

SOUTH BAY ASSOCIATION OF CHAMBERS OF COMMERCE

BY-LAWS

Last Amended 31 May 2007

By-Laws for the regulation, except as otherwise provided by Statute or its Articles of Incorporation, of the South Bay Association of Chambers of Commerce.

ARTICLE I - NAME

Section 1. **NAME.** The name of this corporation is the South Bay Association of Chambers of Commerce.

ARTICLE II - PURPOSES

Section 1. **VISION.** To be regarded as the voice of business for regional issue advocacy in the South Bay.

Section 2. **MISSION.** The South Bay Association of Chambers of Commerce is a regional association of chambers of commerce dedicated to regional issue advocacy in the South Bay.

Section 3. **PURPOSES.** The purposes of the Association are:

- a. To provide coordination and to advance the common business interests of local Chambers of Commerce within the South Bay area.
- b. To serve as a public policy advocacy body on issues that impact the business and economic climate of the South Bay.
- c. To provide a forum and structure for cooperative educational programs and services that benefit the collective members of the participating local Chambers of Commerce and that does not compete with Member Chambers.

Section 4. **LIMITATION OF PURPOSE.** The Association shall operate under all local, state, and federal laws pertaining to a 501(c)6 organization.

ARTICLE III - MEMBERSHIP

Section 1. **DEFINITION OF TERMS.** The term, Chamber of Commerce, as used in these By-Laws, shall be construed to include an organization having as its objectives the promotion of the general economy, as well as the civic, cultural, professional, social, and industrial development of a local community.

Section 2. **ELIGIBILITY FOR MEMBERSHIP.** Application for membership is open to Chambers of Commerce in the following communities:

Carson
Catalina
El Segundo
Gardena
Harbor City/Harbor Gateway
Hawthorne
Hermosa Beach
Inglewood
Lawndale
Lomita
Long Beach
Manhattan Beach
Palos Verdes Peninsula
Redondo Beach
San Pedro
Torrance
Westchester/LAX/Marina del Rey
Wilmington

Section 3. **APPLICATION.** Applicants for membership shall be approved by the Board of Directors. Members will agree to abide by the provisions of these By-Laws and any amendments thereto.

Section 4. **MEMBERSHIP RIGHTS AND PRIVILEGES.** The rights, interests and privileges of Members shall be as follows:

Each Member of the Association shall be entitled to vote at meetings of the general membership, receive Association publications, serve on committees, attend meetings and have the privileges of the floor, and display emblems of the Association.

Section 5. **LIMITATION ON RIGHT TO EXERCISE MEMBERSHIP PRIVILEGES.** No Member shall be entitled to exercise their privileges of membership unless membership fees are fully paid.

Section 6. **TERMINATION OF MEMBERSHIP.** Membership in the Association may be terminated in any of the following ways:

- a. After notice and opportunity of a hearing, any Member may be expelled for non compliance with these By-Laws or for conduct unbecoming a Member, by a two-thirds vote of the members of the Board of Directors.
- b. Any Member of the Association shall be expelled by a two thirds vote of the Members of the Board of Directors present at a meeting for nonpayment of dues after ninety (90) days from the date due, unless otherwise extended by the Board of Directors upon a showing of good cause.
- c. Any Member of the Association may resign upon written request to the Board of Directors.

Section 7. **USE OF THE TERM "MEMBER" AND HONORARY MEMBERSHIP.** Nothing in this Article shall be construed as limiting the right of the Association to refer to persons and

organizations associated with it (e.g. contributors, volunteers, and dues-payers) as "members", "honorary members", or other such term even though such persons are not Members. The Association may implement any sponsorship programs with the fees, levels, recognition, and policies of the sponsorship program to be set by the Board of Directors. Participants and contributors to the sponsorship program may be referred to as "business members" or other such term as may be designated by the program. No references of "member", "honorary member", "business member", or other such term shall constitute any person or organization a Member within the definition of the meaning in this Article or confer on any such persons or organizations any rights to vote on any business, referendums, motions, or elections of the Association. This section shall not limit the rights and obligations of individuals duly elected as Directors on the Board of Directors in accordance with these Bylaws.

ARTICLE IV - MEMBERSHIP DUES

Section 1. **ANNUAL MEMBERSHIP FEES.** Membership dues shall be set by the Board of Directors, which may review the dues structure, from time to time, and make necessary changes.

Section 2. **MEMBERSHIP YEAR.** Dues shall be payable in January at the beginning of the fiscal year of the Association.

Section 3. **REINSTATEMENT.** Upon payment of current and delinquent membership dues, Members suspended for non-payment of dues may be reinstated to membership by a majority vote of the Board of Directors.

ARTICLE V - BOARD OF DIRECTORS

Section 1. **MANAGEMENT.** The corporate powers of the Association shall be exercised, its business and affairs directed, and its property controlled by a Board of Directors. Each Director will have one vote. The Board of Directors shall be composed of the following:

- a. Up to three Directors from each Member Chamber board who shall serve at the pleasure of their Chambers including:
 - i. Chairman of the Board (or highest ranking volunteer) of each Member Chamber or his/her designee for a one year term.
 - ii. Chief paid executive of each Member Chamber or his/her designee for a one year term.
 - iii. One additional member of each Member Chamber to be determined by the Member Chamber for a two year term.
- b. Three Past Chairmen of the Board of the South Bay Association of Chambers of Commerce in addition to the Immediate Past Chairman may be elected for a one year term in accordance with these By-Laws Article VII, Section 3.
- c. Four additional Directors may be elected for two year terms in accordance with these By-Laws Article VII, Section 3. Two of the Directors terms shall be staggered with the terms of the remaining two Directors.

- d. Additional Directors may be elected for up to a one year term and successive terms by nomination of the Chairman of the Board and approval by the Executive Committee. The term and eligibility shall be based on the participation in and payment to a designated annual sponsorship program for the Association by each Director or the Director's business or organization.
- e. Any Director that has served for any portion of one term and has been elected to serve as an Officer in accordance with these Bylaws shall continue to serve as a Director in addition to those Directors in Article V, Sections 1 (a), (b), & (c) concurrent with the term as an Officer.

The total number of Directors elected in accordance with this Section, Parts (b), (c), (d), and (e) shall not exceed one less than the total number of Directors elected in accordance with Part (a).

Section 2. **APPOINTMENTS, NOMINATIONS AND ELIGIBILITY.** Each Member Chamber is responsible to appoint in writing the Directors from that Member Chamber. All Directors shall be members of a Member Chamber of Commerce. In the event that a Director ceases to be a member of a Member Chamber of Commerce, then that Director shall become ineligible to serve on the Board of Directors and a new Director shall be nominated in accordance with these By-Laws Article V, Section 5. No individual company or organization, but not in reference to Member Chambers of Commerce, shall have more than two of its employees or representatives serve as Directors.

Section 3. **TERM OF OFFICE.** Directors shall serve for a term as indicated in Article V, Section 1 or successive terms, as nominated, and until their successors are elected and installed.

Section 4. **REMOVAL.** The Board of Directors may remove a member of the Board or otherwise declare vacant the office of a Director on the occurrence of any of the following events:

- a. The Director has been declared of unsound mind by a final order of court.
- b. The Director has been convicted of a felony.
- c. The Director is absent from three consecutive meetings of the Board for reasons which the Board fails to declare sufficient.
- d. The Director has engaged in conduct unbecoming a Director or prejudicial to the aims or repute of the Association as determined by a two-thirds majority vote of the Board after notice and opportunity for a hearing are afforded the Director complained against.

Section 5. **VACANCIES.** Any vacancy on the Board of Directors of a Director from a Member Chamber shall be filled by the Chamber of Commerce from where the vacancy exists. Any other vacancy on the Board of Directors shall be filled according to these By-Laws Article VII, Section 3.

Section 6. **SPECIAL DUTIES OF THE BOARD.** In addition to the duties imposed by law and otherwise provided in these By-Laws, it shall be the duty of the Board of Directors:

- a. To carry out the purposes of the Association as listed in Article II of the By-Laws.
- b. To manage the finances of the Association.
- c. To elect applicants to membership, accept resignations, and terminate membership for cause.

- d. To appoint and fix the compensation of such employees as the work of the Association may require.
- e. To issue such publications as it may find useful, conduct referenda, to generally advance the objectives of the Association.
- f. To make such rules for the guidance of officers, the Board, committees, and the Association generally.

ARTICLE VI - OFFICERS

Section 1. **ELECTIVE OFFICERS.** The elective officers of the Association, collectively referred to as the Executive Committee, shall include at least one chief paid executive from a Member Chamber and shall be as follows:

- a. **CHAIRMAN OF THE BOARD** - The Chairman of the Board shall preside at all meetings of the Board of Directors and shall perform all duties incident to his office and advise such action as might be deemed by him likely to increase the usefulness of the Association. The Chairman shall be an ex-officio member of all committees. In the absence of a paid employee or Director elected as President then the Chairman of the Board shall serve as President. No Member Chamber shall have its Directors serve as Chairman of the Board more than two consecutive years.
- b. **VICE CHAIR** - The Vice Chair shall perform duties as designated by the Chairman of the Board and duties of the Chairman in the absence of the Chairman. The Vice Chair shall be responsible to notify each Member Chamber of their opportunity to appoint up to three Directors to the Board in accordance with these By-Laws and receive notice of those appointments. The Vice Chair shall serve as Chairman-Elect and shall nominate Officers each year for submission to the Board of Directors for approval in accordance with the By-Laws Article VII, Sections 1, 2.
- c. **TREASURER** - The Treasurer shall serve as Chief Financial Officer of the Association. The Treasurer shall be responsible for the safeguarding of all funds received by the Association and for their proper disbursement. Such funds shall be kept on deposit in financial institutions or invested in a manner approved by the Treasurer and Chairman of the Board. The Treasurer shall make a full report of the financial condition of the Association from time to time as may be required by the Chairman of the Board or the Board of Directors.
- d. **SECRETARY** - The Secretary shall conduct the correspondence of the Association; preserve the records, documents, and communications of the Association; and maintain an accurate record of the proceedings of the Association.
- e. **IMMEDIATE PAST CHAIRMAN OF THE BOARD** - The Immediate Past Chairman of the Board shall automatically be included as an Officer of the Association.
- f. **PAST CHAIRMAN ADVISORS** – Any additional Past Chairmen of the Board of the South Bay Association of Chambers of Commerce nominated in accordance with these By-Laws Article VII, Section 3.

Section 2. **DUTIES OF OFFICERS.** The duties of the officers shall be such as their titles, by general definition would indicate, and such as are required by law or these By-Laws, and such as may be assigned to them respectively by the Board of Directors from time to time.

Section 3. **ELIGIBILITY AND VACANCIES.** Only Directors in good standing are eligible to hold an elective office. In the event of any vacancy of any Officer, the Chairman of the Board shall nominate a new Officer for submission to the Board of Directors for approval.

Section 4. **TERM OF OFFICE.** Officers shall hold office for a term of one year and until their successors have been selected and installed.

ARTICLE VII - ELECTIONS AND APPOINTMENTS

Section 1. **OFFICER NOMINATING COMMITTEE.** At the October meeting of the Board of Directors, the Chairman of the Board shall appoint, with the approval of the Board of Directors, an Officer Nominating Committee to consist of the Vice Chair/Chairman-Elect, one other officer, and three members of the Board of Directors in good standing, which shall include at least one chief paid executive from a Member Chamber. The Vice Chair/Chairman-Elect shall chair the Officer Nominating Committee.

Section 2. **OFFICER NOMINATING COMMITTEE AND ELECTION.** At the November meeting of the Board of Directors, the Officer Nominating Committee shall present a slate of the officers as designated in Article VI, Section 1, of these By-Laws. Additional nominations may be made from the floor by any qualified Director. The nominee receiving the highest number of votes for each office shall be declared elected and shall take office the first meeting in January.

Section 3. **DIRECTOR NOMINATING COMMITTEE.** At the October meeting of the Board of Directors, the Chairman of the Board shall appoint, with the approval of the Board of Directors, a Board of Directors Nominating Committee to consist of three Directors in good standing. Members of the committee will serve on the committee for a period of one year. The committee will meet as necessary to consider Past Chairmen of the Board of the Association and individuals who are members of Member Chambers of Commerce to serve as Directors. The committee may nominate any Past Chairmen and individuals identified in accordance with these By-Laws Article V. Those nominated by the committee will become members of the Board following a two thirds majority vote by the Board of Directors.

ARTICLE VIII - MEETINGS

Section 1. **ANNUAL MEETING.** The Association will have one Annual meeting of the Members each calendar year in November. The time and place will be determined by the Board of Directors.

Section 2. **MEETINGS OF THE BOARD OF DIRECTORS.** The Board shall meet at such times and places and at such intervals as it shall designate.

Section 3. **SPECIAL MEETINGS OF THE BOARD.** Special meetings of the Board may be called at any time by the Chairman of the Board or by written request of three directors provided that written notices of such special meetings stating the purpose and the time and the place thereof shall be given at least five days in advance to each member of the Board of Directors.

Section 4. **QUORUM AT BOARD MEETINGS.** At all meetings of the Board, a presence of twenty-five percent of the Directors shall constitute a quorum for the transaction of business. Once the quorum has been established and the meeting has been called to order, the quorum shall remain intact for the duration of the meeting provided that two-thirds plus one of those in attendance at the commencement of the meeting remain. For the purposes of determining a quorum, the total number of Directors on the Board shall be the actual appointments received in writing from each Member Chamber as per these By-Laws, Article V, Sections 1, 2, and 5 and nominations accepted as per these By-Laws, Article VII, Section 3. In no event shall the initial quorum established or the continuing quorum be fewer than eight Directors.

Section 5. **VOTING AT BOARD MEETINGS.** Each Director shall have one vote for each motion proposed for a vote at Board of Directors meetings. Votes on each question proposed shall be cast by the Directors in person. Cumulative voting or voting by absentee proxy is not permitted.

Section 6. **RULES OF ORDER.** All meetings of Members of the Association, its Board of Directors, and its committees shall be conducted according to Robert's Rules of Order (Revised) wherever such Rules of Order are not inconsistent with the Articles of Incorporation, these By-Laws, or the Statutes of the State of California.

ARTICLE IX - COMMITTEES

Section 1. **AUTHORIZATION AND APPOINTMENT.** The Board of Directors shall authorize and define the powers and duties of all committees. Except as provided in these By-Laws all committees shall be: a) appointed by the Chairman of the Board, subject to confirmation by the Board and b) special or ad hoc committees; no standing committees.

Section 2. **AUTHORITY OF COMMITTEES.** It shall be the function of committees to carry on such activities as may be delegated to them by the Board. They shall in no way commit the Association on any matter without first having received the approval of the Board of Directors.

Section 3. **COMMITTEE MEMBERSHIP.** Representatives of all Members of the Association are eligible to participate in any committee established by the Association. Minutes of each committee meeting will be taken by a designated secretary and maintained by the Secretary of the Association.

ARTICLE X - FINANCE

Section 1. **THE FISCAL YEAR.** The fiscal year shall commence January 1st and extend through December 31st of the same year.

Section 2. **GENERAL FUND.** All money received by the Association shall constitute a general fund.

Section 3. **METHOD OF HANDLING FUNDS.** The Treasurer shall receive and account for all moneys paid into the general fund, shall deposit same in banks designated by the Board and shall approve all vouchers. The Board of Directors shall approve all projects, programs, and other uses of funds. Checks shall be signed by those authorized to do so by the Board.

Section 4. **ANNUAL AUDIT.** The Board of Directors is responsible for seeing that the Association finances are in good order and may authorize an annual audit of the books of the Association as it deems necessary.

ARTICLE XI - INDEMNIFICATION

Section 1. **DEFINITIONS.** For the purposes of this Article, the following definitions apply:

- a. "Agent" means any person who is or was a director, officer, employee, or other agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a predecessor corporation of the Association or of another enterprise at the request of such predecessor Association.
- b. "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.
- c. "Expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Sections 4 or 5b.

Section 2. **INDEMNIFICATION IN ACTIONS BY THIRD PARTIES.** The Association shall, to the maximum extent permitted by law, indemnify any person who was or is part or is threatened to be made part of any proceeding (other than an action by or in the right of the Association to procure a judgment in its favor; an action brought under Statute 5233 of the California Corporations Code, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Association, against expenses, judgments, fines settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding, had not reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interest of the Association of that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. **INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE ASSOCIATION.** The Association shall, to the maximum extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Association, or brought under Statute 5233 of the California Corporation Code, or brought by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Association, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. However, no indemnification shall be made under this Section 3:

- a. In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association in the performance of such person's duty to the Association, unless and only to the extent that the Court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is

fairly and reasonably entitled to indemnity for the expenses which such court shall determine.

- b. Of the amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval.
- c. Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 4. **INDEMNIFICATION AGAINST EXPENSES.** To the extent that an agent of the Association has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. **REQUIRED DETERMINATIONS.** Except as provided in Section 4, any indemnification on this Article shall be made by the Association only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 by:

- a. A majority vote of a quorum consisting of Directors who are not part of such proceedings.
- b. The court in which such proceeding is or was pending upon application made by the Association or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Association.

Section 6. **ADVANCE OF EXPENSES.** Expenses incurred in defending any proceeding may be advanced by the Association prior to the final disposition of such proceedings. However with respect to any proceeding and indemnification request made under Section 3, expenses may be advanced by the Association only upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

Section 7. **OTHER INDEMNIFICATION.** No provision made by the Association to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, By-laws, a resolution of the members or directors, an agreement or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than such directors and officers may be entitled to by contract or otherwise.

Section 8. **FORMS OF INDEMNIFICATION NOT PERMITTED.** No indemnification or advance shall be made under this Article, except as provided in Sections 4 or 5, or in any circumstances where it appears:

- a. That it would be inconsistent with a provision of the Articles, these By-Laws, 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.
- b. That is or would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. **INSURANCE.** The Association shall have power to purchase and maintain insurance on behalf of any agent of the Association against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Association would have the power to indemnify the agent against such liability under the provisions of this Article, provided, however, that the Association shall have no power to purchase and maintain such insurance to indemnify any agent of the Association for violation of Statute 5233 of the California Corporations Code.

ARTICLE XII - AMENDMENT

Section 1. **PROCEDURE.** Amendments to these By-Laws shall be made in the following manner:

- a. The proposed amendment, alteration, or substitution shall first be presented to the Board in writing with the request that it be approved for submission at the next Board meeting for action.
- b. It shall be then submitted in writing to the members of the Board of Directors at least 15 days prior to the next Board meeting. A two-thirds majority of the Board members present will be required for the amendment to be made.

ARTICLE XIII - DISSOLUTION

The Association shall use its funds only to accomplish the objectives and purposes specified in these By-Laws. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified charitable, educational, scientific, or philanthropic organizations selected by the Board of Directors.