy on Members from time to time special assessments, which shall be treated for all purposes as additional dues, and are due and payable on the date established by the Board.

## ARTICLE VII

### INDEMNIFICATION

**Section 7.1. Indemnification.** To the full extent permitted under Illinois law as it exists on the date hereof or as hereafter amended, a Director, Officer, agent or member of a committee other than a Director or Officer of this Association shall be indemnified by this Association against expenses incurred in connection with any act or omission in his or her capacity as an Officer, Director, agent or member of a committee other than an Officer or Director of the Association. Any amendment or repeal of this Article VII shall not adversely affect any right or protection of a Director, Officer, agent or member of a committee other than a Director or Officer of the Association for or with respect to any acts or omission of such Director, Officer, agent or member of a committee other than a Director or Officer occurring before such amendment or repeal.

**Section 7.2. Insurance.** The Board may authorize the purchase of such insurance as it deems appropriate to protect the Association and its Directors and Officers from liability resulting from or in connection with their acts or omissions.

## ARTICLE VIII

### MISCELLANEOUS



**Section 8.1. Fiscal Year.** The fiscal year of the Association shall be the year ending December 31 of each calendar year.

**Section 8.2. Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Treasurer shall prepare or cause to be prepared:

- (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year; and
- (b) a statement showing the sources and uses of funds by the Association during its fiscal year.

In even numbered years beginning in 1992, the President or another Director appointed by the President shall, before the annual meeting of the Board of Directors, review the Association's books and records and related documentation for the preceding fiscal year, and report to the Board thereon at the annual meeting.

**Section 8.3. Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary of the Association, or sent by facsimile, telex or private courier service.

**Section 8.4. Authority.** No person, other than a duly appointed Officer of the Association acting within his or her authority in that capacity, shall speak for or on behalf of the Association, contract for or bind the Association, or incur any obligation for or on behalf of the Association without the express written authority of the Board or the Executive Committee, which authority may be general or limited, or as may be expressly permitted by the Articles of Incorporation or Bylaws of the Association.

## ARTICLE IX

### AMENDMENTS

The Board of Directors may alter, amend, restate or repeal these Bylaws in whole or in part or adopt new Bylaws by action by a majority of all of the Directors then holding office; except that Section 6.3 of these Bylaws may be amended only by a vote of seventy five percent or greater of the Directors then holding office.

### CERTIFICATION

I, Jack Russell, do hereby certify that I am the duly appointed, qualified and acting Secretary of Upper Midwest Kentucky Fried Chicken Franchisee Association, Inc., a corporation organized under the laws of the State of Illinois, and that the foregoing is a true and correct copy of the Bylaws adopted on October 5, 1992 by the Board of Directors.

**Jack Russell, Secretary**



**Albert Kiss/FEC/US**  
08/10/2005 04:29 PM

To: [nbuelhe@briggs.com](mailto:nbuelhe@briggs.com)  
Cc: [Mal Dinh/FEC/US@FEC](mailto:MalDinh/FEC/US@FEC), [Robert Knop/FEC/US@FEC](mailto:RobertKnop/FEC/US@FEC), [Roale Smith/FEC/US@FEC](mailto:RoaleSmith/FEC/US@FEC), [Merita Johnson/FEC/US@FEC](mailto:MeritaJohnson/FEC/US@FEC), [aselden@briggs.com](mailto:aselden@briggs.com)  
bcc:  
Subject: AKFCF Inc. PAC

**Dear Mr. Buelhe:**

This is to acknowledge our receipt of the email Mr. Andy Selden sent us on August 4, 2005 regarding this matter, and to acknowledge our receipt of several articles of incorporation and bylaws for the U.S. regional associations sent by letter dated August 8, 2005.

We understand that Mr. Selden is the most knowledgeable person about the matters we discussed by phone today, and that since he is unavailable until late next week there may be some delay in your response to this email.

As discussed, the letter attached to your August 4th email appears to cite a version of section 4.2 of the AKFCF Inc. ("AKFCF") Bylaws that we don't have. We look forward to receiving a copy of the AKFCF Bylaws that are currently in effect.

We understand that the AKFCF Bylaws provide that the AKFCF Board of Directors is composed of three directors from each of the ten regional associations that is a member of the AKFCF (3 directors x 10 regions = 30 directors) and the five AKFCF executive officers (i.e., President, First Vice President, Second Vice President, Secretary and Treasurer). Must the five AKFCF executive officers be selected from the 30 directors, or may persons not included in the 30 directors be appointed as one (or more) of the five AKFCF executive officers, so that the AKFCF Board of Directors may have as many as 35 members? Please explain.

As mentioned, we need responses to these questions (and certain materials already requested) to supplement your letter dated July 14, 2005 in order to make your request complete. If you have any questions, please feel free to contact me or Robert Knop at (202) 694-1650 or via email ([akiss@fec.gov](mailto:akiss@fec.gov) or [rknop@fec.gov](mailto:rknop@fec.gov)).

Thank you.  
Albert J. Kiss  
FEC Office of General Counsel

2200 IDS CENTER  
80 SOUTH EIGHTH STREET  
MINNEAPOLIS, MINNESOTA 55402  
TELEPHONE (612) 977-8400  
FACSIMILE (612) 977-8050

# BRIGGS AND MORGAN

PROFESSIONAL ASSOCIATION

WRITER'S DIRECT DIAL

(612) 977-8248

WRITER'S E-MAIL

nbuethe@briggs.com

August 10, 2005

## VIA FEDERAL EXPRESS

Albert J. Kiss  
Robert Knop  
Federal Election Commission  
Office of General Counsel  
999 E Street, N.W.  
Washington, D.C. 20463

FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

2005 AUG 11 A 11:01

Re: **AKFCF Political Action Committee**

Dear Mr. Kiss and Mr. Knop:

This letter will supplement our August 8, 2005, response to your e-mail of August 1, 2005.

The following is a list of documents enclosed with this letter in response to your request:

1. Articles of Incorporation of the Greater Southwestern Kentucky Fried Chicken Franchisee Association, Inc.; and
2. Articles of Incorporation of the Northwest Kentucky Fried Chicken Franchisee Assn, Inc.

The Articles of Incorporation for the Southern California KFC Franchisees Association, Inc. have been ordered and will be sent to you as soon as they are received in this office.

Sincerely,



Neal T. Buethe

NTB/ph  
Enclosures



**Arkansas Secretary of State  
Charlie Daniels**

State Capitol Building ♦ Little Rock, Arkansas 72201-1094 ♦ 501.682.3409

I, Charlie Daniels, Secretary of State of the State of Arkansas, and as such, keeper of the records of domestic and foreign corporations, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

**All Corporate records on file for**

**GREATER SOUTHWESTERN KENTUCKY FRIED  
CHICKEN FRANCHISEE ASSOCIATION, INC.**

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 9th day of August 2005.

*Charlie Daniels*

Charlie Daniels  
Secretary of State

By: *Sue Stiles*  
sue.stiles

# CERTIFIED COPY

## ARTICLES OF INCORPORATION OF

GREATER SOUTHWESTERN KENTUCKY FRIED CHICKEN  
FRANCHISE ASSOCIATION, INC

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned  
and natural persons, desirous of forming a not-for-profit  
corporation under Act No. 176 of the Acts of Arkansas of 1973  
also known as the Arkansas Nonprofit Corporation Act, and  
subject thereto, governing corporations not for profit,  
entered into the following agreement:

### ARTICLE I

#### NAME

The name of the corporation is the Greater Southeastern  
Kentucky Fried Chicken Franchise Association, Inc.

### ARTICLE II

#### DURATION OF EXISTENCE

The corporation shall exist perpetually.

### ARTICLE III

#### PRINCIPAL OFFICE

The principal office of the corporation is located at  
Suite 1970 Union National Plaza, Little Rock, Arkansas 72201.

### ARTICLE IV

#### REGISTERED AGENT

W. F. Hamilton, whose address is Suite 1970 Union National  
Plaza, Little Rock, Arkansas, 72201, is hereby appointed the  
initial Registered Agent of this corporation.

### ARTICLE V

#### PURPOSE AND POWERS

This corporation shall have no capital stock divided into  
shares nor is it organized for business purposes. This corporation  
shall be organized and shall not be organized for pecuniary gain or  
profit, and, in no event, shall any income or profit of the  
corporation be distributable to or inure to the benefit of its  
members, directors, officers, or any other individual. The

## CERTIFIED COPY

purposes for which it is formed are as follows:

To function as a business league as that term is used in Section 501(d)(6) of the Internal Revenue Code as presently in force or as may be hereafter amended;

To develop, primarily in the Southwestern United States, the industry composed of Kentucky Fried Chicken franchise food outlets;

To improve the character of the services performed and labor employed in the industry, and by better public service and promotion to contribute to the advancement of the industry;

To encourage inventiveness and interchange of thought and to communicate among the members of the industry for the benefit of the industry the experience of its members for the mutual benefit of all;

To secure for the industry equitable treatment in trade actions by its members with manufacturers of equipment and dealers in supplies for and to the industry, and to do all things proper for the advancement of Kentucky Fried Chicken franchised food outlets;

To do each and everything necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which shall at any time appear conducive to or expedient for the benefit of the corporation;

In general, to do all acts and things connected with or incidental to the foregoing objects and purposes and to have and exercise all of the powers and be subject to all of the restrictions conferred and imposed under the laws of the State of Arkansas upon corporations formed under the "Arkansas Nonprofit Corporation Act," (being Act No. 175 of the Acts of Arkansas of 1963; Act No. 728 of the Acts of Arkansas of 1971; and Act No. 42 of the Acts of Arkansas of 1973, and all Acts amendatory thereto, the provisions thereof by reference hereto made being incorporated herein.)

### ARTICLE VI

#### MEMBERSHIP

The conditions, method of admission, qualifications and classifications of memberships; the limitations, rights, powers and duties of members; the dues, assessments and contributions of members; the method of expulsion from and termination of membership; the limitations upon or qualifications of voting power; and all other matters pertaining to the membership and conduct, management and control of the business property and affairs of the corporation shall be as provided from time to time in the By-Laws of the corporation and/or Resolutions duly adopted by the Board of Directors.



CERTIFIED COPY

Under the Arkansas Nonprofit Corporation Act and amendments thereto governing corporations not for profit, we, the undersigned constituting the incorporators of this corporation, have executed these Articles of Incorporation this 18th day of November 1976.

*William B. Hecht*  
Name: William B. Hecht

Address: 75 Rio Vista Drive  
Saint Charles, Missouri 63105

*Lloyd Harris*  
Name: Lloyd Harris

Address: 2100 Williams Street  
Cape Girardeau, Missouri 63703

*Jerry H. Haynie*  
Name: Jerry H. Haynie

Address: 5100 J.F.K. Blvd.  
North Little Rock, Arkansas 72116

STATE OF ARKANSAS )  
COUNTY OF PULASKI ) ss

On this 18th day of November 1976,  
personally appeared:

William B. Hecht

Lloyd Harris

and Jerry H. Haynie

to be known to be the persons described in and who executed the foregoing instrument, in duplicate, and acknowledged that they executed the same in duplicate each for themselves as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the City of Little Rock, Arkansas, the 18th day of November, 1976.

My Commission Expires:

May 23, 1976

*Maura W. [Signature]*  
NOTARY PUBLIC



# CERTIFIED COPY

## ARTICLE VII

### BOARD OF DIRECTORS

The affairs and business of this corporation shall be conducted and managed by a Board of Directors consisting of not less than three (3) members nor more than twenty (20) members having such qualifications, powers and duties as shall be provided for from time to time in the By-Laws of the corporation. The Directors shall hold office for such period as shall be specified in the By-Laws of the corporation; provided, however, that the term of office for a Director shall not be less than one (1) year nor more than six (6) years. In furtherance of and not in limitation of any powers which may be conferred by statute, the Board of Directors is expressly authorized to make, adopt, alter, amend or repeal the By-Laws of the corporation and adopt new By-Laws.

## ARTICLE VIII

### OFFICERS

The Officers of this corporation shall consist of at least a President, Vice President, Secretary and Treasurer and there may be such other Officers and Assistant Officers as may be deemed necessary, who shall be elected or appointed in such manner and for such terms -- not exceeding three (3) years -- as may be prescribed in the By-Laws of this corporation.

## ARTICLE IX

### INITIAL BOARD OF DIRECTORS

The initial Board of Directors of this corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>
<u>William B. Hecht</u>	<u>18 Rio Vista Drive</u> <u>Saint Charles, Missouri 63301</u>
<u>Lloyd Harris</u>	<u>2100 Williams Street</u> <u>Cape Girardeau, Missouri 63701</u>
<u>Jerry N. Haynie</u>	<u>5100 J.F.K. Blvd., Apt. No. 7</u> <u>North Little Rock, Arkansas 72116</u>

IN WITNESS WHEREOF, for the purpose of forming this corporation

UNITED STATES OF AMERICA

The State of  Washington

Secretary of State

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal,  
hereby issue this

certificate that the attached is a true and correct copy of

ARTICLES OF INCORPORATION

of

NORTHWEST KENTUCKY FRIED CHICKEN  
FRANCHISE ASSN., INC.

as filed in this office on February 25, 1985.

Date: August 9, 2005



Given under my hand and the Seal of the State  
of Washington at Olympia, the State Capital

Sam Reed, Secretary of State



**STATE of WASHINGTON SECRETARY of STATE**

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

**CERTIFICATE OF INCORPORATION**

to

**NORTHWEST KENTUCKY FRIED CHICKEN FRANCHISE ASSN., INC.**

a Washington Profit corporation. Articles of Incorporation were filed for record in this office on the date indicated below.

Corporation Number: 2-357311-6

Date: February 25, 1985

1774  
252-256

Given under my hand and the seal of the State of Washington, at Olympia, the State Capitol.

Ralph Munro, Secretary of State

**ARTICLES OF INCORPORATION  
OF**

**NORTHWEST KENTUCKY FRIED CHICKEN FRANCHISEE ASSN.,** TRADING COMPANY OF STATE OF WASHINGTON

**\*KNOW ALL PERSONS BY THESE PRESENTS:** That the undersigned, Ole J. Lillegren

for the purpose of forming a corporation under the laws of the State of Washington, and in pursuance thereof do \_\_\_\_\_ hereby sign and acknowledge the following Articles of Incorporation, in duplicate originals, and state \_\_\_\_\_ as follows:

**ARTICLE I.**

The name of this corporation is and shall be

**NORTHWEST KENTUCKY FRIED CHICKEN FRANCHISEE ASSN., INC.**

**ARTICLE II.**

The corporation is to have perpetual existence.

**ARTICLE III.**

The general nature of the business of the corporation and the objects and purposes proposed to be transacted, promoted and carried on by it, are as follows:

- To engage in any lawful business as authorized in the  
STATE OF WASHINGTON**

2. In furtherance of and not in limitation of the general powers conferred by the laws of the State of Washington, it is expressly provided that this corporation shall also have the following powers:

(a) To purchase or otherwise acquire, so far as permitted by law, the whole or any part of the undertaking and business of any person, firm or corporation and the property and liabilities, including the good will, assets and stock in trade thereof, and to pay for the same either in cash or in shares, or partly in cash and partly in shares.

(b) To purchase or otherwise acquire, and to hold, maintain, work, develop, sell, lease, exchange, hire, convey, mortgage, or otherwise dispose of and deal in, lands and leaseholds, and any interest, estate and rights in real property and any personal or mixed property, and any franchises, rights, business or privileges necessary, convenient and appropriate for any of the purposes herein expressed.

(c) To acquire by purchase, subscription, or otherwise, and to hold for investment or otherwise, and to use, sell, assign, transfer, mortgage, pledge, or otherwise deal with or dispose of stocks, bonds, or any obligations or securities of this or any corporation or corporations; and to merge or consolidate with any corporation in such manner as may be provided by law.

(d) To borrow money, and to make and issue notes, bonds, debentures, obligations and evidences of indebtedness of all kinds, whether secured by mortgage, pledge or otherwise, without limit as to amount, except as may be prohibited by statute, and to secure the same by mortgage, pledge or otherwise, and generally to make and perform agreements and contracts of every kind and description.

(e) To conduct and carry on its business, or any part thereof, and to have one or more offices, and to exercise all or any of its corporate powers and rights in the State of Washington, and in the various states, territories, colonies and dependencies of the United States, in the District of Columbia, and in all or any foreign countries or country.

(f) To do all and everything necessary, suitable and proper for the accomplishment of any of the purposes, or the attainment of any of the objects, or the furtherance of any of the powers hereinabove set forth, either alone or in association with other corporations, firms or individuals, and to do every act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid business or powers, or any part or parts thereof: Provided, the same be not inconsistent with the laws under which this corporation is organized.

(g) To have such powers as are conferred upon corporations under the laws of this state.

**ARTICLE IV**

The aggregate number of shares which the corporation shall have authority to issue, including the classes thereof and special provisions, are as follows:

**500 shares, common, no par value**

SECRETARY  
of STATE



Ralph Munro

Corporations Division  
Olympic, Washington 98504  
Information (206) 753-7116  
Receptionist (206) 753-7120

STATEMENT AS TO THE VALUE OF NON PAR STOCK

I, OLE J. LILLEOREN, acting in the capacity of REGISTERED AGENT  
(name) (title)

of the corporation entitled NORTHWEST KENTUCKY FRIED CHICKEN FRANCHISES  
(name of corporation) ASBL, IN

state that to the best of my knowledge and belief the value  
received and to be received by said corporation in return for the  
issuance of its non par value stock does not exceed the sum of  
\$ 5,000.00.

2/21/85  
(date)

Ole J. Lilleoren  
(signature of officer/representative)

**SECRETARY  
of STATE**



Ralph Munro

Corporations Division  
Olympia, Washington 98504  
Information (206) 753-7115  
Receptionist (206) 753-7120

**CONSENT TO SERVE AS REGISTERED AGENT**

I, OLE J. LILLEGRUEN, hereby consent to serve as  
Registered Agent in the state of Washington, for the following  
corporation: NORTHWEST KENTUCKY FRIED CHICKEN FRANCHISE ASSN., INC

I understand that as agent for the corporation, it will be my  
responsibility to receive service of process in the name of the  
corporation; to forward all mail to the corporation; and to  
immediately notify the office of the Secretary of State in the  
event of my resignation, or of any changes in the registered  
office address of the corporation for which I am agent.

1/21/85

(date)

*Ole J. Lillegruen*

(Signature of Agent)

1061 15TH, LONGVIEW, WA 98632

(Registered office address)

(Note: If this form is to be used for a NONPROFIT corporation  
filing, a copy of the Resolution of Board of Directors appointing  
the agent must be attached to this consent form.)

2200 IDS CENTER  
80 SOUTH EIGHTH STREET  
MINNEAPOLIS, MINNESOTA 55402  
TELEPHONE (612) 977-8400  
FACSIMILE (612) 977-8650

# BRIGGS AND MORGAN

PROFESSIONAL ASSOCIATION

WRITER'S DIRECT DIAL

(612) 977-8699

WRITER'S E-MAIL

rgjpc@briggs.com

August 19, 2005

## VIA FEDERAL EXPRESS

Albert J. Kiss  
Robert Knop  
Federal Election Commission  
Office of the General Counsel  
999 E. Street, N.W.  
Washington, D.C. 20463

2005 AUG 22 P 3:09  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

**RE: AKFCF Political Action Committee**

Gentlemen:

I am writing in response to your e-mail to Mr. Buethe dated August 10, 2005. As you know, Mr. Buethe and Mr. Selden are both out of the office and in the interests of moving this process along quickly, they asked that I respond to your questions.

First, the AKFCF Bylaws that are currently in effect are those that were previously forwarded to your attention. The block quote in paragraph 4 of Mr. Selden's August 2, 2005 letter contained language that was intended to be in the text of the letter. I apologize for any confusion that this has caused.

Second, there is no requirement that an officer be one of the 30 representative directors from each region. However, if a representative member is chosen to be an officer, the region cannot designate another person to represent it on the board. Thus it is possible for the AKFCF Board of Directors to have anywhere from 30-35 members. See Article IV, Section 4.2 of the AKFCF By-Laws.

Finally, I confirm that the AKFCF PAC charter and bylaws previously sent to you were adopted on August 10, 2005.

I have also enclosed the remaining regional articles from Southern California.

**BRIGGS AND MORGAN**

Albert J. Kiss  
August 19, 2005  
Page 2

I believe that this is everything you requested. If you need any additional information, please let us know. Otherwise, I assume that the 60 day response time period will start to run upon your receipt of this correspondence.

Thank you for your attention to this matter.

Very truly yours,



Robin Caneff Gipson

RCG/kb



**State of California  
Secretary of State**



I, **BRUCE McPHERSON**, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

**IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of**

**AUG 1 2 2005**



**BRUCE McPHERSON  
Secretary of State**

1663959

ARTICLES OF INCORPORATION  
OF  
SOUTHERN CALIFORNIA KFC FRANCHISEES ASSOCIATION, INC.

FILED  
In the office of the Secretary of State  
of the State of California

MAY - 3 1990

*March Fred E...*  
MARCH FRED E... Secretary of State

ARTICLE 1

The name of this corporation is:

Southern California KFC Franchisees Association, Inc.

ARTICLE 2

A. This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific purpose of this corporation is to promote and further the interests of the Kentucky Fried Chicken franchisees in Southern California.

ARTICLE 3

The name in the State of California of this corporation's initial agent for service of process is:

Rodney R. Hatter, Esq.  
Hatter & Davey  
1201 Dove Street, Suite 600  
Newport Beach, CA 92660

ARTICLE 4

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

Dated: May 2, 1990

*Rodney R. Hatter*  
Rodney R. Hatter

I declare that I am the person who executed the above Articles of Incorporation, and that this instrument is my act and deed.

*Rodney R. Hatter*  
Rodney R. Hatter





"Busche, Neal T."  
<NBusche@Briggs.com>  
09/01/2005 11:46 AM

To <bdeutsch@fec.gov>, <jlevin@fec.gov>  
cc "Selden, Andrew C." <ASelden@Briggs.com>  
bcc  
Subject AKFCF PAC

**Mr. Deutsch and Mr. Levin**

**As we discussed this morning, in our letter of August 16, 2005, we stated that the AKFCF PAC charter and bylaws previously sent to you on July 14th were adopted on August 10, 2005. We need to correct that statement slightly. The AKFCF PAC Charter, Bylaws and Solicitation policies adopted had some minor technical changes from the version attached to the July 14th letter. I have attached the final versions below. The changes are:**

***Bylaws,***

**Article I, line 1: Change "corporation" to "AKFCF PAC"**

**Article 3.2, lines 2 & 3: Insert "fiscal" before "year"**

**Article 3.2, line 4: Insert "/Chairperson" after President**

**Article 3.3, line 6: Change "Articles of Incorporation" to "Charter"**

**Article 4.1, line 2: Change "corporation" to "AKFCF PAC" twice**

**Article 4.1, line 3: Change "Articles of Incorporation" to "Charter"**

**Article 4.3, lines 2 & 3: Change "this corporation" to "the AKFCF PAC" twice**

**Article 4.4, line 5: Change "this corporation" to "the AKFCF PAC"**

**Article 4.5, line 1: Insert "/Chairperson" after "President"**

**Article 4.5, lines 6 & 7: Change "the laws of the State of \_\_\_\_\_, the Articles of Incorporation" to "law, the Charter"**

**Article 4.6, line 4: Change "Articles of Incorporation" to "Charter"**

**Article 4.8, line 2: Insert "/Chairperson" after "President"**

**Article 5.1, line 2: Insert "/Chairperson" after "President"**

**Article 5.2, line 6: Change "this corporation" to "the AKFCF PAC" twice**

**Article 5.3, line 2: Insert "/Chairperson" after "President"**

**Article 5.5, line 1: Change "corporation" to "AKFCF PAC"**

**Article 5.6, lines 1 & 4: Insert "/Chairperson" after "President" three times**

**Article 5.6, line 2: Change "corporation" to "AKFCF PAC"**

**Article 5.7, line 2: Change "Articles of Incorporation" to "Charter"**

**Article 8.4, line 3: Change "corporation" to "AKFCF PAC"**

**Article 8.4, line 6: Change "Articles of Incorporation or Bylaws of the corporation" to "Charter or Bylaws."**

**Certification Page, para. 1: Delete "a corporation"**

**Certification Page, para. 2: Change "corporation" to "AKFCF PAC" and insert "7" before "pages"**

***Solicitation Policy* ,**

**page 4: Unbold last line**

**We also made a pagination correction.**

**Thank you.**

**Neal T. Buethe**

**Briggs & Morgan, PA**

**<<KFCdocs.PDF>>**

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**CHARTER**  
**OF**  
**ASSOCIATION OF KENTUCKY FRIED CHICKEN**  
**FRANCHISEES, INC. ("AKFCF")**  
**POLITICAL ACTION COMMITTEE**

**ARTICLE I.**  
**COMPOSITION**

The Association of Kentucky Fried Chicken Franchisees, Inc. Political Action Committee ("AKFCF PAC") is chartered as a Committee of the AKFCF Board of Directors.

**ARTICLE II.**  
**PURPOSES AND AUTHORITY**

AKFCF PAC is organized for the following purposes:

(1) To support the mission of the AKFCF and of the AKFCF Government Affairs Committee.

(2) To promote good citizenship and engage in political activities in support of candidates for election to federal offices and issues, including issue advocacy, at the federal level in support of the business interests of U.S. KFC franchisees.

(3) To achieve these purposes, AKFCF PAC is authorized to solicit and accept voluntary personal contributions, but only insofar as may be lawful. AKFCF PAC is authorized to expend such political contributions to support or oppose the candidacy, nomination and election of candidates for federal office, and to support or oppose any political party committee, political committee, or any resolution or ballot issue all at the federal, not state or local, level, in coordination with the AKFCF Government Affairs Committee.

All solicitations, contributions, and expenditures by AKFCF PAC shall be made in accordance with applicable laws and regulations, and the provisions of this Charter and the AKFCF PAC Bylaws.

### **ARTICLE III.**

#### **COMMITTEE COMPOSITION**

The general management of the property, policies, programs and affairs of the AKFCF PAC shall be exercised by a committee of eight U.S. KFC Franchisees (to be known as Directors) seven of whom (one from each U.S. Regional member of AKFCF) shall be appointed by the AKFCF Board of Directors or Executive Committee in accordance with the Bylaws, and ex officio the President of AKFCF. The AKFCF President shall designate the President/Chair of AKFCF PAC.

### **ARTICLE IV.**

#### **BYLAWS**

The AKFCF Board of Directors shall adopt, and reserves the authority to amend, restate or abolish, Bylaws governing the activities of AKFCF PAC.

### **ARTICLE V.**

#### **DISSOLUTION**

This Committee may be dissolved at the direction of the AKFCF Board of Directors. Upon such dissolution, all funds remaining in the depository accounts of AKFCF PAC shall be promptly returned to the contributors of the funds in the manner and allocation determined by the Board of Directors, or shall be promptly distributed to one or more political party committees or to tax-exempt charitable organizations, in accordance with the provisions of the AKFCF PAC Bylaws, as may be determined by the AKFCF Board.

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**BYLAWS**  
**OF**  
**THE ASSOCIATION OF KENTUCKY FRIED CHICKEN FRANCHISEES, INC.**  
**POLITICAL ACTION COMMITTEE ("AKFCF PAC")**

**ARTICLE I.**  
**OFFICES**

In addition to its registered office, the AKFCF PAC may have offices at any other location in the discretion of the Board of Directors.

**ARTICLE II.**  
**PURPOSE AND POWERS**

The purpose of AKFCF PAC is to promote good citizenship and further business interests that are of concern to the members of the AKFCF, through participation in the elective process at the federal level of government and to accept voluntary contributions and make contributions and other expenditures to encourage the election of qualified, informed, and constructive candidates for office or to support or oppose any political party committee, political committee or any resolution or ballot issue.

**ARTICLE III.**

**MEMBERS**

**Section 3.1 Qualification.** AKFCF PAC shall be a voluntary organization open only to U.S.-resident natural persons who are franchisees of Kentucky Fried Chicken Corp., or its affiliates or successors, to operate a KFC restaurant in the United States, and U.S.-resident natural persons who are shareholders or owners of U.S. KFC franchisees that are incorporated entities, and their respective executive and administrative employees who are paid on a salary rather than on an hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities as defined in 11 C.F.R. § 114.1(e). AKFCF PAC shall be independent of any political party, candidate, or organization except that it shall be a separate segregated fund of the Association of Kentucky Fried Chicken Franchisees, Inc. ("AKFCF"). A member may not be an employee, agent or consultant.

**Section 3.2 Meetings of Members.** An annual meeting of the Members shall be held in the second half of each fiscal year at the time and place designated by the Board of Directors. A midyear meeting shall be held in the first half of each fiscal year at a time and place designated by the Board. Special meetings of the Members may be called by the Board or the President/Chairperson, or 10% of the Members, or any five Directors.

**Section 3.3 Voting.** At meetings of Members, each Member is entitled to one vote in person or by proxy on each question in order before the Membership. At all meetings of Members a quorum for the transaction of business requires forty percent (40%) of the Members. The act of a majority of the Members present in person or by proxy at any meeting at which



there is a quorum is the act of the Members, except as may otherwise be specifically provided by law, the Charter or these Bylaws. There shall be no cumulative voting. A quorum, once established, is not lost by reason of departure of any number of Members from the meeting. If a quorum is not present at any meeting of Members, the Members present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is established.

**Section 3.4 Notice of Meetings.** Notice of each meeting of Members shall be given to each Member at least 10, but not more than 50, days before the date of the meeting.

**Section 3.5 Waiver of Notice.** A Member may waive notice of a meeting of Members before, at or after the meeting. Attendance at a meeting constitutes a waiver of notice of the meeting and consent to the place, time, notice and convening of the meeting, except when a Member states at the beginning of the meeting any objection to the transaction of business.

**Section 3.6 Membership List.** The Association shall maintain a complete list of Member names, addresses, telephone and facsimile numbers, and e-mail addresses (as updated periodically by Members). The Secretary shall make available for inspection during and for seven days preceding each meeting of Members, a complete list of the Members entitled to vote at the meeting. The list is open for examination by any Member for any purpose germane to the meeting during ordinary business hours of the Association, and during the course of the meeting.

**Section 3.7 Proxies.** Notwithstanding the terms of a proxy: A proxy must be in writing, delivered to the Secretary or to the chair of a meeting, signed and dated by the Member, and designate another Member of the same category in good standing as of the date of the meeting as the proxy. A proxy expires no later than 150 days after it is executed. A proxy is automatically revoked if the Member who gave it appears at a Meeting.

**Section 3.8 Attendance.** The Chair of a meeting may open all or parts of a meeting to designated guests.

#### **ARTICLE IV. BOARD OF DIRECTORS**

**Section 4.1 General Powers.** The Board of Directors shall manage the property, policies, programs, and affairs of the AKPCF PAC to carry out the purposes of the AKPCF PAC stated in the Charter.

**Section 4.2 Board Size.** The Board of Directors shall consist of seven appointed directors and, ex officio, the President of AKPCF. The initial appointed directors shall be appointed by the President of AKPCF after consulting with the President of each domestic Region. Each initial appointed Director shall serve for such term as may be determined by the President of AKPCF, and thereafter until a successor is chosen and qualified, or until the Director resigns or is removed.

**Section 4.3 Qualification.** Directors shall be of legal age, and lawful residents of the United States, and shall meet the qualifications in Section 3.1 to be Members of the AKPCF PAC. No two appointed Directors of the AKPCF PAC shall be employees or affiliates of the

same KFC franchisee and no two appointed Directors shall be primarily from the same AKFCF Region.

**Section 4.4 Appointment.** The President of AKFCF after consulting with the President of each domestic Region shall present a slate of seven qualified nominees, one from each AKFCF domestic (United States) Regional member, annually to the AKFCF Board of Directors. The seven individuals approved annually by the AKFCF Board of Directors shall serve one year terms as Directors of the AKFCF PAC.

**Section 4.5 Meetings.** A meeting of the Board may be called by the President/Chairperson or by any three Directors. Written notice of every annual, regular and special meeting of the Board shall be delivered, mailed, faxed, or sent by means of electronic communications, to each Director, addressed to the last address on file with the Secretary, at least twenty-four (24) hours before the meeting is to be held. Each such notice shall state the time and place of the meeting, but need not state the purposes thereof except as otherwise expressly required by law, the Charter, or these Bylaws. Notice of any meeting may be waived by a Director by signing a written waiver of notice or by attending the meeting. Directors may participate in a meeting by means of conference telephone through which each Director can speak and be heard by all participants. A Director may not appoint a proxy. A decision of the Directors is required to (a) determine to whom or on whose behalf contributions or expenditures will be made to support or oppose the candidacy, nomination and election of candidates for federal office, or to support or oppose any resolution or ballot issue, or (b) to determine the disposition of funds belonging to AKFCF PAC upon its dissolution. In lieu of a meeting, the directors may act on behalf of AKFCF PAC through a unanimous written consent resolution signed by all of the Directors.

**Section 4.6 Required Vote.** At all meetings of the Board a quorum for the transaction of business requires a majority of the Directors then holding office. The act of a majority of the Directors constituting a quorum is the act of the Board, except as may be otherwise specifically provided by law, the Charter, or these Bylaws. If a quorum is not present at a meeting of the Board, the Directors present may adjourn the meeting, without obligation to give notice other than announcement at the meeting, until a quorum is present. A quorum once established is not lost by reason of departure of any number of Directors from the meeting. Meetings of the Board may be lawfully convened, and a quorum ascertained, with one or more Directors participating by conference telephone or equivalent means, provided each Director present is able to speak to and hear every other Director.

**Section 4.7 Removal and Vacancies of Board Members.** Any Director may be removed, with or without cause, by the Board or Executive Committee of AKFCF. Vacancies shall be filled by the President of AKFCF.

**Section 4.8 Resignation of Board Member.** Any Director may resign at any time by delivering a written resignation to the President/Chairperson or Secretary or to the President of AKFCF. The resignation of any director shall take effect at the time, if any, specified therein, or if no time is specified therein, immediately upon receipt thereof by the officer of this corporation to whom it is given; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## ARTICLE V.

### OFFICERS

**Section 5.1 Number.** The AKFCF PAC shall have no fewer than three (3) officers. The officers shall include a President/Chairperson, a Treasurer, an assistant Treasurer and such other officers as may be determined by the Board of Directors. A person may hold more than one office at the same time.

**Section 5.2 Appointment, Term of Office, and Qualifications.** The officers shall be appointed by the Board of Directors. The officers shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. All officers shall hold office until their successors are chosen and qualified or until their respective earlier resignation or removal. Officers shall be Members of the AKFCF PAC, but need not be Directors of the AKFCF PAC.

**Section 5.3 Resignation.** An officer may resign at any time by giving written notice of his or her resignation to the President/Chairperson or to the Secretary or to the President of AKFCF. The resignation of an officer shall take effect at the time, if any, specified therein, or if no time is specified therein, immediately upon receipt thereof by the officer to whom it is given; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

**Section 5.4 Removal.** Any officer may be removed, either with or without cause, by the Board of Directors.

**Section 5.5 Vacancies.** A vacancy in an office of the AKFCF PAC shall be filled by a majority of the Directors then in office.

**Section 5.6 President/Chairperson.** The President/Chairperson shall have and exercise general charge and supervision over the day to day activities of the AKFCF PAC under the direction of the Board of Directors; shall do and perform such other duties as may be assigned by the Board; and in general shall perform all duties usually incident to the office of the President/Chairperson.

**Section 5.7 Treasurer.** The Treasurer shall be the Chief Financial Officer of AKFCF PAC. Subject to provisions of the Charter and applicable law, the Treasurer shall have custody of all funds, shall keep full and accurate accounts of receipts and disbursements in books belonging to AKFCF PAC, shall cause all funds to be deposited, and shall keep detailed records, accounts, bills and receipts in a manner authorized by the AKFCF PAC. The Treasurer shall disburse the funds of AKFCF PAC as may be ordered by the Board of Directors, taking proper documentation for such disbursements. The Treasurer shall also prepare, sign, file and maintain copies of all reports and tax returns concerning the activities of AKFCF PAC.

## ARTICLE VI.

### SOLICITATION OF VOLUNTARY CONTRIBUTIONS

**Section 6.1 Solicitations.** AKFCF PAC, in accordance with applicable law, may solicit and accept voluntary political contributions only from members and from qualified executives, administrative personnel, and stockholders/owners of the U.S. franchise members of the U.S. domestic Regional members of AKFCF, insofar as may be lawful.

**Section 6.2 Deposit of Funds.** Voluntary political contributions received by AKFCF PAC shall be deposited in a checking account or similar transaction account designated by the Treasurer as the depository of AKFCF PAC. Except as provided by applicable law, all voluntary contributions shall be deposited within 10 days of the Treasurer's receipt thereof. Funds in the depository account, and any other accounts maintained by the Treasurer on behalf of AKFCF PAC, shall be reported, maintained and disbursed from said accounts in accordance with applicable law.

**Section 6.3 Investment of Funds.** Funds may be transferred from the depository account for investment purposes, but shall be returned to the depository account before being used to make contributions or expenditures to or on behalf of federal or other candidates, or in support of or in opposition to any resolution or ballot issue.

**Section 6.4 No Commingling.** No funds belonging to AKFCF, or to any other person, entity or organization, shall be commingled with any funds of AKFCF PAC.

## ARTICLE VII.

### CONTRIBUTIONS AND EXPENDITURES

**Section 7.1 Contributions.** The Treasurer shall cause to be made such disbursement or disbursements in support of or in opposition to federal candidates, or in support or in opposition to any resolution or ballot issue as shall be determined by the Board of Directors. In no event shall such disbursements to or on behalf of any single candidate or political committee, or the aggregate of all disbursements made to or on behalf of all candidates, exceed any maximum amounts applicable to AKFCF PAC under applicable law.

**Section 7.2 Other Expenditures.** In accordance with applicable law, AKFCF PAC may make such other expenditures, contributions, and disbursements as may be authorized by the Board of Directors.

## ARTICLE VIII. MISCELLANEOUS

**Section 8.1 Fiscal Year.** The fiscal year of AKFCF PAC shall be the year ending OCTOBER 31 of each calendar year.

**Section 8.2 Annual Statements.** Not later than four months after the close of each fiscal year, and in any case before the next annual meeting of the Board of Directors, the Treasurer shall prepare or cause to be prepared and deliver to the President and Secretary:

(a) a balance sheet showing in reasonable detail the financial condition of AKFCF PAC as of the close of its fiscal year; and

(b) a statement showing the sources and uses of funds by AKFCF PAC during its fiscal year.

**Section 8.3 Notices.** Notices shall be in writing and shall be personally delivered, mailed to the recipient's last known address on record with the Secretary, or sent by facsimile, e-mail, telex or private courier service.

**Section 8.4 Authority.** No person, other than a duly appointed Officer of AKFCF PAC acting within his or her authority in that capacity, shall speak for or on behalf of AKFCF PAC, contract for or bind the AKFCF PAC, or incur any obligation for or on behalf of AKFCF PAC without the express written authority of the Board or the Executive Committee, which authority may be general or limited, or as may be expressly permitted by the Charter or Bylaws.

**Section 8.5 Required Signatures.** Signatures of two officers shall be required on all checks drawn on funds of AKFCF PAC over \$1,000.

#### **ARTICLE IX. AMENDMENTS TO BYLAWS**

The Bylaws may be amended, restated or repealed in whole or in part by action of the Board of Directors and concurrence by the Board of Directors of AKFCF.

The undersigned DOES HEREBY CERTIFY that:

1. I am the duly elected and acting Secretary of the AKFCF PAC; and
2. The foregoing Bylaws, consisting of 7 pages, constitute the original Bylaws of the AKFCF PAC as duly adopted by written action of the directors, effective as of \_\_\_\_\_, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of the \_\_\_\_ day of \_\_\_\_\_, 2005.

**AKFCF PAC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **AKPCF PAC SOLICITATION POLICY**

Following are guidelines for solicitation for contributions to the Association of Kentucky Fried Chicken Franchisees Political Action Committee (AKPCF PAC, or the "PAC"). Federal law prohibits soliciting on behalf of a PAC in a coercive way or in a way that suggests that an employee's decision concerning contributing to the PAC is a condition of an employee's employment or in any way will affect continuing employment. The following are examples of a solicitation: direct requests for a contribution, asking persons to buy tickets to a fund-raising event or a raffle, or operating a fund-raising booth at a trade association convention.

The following guidelines must be followed in every solicitation by the PAC:

1. Corporate entities cannot be solicited, and cannot make contributions to the PAC. Under no circumstances may the PAC solicit the general public.
2. The PAC may solicit and may accept contributions only from stockholders, and executive or administrative personnel, of U.S. Kentucky Fried Chicken franchisees who are members of one of the seven domestic U.S. Regional members of the Association of Kentucky Fried Chicken Franchisees, Inc. These persons are called the PAC's "restricted class." Individuals who are paid by a salary rather than an hourly basis and who have policymaking, managerial, professional or supervisory responsibilities are considered "executive or administrative personnel." This definition includes corporate officers, executives and managers. Professionals represented by labor unions, salaried low-level supervisors of hourly employees, former or retired personnel or consultants may not be solicited. Corporate directors of members of the restricted class may only be solicited if they are stockholders or receive a regular salary or fee for their service.
3. Immediate family members (mother, father, sons and daughters) of members of the restricted class who reside with the member of the restricted class are also members of the restricted class and may be solicited, and contribute to the PAC.
4. No corporate member of the restricted class may be solicited by or on behalf of the PAC, or contribute to the PAC, unless both (1) the Region (the Regional member of AKPCF) of which the member of the restricted class is a member franchisee; and (2) the member franchisee have given to the PAC written consent for such solicitation or contribution to occur. A consent shall be in the form of a resolution of the Region and member's Board of Directors certified by its Secretary. If a member franchisee is a member of more than one Region, for purposes of the Region's consent the franchisee shall be deemed to belong only to the Region in which the franchisee has its principal place of business. A Region or member must provide consent annually and no solicitation may be made of or contribution accepted from a member of the restricted class unless the Region and its member has consented as provided above within the preceding 90 weeks and has not notified the PAC that the consent has been withdrawn.

5. **Members of the restricted class may be solicited as often as necessary as authorized by the PAC Board.**
6. **Federal law prohibits PAC solicitation of foreign nationals. Thus, no person from the Mexico, CARIBLA, and Canada Regions may be solicited at any time.**
7. **The PAC may not collect contributions through a payroll deduction plan and members of the restricted class may not designate a portion of their Regional membership fees or dues to the PAC.**
8. **There is a limit of \$5,000 on the amount an individual may contribute to a PAC in a calendar year. In addition, cash contributions exceeding \$100 per contributor per year are illegal. For this reason, contributions to the PAC should be made by check only.**
9. **Contributions to the PAC are not tax deductible.**
10. **When a contribution is received, the PAC's Treasurer must deposit it or return it within 10 days of receipt. If the Treasurer is not available to do so, the Assistant Treasurer must deposit the check or return it to the contributor within 10 days of receipt.**
11. **The PAC's Treasurer must examine all contributions for evidence of illegality and must determine whether the contribution exceeds the limits set forth under federal law. If there is a question of legality, the Treasurer must, within 10 days of receipt, deposit or return the contribution. If a possibly illegal contribution is deposited, the PAC cannot use the funds until their legality is confirmed. The funds in doubt must be segregated or the Treasurer must ensure that the deposit account can cover any necessary refund. The Treasurer must return contributions determined to be illegal contributions within 30 days of receipt. The Treasurer must make and retain a written record noting the basis for the contribution's appearance of illegality and disclose that the contribution's legality is in question on any reports required to be filed in that timeframe. If the contribution is accepted but later returned because it is illegal, the Treasurer must note the refund on the report covering the reporting period in which the refund is made.**
12. **AKFCF and its Regional members may engage in joint solicitation of members of the restricted class but may not engage in separate solicitation of the same people.**
13. **Contributions must be purely voluntary and undue pressure on any person to contribute must be strictly avoided.**
14. **Contribution amounts may be suggested so long as it is clear that the guidelines are only suggestions, will not be enforced and that the person solicited can contribute in any amount he or she wishes or not contribute at all without any reprisal. The PAC may not set minimum or maximum contribution amounts except as provided by law.**



15. Solicitations cannot suggest that contributing is a condition of employment. Thus, the following phrases cannot be used on a written solicitation: "must contribute," "have to contribute," or "is required to contribute."
16. Solicitations cannot directly or indirectly imply that a contribution will affect an employee's opportunity for advancement. Solicitations may, however, inform employees that it is important to contribute to the PAC. In addition, PAC contributions can be characterized as helping to elect candidates holding views consistent with the AKFCF members' interests.
17. The PAC may use internet or intranet sites for fundraising purposes only if access to the site of the actual solicitation is limited to members of the restricted class. The PAC may use email to send solicitations so long as the PAC uses appropriate safeguards to ensure that only restricted class members receive the email.
18. Written or oral solicitations must communicate the following:
  - (a) A statement informing the person solicited of the political purposes of the fund at the time of the solicitation;
  - (b) A statement informing the person solicited that he or she may refuse to contribute without reprisal;
  - (c) So that the fund and the Treasurer are deemed to use best efforts to obtain reporting information on contributors, the following sentence: "Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions exceed \$200 in a calendar year." This request must appear in a clear and conspicuous manner on any response material contained in a solicitation.
  - (d) That contributions to the PAC are not tax deductible as charitable contributions for federal income tax purposes. This statement must also be made in a conspicuous and easily recognizable format.
19. Follow-up communications with solicitees may not be made to ask solicitees if they have contributed to the PAC, or if they have not contributed, to ask why not. Follow-up communications can be made, however, to offer to answer any questions a solicitee may have. An oral follow-up communication, such as a phone call, should be scripted. Also, the direct supervisor of a person solicited may not make follow-up communications. The PAC's Board and the AKFCF Government Relations Committee must be notified in advance of any follow-up communications with solicitees.
20. Oral solicitations should not be one-on-one. Oral solicitations of groups (e.g., Regional or AKFCF closed membership meetings) are permitted so long as the solicitation is scripted and the PAC's Board and AKFCF's Government Relations Committee reviews the solicitation script and any audio visual materials used in the solicitation.

21. **Written solicitations must be reviewed in advance by the PAC's Board and by the AKFCF Government Relations Committee. Attached to this policy is a sample solicitation letter, contribution card and script for a meeting to solicit PAC contributions.**

**Any variance from the procedures set forth above requires written approval of the AKFCF PAC Board and AKFCF Government Relations Committee.**

## Sample Solicitation Letter

Dear \_\_\_\_\_:

The purpose of this letter is to introduce you to the Association of Kentucky Fried Chicken Franchisees' Political Action Committee (AKFCF PAC) and ask you to support it with your voluntary contributions.

We recently formed the PAC to aid in our efforts to influence important public policy issues that affect the well-being of U.S. KFC franchisees who are members of AKFCF Regions. Federal policies and legislation increasingly dictate how we do business. For example, minimum wage laws, environmental law, and obesity litigation all have potentially adverse impacts on KFC franchisees.

We need to ensure that legislators and policymakers are fully informed of our members' concerns. In addition, we need to help elect candidates who hold views consistent with the goals of KFC franchisees. A PAC is a legal and efficient means of combining our individual contributions so that those contributions have the maximum effect and impact on the electoral process.

We need your support to make the AKFCF PAC succeed. We hope that you will generously contribute to the AKFCF PAC. If you wish to support the PAC, please fill out the enclosed Contribution Card and return it with your contribution check to \_\_\_\_\_ . Please remember these two very important points: Under federal law, only U.S. individuals may contribute to a PAC. Contributions by corporations (including LLCs, etc.) and by non-U.S. citizens are strictly prohibited. Also, contributions to PACs are not deductible on federal tax returns as charitable contributions.

Sincerely,

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**PAC CONTRIBUTION CARD**

I have decided to contribute to the AKFCF PAC. I am a U.S. citizen. I have been informed and am aware of the following:

- Contributions to the PAC will be used in connection with federal elections and are subject to the prohibitions and limitations of federal law.
- I have a right to refuse to contribute to the PAC without reprisal.
- Any guideline contribution amounts provided to me are merely suggestions. I may contribute more or less money or I can decide not to contribute. I will not be favored or disadvantaged by reason of the amount of my contribution or my decision not to contribute.
- Contributions to the PAC are not tax-deductible.

Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions exceed \$200 in a calendar year. Please provide the following information:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature Date

### **Script for Meeting to Solicit Contributions to AKFCF PAC**

- **Thank you for taking the time to join me to discuss the AKFCF PAC.**
- **It is important that U.S. KFC franchisees participate in the federal political process. The well being of our KFC businesses depends on having lawmakers who share our views on issues important to KFC franchisees.**
- **For example, issues of importance to KFC franchisees include federal minimum wage law, federal environmental laws, and diversity litigation.**
- **A critical way for AKFCF's interests to be adequately represented in Congress is for you to join the AKFCF PAC. The PAC allows qualified franchisees and their executive employees to pool their money and have a stronger voice in the legislative process.**
- **Your participation is important to the success of AKFCF's Government Affairs programs.**
- **The materials I am handing out give instructions on how to make contributions to the PAC. Please review these materials before deciding whether or not to contribute. While we think your participation is important, your participation is voluntary and if you decide not to make a contribution, you will not be disadvantaged in any way.**
- **Only qualified individuals may contribute. Please review the criteria carefully.**