

AMENDED BYLAWS OF THE  
**SOUTH CENTRAL MEMBRANE ASSOCIATION, INC.**  
(A NON-PROFIT CORPORATION)

These Amended Bylaws, adopted as August 17, 2006, and amended on October 29, 2008, April 22, 2010, July 21, 2010, and December 15, 2011 shall serve as the Bylaws governing the South Central Membrane Association, Inc., formerly known as the South Central Desalting Association, a Texas Non-Profit Corporation, until further amended in the manner prescribed in these Bylaws. These Bylaws consist of 16 Articles, as indicated in the text of the Bylaws.

**ARTICLE 1 NAME**

The name of this Corporation shall be the SOUTH CENTRAL MEMBRANE ASSOCIATION and is hereafter referred to as the Corporation.

**ARTICLE 2 OFFICES**

*Section 2.1 Principal Office*

The principal office for the transaction of the activities and affairs of the Corporation is located at 512 E. 11<sup>th</sup> Street., Ste 203, Austin, Texas 78701. The Board of Directors may change the location of the principal office from one location to another. Any such change of this location shall be noted by the Secretary of the Board on these Bylaws opposite this section, or this section may be amended to state the new location.

*Section 2.2 Other Offices*

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

**ARTICLE 3 OBJECTIVES AND PURPOSES**

*Section 3.1 Mission Statement*

SCMA's mission is: "Promoting operational excellence and membrane technology for the water industry."

*Section 3.2 Objectives*

The Corporation's objectives include promotion to the public, elected officials and business managers of available technologies that improve water quality; education, training and certification of plant operation personnel; communication within the membership; development of meaningful interface with regulatory agencies; technology transfer; and protection of the environment.

## **ARTICLE 4 MEMBERSHIP**

### ***Section 4.1 Classes and Qualifications***

The Corporation shall have four divisions of regular membership (1) Division One, (2) Division Two, (3) Division Three and (4) Division Four. Division One members shall be organizations and agencies of national, state and local levels of government, and utilities or industries (whether public or private) which engage in supplying water to community water systems or their users. Division Two members shall be companies or organizations engaged in furnishing equipment, material or professional services used by community or industrial water system in their projects or operations. Division Three members shall be individuals interested in the objectives and programs of the Corporation. Division Four members shall be full-time students at a university, college or high school. Part-time students may become Division Four members subject to approval by the Board of Directors.

### ***Section 4.2 Admission***

An applicant shall be admitted to membership upon acceptance of his or her application by the Board of Directors and payment of such dues and fees as may be fixed by the Board of Directors from time to time.

### ***Section 4.3 Fees, Dues and Assessments***

Each member in good standing must pay, within the time and the conditions set by the Board of Directors, any fees and annual dues in such amounts as are fixed from time to time by the Board of Directors. The dues and fees shall be equal for all members of each division but the Board of Directors may set different fees and dues for different divisions. All memberships shall be nonassignable.

### ***Section 4.4 Membership Book***

The Corporation shall keep a membership file containing the names and addresses of each member. Termination of the membership of any member shall be recorded, together with the date on which said membership ceased. Such files shall be kept at the Corporation's principal office or other location designated by the Board of Directors and shall be available for inspection by any member of the Corporation during regular business hours, upon (5) business days prior written request upon the Corporation, stating the purpose for which the inspection rights are requested.

### ***Section 4.5 Non-liability of Members***

No members of this Corporation shall be personally liable for the debts, liabilities or obligations of the Corporation.

## ***Section 4.6 Termination of Membership***

4.6.1 Causes of Termination. The membership of any member shall terminate upon occurrence of any of the following events:

4.6.1.1 The resignation of the member.

4.6.1.2 The failure of a member to renew his or her membership for the following year by paying annual dues within the times set forth by the Board of Directors.

4.6.1.3 The occurrence of any event which renders such member ineligible for membership, provided that termination for such cause shall take effect only upon expiration of the period (not to exceed one year) for which such member's current membership runs.

4.6.1.4 The expulsion of the member by the Board of Directors or a committee designated to make such determination for failure to observe the decorum and conduct expected of members in a material and serious degree.

4.6.2 Procedure for Expulsion. Following the determination that a member should be expelled under subparagraph 4.6.1.4 of this Article, the following procedure shall be implemented:

4.6.2.1 A notice shall be sent by mail by prepaid, first class, or registered mail to the most recent address of the member as shown on the Corporation's records, setting forth the expulsion and the reasons therefore. Such notice shall be sent at least fifteen (15) days before the proposed effective date of the expulsion.

4.6.2.2 The member being expelled shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than (5) days before the effective date of the proposed expulsion. The hearing will be held by a special member expulsion committee composed of not fewer than three Directors appointed by the President. The notice to the member of his or her proposed expulsion shall state the date, time, and place of the hearing on his or her proposed expulsion.

4.6.2.3 Following the hearing, the expulsion committee shall decide whether or not the member should in fact be expelled, suspended, or sanctioned in some other way. The decision of the committee shall be final.

4.6.2.4 Any person expelled from the Corporation shall receive a refund of dues already paid. The refund shall be prorated to return only the unaccrued balance remaining for the period of the dues payment.

4.6.2.5 Nothing herein shall establish or be deemed to constitute any vested right either to membership or a right of appeal.

### ***Section 4.7 Transfer of Memberships***

No member may transfer a membership or any right arising from it. All rights of membership cease on the member's death.

## **ARTICLE 5 MEETINGS OF MEMBERS**

### ***Section 5.1 Place of Meeting***

Meetings of the membership shall be held at any place designated by the Board of Directors. In the absence of any such designation, members meetings shall be held at the principal office of the Corporation.

### ***Section 5.2 Annual Meeting***

The annual meeting of members shall be held on such date and such time as may be fixed by the Board of Directors. At such meetings, the results of the Directors elections will be announced, and any other proper business may be transacted.

### ***Section 5.3 Special Meetings***

5.3.1 Authorized Persons Who May Call. A special meeting of the members may be called at any time by any of the following: The President, any two (2) Officers, or any (5) Directors of the Corporation. Special meetings of the members also may be called by five percent or more of the regular members.

5.3.2 Calling Meetings by Members. If a special meeting is called by members, Officers or Directors, other than the President, the request shall be submitted by such members in writing specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board, the President, any Vice President, or the Secretary of the Corporation. The Secretary or his or her designee shall immediately confirm that the requisite numbers of members, Officers or Directors have made such request and if he or she finds that the request was submitted by the requisite number and that they are in good standing, he or she shall immediately inform the Officer who received the request. The Officer receiving the request shall then cause notice to be promptly given to the members entitled to vote. The notice will state that a meeting will be held, and the date for such meeting, which date shall be not less than thirty-five (35) nor more than (90) days following the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing, or affecting the time when a meeting of members may be held when the meeting is called by action of the Board of Directors.

### ***Section 5.4 Notice of Members' Meetings***

5.4.1 General Notice Contents. All notice of meetings of members, except meetings called pursuant to Section 5.3.2, shall be sent or otherwise given in accordance with Subsection 5.4.3 of this Section of Article V not less than ten (10) nor more than (90) days before the date of this meeting. The notice shall specify the place, date, and hour of the meeting and, in the case of a special meeting, those matters that the Board of Directors at the time of giving the notice, intends to present for action by the members.

5.4.2 Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals; the notice shall also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):

5.4.2.1 Removing a Director without cause.

5.4.2.2 Filling vacancies on the Board of Directors by the members.

5.4.2.3 Amending the Articles of Incorporation.

5.4.2.4 Voluntarily dissolving the Corporation.

5.4.3 Manner of Giving Notice. Notice of any meeting of members shall be given either personally or by first-class mail, electronically or other written communication, charges prepaid, addressed to each member at the address of that member appearing on the books of the Corporation for the purpose of notice.

5.4.4. Affidavit of Mailing Notice. An affidavit of the mailing or other means of giving any notice of any members meeting may be executed by the Secretary, Assistant Secretary, or any transfer agent of the Corporation giving the notice, and if so executed, shall be filed and maintained in the minute book of the Corporation.

### ***Section 5.5 Quorum***

5.5.1 Percentage Required. Ten (10) percent of the voting members shall constitute a quorum for the transaction of business at a meeting of the members.

5.5.2 Loss of Quorum. The members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. In that event, any action taken (other than adjournment) must be approved by at least a majority of the remaining members.

### ***Section 5.6 Adjourned Meeting***

Any members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the voting members represented at the meeting but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in this Article.

### ***Section 5.7 Notice of Adjourned Meeting***

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. When a meeting is adjourned for less than thirty (30) days, the Presiding Officer at the meeting will announce the date, time and place for the meeting to be resumed. No other notice of the date, time or place of the meeting to be resumed shall be required.

### ***Section 5.8 Voting***

5.8.1 Eligibility to Vote. Persons entitled to vote at any meeting of members shall be regular members as of the date determined in accordance with Section 5.11 of Article V.

5.8.2 Manner of Casting Votes. Voting may be by voice or ballot, provided that any election of Directors must be by ballot if demanded by any 10 members before the voting begins.

5.8.3 Cumulative Voting. Cumulative voting for the election of Directors and Officers shall not be authorized. Election shall be decided by majority vote and, except as otherwise herein specified, shall be governed by Robert's Rules of Order.

5.8.4 Only Majority of Members Represented at Meeting Required Unless Otherwise Specified. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting, entitled to vote and voting on any matter (other than the election of Directors) shall be the act of the members, unless the vote of a greater number or voting by classes is required by the Article of Incorporation.

### ***Section 5.9 Conduct of Meetings***

5.9.1 Meetings of members shall be presided over by the President of the Corporation or in his or her absence, by the highest ranked Vice President, or in the absence of all, by a Chairman chosen by majority of the members present. The Secretary of the Corporation shall act as Secretary of all meetings of members, provided that in the Secretary's absence, the Presiding Officer shall appoint another person to act as Secretary of the meeting.

5.9.2 Meetings shall be governed by Robert's Rules of Order as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with the Articles of Incorporation of this Corporation, these Bylaws or other applicable law.

## ***Section 5.10 Proxies***

5.10.1 Rights of Members. Each member entitled to vote shall have the right to vote either in person or by written proxy. The person to whom a written proxy is given must be a member entitled to vote on the matter or matters authorized in the proxy and be willing to vote the proxy. The proxy must state all specific matters on which the person holding the proxy is to vote, unless the proxy is for all questions or business subject to a vote, and must state the date the proxy is given, the person to whom the proxy is given and signed.

5.10.2 Notification Required. Any member holding a proxy for questions or business agenda on a forthcoming meeting shall furnish a copy of the proxy to the Secretary of the Corporation prior to the commencement of any meeting of the members of the Corporation.

5.10.3 Counts Toward Quorum. For purposes of determination of a quorum of any meeting of the Corporation, the person submitting a valid written proxy shall be considered present for the determination of a quorum.

5.10.4 Lapse and Revocation. A member may revoke a proxy at any time prior to the time the proxy vote is to be cast by notifying in writing the person to whom the proxy was given and the Secretary of the Corporation. A proxy will automatically lapse sixty (60) days after it is dated.

## ***Section 5.11 Record Date for Member Notice, Voting Giving Consents and Other Actions***

5.11.1 To Be Determined by Board of Directors. For the purposes of determining which members are entitled to receive notice of any meeting, to vote, to give consent to corporate action without a meeting, or to take any other action, the Board of Directors may fix, in advance, a "record date," which shall not be more than sixty (60) nor fewer than ten (10) days before the date of any such meeting. Only members of record on the date so fixed are entitled to notice, to vote, to give consents, or take other action, as the case may be, notwithstanding any transfer or any membership on the books of the Corporation after the record date, except as otherwise provided in the Articles of Incorporation or by agreement.

### **5.11.2 Failure of Board to Determine Date**

5.11.2.1 Record Date for Notice or Voting. Unless fixed by the Board of Directors, the record date for determining those members entitled to receive notice of, or to vote at, a meeting of members, shall be the next business day preceding the day on which notice is given, or if notice is waived, the next business day preceding the day on which the meeting is held.

5.11.2.2 Record Date for Other Actions. Unless fixed by the Board of Directors, the record date for determining those members entitled to take any other action shall be the date the Board of Directors adopts relating thereto, or the sixtieth (60) day prior to the date fixed for other action, whichever is later.

5.11.2.3 “Record Date” Means as of Close of Business. A person holding membership as of the close of business on the record date shall be deemed the member of record.

### ***Section 5.12 Voting Divisions***

Each member shall be entitled to cast one vote on all matters submitted to a vote of the members.

## **ARTICLE 6 ELECTION OF DIRECTORS**

### ***Section 6.1 Election and Terms of Office***

Directors shall be elected or appointed for a term of three (3) years with approximately one-half of the total number elected or appointed each year; provided, however, that during the first full year subsequent to the initial adoption of these Bylaws, five (5) Directors shall be elected for a term of one (1) year and four (4) Directors shall be elected for a term of two (2) years. Each Director shall hold office until reelection or until a successor is elected or appointed and qualified. Directors may serve only five (5) consecutive terms; however, there is no limitation to the number of terms a member can serve as a Director, provided that he or she continues to meet the qualifications required by these Bylaws.

### ***Section 6.2 Nominations for Board of Directors***

Prior to the annual meeting where results of the election of Directors and Officers of the Corporation will be announced, the Chairman of the Board of Directors shall appoint a Nominating Committee composed of one regular member from membership Divisions One, Two, and Three. The Nominating Committee shall select members in good standing to nominate for each vacant office, or office to be vacated. The Nominating Committee will make its nomination(s) to the Board of Directors for approval prior to distributing ballots to the membership. No person may be nominated to office unless willing to accept the nomination. The date of approval of the Nominating Committee nominations for the Board of Directors, the date of record for member voting eligibility, the date of mailing ballots to the membership, and the dates that ballots are due back to SCMA relative to the annual meeting will be determined by the Board of Directors

### ***Section 6.3 Election to Office***

The person nominated for office receiving a majority of votes shall be deemed elected.

### ***Section 6.4 Representations of Divisions***

Notwithstanding anything in the Bylaws to the contrary, no fewer than four (4) and no greater than ten (10) Directors shall be elected from Division One members; no fewer than two (2) and no greater than eight (8) Directors shall be elected from individuals in Division Two; no greater than two (2) Directors shall be elected from the Division Three members; and no greater than one (1) Director will be elected from Division Four. In the event the number of Directors is increased by Board action, the increase in the number of Directors must equally reflect class of membership to the extent practical.

### ***Section 6.5 Ex-officio Directors***

Non-voting Director positions for members of state and federal agencies shall be set aside at all times. These Director positions are not subject to the representation restrictions or membership requirements listed in Section 6.4. Ex-officio Directors shall not be eligible to serve as Officers. The Board has the authority to appoint these non-voting Directors from state agencies.

## **ARTICLE 7 DIRECTORS**

### ***Section 7.1 Number and Qualifications of Directors***

The authorized number of voting Directors shall not be less than nine (9) or more than fifteen (15), unless a change is mandated by change in the Articles of Incorporation or by these Bylaws. All of the elected Directors and Officers shall be members of the Corporation at the time of their election.

### ***Section 7.2 Powers***

7.2.1 General Corporate Powers. Subject to the provisions and any limitations in the Articles of Incorporation and these Bylaws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised by, or under the direction of, the Board of Directors. The Board may delegate the management of the activities of the Corporation to any person or persons, management company, or committee, however composed; provided, however, that the activities and affairs of the Corporation shall be exercised under the ultimate direction of the Board of Directors.

7.2.2 Specified Power. Without prejudice to its general powers, and subject to the same limitations, the Board of Directors shall have the power to:

7.2.2.1 Select and remove all Officers, agents, committee members and employees of the Corporation; and prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws.

7.2.2.2 Cause the Corporation to be qualified to do business in any state, territory, dependency, or country where such qualifications are necessary or required to accomplish the objectives and purposes of the Corporation and conduct business within or outside the State of Texas.

7.2.2.3 Adopt, make use of and alter the form of a corporate seal.

7.2.2.4 Borrow money and incur indebtedness of behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debts and securities.

7.2.2.5 Fix the compensation, if any, of Officers, agents, and employees of the Corporation.

### ***Section 7.3 Vacancies***

7.3.1 Events Causing Vacancies. Vacancies in the Board of Directors shall exist: (1) at the resignation, death or removal of any Director; (2) whenever the number of Directors authorized is increased; (3) upon the declaration of the Board of Directors of a vacancy in the office of a Director who has been declared of unsound mind by an order of a court, convicted of a felony, or found to have breached a duty to the Corporation; or (4) upon the failure of any Director, without excuse, to attend three (3) successive meetings of the Board of Directors.

7.3.2 Mandatory Vacancies. The Board of Directors must declare vacant the office of a Director when (1) he or she has been found by final order or judgment of a court to have breached any standards of conduct as set forth in Texas Non-Profit Corporation Act, or (2) if within sixty (60) days after his or her notice of appointment, he or she does not accept the office in writing or does not attend meetings of the Board of Directors.

7.3.3 Filling Vacancies. Except for a vacancy created by the removal of a Director by the members, vacancies on the Board may be filled by a majority vote of the Directors then in office, whether or not there is less than a quorum of Board members present. The members may fill any vacancy or vacancies not filled by the Directors.

7.3.4 Unexpired Term. A person appointed as a Director to fill a vacancy shall hold office for the unexpired term of his or her predecessor or until his or her removal or resignation as provided in these Bylaws.

7.3.5 Reduction in Authorized Directors. A reduction of the authorized number of Directors does not remove any Director prior to the expiration of his or her term of office.

#### ***Section 7.4 Restriction on Interested Directors***

Not more than twenty (20) percent of the persons serving on the Board of Directors at any time may be interested persons. An interested person is (1) any person being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise; and (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, mother-in-law, or father-in-law of any such person. Reimbursement of expenses of a Director incurred on behalf of this Corporation and authorized by the Board of Directors in advance shall not be considered compensation as the term is used in this Section. Any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Corporation.

#### ***Section 7.5 Place of Meetings***

Regular meetings of the Board of Directors may be held at any place that has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Special meetings of the Board of Directors shall be held at any place that has been designated in the notice of the meeting.

#### ***Section 7.6 Annual Meeting***

Within the month immediately following each annual meeting of the members, the Board shall hold an annual meeting for the purpose of organization, election of Officers and the transaction of other business. Notice of such annual meeting of the Board of Directors shall be given to the membership in the same manner as to Directors.

#### ***Section 7.7 Other Regular Meetings***

Other regular meetings of the Board of Directors shall be held without call at such time and place as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice.

#### ***Section 7.8 Special Meetings***

7.8.1 Authority to Call. Special meetings of the Board of Directors for any purpose may be called at any time by the President, any Vice-President, the Secretary, or a majority of the Directors.

##### 7.8.2 Notice of Meetings of Directors

7.8.2.1 Manner of Giving. Notice of the time and place of special meeting shall be given either personally or by first-class mail, electronic mail or other written communication, charges prepaid, addressed to each Director at the address of that

Director appearing on the books of the corporation or the address given by the Director for the purpose of receiving notice.

7.8.2.2 Time Requirements. Notices sent by first class mail shall be deposited into a United States mail box at least for (4) days before the time set for the meeting. Notices given by personal delivery, or telegram shall be delivered or giving to the telegraph company at least forty-eight (48) hours before the time set for the meeting. Notices may also be sent via electronic mail with confirmation requested at least four (4) days before the start of the meeting.

7.8.2.3 Notice Contents. The notice shall state the time and place for the meeting and the business to be transacted. No other business shall be considered at such meeting.

### ***Section 7.9 Quorum***

One-third (1/3) of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 10 of this Article. In determining the presence of a quorum, all Directors present in person or by telephone or through other electronic means shall be counted. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the remaining Directors.

### ***Section 7.10 Adjournment***

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place as specified in the order of adjournment.

### ***Section 7.11 Notice of Adjournment***

A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within twenty-four (24) hours after the time of adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meeting the Board.

### ***Section 7.12 Action without Meeting***

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force

and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

### ***Section 7.13 Reimbursement for Expenses of Directors***

Directors and members of Committees may receive such reimbursement of expenses, as may be determined by the Board of Directors to be just and reasonable.

## **ARTICLE 8 OFFICERS**

### ***Section 8.1 Officers***

The Officers of the Corporation shall be a President, a Vice-President, a Secretary, and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, other Officers as may be appointed in accordance with the provisions of Section 4 of this Article.

### ***Section 8.2 Eligibility***

All Officers of the Corporation must be voting Directors. No Officers may serve after their term as a Director has expired.

### ***Section 8.3 Election of Officers***

The Officers of the Corporation, except those appointed in accordance with the provisions of Section 8.4, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the right, if any, of an Officer under any contract of employment.

### ***Section 8.4 Subordinate Officers***

The Board of Directors may appoint a Controller, who is not a member of the Board, and may appoint or may authorize the President or another Officer to appoint any other Officer that the business of the Corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined from time to time by the Board of Directors.

### ***Section 8.5 Removal of Officers***

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause by the Board of Directors at any regular or special meeting of the Board. In the case of an Officer chosen by the Board of Directors pursuant to Section 8.4 of this Article, the Board of Directors may confer such power of removal on any Officer thereunder.

### ***Section 8.6 Resignation of Officers***

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the Officer is a party.

### ***Section 8.7 Vacancy in Offices***

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that office.

### ***Section 8.8 Responsibilities of Officers***

8.8.1 President. Subject to directions of the Board of Directors, the President shall be the general manager of the Corporation and shall supervise, direct, and control the activities, affairs, and other Officers of the Corporation. The President shall preside at all meetings of the Board of Directors and the Executive Committee. The President shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws. The President may delegate such duties and assignments as desired to the other Officers.

8.8.2 Vice President. In the absence, or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him or her by the Board of Directors or the President.

8.8.3 Secretary. The Secretary shall attend to the following:

8.8.3.1 Book of Minutes. The Secretary shall keep or cause to be kept, at the principal office or such other place at the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of Directors, and all other committees, with the time and place of holding, whether regular or special, and if special how authorized, the notice given, the names, of those present at such meetings, and the proceeding of such meetings.

8.8.3.2 Notices, Seal and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors or committees required by the Bylaws to be given. He or she shall keep the seal of the Corporation in safe custody. He or she shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

8.8.4 Treasurer. The Treasurer shall be the Chief Financial Officer of the Corporation and shall have the following duties:

8.8.4.1 Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection to any Director at all reasonable times.

8.8.4.2 Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit or cause to be deposited all money and other valuables in the bank and to the credit of the Corporation with such depositories as may be designated by the Board of Directors; shall render to the President and Directors, whenever they request it, an account (1) of all transactions undertaken in his or her capacity as Chief Financial Officer, and (2) of the financial condition of the Corporation.

8.8.4.3 Financial Statement for Annual Report. The Treasurer shall prepare or cause to be prepared the financial statements addressing the fiscal operations of the Corporation. The Treasurer shall submit such financial statements to the Board of Directors for consideration together with such written explanation of the financial state the Corporation as the Board may require.

8.8.4.4 Other Duties. The Treasurer shall in general perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this Corporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors.

## ***8.9 Staff***

The Board may employ and the Officers may delegate such functions as they deem appropriate to a paid staff.

## **ARTICLE 9 COMMITTEES**

### ***Section 9.1 Formation of Committees***

The Board of Directors may appoint standing and special committees and name the members thereof. Committees so appointed shall be for the purpose of monitoring, studying, investigating, evaluating and making recommendations on matters referred to the committee by the Board. No committees may exercise any power reserved to the Board.

### ***Section 9.2 Abolition of Committees***

The Board may remove members from a committee and abolish a committee previously appointed.

## **ARTICLE 10 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS**

### ***Section 10.1 Definitions***

10.1.1 “Agent” means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this Corporation or of another enterprise at the request of the predecessor corporation.

10.1.2 “Proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.

10.1.3 “Expenses” includes, without limitation, all attorneys’ fees, costs, and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of his or her position or relationship as agent and all attorneys’ fees, costs, and other expenses incurred in establishing a right to indemnification under this Article.

### ***Section 10.2 Successful Defense by Agent***

To the extent that an agent of this Corporation has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or if a judgment is rendered against the agent, then the provisions of Section 10.3 through 10.5 shall determine whether the agent is entitled to indemnification.

### ***Section 10.3 Action Brought by Persons Other than Corporation***

Subject to the required findings to be made pursuant to Section 10.5, below, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of this Corporation, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

#### ***Section 10.4 Action Brought by or on Behalf of the Corporation***

If any agent settles or otherwise disposes of out of court a threatened or pending action brought by or on behalf of this Corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding.

#### ***Section 10.5 Determination of Agent's Good Faith Conduct***

The indemnification granted to an agent in Section 10.3 and 10.4 above is conditioned on the following:

10.5.1 Required Standard of Conduct. The agent seeking indemnification must be found, in the manner provided below to have acted in good faith, in a manner he or she believed to be in the best interest of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of this Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful. Additionally, in the case of a criminal proceeding, the agent must have had no reasonable cause to believe that his or her conduct was unlawful.

10.5.2 Manner of Determination of Good Faith Conduct. The determination that the agent did act in a manner complying with subparagraph 10.5.1 above shall be made by:

10.5.2.1 The Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

10.5.2.2 The court in which the proceeding is or was pending. Such determination may be made on application brought by this Corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by agent, attorney, or other person is opposed by this Corporation.

#### ***Section 10.6 Limitations on Indemnification***

No indemnification or advance shall be made under this Article, except as provided in Section 10.2 or 10.5.2, in any circumstance when it appears:

10.6.1 That the indemnification or advance would be inconsistent with a provision of the Articles, Bylaws, a resolution of the Board of Directors, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or

otherwise limits indemnification; or 10.6.2. That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

### ***Section 10.7 Advance of Expenses***

Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

### ***Section 10.8 Contractual Rights of Non-Directors and Non-Officers***

Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

### ***Section 10.9 Insurance***

The Board of Directors may authorize the purchase and maintenance of insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such.

### ***Section 10.10 Fiduciaries or Corporate Employee Benefit Plan***

This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to the extent permitted by applicable law.

## **ARTICLE 11 EXECUTION OF INSTRUMENTS OF DEPOSITS AND FUNDS**

The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any Director, agent or employee of the Corporation to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. No Director, agent or employee shall have any power or authority to bind the Corporation by any contract or any engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount unless authorized by the Board of Directors. Except as otherwise specifically determined by resolution of the Board of Directors as provided above or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness of the Corporation shall be signed by the Treasurer of the Corporation. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation at such banks, trust companies, or other depositories as the Board of Directors may select. The Board of Directors may accept on

behalf of the Corporation any contribution, gift, bequest or devise for the general purpose or any special purpose of the Corporation.

## **ARTICLE 12 RECORDS AND REPORTS**

### ***Section 12.1 Maintenance of Corporate Records***

The Corporation shall keep:

12.1.1 Adequate and correct books and records of account; and

12.1.2 Minutes in written form of the proceedings of its Board of Directors, Committees of the Board and Standing Committees. All such records shall be kept at the Corporation's principal executive office.

### ***Section 12.2 Maintenance and Inspection of Articles and Bylaws***

The Corporation shall keep at its principal offices the original or a copy of the Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the Directors at all reasonable times during normal business hours.

### ***Section 12.3 Inspection by Directors***

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and physical properties of the Corporation and each of its subsidiary corporations. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents at the Director's own expense.

### ***Section 12.4 Annual Report***

12.4.1 Not later than ninety (90) days after the close of the Corporation's fiscal year, the Board shall cause an annual report to be sent to the members of the Board of Directors. Such report shall contain the following information in reasonable detail:

12.4.1.1 The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.

12.4.1.2 The principal changes in assets and liabilities, including trust funds, during the fiscal year.

12.4.1.3 The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, during the fiscal year.

12.4.1.4 The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.

12.4.1.5 Any information required by Section 5 of this Article.

12.4.2 The report required by this Section shall be accompanied by any report thereon of independent certified public accountants.

### ***Section 12.5 Annual Statement of Certain Transactions and Indemnifications***

No later than the time the Corporation gives its annual report to the Directors, and in any event no later than (90) days after the close of the Corporation's fiscal year, the Corporation shall prepare and mail or deliver to each member of the Board of Directors a statement of the amount and circumstances of any transaction or indemnification of the following kind:

12.5.1 Any transaction during the previous fiscal year involving more than fifty thousand dollars (\$50,000) or which was one of a number of transactions with the same person involving in the aggregate more than fifty thousand dollars (\$50,000) in which the Corporation, its parent or its subsidiary was a party, and in which either of the following had a direct or indirect financial interest:

12.5.1.1 Any Director or Officer of the Corporation, its parent or subsidiary (a mere common directorship shall not be considered such interest); or

12.5.1.2 Any holder of more than ten (10) percent of the voting power of the Corporation, its parent or its subsidiary; or

12.5.1.3 Any indemnifications or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any Officer or Director of the Corporation pursuant to Article 10 hereof.

## **ARTICLE 13 CONSTRUCTIONS AND DEFINITIONS**

Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person.

## **ARTICLE 14 FISCAL YEAR**

The fiscal year of the Corporation shall begin on January 1 and shall end December 31 in each year.

**ARTICLE 15 BYLAWS**

***Section 15.1 Adoption***

These Amended Bylaws shall become effective immediately upon their approval by the members.

***Section 15.2 Amendments***

These Amended Bylaws may be altered, amended, or repealed and new Bylaws adopted by approval of the members or approval of the Board of Directors, except that Bylaws specifying or changing the number of Directors or changing from a variable Board to a fixed Board (or vice versa) may only be adopted by approval of the members.

**ARTICLE 16 PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

No Director, Officer, employee or other person associated with this Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profits of the Corporation, provided that this provision shall not prevent payment to any such person of reasonable compensation for services rendered to or be fixed by resolution of the Board of Directors, and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the Corporation. The Board of Directors of the Corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the Corporation, whether voluntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed as required by the Articles of Incorporation of this Corporation and not otherwise.

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