

**BYLAWS OF THE
NATIONAL ASSOCIATION OF THEATRE OWNERS, INC.**

A Not-for-Profit Corporation

ARTICLE 1

NAME AND PURPOSES

Section 1.01. Name. The name of this corporation is National Association of Theatre Owners, Inc. (“NATO” or “the Association”).

Section 1.02. Purposes. NATO is a not-for-profit corporation, which may engage in any lawful act or activity permitted under its law of incorporation. The purposes of NATO include, but are not limited to: (1) maintaining a trade association of motion picture theatre exhibitors consisting of owners, operators, executives, and managers; (2) promoting the general welfare of motion picture exhibitors; (3) representing the interests of the industry before executive, legislative and judicial bodies; (4) gathering and disseminating such information as may be pro-competitive and helpful to the members and associated organizations; and (5) doing any of the usual functions of a trade association in strict conformity to applicable federal and state antitrust laws and the Internal Revenue Code.

ARTICLE 2

OFFICES

Section 2.01. Principal Office. NATO’s principal office and/or other offices shall be located at such place(s) as the Executive Board shall determine.

ARTICLE 3

MEMBER PARTICIPATION AND GOVERNANCE

Section 3.01. Purpose of Governance Structure. NATO’s structure and these Bylaws are designed to encourage maximum member participation in the activities, benefits and deliberations of the Association, while locating the specific and fiduciary duties of care and diligence in a manageable governing body. Toward that end, NATO deliberations are divided between an Advisory Board (described in Article 5) and a Board of Directors, hereinafter referred to as the “Executive Board” (described in Article 6).

Section 3.02. Advisory Board. Membership on the Advisory Board is a privilege of NATO membership after two years of NATO membership and participation in the deliberations of two annual meetings of the

Advisory Board, as set forth in Article 5. The Advisory Board constitutes a forum for active NATO members to, among other activities, discuss industry issues, debate association policies, and formulate best practices. The Advisory Board may not bind the Association, except through its powers of election, but may make recommendations to the Executive Board, which the Executive Board must consider in its deliberations.

Section 3.03. Executive Board. Membership on the Executive Board is determined by a combination of automatic and elected seats chosen from the ranks of the Advisory Board, as set forth in Article 6. The Executive Board is the legally constituted governing body of the Association and may bind the Association.

ARTICLE 4

MEMBERSHIP AND DUES

Section 4.01. Regular Members.

- a. **Definition.** A Regular Member is any sole proprietorship, partnership, corporation, or other business entity which is directly engaged on a for-profit basis in the operation of one or more motion picture exhibition facilities. A Regular Member need not be a member of a State Association or an International Association.
- b. **Designation of Representatives.** Each Regular Member must designate in writing to the Executive Director one or more of its employees qualified to represent the Regular Member and vote at Membership meetings. Only the designated representative from each Member in attendance at Membership meetings may cast the Regular Member's vote.

Section 4.02. Regional Associations.

- a. **Definition.** A Regional Association is a United States single-state (including the District of Columbia) or multi-state trade association established for the purpose of furthering the interests of those engaged in the operation of motion picture exhibition facilities on a for-profit basis. Regional Associations must meet minimum criteria established by the Membership Committee and approved by the Executive Board, which will periodically certify them.
- b. **Designation of Representative.** Each Regional Association may be represented at Membership meetings by a person designated in writing by its governing board. The designated person must be either 1.) an officer of the Regional Association from a national NATO-member company, or 2.) the Executive Director of the Regional Association. Certified Regional Associations are entitled to vote at Membership Meetings.

Section 4.03. Honorary Members. Persons who have provided outstanding service to NATO and who are no longer engaged in movie theatre operations are eligible to be elected as Honorary Members of NATO. The Membership Committee will submit names of prospective Honorary Members to the Executive Board for election. Honorary Members may attend NATO membership meetings and Advisory Board meetings, but may not vote.

Section 4.04. Qualifications and Duration. Except as otherwise provided in these Bylaws, the qualifications and duration of any category of membership, as well as the creation of additional categories of membership, will be reviewed by the Membership Committee and approved by the Executive Board.

Section 4.05. Resignation of Membership. Any member may resign or withdraw from the Association by giving written notice of its intention to an officer of the Association. The resignation or withdrawal will be effective on the date specified in the notice, provided the specified date is on or after the receipt of notice by an Association officer, or if no date is specified, then thirty days after receipt of such notice.

Section 4.06. Dues and Assessments.

- a. **Annual Dues.** The annual dues for each member will be determined by the Executive Board after considering the recommendations, if any, of the Advisory Board. Failure to pay dues by the time specified constitutes cause for termination of membership.
- b. **Special Assessments.** Any special assessment shall be apportioned to the Regular Members in a manner determined by the Executive Board, after considering the recommendations, if any, of the Advisory Board. A special assessment must be approved by the affirmative vote of two-thirds of the Executive Board members voting.
- c. **Continuation of Obligations.** Neither resignation nor expulsion relieves a member from liability for any dues, fees, or assessments owing at the time of the termination of the member's membership, except as provided by law.

Section 4.07. Expulsion of Member.

- a. **Grounds for Expulsion.** Any member may be expelled by a two-thirds vote of the Executive Board. Specific grounds for expulsion include: (1) violating any article, bylaw, rule, or resolution of the Association; (2) filing any false document with NATO; (3) engaging in conduct clearly prejudicial to the best interests of NATO or of the motion picture exhibition industry; (4) violating NATO's conflict of interest rule; and (5) engaging in other serious misconduct which the Executive Board determines warrants expulsion of the member.
- b. **Procedure for Expulsion.** No member may be expelled unless notice of a motion to expel has been delivered to that member at least four weeks before the proposed effective date of the expulsion. Any member receiving such notice may (1) submit any defenses in writing to the chairperson of the Membership Committee; or (2) request a hearing before the Membership Committee and have the opportunity to present evidence and arguments in person. After reviewing the evidence and arguments, the Membership Committee must make a recommendation to the Executive Board, which will then act on the motion to expel.

Section 4.08. Meetings of Members.

- a. **Annual Membership Meeting.** The Annual Meeting of the membership of the Association will be held each year at a time and place established by the Executive Board.

- b. **Special Meetings.** Special meetings of the membership may be called by the Executive Board, the Chairman, the President, or by the members entitled to cast 10 percent of the total number of votes entitled to be cast at such meeting. If a special meeting is called by the members, the request must be submitted by such members in writing, demanding the call of a special meeting and specifying the purpose and the proposed date, which date will be not less than two months or more than three months from the date of such written demand. The Secretary of the Association, upon receiving the written demand, will promptly give notice of such meeting. If notice is not given within five business days after receipt of the request, any member signing the written demand requesting the meeting may give such notice. Special meetings will be held at a place determined by the Executive Board.

Section 4.09. Notice of Membership Meetings.

- a. **Change of Address.** Each Member will provide prompt written notice of any change of physical or electronic mail address.
- b. **Content and Timing.** Notice of all meetings of members must state the place, date, and hours of the meeting and unless it is an Annual Membership Meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting will also state the purpose for which the meeting is called. Notice of any meeting will be given to each member entitled to vote at such meeting not less than 20 nor more than 50 days before the date of the meeting.
- c. **Delivery Date.** Notices, offers, consents, and communications will be deemed to have been delivered and received: (i) in the case of personal delivery, or fax, on the date of such delivery; (ii) in the case of delivery by overnight courier, on the first business day after the date sent; (iii) in the case of mailing, on the third business date following such mailing; and (iv) in the case of electronic mail, on the date of transmission, provided no message of failed or aborted delivery is promptly received.
- d. **Waiver of Notice.** Notice of any meeting of the members need not be given to any member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Attendance by any member at a meeting, in person or by proxy, without protesting prior to the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such member.

Section 4.10. Quorum and Voting.

- a. **Quorum.** The number of members entitled to cast one-tenth of the total number of votes on any issue, either when present or by proxy, shall constitute a quorum for the transaction of business at a meeting of the members.
- b. **Voting.** Except as otherwise specified in these Bylaws, once a quorum is present, the affirmative vote of the majority of the members entitled to vote, in person or by proxy, at the meeting shall carry a vote. Each Regular Member and Regional Association Representative will be entitled to one vote in meetings of the membership. A person in more than one representative capacity (e.g., representing a member company and representing a regional association) may cast the number of votes equal to his or her representative capacities.

- c. **Proxies.** At a membership meeting, each member entitled to vote shall have the right to vote, either in person or by one or more agents authorized by written proxy, signed by the member, on a form that is approved by the Executive Board and filed with the Secretary at least seven days prior to the meeting. A member who submits a proxy and then attends the meeting or vote may rescind that proxy and cast his or her vote as though he or she had never submitted a proxy.

ARTICLE 5

ADVISORY BOARD

Section 5.01. Powers. The Advisory Board brings together diverse elements of the domestic and international exhibition community for the purpose of deliberating on exhibition issues, studying and promulgating best practices, and electing and recalling members of the Executive Board. In furtherance of these purposes, the Advisory Board may:

- a. Debate and vote on resolutions reflecting the consensus views of Advisory Board members on issues affecting exhibition;
- b. Make policy recommendations to the Executive Board, which the Executive Board is obliged to consider;
- c. Form committees and task forces charged with studying specific issues or clusters of issues;
- d. Discuss and develop exhibition best practices;
- e. Elect open positions to the Executive Board, as provided in Article 6;
- f. Exercise its power of recall, as provided in Article 6.

Advisory Board activities, other than election and recall, are subject to Executive Board approval whenever they would have operation or effect outside the deliberations of the Advisory Board.

Section 5.02. Size. Subject to these Bylaws, the Executive Board may determine the size of the Advisory Board. Any Executive Board determination with respect to numerical limits should be guided by the principle of encouraging broad participation in NATO activities and obtaining an Advisory Board that reflects as nearly as possible the voice of the exhibition industry.

Section 5.03. Qualifications.

Members. To qualify for the Advisory Board, a person must own or be employed by a NATO member in good standing and must participate in at least two meetings of the Advisory Board. Qualifications may be added by the Executive Board in consultation with the Membership Committee.

- a. **Designation of Company Employees.** Each Regular NATO Member may designate in writing to the Executive Director up to six of its employees as qualified candidates to serve and cast votes on the Advisory Board, subject to adjustment by the Executive Board.
- b. **Regional Associations.** Each certified Regional Association may designate one of its members or executives to serve on the Advisory Board, and one to serve as an alternate in the absence of its regular Advisory Board member. The designated person must be either 1.) an officer of the Regional Association from a national NATO-member company, or 2.) the Executive Director of the Regional Association.
- c. **Executive Board Members.** Executive Board members are automatically members of the Advisory Board for the period in which they serve on the Executive Board.
- d. **Emeritus Members.** The Advisory Board may elect, by majority vote, nonvoting Advisory Board members who are no longer engaged in the business of motion picture exhibition or are otherwise ineligible for Advisory Board membership, but who have rendered outstanding service and counsel to the association and the industry. Emeritus members serve terms of one year, without limit on number of terms.
- e. **Official Roll.** The Executive Director, in consultation with the Membership Committee, will regularly provide an official roll of Advisory Board members, which will be distributed to NATO members before any meeting of the Advisory Board. During each annual meeting of the membership, the membership will vote to approve or disapprove the official roll of Advisory Board members.
- f. **Inactivity.** An Advisory Board member representing a domestic company who, during any two year period, fails to attend a meeting of the Advisory Board, or a member representing an international company who, over the same period, fails to attend either an Advisory Board or International Committee meeting, will be removed from the official roll of Advisory Board members.

Section 5.04. Term. Advisory Board members serve terms of one year with no limit on number of terms.

Section 5.05. Meetings.

- a. Meetings of the Advisory Board may be held at times and locations designated by the Executive Board, and will, whenever possible, occur in tandem with the annual Executive Board meeting. When the Advisory Board meets in tandem with the membership meeting, the Advisory Board will meet after the membership meeting. When the Advisory Board meets in tandem with the Executive Board, the Advisory Board will meet before the Executive Board meeting.
- b. Subject to Section 5.06 limitations on voting, attendance at and participation in Advisory Board meetings will be open to any NATO member in good standing, and all NATO members in good standing will receive notice of any Advisory Board meeting..

- c. A special meeting of the Advisory Board may be called by the President or the Chairman or by a petition of 20 percent of Advisory Board members.
- d. The Chairman of the Association, or his or her designee, will preside at meetings of the Advisory Board.

Section 5.06. Voting.

- a. **Official Roll.** Only individuals listed on the official roll of Advisory Board members, as approved by the membership, are entitled to vote.
- b. **Elections to Executive Board.** In the case of elections to the Executive Board, each member company with representation on the Advisory Board will be entitled to one vote. For all other votes, all individuals listed on the official roll of Advisory Board members are entitled to vote.
- c. **Quorum.** A quorum for Advisory Board resolutions and recommendations to the Executive Board is 20 percent of Advisory Board members.
- d. **Majority Vote.** Subject to a successful motion by an Advisory Board member adjusting this requirement upward, and except as provided in Section 5.07(b), all Advisory Board votes require a simple majority of Advisory Board members voting.
- e. **No Proxy Voting.** Except in the case of elections to the Executive Board, only Advisory Board members present at and participating in an Advisory Board meeting will count toward the quorum and be entitled to vote.

Section 5.07. Recommendations to the Executive Board. The Advisory Board may, by majority vote, make recommendations to the Executive Board. The Executive Board must then consider and vote on such recommendations.

- a. Any member of the Executive Board may demand a roll call vote of the Executive Board on recommendations from the Advisory Board, which roll call vote result will then be provided to the Advisory Board.
- b. If the subsequent vote by the Executive Board would require other than a majority vote (such as an amendment to the Bylaws, which would require a 2/3 vote), then the recommendation by the Advisory Board must also garner that requisite vote.
- c. If the Executive Board rejects the recommendation of the Advisory Board, an explanation of the rejection must be provided to the Advisory Board within a reasonable time.

Section 5.08. Notice of Meetings.

- a. **Change of Address.** Each Advisory Board member will provide prompt written notice of any change of physical or electronic mail address.

- b. **Content and Timing.** Notice of all Advisory Board meetings must state the place, date, and hours of the meeting and unless it is an annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting will also state the purpose for which the meeting is called. Notice of any Advisory Board meeting will be given to each member entitled to vote at such meeting not less than 20 nor more than 50 days before the date of the meeting.
- c. **Delivery Date.** Notices, offers, consents, and communications will be deemed to have been delivered and received: (i) in the case of personal delivery, or fax, on the date of such delivery; (ii) in the case of delivery by overnight courier, on the first business day after the date sent; (iii) in the case of mailing, on the third business date following such mailing; and (iv) in the case of electronic mail, on the date of transmission, provided no message of failed or aborted delivery is promptly received.
- d. **Waiver of Notice.** Notice of any Advisory Board meeting need not be given to any member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Attendance by any member at a meeting, in person or by proxy, without protesting prior to the meeting the lack of notice of such meeting, constitutes a waiver of notice by such member.

ARTICLE 6

EXECUTIVE BOARD

Section 6.01. Powers. Subject to any limitations of the not-for-profit corporation law governing this Association and any other applicable laws, and subject to any limitations in the Articles of Incorporation and these Bylaws, the activities and affairs of the Association will be conducted and all corporate powers will be exercised by or under the direction of the Executive Board. The Executive Board may delegate the management of the activities of the Association to any person or persons, or committees however composed, provided that the activities and affairs of the Association will be managed and all corporate powers will be exercised under the ultimate direction of the Executive Board.

Section 6.02. Composition.

- a. The Executive Board will be comprised of a combination of automatic and elected seats, all of which must be filled by NATO members in good standing.
- b. Eight automatic seats will be filled by a representative of each of the top eight circuits, by screen count on a record date, in the United States and Canada. Each company entitled to an automatic seat must designate in writing the name of the individual to serve as the company's representative to the Executive Board.
- c. Eight seats will be filled by election of eight representatives from the Advisory Board.
- d. One seat will be filled by a Regional Association representative elected by the certified Regional Associations serving on the Advisory Board.

- e. A company may hold only one seat on the Executive Board. An individual, though qualified for more than one seat on the Executive Board, may only hold one seat on the Executive Board.
- f. The Executive Board may adjust the number or ratio of Executive Board members, or the definition of regional circuits and independents, provided that any such adjustment fairly reflects changes in the exhibition industry.

Section 6.03. Composition. Automatic Seats.

- a. If any of the top eight circuits in the United States and Canada are not NATO members, the requisite eight automatic seats will be filled by dropping down to the next eligible top circuit, by screen count, until the requisite eight seats are filled.
- b. If any of the top eight circuits in the United States and Canada who are NATO members do not desire to serve on the NATO Executive Board of Directors, the requisite eight automatic seats will be filled by dropping down to the next eligible top circuit, by screen count, until the requisite eight seats are filled.
- c. The roster of automatic seats will be reconstituted annually.

Section 6.04. Composition. Elected Seats.

- a. **Term.** The term of office for elected Executive Board members is two years, with a maximum of four consecutive terms. Upon the expiration of a term limit, a member may be elected again to the Executive Board after sitting out for a term. An elected officer of the Association may exceed the term limit for the duration of his or her tenure as an officer.
- b. **Qualification.** To be eligible for election to the Executive Board, a person must be an officer or employee of a NATO member in good standing or an officer of a regional association, and a member of the Advisory Board.
- c. **Regional Circuit and Independent Representation.** Four seats will be elected from Advisory Board members who own or are employed at regional circuits, defined as NATO members with 75 or more screens but not qualifying for an automatic seat, and four seats will be elected from Advisory Board members who own or are employed by independents, defined as NATO members with fewer than 75 screens. Unfilled seats, due to lack of interest or availability, will be left vacant.
- d. **Eligibility.** Before an election, the Executive Director, in consultation with the Membership Committee, will issue a roll to all NATO members of eligible candidates from regional circuit and independent members of the Advisory Board. Any challenge to the list of eligible candidates must be made before the election or it is waived. The Executive Director will ascertain in advance whether eligible candidates are willing to serve on the Executive Board and issue the list of eligible candidates accordingly.

e. Elections.

i. Election Methods. Elections to the Executive Board may be held by any fair means, including, without limitation, direct ballot, electronic mail ballot, telephonic ballot, or any other means ensuring the fair election of duly qualified candidates. Votes will be collected and counted by a NATO executive or executives and the content of individual votes will not be disclosed.

ii. Eligible Voters. Only individuals on the official roll of Advisory Board members are eligible to vote for Executive Board members. Each member company with representation on the Advisory Board is entitled to one vote. Only representatives from regional circuits are eligible to vote for the regional circuit candidates. Only representatives from independents are eligible to vote for the independent candidates.

iii. Eligible Candidates. Only candidates certified as eligible and willing will be entitled to run for election. The Executive Director will make this list available in advance of any election. In the event the number of eligible candidates does not exceed the open slots for that category, those eligible candidates will be deemed elected without a formal election process.

iv. Method of Selection. The top vote-getters in each category are elected. In the event of a tie for the final slot or slots, a runoff election will be held.

v. Staggered Terms. Terms for elected members of the Executive Board may be staggered.

Section 6.05. Composition. NATO Regional Association Representative.

- a. **Term.** The term of office for a Regional Association representative elected to the Executive Board is two years, with a maximum of four consecutive terms. Upon the expiration of a term limit, a Regional Association representative may be elected again to the Executive Board after sitting out for a term. An elected officer may exceed the term limit for the duration of his or her tenure as an officer.
- b. **Eligible Candidates.** Only Regional Association representatives from certified Regional Associations, who serve on the Advisory Board, are eligible candidates for the Executive Board. A Regional Association representative from a company already occupying an automatic slot on the Executive Board is not eligible to run for the Executive Board. The Executive Director will ascertain who among eligible candidates is willing to serve on the Executive Board and, in consultation with the Membership Committee, certify a roll of eligible candidates and submit ballots to eligible voters.

- c. **Eligible Voters.** Only regional association representatives who serve on the Advisory Board are eligible to vote. A person serving as representative for more than one regional association may cast the number of votes equal to the number of regional associations he or she represents.
- d. **Method of Selection.** Votes will be collected and counted by a NATO executive or executives and the content of individual votes will not be disclosed. In the event of a tie, a runoff election will be held. If the winning candidate is from a company elected to the Executive Board in the regional circuit or independent category, then the next eligible candidate will be declared the winner.

Section 6.06. Meetings.

- a. **Semi-Annual Meetings.** The Executive Board will meet in closed session at least twice a year at: (i) a meeting designated as a NATO Board Meeting, that includes the Annual Membership Meeting; and (ii) at or close to the NATO-sponsored annual exhibition convention. When the Executive Board meets during the same event as the NATO membership and Advisory Board meetings, the sequence will be, first, the meeting of the membership; second, the Advisory Board meeting; and third, the Executive Board meeting.
- b. **Special Meetings.** A special meeting of the Executive Board may be called by the President or the Chairman.
- c. **Attendance.** Except by special invitation of the Chairman or President, only the elected members of the Executive Board, one individual per automatic seat, and NATO's Association officers, may attend the closed sessions of the Executive Board.
- d. Subject to any limitations in the not-for-profit law of the state of incorporation, Executive Board meetings may be convened telephonically or by video conferencing, as deemed appropriate by the President.

Section 6.07. Notice of Meetings.

- a. **Change of Address.** Each Executive Board member will provide prompt written notice of any change of physical or electronic mail address.
- b. **Notice Content and Timing.** Notice of all Executive Board meetings must state the place, date, and hours of the meeting and unless it is an annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting will also state the purpose for which the meeting is called. Notice of any Executive Board meeting will be given to each member entitled to vote at such meeting not less than seven days nor more than 50 days before the date of the meeting.
- c. **Delivery Date.** Notices, offers, consents, and communications will be deemed to have been delivered and received: (i) in the case of personal delivery, or fax, on the date of such delivery; (ii) in the case of delivery by overnight courier, on the first business day after the date sent; (iii) in the case of mailing, on the third business date following such mailing; and (iv) in the case of electronic mail, on the date of transmission, provided no message of failed or aborted delivery is promptly received.

- d. **Waiver of Notice.** Notice of any Executive Board meeting need not be given to any member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Attendance by any member at a meeting, without protesting prior to the meeting the lack of notice of such meeting, constitutes a waiver of notice by such member.

Section 6.08. Executive Board Action Without a Meeting. Any action required or permitted to be taken by the Executive Board may be taken without a meeting if all of the members of the Executive Board consent in writing to the adoption of a resolution authorizing the action. Written consent may be obtained by electronic mail. The resolution and the written consents of the members of the Executive Board will be filed with the minutes of the proceedings of the Executive Board.

Section 6.09. Quorum and Manner of Acting. A majority of the members of the Executive Board constitutes a quorum for the transaction of business. Action of the Executive Board is authorized by the vote of a majority of the directors present at the time of the vote if there is a quorum. In the absence of a quorum a majority of the directors present may adjourn any meeting from time to time until a quorum is present.

Section 6.10. Resignation and Removal of Executive Board Members.

- a. **Resignation.** Any Executive Board member may resign effective upon giving written notice to the President or the Secretary unless the notice specifies a later time for the effectiveness of such resignation.
- b. **Removal.** Any Executive Board member may be removed for cause by a two-thirds vote of the Executive Board provided there are no less than a majority present at the meeting of directors at which such action is taken.
- c. **Recall of Elected Executive Board Member.** Any elected Executive Board member may be subject to a recall vote by his or her constituency on the Advisory Board. Recall requires a two-thirds vote of the Advisory Board members eligible to vote for the Executive Board member subject to recall.

Section 6.11. Vacancies.

- a. **Automatic Seats.** A vacancy in an automatic seat will be filled by the next eligible and willing circuit, by screen count, provided such candidate has not already been elected to the Executive Board.
- b. **Elected Seats.** A vacancy in an elected seat may, depending on timing, be filled in the following election cycle or by special election to fill the vacancy. Vacancies occurring by reason of an insufficient number of eligible candidates will be filled at the next election cycle in which there are a sufficient number of eligible candidates.

ARTICLE 7

OFFICERS

Section 7.01. Officers. The Executive Officers of the Association will be the Chairman of the Board, the Vice Chairman of the Board, the President, Vice President, Treasurer, Secretary, and any other officers deemed necessary by the Executive Board. All officers, except the President and Vice President, will be elected from the members of the Executive Board. The Executive Board may hire an individual to serve as President of the Association. The President may hire an individual to serve as Vice President of the Association, subject to approval by the Executive Board. Both the President and Vice President will be ex officio nonvoting members of the Executive Board.

Section 7.02. Election; Term of Office. The officers of the Association, except the President and Vice President who serve at the pleasure of the Executive Board, will be elected by the Executive Board and hold office for two years or until a successor has been elected.

Section 7.03. Resignation and Removal of Officers. Any officer may resign at any time. Any officer elected by the Executive Board may be removed by a two-thirds vote of the Executive Board, with or without cause.

Section 7.04. Vacancies. A vacancy in any office may be filled for the unexpired term by the Executive Board.

Section 7.05. Chairman of the Board. The Chairman of the Board will preside at all meetings of the Executive Board and the Advisory Board. In the event of a vacancy in the office of the President, the Chairman may assume the duties of the President until the office is filled, or designate the Vice President to assume the duties of the President until the office is filled.

Section 7.06. Vice Chairman. The Vice Chairman will assist the Chairman and fulfill the functions of the Chairman whenever the Chairman is absent or otherwise unable to fulfill such function, or whenever the office of Chairman is vacant.

Section 7.07. President. The President will be the Chief Executive Officer of the Association unless the Executive Board determines that the positions of President and Chief Executive Officer should be separate, in which case the Executive Board will allocate responsibilities. The President will implement the decisions and policies of the Executive Board, supervise the books and financial records of the Association, have general charge of the operating activities of the Association's employees, supervise and determine the compensation of the employees of the Association, and perform such other duties as may be assigned by the Chairman or the Executive Board. The President may hire an Executive Director to be responsible for the daily operations of the Association and to discharge the responsibilities directed in these Bylaws. If the position of Executive Director is vacant, the responsibilities assigned to the Executive Director in these Bylaws will be discharged by a person designated by the President.

Section 7.08. Vice President. The President, with the consent of the Executive Board, may hire an individual to serve as Vice President of the Association. The Vice President may be General Counsel or Chief Operating Officer or both. If the office of President is vacant, the Vice President will, upon designation by the Chairman, be prepared to assume the functions of the President until the office is filled.

7.09. Treasurer. The Treasurer may supervise the funds of the Association, including the receipt of all money and checks made payable to the Association, the deposit of such funds in banks selected in consultation with the Executive Board, and the disbursement of such funds in accordance with the budget. In consultation with the President, the Treasurer will supervise preparation of an annual budget. The Treasurer will be responsible for obtaining an annual audit of the funds of the Association by a firm of certified public accountants and serve as an ex officio member of the Audit Committee.

Section 7.10. Secretary. The Secretary will supervise retention of the records of all meetings of the Executive Board and preside over meetings of the Membership Committee.

ARTICLE 8

COMMITTEES

Section 8.01. Standing Committees. The standing committees are the Membership Committee and the Audit Committee.

- a. **Membership Committee.** The Membership Committee will be comprised of members of the Executive Board and the Advisory Board, appointed by the Executive Board in consultation with the President. The Secretary of the Association will serve as Chairman of the Membership Committee. The Membership Committee will develop and recommend to the Executive Board specific criteria and qualifications for the various classes of membership, undertake recruitment and retention efforts, and advise the Executive Board whether applicants for membership in the Association possess the necessary qualifications. The Membership Committee is responsible for certifying (i) membership rolls; (ii) rolls for the Advisory Board; and (iii) rolls for candidates eligible for election to the Executive Board.
- b. **Audit Committee.** The Audit Committee will consist of at least three members selected by the Executive Board. The Chairman of the Audit Committee will be selected by its members and must be a member of the Executive Board. The Audit Committee shall be caused to examine the books and accounts of the Association and any matters referred to it by the Executive Board, verify all bank balances semiannually, submit a report to the membership at a regular business meeting, recommend best financial and corporate governance practices to the Executive Board, direct an annual independent audit of the Association's finances, and recommend to the Executive Board whether the current auditor should be retained or replaced. The Treasurer will serve as an ex officio member of the Audit Committee.
- c. **Investment Committee.** The Investment Committee will consist of at least three members selected by the Executive Board. The Chairman of the Investment Committee will be selected by its members and must be a member of the Executive Board. The Investment Committee will review and report on the investment policy and the performance of NATO's investment advisors, make recommendations regarding any revisions to the allocation of NATO assets, and whether investment advisors/ managers should be retained or replaced. The committee will report such recommendations to the Executive Board.

Section 8.02. Ad Hoc Committees, Task Forces, and Forums. The Executive Board or the President may create such other committees, task forces, and forums as appropriate to the mission of the Association. The

charter and term of such committees, task forces, and forums will be provided or approved by the Executive Board.

ARTICLE 9

DISSOLUTION

Section 9.01. Plan for Dissolution. The Executive Board will adopt a plan for the dissolution of the Association and the distribution of its assets upon dissolution only to an entity qualified as tax exempt under Section 501(c) of the Internal Revenue Code.

Section 9.02. Procedure for Dissolution. After adopting a plan of dissolution, the Association will conduct no activities except for the purpose of winding up its affairs. The Association will proceed to wind up its affairs, with power to fulfill or discharge its contracts, collect its assets, sell its assets for cash at public or private sale, discharge or pay its liabilities, and do all other acts appropriate to liquidate its business. After paying or adequately providing for the payment of its liabilities, the remaining assets of the Association will be distributed pursuant to the plan of dissolution adopted by the Executive Board.

ARTICLE 10

INDEMNIFICATION

Section 10.01. Indemnification of Directors and Officers.

- a. The Association will indemnify directors and officers to the fullest extent permitted by the provisions of the not-for-profit corporation law governing the Association.
- b. Any amounts advanced by the Association to defray expenses incurred by an officer or director in defending any proceeding, as authorized in the not-for-profit corporation law of the state of incorporation, will be repaid in case the person receiving such advancement or allowance is ultimately found not to be entitled to indemnification or, when indemnification is granted, to the extent that the expenses so advanced by the Association exceed the indemnification to which the person is entitled. If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or by action of the members, the Association will prepare a statement specifying the persons paid, the amounts paid, and the nature and status at the time of such payment of the litigation or the threatened litigation. Not later than the next annual meeting of the members, unless such meeting is held within three months from the date of such payment, and, in any event, within fifteen months of the date of such payment, the Association will mail the statement to its members of record.
- c. The Association will have the power to purchase and maintain insurance for indemnification of officers and directors as set forth in the not-for-profit corporation law of the state of incorporation.

ARTICLE 11

RECORDS

Section 11.01. Minute Book. The Association will keep at the principal office of the Association correct and complete records of accounts and minutes of the proceedings of its members and the Executive Board. The Executive Director will maintain an updated list of the names and addresses of (a) all members and their classes of membership; (b) all members of the Advisory Board; and (c) all members of the Executive Board and their terms.

Section 11.02. Corporate Seal. The Executive Board will adopt a corporate seal, in the form of a circle, which will bear the Association's name and the year and the state in which it was incorporated.

ARTICLE 12

AMENDMENTS TO BYLAWS

Section 12.01. Amendments. Except as otherwise provided in the not-for-profit corporation law of the state of incorporation, these Bylaws may be amended or repealed, and new Bylaws may be adopted, by a two-thirds vote of the Executive Board, provided that three weeks notice of intention to propose such amendments, together with a copy of the proposed amendments, has been sent to each member of the Executive Board.

Amended September 27, 2017, by the NATO Executive Board at its meeting in Marina del Rey, CA.

