

BYLAWS  
of  
INTERNATIONAL COUNCIL ON SYSTEMS ENGINEERING

ARTICLE I PURPOSE AND MEMBERSHIP

Section 1. Purpose. This corporation's purpose shall be to foster the definition, understanding, and practice of world class systems engineering in industry, academia, and government.

Section 2. Classes of Members.

This corporation shall have three types of membership: (1) Individual members, (2) Corporate members, including all private and public for-profit and not-for-profit business entities, governmental agencies, and academic institutions, and (3) Individual Corporate Associates.

- (a) Voting Members. This corporation shall have one (1) class of voting members. These members shall be deemed to be "members" within the meaning of Section 5056 (or any successor section) of the California Nonprofit Corporation Law (the "California Corporations Code") and are referred to in these bylaws as the "members." The categories of voting members shall be the following: (1) Regular individual members, (2) Senior individual members, and (3) Lifetime individual members.
- (b) Non-Voting Members. A non-voting class of membership shall be established for the following non-voting membership categories: (1) Corporate members, (2) Individual Corporate Associates, and (3) Student individual members.

Section 3. Selection. All individuals, corporations, other business entities, governmental agencies, not-for-profit organizations and academic institutions who support the purpose of this corporation as set forth in Section 1 above may become members of this corporation upon payment of the annual fees established for members by the Board of Directors and the acceptance of the membership application. Paid fees and an accepted application are required for all members, including new members and previous members who have had a gap in membership. Each member shall remain a member for so long as the applicable fees are paid and remain a member in good standing of this corporation, including adhering to any defined code of conduct for members.

This corporation supports the principles of equality, equal opportunity and equal treatment under the law. This corporation is open to all persons, without regard to race, creed, color, national origin, age, sex, or status as a disabled or other veteran, or the presence of a disability.

Section 4. Membership Fees. Any class of membership can be issued for no payment or for such payment as is determined by the Board of Directors. This corporation may issue the whole or any part of its membership as partly paid and subject to call for the remainder of the payment to be paid therefore. All membership fees paid are non-refundable.

Section 5. Multiple and Fractional Memberships. No person or entity may hold more than one membership. Likewise, no fractional or shared memberships may be held.

Section 6. Transfer of Memberships. Membership in this corporation, or any rights arising therefrom, are not transferable or assignable.

Section 7. Term and Termination of Membership. Membership term is twelve (12) continuous months and the obligations to pay fees continues from year to year. Unless terminated before the expiration date in accordance with this section, a membership will expire at a timeframe determined by the sole discretion of the board, which shall be communicated to the member after the renewal date unless the membership has been renewed by payment of membership fees.

A member may resign membership at any time by notifying the Secretary or designee appointed by the board of this corporation. Resignation, however, shall not relieve the resigning member from any obligation for charges incurred, services or benefits actually rendered, assessments or fees, or arising from contract, or otherwise, and shall not diminish any right of this corporation to enforce any such obligation against or obtain damages from such member. A member will not be liable for fees if membership is resigned promptly upon receipt of an invoice for such dues.

The rights, powers and privileges of membership in this corporation (a) shall immediately terminate for a member upon the death or dissolution of the member or the member's resignation from this corporation, and (b) may not be sold, pledged, encumbered, assigned or otherwise transferred by any member in any manner whatsoever.

The rights, powers and privileges of membership in this corporation shall immediately terminate with respect to a member upon a vote by a majority of the authorized directors of this corporation to expel such member. Any member proposed to be terminated shall be entitled to written notice specifying the grounds for such proposed termination, given at least thirty (30) days prior to the meeting at which such termination is to be voted upon, and shall be entitled to be heard orally or in writing by the Board of Directors not less than five (5) days before the Board of Directors votes upon the expulsion of such member.

## ARTICLE II MEETINGS OF MEMBERS

Section 1. Regular Meetings. Regular meetings of members (or equivalent if called something other than Regular meeting, but still duly called and notice in accordance with these Bylaws) shall be held annually at such date and place as shall be designated by the Board of Directors for the purpose of electing or installing directors and for transacting such other business as may properly come before the members. Such elections or business may also be accomplished through electronic meetings or written or electronic ballot per Section 12.

Section 2. Special Meetings. Special meetings of members may be called by the Board or the President. In addition, special meetings of members for any lawful purpose may be called by

five percent (5%) or more of the members. No business may be transacted at a special meeting unless the general nature of such business was stated in the notice of the special meeting. Upon request in writing to the President by any person or group authorized by these bylaws to call a special meeting, an Officer of this corporation shall cause notice to be given to the members, in accordance with Section 5 of this Article II, that a meeting will be held at the time fixed by the Board, which time shall not be less than thirty-five (35) nor more than ninety (90) days after the receipt of the request. This notice shall be given within twenty (20) days after receipt of the request. Special meetings may be accomplished through electronic means in accordance with Section 12 of these Bylaws.

Section 3. Members not physically present in person at a meeting of members may participate in the meeting by electronic means, be deemed present in person, and vote at the meeting.

Section 4. "Electronic means" for transmission by or to the corporation includes:

- (a) electronic mail address
- (b) electronic remote connections, such as teleconference, video communication, or similar,
- (c) posting on an electronic message board or network which the corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or
- (d) other means of electronic communication approved by the Board,

Records: Meetings held by electronic means must create records that are capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form. However, an electronic transmission by the corporation to an individual member is not authorized unless, in addition to satisfying the requirements of this section, the transmission satisfies the requirements applicable to consumer consent to electronic records as set forth in the Electronic Signatures in Global and National Commerce Act (15 U.S.C. Sec. 7001(c)(1)).

Section 5. A meeting of the members may be conducted, in whole or in part, by electronic means:

- (a) if the corporation implements reasonable measures to provide members in person and participating by electronic means 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
- (b) if any member votes or takes other action at the meeting by electronic means, a record of that vote or action is maintained by the corporation.

Section 6. Place of Meeting. The Board of Directors may designate any place as the place of meeting for any regular meeting. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the principal office of this corporation.

Section 7. Record Date. The Board may fix, in advance, a date as the record date for the

purpose of:

- (a) determining the members entitled to notice of any meeting of members
- (b) determining the members entitled to vote at a meeting of members
- (c) determining the members entitled to cast written or electronic ballots
- (d) determining the members entitled to exercise any rights in respect of any other lawful action

Such record date shall not be more than ninety (90) or less than ten (10) days before the date of the meeting. A determination of members entitled to notice of a meeting of members, vote, cast written or electronic ballot, or exercise any rights in respect of any other lawful action shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting.

Section 8. Notice of Meeting. Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each member who, on the record date for the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed first-class, registered or certified mail, that notice shall be given not less than twenty (20) days before the meeting. Such notice shall state the place, date and time of the meeting and, the means of electronic transmission by and to the corporation (Article II, Section 4) or electronic video communication, if any, by which members may participate in that meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, or
- (b) in the case of the regular meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to members.

If approval of the members is sought concerning any of the following matters, the general nature of the proposal must be stated in the notice of meeting or in any written waiver of notice:

- (a) The removal of a director or directors;
- (b) The filling of a vacancy on the Board of Directors;
- (c) An amendment to the articles of incorporation;
- (d) The approval of a contract or other transaction between this corporation and one or more of its directors, or between this corporation and any domestic or foreign corporation, firm or associate in which one or more of its directors have a material financial interest; or
- (e) The voluntary dissolution of this corporation or the approval of a plan of distribution as part of a voluntary dissolution of this corporation.

Notice of a meeting of members shall be given either personally, by electronic means, or by mail or other means of written communication, addressed to the member at the address of such member appearing on the books of this corporation or given by the member to this corporation

for purpose of notice. The corporation shall make reasonable efforts to post the notice on its general media (e.g., website, social media, newsletter) in case any address is not given or fails.

When a meeting of members is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof (or electronic means, if any, by which members may participate) are announced at the meeting at which the adjournment is taken. If the adjournment is for more than forty-five (45) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

Section 9. Quorum and Adjournment. Five (5) percent of the voting members but not less than one hundred (100) voting members of the members entitled to vote for the election of directors, shall constitute a quorum at a meeting of members. Only notices of matters may be placed before the membership for a vote. In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the votes represented in person, but no other business may be transacted, except as provided by law.

Section 10. Manner of Acting. Each member shall be entitled to one (1) vote on each matter submitted to a vote of the members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote, and voting on any matter shall be the act of the members, unless the vote of a greater number is required by law 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 notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the voting power required to constitute a quorum.

Section 11. Voting by Proxies. There will be no right to act by proxy.

Section 12. Voting by Written or Electronic Ballot. Any action which may be taken at any regular or special meetings of members may be taken without a meeting if this corporation distributes a written or electronic ballot to every member entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide thirty (30) days from the notification of the ballot to return the ballot to this corporation.

Approval by written or electronic ballot shall be valid only when the number of votes cast by ballot within the time period specified, or any extension thereof, equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

Distribution and solicitation of ballots may be performed either personally, by electronic means, or by mail or other means of written communication, addressed to the member at the address of such member appearing on the books of this corporation or given by the member to this

corporation for purpose of notice. The corporation may also post the notice on its general media (e.g., website, social media, newsletter) in case any address is not given or fails.

If any written ballot addressed to a member at the address of such member appearing on the books of this corporation is returned to this corporation by the delivery service and marked as being unable to be delivered, all future notices shall be deemed to have been duly given without further delivery if the same shall be available for the member upon written demand of the member at the principal office of this corporation for a period of one (1) year from the date of the giving of the notice to all other members. An electronic ballot distributed by electronic transmission by the corporation under this paragraph shall be valid only if it complies with Article II, Section 4. Notwithstanding the foregoing, a ballot shall not be given by electronic transmission by the corporation under this paragraph after either of the following:

- (a) The corporation is unable to deliver two consecutive ballots to the member by that means;
- (b) The inability to so deliver the ballots to the member becomes known to the Secretary or other person responsible for the giving of the notice.

In any election of directors, any form of written ballot or electronic ballot in which the directors to be voted upon are named therein as candidates and which is marked by a member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of directors is withheld, including not indicating any choice, shall not be registered or counted as a vote either for or against the election of a director.

All such solicitations of written or electronic ballots shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted.

A written or electronic ballot cannot be revoked.

Section 13. Inspectors of Election. In advance of any meeting of members, the Board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any person so appointed fails to appear or refuses to act, the chair of any meeting of members may, and on the request of any member present shall appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one (1) or more members present the majority of members present shall determine whether one (1) or three (3) inspectors are to be appointed.

The inspectors of election shall: determine the number of memberships outstanding and the voting power of each, the number represented at the meeting and the existence of a quorum; receive votes, ballots or consents; hear and determine all challenges and questions in any way arising in connection with the right to vote; count and tabulate all votes or consents, determine when the polls shall close; determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members.

The inspectors of election, if any, shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

### ARTICLE III BOARD OF DIRECTORS

Section 1. General Powers. Subject to the applicable provisions of the California Corporations Code and any limitation in the articles and bylaws of this corporation, the activities and affairs of this corporation shall be conducted, and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of this corporation to any person or persons, management company, or committee however composed, provided that the activities and affairs of this corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Number and Classes of Directors. The authorized number of directors of this corporation shall not be less than seven (7) nor more than twenty (20). The exact number of directors may be fixed within the limits specified in this Section 2 by a bylaw duly adopted by the members or by resolution of the Board of Directors.

The classes of directors shall be the Officers and At-Large positions. At-Large director positions may be either elected or appointed. The Officer positions shall be President, President-Elect, Treasurer, and Secretary. A majority of the At-Large Directors must be elected.

Section 3. Selection. Directors of this corporation shall be members of the corporation.

The Officers and At-Large Directors shall be elected by written or electronic ballot or in any other manner authorized by law. Each member eligible to vote shall cast the number of votes held, without the right to cumulate votes, for each Officer position and At-Large Director position to be filled. In any election by members, the candidates receiving the highest number of votes are elected.

By resolution, the Board of Directors shall authorize a nomination and selection procedure which includes a reasonable means for members to nominate persons for election as directors, a reasonable opportunity for a nominee to communicate to the members the nominee's qualifications and the reasons for the nominee's candidacy, a reasonable opportunity for all nominees to solicit votes, and a reasonable opportunity for all members to choose among the nominees.

In any event, two (2) percent or more of the members may nominate a person for election as an Officer or At-Large Director, if they have delivered a signed petition to an Officer of this corporation within eleven (11) months preceding the next time directors will be elected.

Section 4. Term. Each director shall hold office as stated in Table 2 until the expiration of the term for which elected and until a successor has been elected and installed, except as otherwise provided by these bylaws.

Table 2  
BOARD OF DIRECTORS TERMS OF OFFICE

Officers	2 Years
At-Large Directors	3 Years

Section 5. Regular Meetings. The Board of Directors may fix by resolution the time and place for the holding of regular meetings of the Board without other notice than such resolution. Notice of any change in the time or place of regular meetings shall be given to all of the directors in the same manner as notice for special meetings of the Board of Directors.

Section 6. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called by the President, President-Elect, Secretary, or any two (2) directors.

Section 7. Notice. Special meetings of the Board of Directors shall be held upon at least two (2) days' notice so long as a quorum is reached according to Article III, Section 8. The business to be transacted at the meeting need not be specified in the notice of such meeting, unless specifically required by law or by these bylaws.

Section 8. Quorum and Adjournment. A majority of the number of directors authorized by these bylaws shall constitute a quorum for the transaction of business at any meeting of the Board. A majority of the directors present, whether or not a quorum is present, may adjourn the meeting for twenty-four (24) hours or less without further notice. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 9. Manner of Acting. The act of a majority of the directors presents at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, unless the act of a different number is authorized by law, the articles of incorporation or these bylaws. 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 required quorum for such meeting.

Members of the Board of Directors may participate in a meeting through use of electronic means. Participation in a meeting in such a manner constitutes presence in person at such meeting.

Section 10. Action Without a Meeting of the Board. 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 or electronic communication to such action. Such consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by consent shall have the same force and effect as a unanimous vote of such directors.

Section 11. Directors' Duty of Care. A director shall perform the duties of a director, including duties as a member of any committee of the Board upon which the director may serve, in good



faith, in a manner such director believes to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing the duties of a director, the director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) one or more Officers or members or employees of this corporation whom the director believes to be reliable and competent in the matters presented;
- (b) counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence;
- or
- (c) a committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as, in any such case, the director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 12. Directors' Duty of Loyalty. Subject to being able to comply with Section 7233(a)(3) of the California Corporations Code or any successor section thereto, no contract or other transaction between this corporation and one or more of its directors, or between this corporation and any domestic or foreign corporation, firm or association in which one or more of this corporation's directors has a material financial interest shall be authorized, approved or ratified by the Board or a committee of the Board unless the material facts as to the transaction and as to the director's or directors' interest are fully disclosed or known to the Board or committee, the Board or committee of the Board authorizes, approves or ratifies the contract or the transaction in good faith by a vote sufficient without counting the vote of the interested director or directors and the contract or the transaction is just and reasonable as to this corporation at the time it is authorized, approved or ratified. Within the meaning of this section, a "material financial interest" does not include a common directorship. A director is not interested within the meaning of this section in a resolution fixing the compensation of another director as a director, Officer or employee of this corporation, notwithstanding the fact that the first director is also receiving compensation from this corporation.

Subject to being able to comply with Section 7233(b)(2) of the California Corporations Code or any successor section thereto, no contract or other transaction between this corporation and any corporation, business corporation or association in which one or more directors are directors, shall be authorized, approved or ratified by the Board or a committee of the Board unless the material facts as to the transaction and as to the director's or directors' common directorships are fully disclosed and known to the Board or committee of the Board, and the Board or committee of the Board authorizes, approves or ratifies the transaction in good faith by a vote sufficient without counting the vote of the common director or directors.

Interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves or ratifies a transaction pursuant to this section.

Section 13. Removal and Filling Vacancies. The Board may declare vacant the office of a director who has:

- (a) been declared of unsound mind by a final order of a court, or convicted of a felony, or, with regard to assets held in charitable trust, has been found by a final order or judgment of any court to have breached any duty arising under Section 7238 of the California Corporations Code or any successor section thereto.
- (b) failed to attend two (2) meetings within a 12-month time period, including both regular and special meetings.
- (c) been determined by a majority of the Board of Directors to have failed to perform responsibilities as detailed in the applicable position description on a regular basis.

Any or all directors may be removed by the members, if deemed to have failed to meet the responsibilities of the position per the applicable position description. Such removal shall be approved by at least five (5) percent but not less than one hundred (100) of the members entitled to vote.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

Any vacancy occurring on the Board of Directors of an At-large Director or of an Officer, including a vacancy created by reason of the removal of a director, as well as any directorship to be filled by reason of an increase in the number of directors shall be filled by approval of the Board or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a duly held meeting, or (3) a sole remaining director. The members may elect a director at any time to fill any vacancy not filled by the directors. A director elected to fill a vacancy shall hold office during the unexpired term of his/her predecessor in office and until his/her successor is elected. A vacancy on the Board of Directors of an appointed director shall be filled in the same manner in which said director is appointed. If the appointing authority fails to fill said vacancy within a period of 30 (thirty) days of its declaration, the Board of Directors may fill the vacancy by appointing a Director to serve until the appointing authority fills the vacancy or until the expiration of the term, whichever occurs first.

Section 14. Compensation. Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses as may be determined by resolution of the majority of the authorized Board of Directors to be just and reasonable or as may be approved by the members.

Section 15. No Interest in Assets. During the life of this corporation, no director shall possess any property right in or to the property of this corporation. In the event this corporation owns or holds any property upon its dissolution and winding up; after paying or adequately providing for its debts and obligations, the directors shall dispose of the remaining property in accordance with the provisions of the articles of incorporation and the California Corporations Code.

INCOSE shall use its funds only to accomplish the objectives and purposes specified in these bylaws and no part of its funds shall inure to or be distributed to the members of INCOSE. On dissolution of INCOSE, the net assets remaining after payment of all debts shall revert to a non-profit corporation within 90 days of dissolution, to be used for educational purposes under Section 501 (c) (3) of the U.S. Internal Revenue Code as it now exists or as may be amended. This clause supersedes any previous clause regarding dissolution of INCOSE.

Section 16. Resignation. Any director may resign effective upon giving written notice to the President, the Secretary, or the Board of Directors of this corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

#### ARTICLE IV OFFICERS

Section 1. Officers. Officers of this corporation are directors in accordance with Article III. The Officers of this corporation shall be a President, a Secretary, a Treasurer, a President-Elect, and at the option of the Board of Directors, a chair. The President, President-Elect, Secretary and Treasurer must be different persons.

Section 2. Selection and Term of Office. The Officers of this corporation shall be elected in accordance with Article III of these bylaws, and if there is a chair, in accordance with Section 6 of this Article.

Section 3. Removal. See Article III of these bylaws and Section 6 of this Article.

Section 4. Resignation. Any Officer may resign at any time upon written notice to this corporation without prejudice to the rights, if any, of this corporation under any contract to which the Officer is a party.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors by an appointment to complete the remainder of the term that has been vacated,

Section 6. President. The President shall be the Board Chair and preside at all meetings of the Board of Directors of this corporation. Subject to such powers and duties, if any, as may be prescribed by these bylaws or the Board of Directors for the Board Chair, the President shall, serve as chair of the Executive Committee and serve as an ex officio member of all 'Committees of Directors'. He/she shall have all of the powers and shall perform all of the duties which are ordinarily inherent in the office of the President, and he/she shall have such further powers and shall perform such further duties as may be prescribed for him/her by the Board of Directors.

Section 7. Treasurer. The Treasurer shall serve as the chair of the budget planning committee and ensure a full and complete record is kept of all receipts, disbursements, assets, and liabilities of the corporation. The Treasurer shall ensure that the financial records of the corporation are audited annually by a competent firm using generally accepted accounting

principles and standards consistent with applicable laws. He/she shall have all of the powers and shall perform all of the duty's incident to the office of Treasurer, and he/she shall have such further powers and shall perform such further duties as may be prescribed for him/her by the Board of Directors.

Section 8. Secretary. The Secretary shall keep or cause to be kept a book of minutes of all proceedings of the members and the Board of Directors, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of those present at Directors' meetings, and the number of members present or represented at meetings of members. The Secretary shall keep or cause to be kept a record of members or a duplicate record of members showing the names of the members and their contact information. The Secretary or, if he/she is absent or unable or refuses to act, any other Officer of this corporation, shall give or cause to be given notice of all the meetings of the members, the Board of Directors and committees of the Board required by the bylaws or by statute to be given, and he/she shall keep the seal of this corporation, if any, in safe custody. He/she shall have all of the powers and perform all of the duty's incident to the office of Secretary, and he/she shall have such further powers and shall perform such further duties as may be prescribed for him/her by the Board of Directors.

Section 9. President-Elect. The President-Elect shall assist the President. The President-Elect shall perform all the duties of the President when the President is absent or disabled or has refused to act. When so acting, the President-Elect shall have all the powers of and be subject to all the restrictions upon the President. The President-Elect shall succeed to the position of the President upon completion of his/her term of office or if the President resigns. The President-Elect shall have such other powers and perform such other duties as may be prescribed for him/her by the Board of Directors.

## ARTICLE V COMMITTEES, CHAPTERS, AND EXECUTIVE DIRECTOR

Section 1. Committees of Directors. The Board of Directors may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees, each consisting of two (2) or more directors, 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 of Directors may appoint one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

- (a) The approval of any action for which the California Corporations Code also requires approval of the members;
- (b) the filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) the fixing of compensation of the directors for serving on the Board or on any committee;
- (d) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

- (f) the appointment of committees of the Board or the members thereof;
- (g) the expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or
- (h) with respect to assets held in charitable trust, the approval of any self-dealing transaction as defined by Section 5233 of the California Corporations Code or any successor section thereto, except as provided by law.

Section 2. Rules. Sections 5 to 16 of Article III of these bylaws shall also apply, with necessary changes in point of detail, to committees exercising the authority of the Board of Directors, if any, and to actions by such committees, except that:

- (a) the first sentence of Section 8 of Article III shall not apply, and a quorum of the committee shall be a majority of the authorized number of members of the committee and except that
- (b) special meetings of a committee may be called by any two members of the committee, unless otherwise provided by these bylaws or by the resolution of the Board of Directors designating such committees. For such purpose, references to "the Board" or "the Board of Directors" shall be deemed to refer to each such committee and references to "directors" or "members of the board" shall be deemed to refer to members of the committee.

### Section 3. Committees.

- (a) Executive Committee: There shall be a standing Executive Committee. The Executive Committee shall include the elected officers as voting members and the executive director as a non-voting member.
- (b) A Corporate Advisory Board shall exist to represent the Systems Engineering needs of Corporate members of INCOSE. Each Corporate membership shall be assigned a seat on the Corporate Advisory Board upon payment of a one-time Corporate Advisory Board initiation fee and annual Corporate Advisory Board membership fee thereafter as determined by the Board of Directors.
- (c) Other committees not having and exercising the authority of the Board of Directors in the management of this corporation may be designated by a resolution adopted by a majority of the authorized directors. Except as otherwise provided in such resolution, members of each such committee shall be members of this corporation. Each such committee may adopt rules for its own governance not inconsistent with the rules set forth by the Board of Directors in the resolution designating the committee.

Section 4. Chapters. The Board may, by resolution adopted by a majority of the authorized directors, authorize chapters and those chapters shall operate in accordance with policies and procedures promulgated by the Board. The Board may authorize an external entity to serve as a chapter under a written agreement that includes the terms and conditions for the association as a chapter of this corporation. Such agreements shall be reviewed every three (3) years. For an external entity, if there are local laws and regulations that drive differences in the bylaws of that

entity, the necessary differences shall take precedence over the INCOSE bylaws.

A chapter shall immediately dissolve upon a vote by a majority of the authorized directors of this corporation to dissolve such chapter. Unless prohibited by national law, the chapter shall return all funds to this corporation within thirty (30) days of receipt of written notice of dissolution.

Any chapter proposed to be terminated shall be entitled to written notice specifying the grounds for such proposed termination, given at least thirty (30) days prior to the meeting at which such termination is to be voted upon, and shall be entitled to be heard orally or in writing by the Board of Directors not less than five (5) days before the Board of Directors votes upon the dissolution of such chapter.

Section 5. Executive Director. An Executive Director, if there shall be such a person, shall be employed by the Board and shall have general management and direction of the business and affairs of this corporation. He/she shall have all the powers and perform all of the duties specified in a written contract signed by the President and approved by a majority of the authorized directors, and such other duties as from time to time may be assigned by the Board or as prescribed by law or these Bylaws.

In addition to the specific powers and duties, the Executive Director employment agreement should include specifics on the length of the contract and the mechanism for performance review.

## ARTICLE VI MISCELLANEOUS

Section 1. Contracts. The Board of Directors may authorize any Officer, Director, or employee to be an agent or agents of this corporation, in addition to the Officers so authorized by these bylaws, to enter any contract or execute and deliver any instrument in the name of and on behalf of this corporation, and such authority may be general or confined to specific instances.

### Section 2. Insurance.

To the fullest extent permitted by law, the Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or volunteer of the Corporation, or who is or was serving at the request of the Corporation in any such capacity for another nonprofit organization, against any liability asserted against such person and incurred in such capacity, whether or not the Corporation would have the power to indemnify the individual against such liability under applicable law.

### Section 3. Audits.

A reputable firm of certified public accountants shall be engaged to audit annually the association's books of account and other pertinent financial and membership records within six months of the fiscal year end and submit their report in writing to the Board of Directors.

Section 4. Donations. The President of this corporation or his/her designee is authorized to

accept donations which support the purposes of this corporation as set forth in the articles of incorporation of this corporation whether such donation is for one or more specific projects or objectives or is for the general support of this corporation's programs.

## ARTICLE VII BOOKS AND RECORDS

This corporation shall maintain controlled, approved versions of its articles and bylaws as amended to date, which shall be open to inspection by members

This corporation shall keep adequate and correct books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees of the Board and shall also keep a record of the names and contact information of the members entitled to vote. Minutes shall be kept in written form (physical or electronic). Other books and records shall be kept either in written form or in any other form capable of being converted into written form.

All other books and records of this corporation may be inspected by any member, or his/her agent or attorney for any proper purpose at any reasonable time. Any right of inspection includes the right to copy and make extracts and extends to the records of each subsidiary of this corporation, if any.

## ARTICLE VIII ANNUAL AND OTHER REPORTS

Section 1. Annual Report. The Board of Directors shall cause to be prepared annually and made available to the members and directors, within one hundred eighty (180) days after the close of this corporation's fiscal year, a report to contain a performance and financial overview to include each of the following, if any:

- (a) Any "covered transaction" (excluding compensation of Officers and Directors) during the previous fiscal year involving more than one hundred thousand dollars (\$100,000), or which was one of a number of "covered transactions" in which the same "interested person" had a direct or indirect material financial interest, and which transactions in the aggregate involved more than one hundred thousand dollars (\$100,000); and Note: For purposes of this section, a "covered transaction" with an "interested person" means a transaction in which this corporation was a party, and in which either of the following persons had a direct or indirect material financial interest: any director or Officer of this corporation; or any holder of more than ten percent (10%) of the voting power of this corporation. A common directorship is not a material financial interest within the meaning of this section. The description of such "covered transaction" should include the names of the "interested persons" involved in such transaction, stating such person's relationship to this corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

- (b) Any indemnification or advance aggregating more than twenty thousand dollars (\$20,000) paid during the fiscal year to any Officer or director of this corporation pursuant to Section 7237 or any successor section of the California Corporations Code providing for the indemnification of Officers and directors; provided that no such report need be made in the case of indemnification approved by the members. The amount and circumstances of such indemnification should be stated.
- (c) A balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year;

The report required by this section shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized Officer of this corporation that such statements were prepared without audit from the books and records of this corporation.

This corporation shall notify each member annually of the member's right to receive the annual report prepared pursuant to this section and send the report to those members who request it.

Section 2. Legal Information. Pursuant to Sections 1502, 1505, 1700, 1701, and 1702 or any successor sections of the California Corporations Code, this corporation shall retain an Agent of Service of Process, and the corporation shall direct the Agent for Service to immediately contact the Secretary or designee when legal documents are received from a court. The Secretary or designee, with the advice of the Executive Committee, shall direct the Agent of Service to forward the documents to legal counsel and others as appropriate within 72 hours of receiving notice from the Agent of Process.

## ARTICLE IX INDEMNIFICATION

This corporation shall, to the maximum extent permitted by the California Corporations Code, indemnify each of its present and former directors, Officers, Chapter Officers, employees or other agents (hereinafter collectively referred to as "Agents") against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding or any threatened proceeding arising by reason of the fact that any such person is or was an Agent of this corporation.

In the event that entitlement to indemnification is required by law to be based upon a determination by the Board of Directors or the members that the Agent has met the standards of conduct prescribed by law, the Agent may select which body shall, or that both bodies shall, make such determination, and such body shall meet and shall reach a determination on the issue within a reasonable period of time after request for such body to meet is received by the corporation from the Agent.

Expenses incurred in defending any proceeding may be advanced by this corporation prior to the final disposition of the proceeding upon 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 by this article.



The Board of Directors shall authorize this corporation to purchase and maintain insurance on behalf of any Agent against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such, whether this corporation would have the power to indemnify such person against such liability.

#### ARTICLE X LIMITATION OF LIABILITY OF VOLUNTEER DIRECTORS AND OFFICERS.

Except as provided in Section 7233 ("Transaction Involving Directors") or 7236 ("Directors' Liability for Distribution, Loans and Guaranties") of the California Corporations Code, there is no monetary liability on the part of, and no cause of action for damages shall arise against, any volunteer director or volunteer Executive Committee Officer of this corporation based upon any alleged failure to discharge the person's duties as a director or Officer if the duties are performed in a manner that meets all of the following criteria:

- (a) the duties are performed in good faith;
- (b) the duties are performed in a manner such director or Officer believes to be in the best interests of this corporation; and
- (c) the duties are performed with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

For purposes of this section, "volunteer" means the rendering of services without compensation, "compensation" means remuneration whether by way of salary, fee, or other consideration for services rendered (the payment of per diem, mileage, or other reimbursement expenses to a director or Executive Committee Officer does not affect that person's status as a volunteer for purposes of this section), and "Executive Committee Officer" means the President, President-Elect, Secretary or Treasurer of the corporation who assists in establishing the policy of the corporation.

#### ARTICLE XI CORPORATE LOANS, GUARANTEES AND ADVANCES

Except as provided by Section 7235 or successor sections of the California Corporations Code, this corporation shall not make any loan of money or property to or guarantee the obligation of:

- (a) any director or Officer of this corporation; or
- (b) any person upon the security of memberships of this corporation, unless said loan guarantee is otherwise adequately secured.

#### ARTICLE XII AMENDMENTS TO BYLAWS

New bylaws may be adopted, or these bylaws may be amended or repealed, by the approval of a majority of the authorized Board of Directors or by the approval of the members; provided, however, that no amendment on the following matters may be adopted except by approval of the members of this corporation:

- (a) an amendment to Section 2 of Article III changing the maximum or minimum number

- of directors of this corporation;
- (b) an amendment increasing the term of any director as provided by Section 4 of Article III;
- (c) an amendment increasing the quorum at a meeting of members established by Section 9 of Article II;
- (d) materially and adversely affect the rights of members as to voting, dissolution, redemption or transfer;
- (e) authorize a new class of membership;
- (f) an amendment to Section 3 of Article III that changes the maximum, minimum, or exact number of directors who are appointed rather than elected or that changes the method of appointment of such directors; or
- (f) an amendment increasing the quorum at a special regional meeting of members established by Section 14 of Article II.