

THE BYLAWS OF THE

**AMERICAN INSTITUTE FOR
ECONOMIC RESEARCH**

With Revisions Adopted November 22, 1985

PREAMBLE

Since 1934 the American Institute for Economic Research, Incorporated, has demonstrated the value of its scientific, educational, and charitable activities. In view of the changing laws, conditions, and circumstances under which its operations are conducted, from time to time the Bylaws are amended, but always in a manner to ensure that the Institute shall operate as a nonprofit exempt organization within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and as an organization that is not a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

**PART I:
GENERAL PROVISIONS**

1. In order to avoid any possibility of bias resulting from an attempt to satisfy a few wealthy donors, the Institute shall seek to derive its support primarily from contributions by the general public and from the distribution of publications presenting the results of scientific research it has undertaken.

2. The Institute may not accept gifts of money or other property that carry with them or include any restrictions on scientific procedures of research or that would involve activities inconsistent with its purposes. A large endowment fund per se shall not be sought; all funds received by the Institute, other than required reserves, shall be expended for Institute purposes within

a reasonable time after their receipt.

3. There shall be no shareholders or individuals having a personal or private interest in the resources of the Institute. None of the income or property of the Institute may be divided among or distributed to any individuals except for reimbursement for services rendered as herein specified.

4. The Institute shall be completely nonpolitical; no Institute funds shall be contributed to any political party or candidate, nor shall any of the Institute's personnel be permitted to carry on political activities of any kind during the regular hours of duty. Such political activities shall constitute grounds for immediate removal for cause.

5. The Institute shall not offer any securities, life insurance contracts, or investments, or counseling with respect to securities, life insurance contracts, or investments.

6. All employees of the Institute engaged in research or inquiry are required to make available first to the Institute the fruit of such research or inquiry in whatever form it may be, including statistical analysis, writing, or inventions, if any substantial portion of the work involved was done during the usual working hours or was done at Institute expense or involved the use of Institute resources.

7. The names of those who purchase the publications or services of the Institute or of any wholly owned subsidiary of the Institute, or inquire about their activities, or who make contributions to the Institute, shall not be rented, sold, or given to any outside agency or individual.

8. The only publications issued by the Institute shall be those presenting the results of inquiries undertaken by members of the Institute Staff or Institute Fellows; the Institute may not engage in a general publishing business; and no advertising by outside interests shall appear in Institute publications.

9. The results of the Institute's scientific research shall be available to the general public as well as to any educational institution. Institute publi-

cations may be quoted, without charge, but with credit to the Institute, by other noncommercial researchers or organizations.

10. All meetings of the Members of the Corporation, of the Board of Trustees, and of any committees of either, shall be governed by Robert's Rules of Order, Revised, except as may be otherwise indicated herein.

11. In the event of the termination of the Institute's activities, all remaining assets shall be transferred at the direction of the Board of Trustees to one or more similar nonprofit, educational, and scientific organizations, which at the time of such transfer shall qualify as organizations described in Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code or any similar or successor provisions.

PART II: MEMBERS OF THE CORPORATION

1. The Members of the Corporation are those who originally associated to incorporate plus additional Members elected under the provisions of these Bylaws.

2. The Members of the Corporation may, by a majority vote, elect additional Members, who shall serve for six (6) years and shall be eligible for reelection for successive six (6) year terms; however, the term of any Member who is an employee of the Institute shall expire on the date such Member's status as an employee of the Institute is terminated for cause.

3. Trustees who are not Members of the Corporation, but who are re-elected for a second term as Trustee, shall automatically thereby become Members of the Corporation and shall retain that status while serving as Trustees.

4. A Member may vote by proxy. Each proxy must be executed in writing and shall not be valid after the expiration of three (3) months from the date of its execution.

5. The Members of the Corporation shall meet annually. Special meet-

ings of the Members may be called on ten (10) days' notice in writing to each Member thereof, and may be called by the President or at the written request of fifteen (15) percent of the total Membership.

6. Reports on organizational affairs and on the financial status of the Institute as determined by an independent auditor shall be rendered at least once a year to the Members of the Corporation, either by mail or at a meeting; provided that if the reports are presented at a meeting of the Members, copies of the written reports shall be mailed to all Members who were absent.

7. The Members reserve to themselves the following powers:

- a. To amend the Bylaws of the Corporation;
- b. To elect the Trustees;
- c. To elect the Secretary of the Corporation and to fill vacancies in that position;
- d. To elect the Standing Committee of the Members of the Corporation.

8. The Standing Committee shall be elected at each Annual Meeting, and shall consist of nine (9) persons, all of whom shall be Members of the Corporation, no more than three (3) of whom shall be Trustees, and none of whom shall be paid employees of the Institute or of any subsidiary. An Alternate may be elected to serve in the absence of a regularly elected Committee member.

- a. The Standing Committee may exercise all powers of the Members of the Corporation between meetings of the Members, except that the Standing Committee shall have no power to amend the Bylaws of the Corporation.
- b. The Standing Committee shall elect its own Chairman and its Secretary shall be the Secretary of the Corporation.

- c. Meetings of the Standing Committee may be called by the Chairman of the Committee, the Secretary, or by any three (3) Committee members, on ten (10) days notice to each member thereof.

**PART III:
BOARD OF TRUSTEES**

1. The Board of Trustees shall consist of no more than thirteen (13) persons. No one shall be eligible for election as a Trustee while serving as a paid employee of the Institute or of any wholly owned subsidiary of the Institute.

2. Trustees shall be elected by the Members of the Corporation. Each new Trustee shall be elected for a term of three (3) years to expire at the third Annual Meeting of the Corporation following the meeting at which such Trustee was elected, and a Trustee shall be eligible for reelection for successive three (3) year terms, provided that the initial term of a Trustee elected to succeed a Trustee whose term of office has not expired shall be only for the remainder of the term of the Trustee being succeeded. The Members of the Corporation may elect an Alternate Trustee who shall serve as a Trustee if a mid-term vacancy develops on the Board of Trustees or if any Trustee is temporarily disabled or disqualified.

3. Trustees shall receive no compensation, but only reimbursement of expenses, in connection with Institute business.

4. A quorum for Board meetings shall consist of a majority of the Trustees then in office. Voting by proxy is not permitted. Decisions of the Board require a majority vote of those in attendance when the vote is taken. Special meetings of the Board of Trustees may be called by the Chairman of the Board, by the President, or at the written request of any three (3) Trustees, on ten (10) days' notice to the members of the Board.

5. The Chairman of the Board shall be elected by the Board for a period of one (1) year or until a successor is elected.

6. The Board of Trustees shall, on behalf of the Institute, have the power

to collect, sue for, receive, and receipt for all sums of money at any time coming due to the Institute; to buy and sell property, both real and personal; to employ counsel; to borrow money and issue notes to evidence such debts; to mortgage the corporate property; to buy, sell, lease, mortgage, and otherwise acquire stocks, bonds, or other securities; to make all necessary contracts, orders, and obligations; and to take any other action required for accomplishing the purposes of the Institute.

7. No sale, mortgage, or alienation by the Institute of its property other than sales in the ordinary course of business shall be made except upon adoption of a resolution by the Board of Trustees authorizing same, which shall be duly recorded in the Minutes of the Board of Trustees' meetings.

8. The Board of Trustees shall have the power to appoint such agents and servants as it deems necessary in the carrying out of its duties, and to fix the compensation of such agents.

9. The Board of Trustees shall have the power to remove from office the President, the Director of Research and Education, and the Comptroller, with or without cause; to fill vacancies in those positions; and to determine the compensation of those officers.

10. If any Trustee shall at any time and for any reason be held to personal liability as a Trustee, not due to any act of such Trustee in bad faith, such Trustee shall be held harmless and be indemnified by the Institute.

PART IV: OFFICERS AND FACULTY

1. The principal management officers of the Corporation shall be designated as the President, the Director of Research and Education, and the Comptroller. All of said officers shall serve at the pleasure of the Board of Trustees.

- a. The President shall serve as, and with the powers of, the principal executive and administrative officer of the Corporation, including the administration of those funds for which the Corporation may be

designated as Trustee, and shall represent the Institute as shareholder with respect to any corporation in which the Institute holds stock. The President shall be responsible in all matters to the Board of Trustees, and shall supervise the work of the Director of Research and Education and of the Comptroller.

- b. The Director of Research and Education shall be responsible for the research and educational activities of the Institute, including publications; shall report periodically to the Board on such activities; shall chair the Faculty; and, unless the Board directs otherwise, shall carry out the duties of the President during any temporary absence or incapacity of the President.
- c. The Comptroller shall be responsible for the Institute's financial records, for implementing Institute financial policy, and for providing timely reports to the President and the Board of Trustees. The Comptroller shall have the power to sign checks and other financial documents essential to the routine operations of the Institute; provided that all funds in excess of those required for payment of routine monthly bills shall be placed promptly in accounts or investments requiring two (2) signatures for withdrawals or sales.

2. The Secretary of the Corporation shall serve at the will of the Members of the Corporation and may be removed from office, without cause or notice, by a vote of the Members of the Corporation.

- a. The Secretary may appoint one or more Assistant Secretaries who shall serve at the pleasure of the Secretary and shall have the powers and duties of the Secretary in the absence of the Secretary.
- b. The Secretary, or an Assistant Secretary, of the Corporation shall make, keep, preserve, and authenticate accurate, fair, and concise records of all proceedings of the meetings of the Members of the Corporation, the Board of Trustees, and any committees thereof. The records of the proceedings of such meetings as certified by the Secretary, which records shall be kept at the Institute's home office, shall be the official records of such proceedings. The Secre-

tary shall give the required notices of all meetings of the Members of the Corporation, the Board of Trustees, and of any committees thereof, and shall attend all such meetings. The Secretary shall have no right to participate in the discussion or to vote at any meeting unless the Secretary is a duly elected voting member of the group involved.

3. The Institute's research and educational methods shall be supervised by the Faculty in order to ensure that the research activities of the Institute conform with modern scientific procedures and that neither those activities nor the Institute's educational work are dictated by persons having interests that conflict with the nonpolitical, noncommercial, scientific, and educational character of the Institute. In the event that the majority of the Faculty concludes that there is a threat to the scientific integrity of the Institute, the Director of Research and Education shall communicate that majority view to the Board of Trustees.

- a. Appointments to the Faculty are made by the Director of Research and Education subject to the approval of the President and of the Board of Trustees.
- b. The internal procedures governing Faculty deliberations and the specific terms and conditions of Faculty and professional research staff appointments, all of which shall be consistent with these By-laws, are described in the Faculty Handbook.

PART V: AMENDMENTS TO THE BYLAWS

1. Amendments to the Bylaws of the Corporation, unless otherwise specified in any such amendment, shall be effective upon adoption. Each future amendment to the Bylaws shall contain a parenthetical notation indicating the date on which the same was adopted.

2. Amendments to the Bylaws require a two-thirds vote of the entire Membership for adoption. Amendments may be adopted at the Annual Meeting, at any Special Meeting if notice of the complete substance of the

proposed amendment was included in the call for the meeting, or by a mail vote provided that the Members have thirty (30) days to return their ballots from the date the ballots were mailed to the Members by the Institute.