



# **Bylaws of the Video Electronics Standards Association**

*November 3, 2014*

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## **ARTICLE I**

### **Name, Office, Purposes, Restrictions**

#### **1.01 Name**

The name of this organization is Video Electronics Standards Association (VESA). VESA is a California nonprofit, mutual benefit corporation.

#### **1.02 Geographical Area**

The area to be covered by this organization is any part of the world where video electronics standards would affect design and production of any related products.

#### **1.03 Principal Office**

The principal office for the transaction of the activities and affairs of VESA is located at 39899 Balentine Drive, Suite 125, Newark, in Alameda County, California. The Board of Directors (Board) may change the location of the principal office at any time. Any such change of location must be noted by the Secretary-Treasurer on these Bylaws opposite this Section 1.03; alternatively, this Section 1.03 may be amended to state the new location. The Board may at any time establish branch or subordinate offices at any place or places where VESA is qualified to conduct its activities.

#### **1.04 Purposes**

The purpose of VESA is to set and support industry-wide video graphics and related standards for the benefit of end users.

#### **1.05 Restrictions**

All policies and activities of VESA shall be consistent with:

- (a) Applicable federal, state and local antitrust, trade regulation or other legal requirements;
- (b) Applicable tax-exemption requirements; and
- (c) Applicable laws in countries where VESA operates.

## **ARTICLE II**

### **Membership**

#### **2.01 Classes**

VESA shall have one class of members, hereinafter referred to as “regular members.”

#### **2.02 Regular Members**

Regular members shall be limited to persons or companies who (a) produce products that are directly affected by the implementation of VESA standards, and (b) are elected as regular members by the Board. Regular members shall have the right to vote with respect to matters as set forth in these Bylaws and as provided for in the California Nonprofit Mutual Benefit Corporation Law.

### **2.03 Applications for Membership**

All applications for membership in VESA shall be made in writing to the Board and accompanied by applicable dues. The Board shall, in all instances, determine eligibility for membership and membership classification. The VESA Bylaws shall be made available to each member for inspection at VESA's principal office upon approval of such member's application by the Board.

### **2.04 Resignation**

Any member may resign at any time by filing a written notice of resignation with the Executive Director of VESA. The resignation shall not relieve the resigning member of any obligation to pay dues or other charges accrued or unpaid as of resignation.

### **2.05 Nonpayment of Dues**

The Board may terminate any member who fails to pay dues for a period of ninety (90) days from the time dues become payable, provided such member has been given thirty (30) days prior written notice of termination stating the reasons therefor. The notice may be served on the member personally or by first-class mail addressed to the last address of the member shown on VESA records. The member shall have an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of termination. The Board shall determine whether the termination should occur, and the Board's determination shall be final. Any action by the member challenging a termination under this Section 2.05, including, but not limited to, a claim alleging defective notice, must be commenced within one (1) year after the date of such termination.

### **2.06 Discipline**

A member may be disciplined, including by public reprimand, suspension or termination for cause by a two-thirds vote by the Board. Cause shall include a failure, in serious degree, to observe VESA's rules of conduct as prescribed by the Board in these Bylaws or otherwise. The discipline shall occur only after the member has been given a fifteen (15) day prior written notice of the proposed discipline and the reasons therefor. The notice may be served on the member personally or by first-class mail addressed to the last address of the member shown on VESA records. The member shall have an opportunity to be heard, orally or in writing, not less than five (5) days before the effective date of the discipline by the Board or its designee(s). The Board shall determine whether cause exists and the appropriate discipline, if any, and the Board's determination shall be final. Any action by the member challenging the discipline imposed under this Section 2.06, including, but not limited to, a claim alleging defective notice, must be commenced within one (1) year after the date of such imposition of discipline.

### **2.07 Member Obligation to Follow VESA Rules**

Each member of VESA agrees to be bound by these Bylaws and by all amendments hereto, and by the lawful actions of the Board or voting members of VESA.

### **2.08 Membership Liability**

No member of VESA shall be personally or otherwise liable for any of the debts or obligations of VESA.

## **ARTICLE III Dues**

### **3.01 Dues**

Each member must pay, within the time and on the conditions set by the Board, the dues, fees, and assessments in amounts to be fixed from time to time by the Board. Such dues, fees and assessments shall be equal in amount for all regular members; provided, however, that the Board may, in its discretion, determine dues, fees and assessments for regular members according to a formula applied uniformly to all regular members, even if such application results in such members of the same class paying different dues, fees and assessments. The Board, in its discretion, shall determine said formula, but its application of same for purposes of calculating regular membership dues, fees and assessments, shall under no circumstances be intended, construed or deemed to create (i) different, multiple membership classes or series within the regular membership class as a whole, or (ii) any VESA membership class or classes different from and in addition to the regular membership class. Members who have paid the required dues, fees, and assessments in accordance with these Bylaws, and who are not otherwise suspended, disciplined or terminated, shall be members in good standing.

### **3.02 Refunds**

No dues, fees, or assessments paid by any member will be refunded.

## **ARTICLE IV Specifications**

### **4.01 Specification Proposal Review and Approval Process**

The Board shall determine a Specification Review Process(es).

### **4.02 Compliance**

Compliance with all specifications approved and adopted by VESA shall be voluntary; no effort shall be made to enforce such specifications. The foregoing notwithstanding, the Board may approve compliance testing procedures, and the use of associated VESA trademark(s) may be restricted to products that have passed those tests.

## **ARTICLE V Board of Directors**

### **5.01 Authority**

Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and other applicable laws, and subject to any limitations of the Articles (if any) or these Bylaws regarding actions that require approval of the members, VESA's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. The Board shall establish all policies and procedures for the governance of the organization as consistent with its Articles (if any) and these Bylaws.

## **5.02 Composition**

The Board shall have not less than five (5) and no more than nine (9) directors. The exact number of directors shall be fixed or changed from time to time, within those limits, by a resolution adopted by a three-fourths vote of the Board.

## **5.03 Qualifications**

Directors serving on the Board shall be limited to individual employees of regular members of VESA in good standing. In the event that a director is not employed by a regular member for a period of sixty (60) days, the director shall no longer be eligible to serve as director and the Board shall declare the position vacant. Each director serving on the Board shall be employed by a different regular member.

## **5.04 Term**

Each director shall be elected for a term not to exceed two (2) years, according to the policies established by the Board. No director shall serve more than three (3) consecutive two-year terms as a director, but shall be eligible for election again after being off the Board for at least one (1) year. Notwithstanding the foregoing, the general term limitation(s) of this Section 5.04 shall not apply with respect to a director's service of any portion of a term that is vacated by another director prior to such term's expiration.

## **5.05 Vacancies**

A vacancy or vacancies on the Board shall occur in the event of (a) the death or resignation of any director, (b) the declaration by Board resolution of a vacancy in the office of a director who has been convicted of a felony or declared of unsound mind by a court order, (c) the vote by the regular members to remove any director, (d) an increase in the authorized number of directors, or (e) a failure of the regular members, at any meeting at which any director or directors are to be elected, to elect the number of directors required to be elected at that meeting. In addition, a director may be removed for failure to attend two (2) consecutive meetings of the Board during his/her current term of office without reasonable cause and prior notice of his/her absence to the Board. Moreover, the Board, by a majority vote of the directors meeting all qualifications to be a director under these Bylaws, may declare vacant the office of any director who fails or ceases to meet any required qualification hereunder that was in effect at the beginning of that director's current term of office.

## **5.06 Filling Vacancies**

Except for a vacancy created by the vote of the members to remove a director, the Board shall fill any vacancy on the Board in accordance with the policies established by the Board for filling vacancies generally. If the number of directors then in office is less than a quorum, the Board shall fill any vacancy it is entitled to fill by (a) the unanimous written consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with Section 5.07 of these Bylaws, or (c) the affirmative vote of a sole, remaining director. Conversely, all vacancies created by the vote of the members to remove a director or directors may be filled only by approval of such members. Notwithstanding the foregoing, the members may elect a director to fill any vacancy not filled by the directors pursuant to this Section 5.06.

## **5.07 Meetings**

Meetings of the Board shall be held at any place within or outside of California that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of VESA.

Special meetings of the Board may be called by the Chair of the Board or the Vice-Chair of the Board, or by the Secretary-Treasurer, or by any two (2) directors. Notice of the time and place of special meetings shall be given to each director by (a) personal delivery of written notice, (b) first-class mail, postage prepaid, (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic transmission, either directly to the director or to a person at the director's office who would reasonably be expected to communicate that notice promptly to the director, (d) facsimile, (e) electronic mail, or (f) other electronic means. All such notices shall be given or sent to the director's address or telephone number as shown on VESA's records. Notices sent by first-class mail shall be deposited in the United States mails at least four (4) business days before the time set for the meeting. Notices given by personal delivery, telephone or electronic transmission shall be delivered, telephoned, or sent, respectively, at least twenty-four (24) hours before the time set for the meeting. The notice shall state the time and place of the special meeting, if the place is other than VESA's principal office. The notice need not specify the purpose of the special meeting.

Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.

Regular Board meetings may be held without notice if the time and place of the meetings has been agreed upon by the Board.

A majority of the directors present at any meeting, whether or not a quorum is present, may adjourn such meeting to another time and place.

Any action that the Board is required or permitted to take may be taken without a meeting if all directors consent in writing to the action. Such action by written consent shall have the same force and effect as any other validly approved Board action. All such consents shall be filed with the minutes of the proceedings of the Board.

## **5.08 Meetings by Telephone or Other Telecommunications Equipment**

Members of the Board may participate in any Board meeting through use of conference telephone, video screen communication, or other communications equipment. Such participation shall constitute presence in person at the meeting if (a) all directors participating in such meeting can communicate with one another, and (b) each director is provided the means of participating in all matters before the Board, including the capacity to propose, or interpose an objection to, a specific action to be taken by VESA.



### **5.09 Quorum**

A majority of the authorized number of directors shall constitute a quorum for the transaction of any business of the Board except adjournment. The authorized number of directors shall be that exact number of directors as is fixed within the limits and range stated in Section 5.02 above by resolution approved by three-fourths of the Board. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the more stringent provisions of the California Nonprofit Mutual Benefit Corporation Law, including, without limitation, the provisions of same on (a) approval of contracts or transactions between VESA and one or more directors or between VESA and any entity in which a director has a material financial interest, (b) creation of and appointments to committees of the Board, and (c) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite withdrawal of some directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

### **5.10 Executive Director**

The Board may appoint an Executive Director who shall serve at the pleasure of the Board. The Executive Director shall perform such duties as are assigned by the Board and shall receive such compensation as the Board shall determine.

## **ARTICLE VI Executive Committee**

### **6.01 Composition**

There shall be an Executive Committee of the Board consisting of the three elected officers set forth in Section 7.01 below; provided, however, that the Executive Committee must consist of at least two (2) directors, and no one who is not a director, of VESA at all times. The immediate past Chair of the Board and the Executive Director shall serve in an ex-officio, non-voting capacity. The Chair of the Board shall chair the Executive Committee.

### **6.02 Authority**

The Executive Committee may act for the Board pursuant to delegation of authority to the Executive Committee by the Board, except with respect to those matters or actions set forth in paragraphs (1) through (8) of subdivision (a) of Section 7212 of the California Nonprofit Mutual Benefit Corporation Law. Members may obtain a copy of such statutory paragraphs upon requesting same from VESA.

### **6.03 Procedure**

Meetings and actions of the Executive Committee shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions, except that the time for general meetings of such Executive Committee may be set either by Board resolution or, if none, by resolution of the Executive Committee. Minutes of each Executive Committee meeting shall be kept and shall be filed with the corporate records. The Board may adopt rules for the governance of the Executive Committee as long as the rules are consistent with these Bylaws. If the Board has not adopted rules, the Executive Committee may do so.

## **ARTICLE VII Officers**

### **7.01 Officers**

The officers of VESA are Chair of the Board, Vice-Chair of the Board, and Secretary-Treasurer, each of whom shall be elected by the Board to serve at the pleasure of the Board, until their successors have been duly elected, qualified and assume office.

### **7.02 Qualifications**

Any director on the Board shall be eligible for nomination and election as an officer.

### **7.03 Term**

Each elected officer shall serve a term of one (1) year or until his or her successor assumes office. Each elected officer shall serve concurrently on the Board. No elected officer shall serve more than three (3) consecutive terms of one (1) year in office, but shall be eligible for re-election again after at least a one-year hiatus from office.

### **7.04 Duties**

The duties of the Chair, Vice-Chair and Secretary-Treasurer shall be such as their titles by general usage indicate, or as may be specified by the Board from time to time, and as may be required by law. Without limiting the foregoing powers of the officers, the following duties are conferred upon the officers.

### **7.05 Chair**

The Chair shall preside at all meetings of VESA members and of the Board. The Chair shall be a director, a member of the Executive Committee of the Board, and an ex-officio member of any other committee of the Board, if not appointed as a member, except the Nominating Committee.

### **7.06 Vice-Chair**

The Vice-Chair shall preside and act as Chair in the event of the absence or disability of the Chair and assist the Chair when requested to do so. In addition, the Vice-Chair shall serve as a director and a member of the Executive Committee.

### **7.07 Secretary-Treasurer**

The Secretary-Treasurer shall cause to be kept all minutes of meetings of VESA members and of the Board and shall provide notice of all meetings in accordance with the provisions of these Bylaws or the direction of the Board. Further, the Secretary-Treasurer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of VESA with such depositories as the Board may designate, (b) disburse VESA funds as the Board may order, (c) render to the officers and the Board, when requested, an account of all transactions and of the financial condition of VESA, and (d) have such other powers and perform such other duties as the Board or these Bylaws may require.

## **7.08 Removal and Vacancy**

The Board may remove any officer with or without cause. If a vacancy occurs in any office or position because of death, resignation, removal, disqualification, or any other cause, the Board may fill the vacancy for the un-expired term of the office.

# **ARTICLE VIII**

## **Membership Meetings**

### **8.01 Annual Meeting**

An annual meeting of members shall be held at a time and place designated by the Board.

### **8.02 Special Meeting**

The Board or the chair of the Board, if any, or the president, or 5 percent or more of the members, may call a special meeting of members at any time. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote, under Section 8.04 of these bylaws, stating that a meeting will be held at a specified time and date fixed by the Board. However, the meeting date shall be at least 35 but no more than 90 days after receipt of the request. If the notice is not given within 20 days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board. No business, other than the business that was set forth in the notice of the meeting, may be transacted at a special meeting.

### **8.03 Electronic Meetings**

If authorized by the Board in its sole direction, and subject to the requirements of member consent set forth below and guidelines and procedures the Board may adopt, members not physically present in person (or, if proxies are allowed, by proxy) at a meeting of members may, by electronic transmission by and to VESA or by electronic video screen communication, (i) participate in a meeting of members, (ii) be deemed present in person (or, if proxies are allowed, by proxy), and (iii) vote at a meeting of members whether that meeting is to be held at a designated place or in whole or in part by means of electronic transmission by and to VESA or by electronic video screen communication, subject to the requirements of these Bylaws. A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to VESA or by electronic video screen communication (1) if VESA implements reasonable measures to provide members in person (or, if proxies are allowed, by proxy) a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and (2) if any member votes or takes other action at the meeting by means of electronic transmission to VESA or electronic video screen communication, a record of that vote or action is maintained by VESA. The foregoing is subject to the requirement that each member participating via electronic transmission by and to VESA shall have provided an unrevoked consent to the use of those means of transmission. Any request by VESA to a member for consent to conduct a meeting of members by electronic transmission by and to VESA shall include a notice that absent consent of the member pursuant to California Corporations Code §20(b), the meeting shall be held at a physical location in accordance with these Bylaws.

## **8.04 Notice**

Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given at least ten (10) but no more than ninety (90) days before the date of the meeting to each member who is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than twenty (20) days before the meeting. The notice must specify the place, date, and hour of the meeting, and the means of electronic transmission by and to VESA or electronic video screen communication, if any, by which members may participate in the meeting. For the annual meeting, the notice shall state the matters that the Board, at the time notice is given, intends to present for action by the members. For a special meeting, the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals: (1) removing a director without cause; (2) filling vacancies on the Board; (3) amending the Articles; (4) electing to wind up and dissolve VESA; or (5) approving a contract or transaction between VESA and one or more directors, or between VESA and any entity in which a director has a material financial interest. The notice shall be given either personally, by electronic transmission by VESA, or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the address of that member as it appears on the books of VESA or at the address given by the member to VESA for purposes of notice. If no address appears on VESA's books and no address has been so given, notice shall be deemed to have been given if either (1) notice is sent to that member by first-class mail or facsimile or other written communication to VESA's principal office or (2) notice is published at least once in a newspaper of general circulation in the county in which the principal office of VESA is located. Notice given by electronic transmission by VESA shall be valid only if (1) delivered by (a) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with VESA; (b) posting on an electronic message board or network that VESA has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (c) other means of electronic communication; (2) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form. Notwithstanding the foregoing, (1) an electronic transmission by VESA to a member is not authorized unless, in addition to satisfying the requirements of this section, the consent to the transmission has been preceded by or includes a clear written statement to the recipient as to (a) any right of the recipient to have the record provided or made available on paper in nonelectronic form, (b) whether the consent applies only to that transmission, to specified categories of communications, or to all communications from VESA, and (c) the procedures the recipient must use to withdraw consent; and (2) notice shall not be given by electronic transmission by VESA after either of the following: (a) VESA is unable to deliver two consecutive notices to the member by that means or (b) the inability so to deliver the notices to the member becomes known to the secretary, any assistant secretary, or any other person responsible for the giving of the notice. An affidavit of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the Secretary-Treasurer or any VESA transfer agent, and if so executed, shall be filed and maintained in VESA's minute book. If any

notice addressed to a member at the address of the member appearing on the books of VESA is returned to VESA and marked undeliverable, all future notices to such member shall be deemed to have been duly given without further mailing if the same shall be available for the member at the principal office of VESA for a period of one (1) year from the date of the giving of the notice to all other members.

### **8.05 Voting and Proxies**

[Ten percent (10%)] of the outstanding voting power of VESA shall constitute a quorum for the transaction of business at any meeting of members. If, however, the attendance at any general or annual meeting, whether in person or by proxy, is less than one-third of the voting power, the members may vote only on matters as to which notice of their general nature was given under Section 8.04 of these bylaws. Except as otherwise required by law, the Articles, or these Bylaws, the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum. Subject to the California Nonprofit Mutual Benefit Corporation Law, regular members in good standing on the record date as determined under Section 8.06 of these Bylaws shall be entitled to vote at any meeting of members. Voting may be by voice or by ballot, except that any election of directors must be by ballot if demanded before the voting begins by any member entitled to vote at the meeting. Each member entitled to vote may cast one vote on each matter submitted to a vote of the members. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be deemed the act of the members unless the vote of a greater number, or voting by classes, is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles. Each member entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the member and filed with the Secretary-Treasurer. A proxy shall be deemed signed if the member's name is placed on the proxy by the member or the member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise. All proxy voting shall be in accordance with the California Nonprofit Mutual Benefit Corporation Law.

### **8.06 Record Date**

For purposes of establishing the members entitled to receive notice of any meeting, entitled to vote at any meeting, entitled to vote by Written Ballot, as defined below, or entitled to exercise any rights in any lawful action, the Board may, in advance, fix a record date. The record date so fixed for (1) sending notice of a meeting shall be no more than 90 nor less than 10 days before the meeting; (2) voting at a meeting shall be no more than 60 days before the date of the meeting; (3) voting by Written Ballot shall be no more than 60 days before the day on which the first Written Ballot is mailed or solicited; and (4) taking any other action shall be no more than 60 days before that action. If not otherwise fixed by the Board, the record date for determining members entitled to receive notice of 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. If not otherwise fixed by the Board, the record date for determining members entitled to vote at the meeting shall be the day on which the meeting is held. If not otherwise fixed by the Board, the record date for determining members entitled to vote by Written Ballot shall be the day on which the first Written Ballot is mailed or solicited. If not otherwise fixed by the Board, the record date for determining members entitled to exercise any rights with respect to any other lawful action shall be the date on which the Board

adopts the resolution relating to that action, or the 60th day before the date of that action, whichever is later. For purposes of Section 8.05 of these Bylaws, a person holding a membership at the close of business on the record date shall be a member of record.

### **8.07 Written Ballot**

Any action that may be taken at any meeting of members, including, but not limited to, electing directors, may be taken without a meeting by complying with this Section 8.07. VESA shall distribute one written ballot to each member entitled to vote on the matter (each a "Written Ballot"). The Written Ballot and any related material may be sent by electronic transmission by VESA, and responses may be returned to VESA by electronic transmission that meets the requirements of Section 8.03 of these bylaws. A Written Ballot must (a) set forth the proposed action(s) to be taken, (b) provide an opportunity to specify approval or disapproval of each proposal, and (c) provide a reasonable time within which to return the ballot. In addition, all solicitations of votes by Written Ballot must indicate, either through the form of the Written Ballot itself or an accompanying document: (a) the number of responses needed to meet the quorum requirement in the particular situation; (b) the percentage of approvals necessary for passage of the measure(s) for the Written Ballot other than for the election of directors; and (c) the time by which the Written Ballot must be received in order to be counted. In any election of directors, a written ballot that a member marks "withhold," or otherwise marks in a manner indicating that authority to vote is withheld, shall not be voted either for or against the election of a director. Approval by Written Ballot shall be valid only when (a) the number of votes cast by Written Ballot within the time period specified equals or exceeds the quorum otherwise required to be present at a meeting authorizing the action(s) proposed, and (b) the number of approvals equals or exceeds the number of votes that would otherwise be required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by Written Ballot.

## **ARTICLE IX Other Committees of the Board**

### **9.01 Committees of the Board**

The Board, by resolution adopted by a majority of the directors then in office, may create one or more committees of the Board (in addition to the Executive Committee), each consisting of two (2) or more directors and no one who is not a director, to serve at the pleasure of the Board. Appointments to such committees shall be by a majority vote of the directors then in office. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except with respect to those matters or actions set forth in paragraphs (1) through (8) of subdivision (a) of Section 7212 of the California Nonprofit Mutual Benefit Corporation Law. The Board may adopt and deliver to each committee a written mission statement summarizing the Board resolution and setting forth with reasonable specificity the purpose and authority of the committee.

### **9.02 Nominating Committee & Director Nomination Procedure**

The Executive Director, with the approval of the Board by resolution, shall appoint a Nominating Committee which will consist of two (2) or more VESA directors.

At such time as the Board determines, the Nominating Committee shall circulate a written notice to its regular members which (a) solicits director nominations from the regular membership at large, and (b) clearly states the date for the close of nominations prior to the printing and distributing of the Written Ballot for the election of directors. Prior to the date for the close of nominations, the Nominating Committee shall ensure that enough individuals have been nominated by the regular members such that there is at least one (1) qualified candidate nominated for each director seat up for election.

After receipt of all the regular members' director nominations, but no later than April 1<sup>st</sup> of each year, the Secretary-Treasurer shall circulate a Written Ballot for the election of directors to all regular members which shall (a) list and describe all director nominees up for election, and (b) conform in all respects to the requirements of the California Nonprofit Mutual Benefit Corporation Law, and Section 8.06 and Article X of these Bylaws.

## **ARTICLE X Election of Directors**

### ***10.01 Election By Written Ballot***

Unless an annual or special member meeting for the election of directors is called or scheduled in a manner consistent with these Bylaws and the California Nonprofit Mutual Benefit Corporation Law, directors shall be elected by Written Ballot without a meeting. With respect to each election of directors by Written Ballot, and prior to the deadline by which Written Ballots must be submitted in order to be counted, the Board, acting through the Nominating Committee, shall formulate procedures that allow (a) a reasonable opportunity for each director nominee to communicate to members the nominee's qualifications and the reasons for the nominee's candidacy, (b) a reasonable opportunity for the nominee to solicit votes, and (c) a reasonable opportunity for all members to choose among the nominees.

### ***10.02 Election Results***

If upon the expiration of the time period specified for the return of Written Ballots the Board, as of such time, has obtained Written Ballots from enough regular members to constitute a quorum for the transaction of member business, the Board shall promptly tabulate all Written Ballots received for the determination of electing directors. The results of the election of directors shall be announced to the membership no later than May 15<sup>th</sup> of each year. In the event that Written Ballots sufficient to constitute a member quorum are not received by the time specified for receipt of same, the Board may, in its discretion, extend such specified time by circulating a written notice of such extension to all regular members. In such case, the Board in its discretion may also reasonably extend the deadline by which it is required to announce the results of the election of directors hereunder.

## **ARTICLE XI Finances**

### ***11.01 Fiscal Year***

The fiscal year of VESA shall begin on January 1<sup>st</sup> and end on December 31<sup>st</sup> of each year.

## **11.02 Budget**

The Board shall adopt an income and expense budget covering all activities for the next fiscal year. The budget shall be available to any member.

## **11.03 Audit and Annual Report**

(a) The Board shall cause an audit of the accounts of VESA to be made annually by a certified public accountant. If VESA receives \$10,000 or more in gross revenues or receipts during a given fiscal year, the Board, or any designated committee thereof, shall cause an annual report to be prepared no later than 120 days after the close of such fiscal year. That report shall contain the following information in appropriate detail: A balance sheet as of the end of that fiscal year and an income statement and a statement of cashflows for that fiscal year;

(b) A statement of the place where the names and addresses of current members are located; and

(c) Any information required by Section 11.04 of these bylaws.

In addition, VESA shall annually notify each member of the member's right to receive a copy of the financial report under this Section, and such annual report shall be promptly provided to any member upon request. If the Board approves, VESA may send the report and any accompanying material sent pursuant to this Section by electronic transmission.

## **11.04 Annual Statement of Certain Transactions and Indemnifications**

As part of the annual report to all members, or as a separate document if no annual report is issued, VESA shall annually prepare and mail, deliver, or sent by electronic transmission to its members and furnish to its directors a statement of any transaction or indemnification of the following kinds within 120 days after the end of VESA's fiscal year:

(a) Unless approved by members under Section 7233(a) of the California Nonprofit Mutual Benefit Corporation Law, any transaction (i) to which the corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a material financial interest): (a) any director or officer of VESA, its parent, or its subsidiary; or (b) any holder of more than 10 percent of the voting power of VESA, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to VESA, the nature of their interest in the transaction, and, when practicable, the amount of that interest, except that, in a partnership in which such person is a partner, only the partnership interest need be stated.

(b) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of VESA under Section 12.01 of these Bylaws, unless the loan, guaranty, indemnification, or advance has already been approved by the members under California Corporations Code §5034, or the loan or guaranty is not subject to Section 7235(a) of the California Nonprofit Mutual Benefit Corporation Law.

## **11.05 Dissolution**

Upon dissolution of VESA, the assets shall be distributed to an education or charitable organization as shall be designated by the Board.



## **ARTICLE XII Indemnification and Insurance**

### ***12.01 Indemnification***

To the fullest extent permitted by law, VESA shall defend, indemnify and hold harmless any and all agents described in Section 7237(a) of the California Nonprofit Mutual Benefit Corporation Law against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, by reason of the fact that the person is a person described in that section, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation. The process by which any subject agent seeks such indemnification from VESA, and the process by which VESA so provides any such indemnification, shall be governed under Section 7237 of the California Nonprofit Mutual Benefit Corporation Law.

### ***12.02 Insurance***

VESA shall have the right to purchase and maintain insurance to the fullest extent permitted by law on behalf of its agents against any liabilities asserted against or incurred by the agent in such capacity or arising out of the agent’s status as such.

## **ARTICLE XIII Amendment of Bylaws; General**

### ***13.01 Adoption and Distribution***

The Board may adopt, amend, or repeal bylaws unless doing so would:

- (a) Materially and adversely affect the members’ rights as to voting, dissolution, redemption, or transfer;
- (b) Increase or decrease the number of members authorized in total;
- (c) Effect an exchange, reclassification, or cancellation of all or part of the memberships; or
- (d) Authorize a new class of membership.

The Board may not, without the approval of the members, specify or change any bylaw that would:

- (a) Fix or change the authorized number of directors;
- (b) Fix or change the minimum or maximum number of directors; or
- (c) Change from a fixed number of directors to a variable number of directors or vice versa.

The Board may not, without the approval of the members, adopt, amend, or repeal any bylaw that would:

- (a) Increase or extend the terms of directors;
- (b) Allow any director to hold office by designation or selection rather than by election by the members;
- (c) Increase the quorum for members’ meetings;

- (d) Repeal, restrict, create, expand, or otherwise change proxy rights; or
- (e) Authorize cumulative voting.

### **13.02 Interpretation**

Unless the context requires otherwise, these Bylaws are subject to the California Nonprofit Mutual Benefit Corporation Law. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person.