

THE LAKE CHAPALA SOCIETY INC.

Proposed CONSTITUTION AND BYLAWS

WORK DOCUMENT

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August 23, 2009

A - CONSTITUTION

Article 1 - Name of the organization

The name of the organization is "The Lake Chapala Society Inc. "hereafter referred to as "LCS".

Article 2 - Head Office

The Head Office of LCS is located in Ajijic, Jalisco, Mexico.

Article 3 - Vision Statement

Article 4 - Mission Statement

Article 5 - Mandate

Article 6 - Statement of Values

Article 7 - Seal

The seal of the Society is stamped at the right of this article.

Article 8 - The nature of the Organization

The Society is an apolitical non profit charitable organization.

Article 9 - Interpretation

In this document, the singular includes the plural and the masculine includes the feminine.

Article 10 - Definitions

In this document, the following definitions apply.

10.1 COMMUNITY

a) Community resident

Community resident is a person who lives permanently or on a part-time basis in the community, irrespective of country of origin.

b) Expatriate

Expatriate means a person who withdraws himself or herself from one's country.

c) Lakeside Region

Lakeside Region includes the municipalities of Chapala and Jocotopec.

d) Mexican

Mexican is a native or inhabitant of Mexico, or a person of Mexican descent.

10.2 PHILOSOPHY

a) Philosophy of an Organization

The philosophy of an Society outlines the basic principles that guide the Society. It ordinarily includes four statements: Vision, Mission, Mandate and Values.

b) General Orientations

The General Orientations of the Society are its philosophy (Vision, Mission, Mandate, Values), its long-term and strategic goals.

c) Vision Statement

The Vision Statement defines the ultimate or ideal result that we want to achieve as an Society. The ideal result is located outside the box of the Society.

d) Mission Statement

The Mission Statement identifies the name, the clientele, the territory and the purpose of an Society.

e) Mandate

The Mandate identifies the key interventions the Society will undertake to accomplish its mission: Programs, services and products.

f) Value

A Value is a fundamental principle that guides the decisions, actions and behaviors of the Organization.

g) Long-Term Goal

A long-term goal is a desired result to be achieved within 10 years.

h) Strategic Goal

A strategic goal is a desired result to be achieved within 3 years.

i) Annual Objective

An annual objective is a desired result to be achieved within one year.

j) Resources

Resources are the key tools available to LCS to implement its mandate. There are four (4) categories of resources:

- Human resources (Decision and service volunteers, personnel, members, community residents)
- Material resources (buildings, land, equipment, supplies)
- Technological resources (systems, hardware, software)
- Financial resources.

10.3 VALUES**a) Confidentiality**

Confidentiality means restricting relevant and significant information to a group of deliberating persons. The purpose of confidentiality is to protect the integrity of the group. Example: Once a decision is made by the group, information such as “who said what” would be considered confidential information.

b) Consensus

Consensus means making decisions by answering positively the following question: “Can everyone live with the decision?”

c) Equality

Equality is a value when we exercise fairness and justice in the context when those involved have common needs.

d) Equity

Equity is a value when we exercise fairness and justice in the context when those involved have different needs.

e) Solidarity

Solidarity means publicly supporting (or not condemning nor criticizing) a group decision even if we disagree in whole or in part with it.

f) Transparency

Transparency means the open sharing of relevant and significant information in the context of a trusting relationship.

10.4 MEETING PROCEDURE

a) Majority Vote

Majority vote means at least 50% plus one of expressed votes.

b) Member in good standing

A member is in good standing when he has paid his membership dues to LCS.

B - BYLAWS

Article 11 - Membership

11.1 Members

A member is an Expatriate or a Mexican in good standing within LCS. All members adhere to the general orientations of LCS.

11.2 Associate Member

Any person, organization, businesses or institutions related to LCS may become, on the invitation of the Board of Directors, an associate member of the Society.

11.3 Honorary Members

The Board of Directors may nominate as honorary member an individual who has made a significant contribution to LCS.

Article 12 - Annual General Meeting

12.1 Decision-making Powers

The Annual General Meeting is convened to assume the following decision-making powers:

1. To establish the general orientations of LCS by adopting:
 - The philosophy of LCS (Vision, Mission, Mandate and Values);
 - The long-term and strategic goals of LCS.
2. To receive the President's Report containing the major accomplishments of the Society during the past year in comparison to the established strategic goals.
3. To ratify the financial statements of the previous year.
4. To appoint the auditors.
5. To amend the Constitution and Bylaws.
6. To determine membership dues.
7. To elect Board members and the officers.

12.2 Voting Rights

Each member has the right to one vote at the Annual General Meeting.

Other participants have no voting rights.

12.3 Quorum

The quorum is fifty (50) members. A record of the names of members present at the meeting will be taken.

12.4 Date, Time and Location

The Annual General Meeting must be held within ninety (90) days of the fiscal year end. The Board of Directors determines the date, time and location.

12.5 Notice of Meeting

Written notice of meeting is sent to members and associate members at least thirty (30) days prior to the meeting.

12.6 Voting Process

Decisions are made by raising hands or by secret ballot at the discretion of the meeting. Decisions require a majority vote. In the event of a tie vote, the President casts the tie-breaking vote. Amendments to the Constitution and Bylaws require two-thirds of the votes.

Article 13 - Special General Meeting

Upon the request of the Board of Directors or ten (10) members, the LCS Chairperson must convene a Special General Meeting of the members to be held within 30 days of the received written request. The Special General Meeting deals only with agenda items sent along with the Notice of meeting. Voting rights, voting process and quorum are the same as an Annual General Meeting. Notice of meeting is sent at least thirty (30) days prior to the meeting date.

Article 14 - Board of Directors

14.1 Decision-making Powers

Accountable to the Annual General Meeting, the Board of Directors assumes the following decision-making powers:

a) Accountability to Annual General Meeting

1. To govern LCS in accordance with the decisions of the Annual General Meeting.
2. To ensure that decisions are respectful of the philosophy (vision, mission, mandate, values), the long-term and strategic goals of LCS.
3. To approve the annual action plan (objectives) in accordance with the strategic goals of LCS to the extent that resources are available.
4. To submit recommendations to the Annual General Meeting with respect to any decision-making powers of the Annual General Meeting.

b) Policies

5. To adopt policies governing LCS and assist in evaluating results.
6. To adopt the policies governing the management of operations, personnel, resources (material, technological, financial), programs, services, marketing and promotion.

c) Personnel

7. To hire and dismiss the Executive Director.
8. To evaluate annually the performance of the Executive Director in accordance with established objectives (results) and approve his remuneration.
9. To approve personnel positions.

d) Finances

10. To adopt the annual budget and its revisions.
11. To monitor the financial situation of LCS.

e) Board Operations

12. To establish Board committees by adopting their mandate and by appointing its members and chairperson.
13. To dismiss with cause any Board member.

f) Decision-making Structure

14. To adopt the governance and operational structure of LCS.

g) Legal agreements

15. To respect Mexican laws.
16. To engage in processes under Mexican labor law.
17. To approve the long-term agreements or contracts.
18. To initiate legal actions.
19. To dispose of properties willed, deeded or donated to LCS.

h) Advice by an Attorney

In all actions of the LCS requiring judicial acts, the LCS Board must be advised by an attorney according to Article 2475 of the Civil Code for the State of Jalisco and its correlative Article 2236 of the Civil Code for the Federal District.

14.2 Composition

- a) The Board of Directors is made up of twelve (12) directors. It is representative of its membership (Expatriates and Mexicans).
- b) Board members are not remunerated for their volunteer services.
- c) Remunerated or volunteer personnel cannot be a member of the Board of Directors.

14.3 Terms of Office

For the first year, six (6) members are elected for a two-year term and six (6) members have a three-year term. For subsequent years, members are elected for terms of two years. A Board member's term of office is renewable but will hold office for a maximum of three (3) consecutive terms of office. The maximum term for the position of President is three (3) consecutive years.

The term of office of the newly elected Board of Directors takes effect at the adjournment of the Annual General Meeting.

14.4 Election

The Nominating Committee recommends a slate of names to the Board of Directors. On behalf of the Board of Directors, the Nominating Committee Chairperson recommends the slate of Board members and officers to the Annual General Meeting.

Any nomination from the floor must be respectful of Board composition in accordance with article 14.2. Consequently, nominations from the floor must be assigned to one category of the composition of the Board as per Article 14.2.

Nominating procedures and election procedures shall be defined in the LCS Policies and Procedures. These Policies and Procedures shall conform to the following:

- Election to contested positions shall be by secret ballot
- The counting of ballots shall be by two (2) scrutineers appointed by the Board of Directors.
- Proxies are not allowed.

- Nominations shall be made by a Nominating Committee, and by member motions at the October membership meeting.
- Candidates for President and Vice President shall have been members of the Lake Chapala Society in good standing for a period of at least one year as of the day of the election.

14.5 Vacancies

In the event of vacancies on the Board between Annual General Meetings, the Board appoints replacements for the balance of the term. The Board's decision is subject to ratification by members at the next Annual General Meeting.

14.6 Quorum

The quorum for Board meetings is 50% of Board members plus one.

14.7 Voting

Decisions require a majority vote. In the event of a tie vote, the President casts the tie-breaking vote.

14.8 Frequency of Meetings

The Board of Directors meets at least four (4) times a year.

Article 15 - Board Committees

15.1 Committee mandates

The Board establishes committees and their mandate.

15.2 Committee Membership

Committee chairpersons and members are appointed by the Board of Directors on the recommendation of the Board Chairperson. The Committee Chairperson is an Officer of the Board. Any Board member may be appointed as a Committee member. The Board may appoint other Committee members by virtue of their expertise. The Board Chairperson is ex-officio member of all Board Committees with voting rights.

15.3 Executive Committee

The Executive Committee is an ad hoc committee made up of the four (4) following officers: President, Vice-president, Secretary and Treasurer.

The Executive Committee has the following mandate:

- 1) To act as a Selection Committee for the position of Executive Director for purposes of recommendation to the Board of Directors.
- 2) To evaluate annually the performance of the Executive Director and submit recommendations to the Board..
- 3) In urgent situations, to make decisions beyond the mandate of other Board permanent committees subject to the approval of the Board of Directors.
- 4) To recommend to the Board of Directors the suspension and expulsion of an Society member.

Article 16 - Executive Director

The Board of Directors may hire an Executive Director who, in accordance with the policies approved by the Board of Directors, recommends strategies, plans, policies to the Board of Directors and ensures the implementation of the general orientations, the strategies and the action plans of the Society. He ensures the efficient management of personnel and the resources, the programs and services to the clientele, and the operations of the Society.

Article 17 Financial Resources

17.1 Fiscal Year

The fiscal year ends on December 31.

17.2 Authorized Signatures

Financial documents require two (2) signatures. Financial documents are signed by the Executive Director and by one of the following positions: President, Vice-president, Treasurer and Secretary. In the eventuality of the absence of the Executive Director, two (2) officers sign the financial documents.

17.3 External Auditor

The Annual General Meeting appoints an external auditor for a one-year mandate. He is responsible for auditing the books of the Society. In the event of a vacancy in the position of external auditor, the Board of Directors may fill the position subject to ratification by the next Annual General Meeting.

18. Mexican Laws

18.1 Conformity with Mexican Tax Law

The LCS operates in conformance with Mexican Income Tax Law, Rule Number 161, Fractions II and IV of Articles 96, 97 and 98.

18.2 Patrimony

- a) The Patrimony of the LCS is the LCS income consisting of donations from members, private parties, organizations, institutions and other sources as determined appropriate by the Board, and also the properties and real estate that it acquires through any legal deed, bequest or rights that it be given.
- b) LCS assets are used exclusively [to implement the LCS mandate](#).
- c) LCS assets are for its own purposes and no member or person outside the LCS may claim any rights over said assets or properties of the LCS.
- d) Expenditures may be made from the Treasury as required to operate and maintain the LCS facilities and for other activities as approved by the Board.
- e) No expenditures will be made from the LCS assets that are in conflict with the letter or intent of Article 98 of the Mexican Income Tax Law.
- f) The [Board](#) is authorized to accept properties donated to the LCS on behalf of the LCS.

Article 19 - Suspension and Expulsion of a Member

Following the recommendation of the Executive Committee or a request by fifty (50) members in good standing, the Board of Directors, by a two-thirds majority vote, may suspend or expel a member who acts or speaks against the best interests of LCS. The Board may deprive such member of his rights such as vote, meeting attendance and candidacy for any position within LCS. Such member may, however, appeal to the Board of Directors from such a suspension or expulsion.

Article 20 - Amendments

The Constitution and Bylaws may be amended by the Annual General Meeting. The amendments are sent to the voting members with the notice of meeting.

At least fifty (50) members in good standing may submit to the Board of Directors proposals for amending the Constitution. Proposals will include the suggested amendments accompanied by a detailed explanation.

Article 21 - Dissolution

- 21.1 In the eventuality of LCS's cessation of its activities, the Board of Directors will submit its recommendations to a Special General Meeting of the members.
- 21.2 The Special General Meeting of the members will determine:
 - a) The assets to be transferred.
 - b) To whom the assets will be transferred.
- 21.3 The dissolution of LCS will be adopted by a vote of seventy-five percent (75%) of members present at the Special General Meeting.

Article 22 - Meeting Procedures

Meeting procedures are governed by Robert's Rules of Order. However, this Constitution and Bylaws takes precedence over Robert's Rules of Order.

These Constitution and Bylaws are adopted at the LCS Annual General Meeting on the _____ day of December 2009 in Ajijic, Jalisco, Mexico.

President

Date