

PROPOSED BYLAW CHANGES

NSSEA's Governance Task Force has been working on the Association's behalf, since the last Annual Meeting, to audit NSSEA's current governance structure. As a result of their work, numerous bylaw changes were proposed to, and approved by, the Executive Committee which will be presented to the membership for a vote at the Annual Meeting on March 4, 2006.

We will be asking the Membership to approve the following potential bylaw changes. We've indicated if the proposed change is a new section for the bylaws, ~~deleted~~ wording, or changed or added wording.

Current

Proposed Change

Item # 1.

Article IX – Directors & Their Duties

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Section 2

Section 2 (change)

The Board of Directors, all of whom shall be executives of member companies, shall consist of the following:

The Board of Directors, all of whom shall be executives of member companies, shall consist of the following:

- a) The Officers of the Association.
- b) One Regional Director, one dealer member from Region Four, who shall serve for a term of two years.
- c) Three Directors-at-Large, from the membership at large, who shall serve for a term of two years.
- d) One manufacturer Director designated from the Suppliers Council.
- e) One manufacturer Director designated from the Equipment Manufacturers Council.
- f) One dealer Director designated from Each of the two dealer Councils.
- g) One Independent Manufacturers Representative.

- a) The Officers of the Association.
- b) Six Dealers at Large (at least two retail oriented, two non-retail, two at large).
- c) Six Manufacturers at Large (at least two equipment, two non-equipment, two at large).
- d) One Independent Manufacturers Representative.

Rationale: This change simplifies the Board of Directors structure while maintaining an even split for the voting seats on the Board between manufacturers and dealers, and by the broad product categories members represent. The Board would still like to receive reports from the Council and Lead Chairmen and International Ambassadors (formerly the International Directors).

Item # 2.

Article IX – Directors & Their Duties

Section 5

The Regional Director shall be the representative Officer in his or her Region and shall preside over all meetings of the members of his or her Region.

Article IX – Directors & Their Duties

Section 5

At Large Board members will serve for a term of three years.

Rationale: The structure of the Board has eliminated Regional Directors and replaced them with dealers at large. In addition, lengthening the term for at large Board members from two years to three years provides greater continuity when the Board focuses on strategic planning for the association.

Item # 3.

Article XI – Elections

Section 1

b) The Nominating Committee shall be composed of the two most recent eligible (an eligible person shall be defined as one who is actively engaged in management with a member company) Past Chairmen of the Board, plus two dealer, two manufacturer, and one independent manufacturer representative members, not currently officers, directors or Past Chairmen of the Board, and the Chairman of the Board, elected by the Executive Committee for two-year terms in alternating years. Elected members of the Nominating Committee may not succeed themselves. The most senior Past Chairman of the Board in attendance will serve as Chairman. The Nominating Committee shall be constituted annually by the Executive Committee . Six members shall constitute a quorum for the transaction of business.

Article XI – Elections

Section 1 (change)

b) The Nominating Committee shall be composed of the two most recent eligible (an eligible person shall be defined as one who is actively engaged in management with a member company) Past Chairmen of the Board, the current Chairman of the Board, plus one member from the Retail Store Council (selected by the Retail Store Council), one retail member, not currently on the Retail Store Council (selected by the Retail Store Council), one member from the Distribution Council (selected by the Distribution Council), one distribution member, not currently on the Distribution Council (selected by the Distribution Council), one member from the Suppliers Council (selected by the Suppliers Council), one supplier member, not currently on the Suppliers Council (selected by the Suppliers Council), one member from the Equipment Manufacturers Council (selected by the Equipment Manufacturers Council), one equipment manufacturer member, not

currently on the Equipment Manufacturers Council (selected by the Equipment Manufacturers Council), and one Independent Manufacturers Representative (selected by the Independent Manufacturers Committee), not currently officers, directors or Past Chairmen of the Board. Terms of Committee and Council representatives on the Nominating Committee shall be two years and staggered to retain continuity. The most senior Past Chairman of the Board in attendance will serve as Chairman. The Nominating Committee shall be constituted annually by the Executive Committee. Nine members shall constitute a quorum for the transaction of business.

- c) Each region shall select its director-nominees at least 90 days prior to the Annual Meeting. In the event that no nominee is selected by a Region the Nominating Committee will propose a nominee from that region for director.
 - d) Regional Directors from Regions one, two and three shall be elected in the even numbered years and the Regional Director from Region four shall be elected in the odd numbered years.
 - e) The number of Directors-at-Large elected shall be three in each year.
 - g) Members of the Nominating Committee should refrain from nominating themselves, or other Nominating Committee members, for open leadership positions during the meeting. However, should a Nominating Committee member be included in the background materials as nominees from the membership at large then they should be given full consideration for that position.
- ~~e) Each region shall select its director-nominees at least 90 days prior to the Annual Meeting. In the event that no nominee is selected by a Region the Nominating Committee will propose a nominee from that region for director.~~
 - ~~d) Regional Directors from Regions one, two and three shall be elected in even numbered years and the Regional Director from Region four shall be elected in the odd numbered years.~~
 - e) The number of manufacturer and dealer Directors-at-Large shall be two in each year.
 - g) Nominating Committee members cannot be elected to any other leadership position while serving on the Nominating Committee.

Rationale: The Nominating Committee structure changes to represent all segments of the membership and empowers the Councils to select their own representative from both their own group and a member at large from their own market segment. The Board structure has changed such that there are no Regional Directors, having been replaced with dealers at large, thus there is no need for each region to nominate their own Regional Director. The new Board structure entails six each manufacturer and dealer directors serving three year terms. Electing two dealer and manufacturer directors each year optimizes the continuity for the Boards primary mission of strategic planning. Restricting Nominating Committee members from being elected to other leadership positions while serving on the Nominating Committee affords greater opportunities for other members to serve in the leadership.