

DRAFT

BYLAWS

OF

TOBACCO INDUSTRY LABOR/MANAGEMENT COMMITTEE

(A Virginia Nonstock Corporation)

Article I

Name, Offices, Mission Statement

- 1.1 **Name.** The name of the association shall be the Tobacco Industry Labor/Management Committee (hereinafter the "Committee").
- 1.2 **Office.** The Committee's registered office in the Commonwealth of Virginia shall be located at such place as the Board of Directors may select. The Board shall appoint a qualified person as the registered agent of the Committee at such registered office.
- 1.3 **Other Corporate Offices.** The Committee may have such other offices, either within or without the Commonwealth of Virginia, as the Board of Directors may from time-to-time determine.
- 1.4 **Mission.** The mission of the Committee shall be to contribute and promote greater cooperation among the various labor and management segments of the tobacco industry in order to improve job security and economic development and to assist employees and employers in solving problems of mutual concern that are not susceptible to resolution through collective bargaining. The Committee will seek to perform its mission through labor-management cooperative endeavors such as (1) public education, (2) research on economic problems facing the tobacco industry, including the impact of resulting industry changes on employment and employee well-being, and (3) providing grants to entities having a commonality of interest with the Committee. The Committee will not interfere with any collective bargaining agreements or deal with wages, hours or working conditions that are the subject of collective bargaining under the National Labor Relations Act.

Article II

Definitions

- 2.1 **Definitions.** As used in these Bylaws, the following terms shall have the following meanings:

"Committee" means Tobacco Industry Labor/Management Committee

"Member" shall mean any of the following:

- Bakery, Confectionery, Tobacco Workers and Grain Millers International Union
- International Association of Machinists and Aerospace Workers

- Brown & Williamson Tobacco Corporation
- Lorillard Tobacco Company
- Philip Morris USA
- Any other "Eligible Organization"

"Eligible Organization" shall mean any U.S. labor organization representing employees of manufacturers of cigarettes OR any U.S. manufacturer of cigarettes.

"Labor Union Member" shall mean any entity approved for membership in the Committee which represents employees of manufacturers of cigarettes.

"Observer Organization" shall mean any of the following:

- Trade and Industrial Departments of the AFL-CIO having affiliated labor organizations that are members of the Committee.
- Sheet Metal Workers International Association
- United Brotherhood of Carpenters and Joiners of America
- Any labor organization representing employees of business entities in industries related to the tobacco industry whose application to the Board of Directors to become an Observer Organization has been approved.

"Representative" means a person who is employed by and appointed by a Member or Observer Organization to represent it in Committee activities.

"Tobacco Company Member" shall mean an entity approved for membership in the Committee which manufactures cigarettes.

Article III

Membership

- 3.1 **Membership.** There shall be only one class of membership in the Committee.
- 3.2 **Admission of Members.** All Eligible Organizations desiring to become a Member of the Committee shall apply in writing in such form as the Board of Directors may prescribe. Approval of membership in the Committee shall be by 75% or greater affirmative vote of the entire Board of Directors.
- 3.3 **Resignation.** Any Member may resign from the Committee upon providing six months written notice to the Board of Directors. All dues, assessments and other monetary obligations due at the time of providing notice of resignation must be paid in full for the resignation to be effective.

- 3.4 **Termination.** If any action of a Member shall be found by a court in an applicable jurisdiction to be contrary to law, the Board of Directors may suspend the Member from membership in the Committee for a period not to exceed ninety (90) days. After the Member has been given a fair and reasonable opportunity to be heard, the Board may, by a 75% or greater affirmative vote of the entire Board of Directors, terminate the Member's membership in the Committee.
- 3.5 **Meetings of Members.** The Board of Directors shall convene the Annual Meeting of the Members, and any other Member meetings as may be necessary, on a date and at a time and place designated by the Board. Representatives of both Members and Observer Organizations shall be entitled to attend the Annual Meeting of the Members. The Board of Directors may convene other meetings of Members at such times and places as the Board, from time to time, may determine. Such other meetings may be meetings of Members only, or may include Observer Organizations, as decided by a 75% or greater affirmative vote of the entire Board of Directors. All meetings of Members may be in person, by conference telephone, or by video conference.
- 3.6 **Notice of Meetings.** Notice of the Annual Meeting of the Members and any other meeting of the Members called by the Board of Directors shall be given by the Chairman of the Board of Directors, or in his or her absence, by the Secretary/Treasurer. The meeting notice may be mailed or faxed to each Member, and, if applicable, to each Observer Organization, at its last known address, at least seven (7) days before the date on which the meeting is to be held.
- 3.7 **Representatives and Voting.** Labor Union Members shall be entitled to two votes at all Committee Membership meetings. Tobacco Company Members shall be entitled to one vote at all Committee Membership meetings.

Article IV

Board of Directors

- 4.1 **General Authority.** The Committee shall be managed by a Board of Directors, consistent with the classification of the Committee as a Virginia nonstock corporation recognized as exempt from federal income tax by the Internal Revenue Service under Section 501(c)(6) of the Internal Revenue Code, or any successor statutory provision, and consistent with Section 302 of the Taft-Hartley Act, 29 U.S.C. Sec. 186.
- 4.2 **Number and Composition.** The Board shall consist of seven (7) Representatives of Members. Each Board Member shall hold office one year, or until his or her resignation from office. At all times, four (4) Board Members shall be Representatives of Labor Union Members and three (3) Board Members shall be Representatives of Tobacco Company Members.
- 4.3 **Directors and Voting.** Directors shall be entitled to one vote. Directors unable to attend a Board meeting may exercise their vote by giving a written proxy to another Director.
- 4.4 **Election of Directors.** The Board of Directors shall be elected each year by the Members of the Committee at the Annual Meeting of the Members.
- 4.5 **Vacancies due to Resignation.** If a Board Member should resign during his or her one year term, the Labor Union Member or Tobacco Company Member so affected may appoint a substitute Representative for the remainder of the one year term.

- 4.6 **Vacancies due to Termination.** If a Member is terminated from the Committee in accordance with Article 3.4 above, the Board seat shall be filled by a Representative of a Member fairly representing the Member that was terminated, so as to ensure that a four to three balance in favor of Labor Union Members remains on the Board.
- 4.7 **Meetings of the Board.** The Board shall meet on such date(s) and at such time(s) and place(s) as its Chairman may designate. Meetings may be in person, by conference telephone, or by video conference. All seven Board Members must be present for a quorum. Voting by proxy constitutes being present for purposes of a quorum. The Board is not authorized to meet or take any action without a quorum. In accordance with the Master Settlement Agreement between the Original Participating Manufacturers and the Settling States, legal counsel independent of the Members shall be present at all Board meetings and minutes shall be prepared for all Board meetings. Minutes shall be retained for a minimum of five years and subject to ready inspection.
- 4.8 **Notice of Meetings.** Notice of meetings of the Board shall be provided to each Board Member in writing at least seven (7) days before the date on which the meeting is to be held. Such notice shall be provided by the Chairman, by mail or by fax. A written waiver of notice signed by all seven Board Members shall be equivalent to notice.

Article V

Budgets, Funding & Assets

- 5.1 **Budget.** Based on projected contributions from the Tobacco Company Members, the Board shall adopt an annual budget and such supplemental budget as circumstances warrant. Committee expenditures shall be in accordance with such budgets.
- 5.2 **Funding.** The Committee shall be funded principally by discretionary contributions from the Tobacco Company Members. The Committee will seek and may receive contributions from other sources, including other Members.
- 5.3 **Assets.** Committee assets are to be used exclusively for the exempt purposes set forth in Section 501(c)(6) of the Internal Revenue Code, or any successor statutory provision. No part of the assets or revenues of the Committee shall inure to the benefit of any Member of the Committee, except reasonable compensation may be paid to officers of, or consultants to, the Committee for services rendered to the Committee.

Article VI

Committee Officers

- 6.1 **Officer Positions.** The officers of the Committee shall be a Chairman and a Secretary/Treasurer.
- 6.2 **Term of Office.** The officers of the Committee shall serve for a term of one year, or until their resignation or termination.
- 6.3 **Election of Officers.** The officers of the Committee shall be appointed by the Board of Directors.

Any officer vacancies shall be filled by the Board.

- 6.4.1 **Chairman.** The Chairman of the Committee and the Board shall be recommended by the Labor Union Members. In accordance with the Master Settlement Agreement between the Original Participating Manufacturers and the Settling States, the Chairman may not be an employee of a Labor Union Member and must be an employee of the Committee. No Chairman from the same Labor Union Member shall serve for more than two consecutive terms. The Chairman shall preside at all Committee and Board Meetings. The Chairman, in consultation with the Secretary/Treasurer, shall be responsible for the active management of the affairs of the Committee and the Board.
- 6.4.2 **Secretary/Treasurer.** The Secretary/Treasurer shall be recommended by the Tobacco Company Members. In accordance with the Master Settlement Agreement between the Original Participating Manufacturers and the States, the Secretary/Treasurer may not be an employee of a Tobacco Company Member and must be an employee of the Committee. The Secretary/Treasurer, in consultation with the Chairman, shall attend all meetings of the Committee and the Board and record all proceedings of these meetings in a minute book. All minutes shall be retained for a minimum of five years from the date of said meeting and shall be subject to ready inspection. The Secretary/Treasurer also shall oversee the funds and assets of the Committee and its book of accounts. Committee funds and assets shall be kept in a financial institution or institutions with a federal government insurance program and acceptable to the Board of Directors. All funds shall be maintained in the name of the Committee. These funds shall be disbursed as the Board of Directors authorizes, with proper vouchers for such disbursements. The Secretary/Treasurer shall render to the Board quarterly financial statements on the funds and assets of the Committee. The Secretary/Treasurer will cooperate and work with the independent outside accountant selected by the Board for the Committee's annual audit. The Secretary/Treasurer may be required to be bonded, at the discretion of the Board of Directors.

Article VII

Committee Consultants

- 7.1 **Consultants.** The Board of Directors shall select and retain on a part-time basis such consulting resources as it deems necessary to carry out the purposes of the Committee. All such consultants retained shall be independent contractors to the Committee.
- 7.2 **Accountant -** The outside accountant shall audit the books and records of the Committee at least once a year. The accountant shall serve as a consultant to the Committee and not be an officer or employee of the Committee.
- 7.3 **Legal Counsel -** Legal counsel independent of any Labor Union Members or Tobacco Company Members (in accordance with the Master Settlement Agreement), shall be retained by the Committee. Legal counsel shall serve as a consultant to the Committee and not be an officer or employee of the Committee.

Article VIII

Observer Organizations

- 8.1 **Observer Organizations.** Any labor organization representing employees of business entities related to the tobacco industry may apply to become an Observer Organization by completing an application in the form prescribed by the Board. Such applications must be approved by a 75% or greater affirmative vote of the Board of Directors. Upon approval by the Board, each Observer Organization shall be entitled to nominate Representatives to attend the Annual Meeting of the Members.
- 8.2 **Voting Rights of Observer Organizations.** Representatives of Observer Organizations have no voting rights and are not entitled to vote at any Committee meetings.

Article IX

Miscellaneous Issues

- 9.1 **Execution of Documents, Checks, Etc.** All contracts, leases, documents, checks, etc. must be signed by both the Chairman and the Secretary/Treasurer.
- 9.2 **Fiscal Year.** The fiscal year of the Committee shall be a calendar year.
- 9.3 **Independent Audit.** The books and records of the Committee must be audited at least once a year by an independent outside accountant.
- 9.4 **Notice; Waiver of Notice.** Notice shall be given to Members and Board Members by mail or fax at the last known address or fax number of the Member. Notice by mail will be deemed to be given at the time when the same was deposited, postage prepaid, in the U.S. mail. Notice by fax will be deemed to be given at the time when the same was sent by fax. Whenever notice is required under these Bylaws or by statute, a written waiver of notice shall be deemed equivalent to notice.

Article X

Amendments to Bylaws

- 10.1 **Amendments.** These Bylaws, except for Bylaw Article XI below pertaining to the Master Settlement Agreement between the Original Participating Manufacturers and the Settling States, may be amended by a 75% or greater affirmative vote of the entire Board of Directors. Article XI may not be amended by the Board.
- 10.2 **Notice of Amendments.** Written notice of any proposed amendments to these Bylaws must be mailed or faxed to the Board Members at least seven (7) days before the date on which the proposed amendments are to be considered.

Article XI

Restrictions in Master Settlement Agreement

- 11.1 **General.** At no time shall the Committee act in any manner contrary to any provision of that certain Master Settlement Agreement, dated November 23, 1998, between the Original Participating Manufacturers and the Settling States regarding settlement of certain tobacco industry litigation.
- 11.2 **Officers.** Each officer of the Committee shall be appointed by the Board of the Committee, shall be an employee of the Committee, and during such officer's term shall not be a director of or employed by any member of the Committee or any an affiliate of any member of the Committee.
- 11.3 **Legal Counsel.** Legal counsel for the Committee shall be independent, and neither counsel nor any member or employee of counsel's law firm shall serve as legal counsel to any member of the Committee or to a manufacturer of tobacco products that is an affiliate of any member of the Committee during the time that it is serving as legal counsel to the Committee.
- 11.4 **Minutes.** Minutes describing the substance of the meetings of the Board of Directors of the Committee shall be prepared and shall be maintained by the Committee for a period of at least five years following their preparation.
- 11.5 **Board of Directors Not To Amend.** This Article XI shall not be altered, amended or repealed by the Board of Directors.

Article XII

Dissolution of the Committee

- 12.1 **Dissolution.** In the event of the dissolution of the Committee, no portion of the net assets of the Committee may inure to the benefit of any Member. Rather, the Board must, after paying all liabilities of the Committee, distribute the remaining net assets of the Committee to another organization operating under Section 501(c)(6) of the Internal Revenue Code. To the extent practicable, the organization selected shall have as its one of its purposes, the resolution of issues involving the tobacco industry.