

Statutes (Constitution) of The Lake Chapala Society A.C.

This Constitution of the Lake Chapala Society A.C. is effective as of December 14, 2010 and supersedes and rescinds all previous versions of our Constitution and/or Bylaws. Includes amendments adopted March 2015 and January 2022.

Article 1. DENOMINATION (NAME), OFFICE, DURATION

- 1) The denomination (name) of the organization is “The Lake Chapala Society Asociación Civil” hereafter referred to as “LCS.”
- 2) The address of LCS is located in the Municipality of Chapala, Jalisco. However, LCS may establish auxiliary branches as necessary.
- 3) The duration of the organization is for a period of 99 (ninety-nine) years.

Article 2. VISION and MISSION STATEMENTS

- 1) Our vision is a future where all Lakeside residents continually have a role in enriching the community’s quality of life, vitality and prosperity through the exchange of knowledge, expertise, culture, heritage and language.
- 2) Our mission is to promote the active participation of Lakeside’s residents to improve the quality of life lakeside.

Article 3. OBJECTIVE

LCS is a non-profit organization that is dedicated to furthering social development by promoting the participation of members in actions that improve conditions for the benefit of the community and by advancing educational, cultural and artistic initiatives. It accomplishes its mission by assuming the following mandates:

- 1) To facilitate the integration of expatriates into the Lakeside community.
- 2) To foster interchange between expatriates and Mexicans.
- 3) To contribute to the enrichment of the Mexican community through relevant programs and services.
- 4) To manage a library system relevant to our community’s needs using appropriate technology.
- 5) To establish and provide relevant programs, services and facilities to LCS members and the Lakeside community.
- 6) To manage LCS resources and operations.
- 7) To hold properties of any type and enter into any type of arrangement or agreement in order to fulfill our mandate.

Article 4. VALUES

- 1) The decisions of members at Annual General Meetings and Extraordinary Meetings are the supreme authority of LCS.
- 2) We have a profound respect and admiration for the richness of the Mexican culture.
- 3) We have foresight and imagination, are open to innovative ideas, and are proactive and realistic.
- 4) We provide services relevant to the needs of our members and the Lakeside community.
- 5) Policy decisions protect the integrity of LCS, our properties and our relations with our neighbors.
- 6) We value input regarding the governance and operation of LCS.
- 7) Decisions of a committee or a team are supported by members.
- 8) Our communications are based on trust, mutual respect, cooperation and integrity.
- 9) Decisions by the Board of Directors are respectful of the LCS philosophy and long-term and strategic goals as determined by the membership at the Annual General Meeting.
- 10) Decisions are the result of meaningful consultations.
- 11) When formal decisions are made, they are shared transparently with the members, and with paid and volunteer staff.
- 12) We express our appreciation for valuable contributions.
- 13) We treat everyone equally and equitably.
- 14) We espouse cultural and ecological sustainability.
- 15) We evaluate and learn from our experience.

Article 5. PATRIMONY (ASSETS)

- 1) The patrimony of LCS includes the income of LCS derived from monetary donations and membership dues from individuals, organizations and institutions and other resources including the properties and real estate acquired by means of legal deeds, bequests or rights that are transferred.
- 2) In terms of Article 97 of the Income Tax Law (Mexico), it is established that:
 - a) The assets of the association, including any public support and incentives that it may receive, will be used exclusively for the corporate purpose, not granting benefits over distributable remainders to any physical or juridical person, unless, if it is a juridical person or authorized trust and these would be authorized entities to receive donations considered tax exempt or remuneration of services received effectively; the stipulations in this provision are irrevocable;
 - b) In case of liquidation of the association and as a result of it, all its assets are given to entities which are registered in the Federal Register of Civil Society Organizations (CLUNI); the stipulations in this provision are irrevocable;
 - c) the association will maintain at the general public's disposition the information related to the authorization regarding the receipt of donations as well as the fulfillment of its fiscal obligations for the period and in the terms determined by the general rules established by the federal fiscal authority.

Article 6. MEMBERSHIP

LCS is a membership organization that has the right to refuse membership.

Section 6.01 Types of Membership

LCS has dues paying members and non dues paying members:

a) Paying Members

The Board of Directors recommends classes of membership that pay dues. Categories include, but need not be limited to Regular and Associate memberships.

Regular members in good standing have all privileges including one vote on any agenda item at any meeting of members requiring a vote. Regular members pay annual dues.

Associate members have limited privileges which are established in LCS policy. Associate members have no voting privileges.

Other classes of dues paying memberships may be established or abolished at an Annual General Meeting by the membership upon the recommendation of the Board of Directors. Once established, the requirements and privileges of any new class of membership are defined in LCS policy.

b) Non-paying Members

The Board of Directors recommends classes of membership that do not pay dues. Categories include, but need not be limited to, Honorary and Life memberships.

Honorary members are community leaders named by the Board of Directors for a one year duration. Honorary members have all the privileges available to LCS Regular members except that Honorary members have no voting privileges.

Life members are named by the Board of Directors for their lifetime as a result of the exceptional services they have provided to LCS over a period of time. Life members have all the privileges available to LCS Regular members including voting rights.

Other classes of non-dues paying memberships may be established or abolished at an Annual General Meeting by the membership upon the recommendation of the Board of Directors. Once established, the requirements and privileges of any new class of membership are defined in LCS policy.

Section 6.02 Suspension of a Member

Following the recommendation of the Executive Committee (see Article 10.01) or a written request signed by 50 members in good standing, the Board of Directors, by a 2/3 (two-thirds) majority vote, may suspend or expel a member for egregious behavior. The member has the right to appeal this decision. The appeal process is defined in LCS policy.

Article 7. ANNUAL GENERAL MEETING (AGM)

Section 7.01 Authority of AGM

The decisions of the AGM are by a majority of the votes cast.

Section 7.02 Responsibilities of AGM

Members at the AGM have the following responsibilities:

- 1) To adopt the long-term and strategic goals of LCS
- 2) To receive the President's Report containing the major accomplishments of LCS during the past year in comparison to the established strategic goals.
- 3) To ratify the financial statements of the previous year.
- 4) To ratify the appointment of an independent financial auditor.
- 5) To ratify the types of memberships and dues.
- 6) To elect Board members and Officers.
- 7) To ratify appointed Board members.
- 8) To receive annual objectives and financial projections for the coming year.
- 9) To ratify the amount of the Reserve Fund Account.
- 10) To consider other items on the agenda.

Section 7.03 Voting at the AGM

- 1) Each Regular and Life member in good standing has the right to one vote at the AGM.
- 2) Proxy votes are not permitted.
- 3) Absentee ballots are only allowed for the election of Board members
- 4) Votes are cast by raising a voting card or secret ballot. Voting may also be conducted remotely, such as through internet polling, when electronic means for participating, such as internet video conference, are provided. (For Elections see Article 10.03).

Section 7.04 Quorum for the AGM

- 1) A quorum must constitute 50% plus 1 of the entire membership in good standing.
- 2) If a quorum is not present at an AGM, the meeting is recessed for a period of 30 minutes while an attempt is made to raise a quorum.
- 3) If after 30 minutes a quorum is not reached, the members who are present are considered a legal quorum as long as at least 50 members in good standing are present. The names of the members who are present are recorded by the LCS Secretary.

Section 7.05 Time and Location of the AGM

- 1) The AGM is held no later than the third Thursday of March.
- 2) The AGM is held at Lakeside at an hour and place to be determined by the Board of Directors. Members may attend the AGM in-person and remotely when electronic means for participating, such as

internet video conference, are provided. The majority of participants must be able to hear those who are speaking throughout the meeting. Members participating remotely are deemed to be present in-person at the meeting.

Section 7.06 Notice of AGM At least 30 days prior to the meeting, the meeting notice and agenda must be posted in the LCS business office and can be communicated as well to members electronically via e-mail or other means.

Section 7.07 Agenda of the AGM

- 1) The Board of Directors establishes the agenda of the AGM, notwithstanding subsection (7.07.3).
- 2) Members can add an item to the agenda by submitting it in writing with a petition signed by at least 10 members to the President by January 15 of the year in which the next scheduled AGM is held.
- 3) In accordance with Mexican law, the AGM may only vote on items that are on the published agenda. New items may be proposed but they cannot be voted on at that time.

Article 8. EXTRAORDINARY MEETING (EM)

Section 8.01 Purpose of EM

The purpose of the EM includes but is not limited to:

- 1) Removal of Board members by a 2/3 (two thirds) majority vote (see Article 9.04(l)).
- 2) Amendments to the Constitution by a 2/3 (two thirds) majority vote (see Article 13).
- 3) Dissolution of LCS by a 75% majority vote (see Article 14).

Section 8.02 Authority of EM

- 1) Upon the decision of the Board of Directors or a written request by at least fifty (50) members submitted to the President, the LCS Board of Directors must convene an EM of the membership.
- 2) Decisions at the EM are made by the majority of the votes cast with the exceptions outlined in 8.01 above.

Section 8.03 Voting at an EM

- 1) Each Regular and Life member in good standing has the right to one vote at an EM.
- 2) Proxy votes are not permitted.
- 3) Votes are cast by raising a voting card or secret ballot. Voting may also be conducted remotely, such as through internet polling, when electronic means for participating, such as internet video conference, are provided.

Section 8.04 Quorum at an EM

- 1) A quorum must constitute 50% plus 1 of the entire membership in good standing.
- 2) If a quorum is not present at an EM, the meeting is recessed for a period of 30 minutes while an attempt is made to raise a quorum.
- 3) If after 30 minutes a quorum is not reached, the members who are present are considered a legal quorum as long as at least 50 members in good standing are present. The names of the members who are present are recorded by the LCS Secretary.

Section 8.05 Time and Location of an EM

- 1) An EM must be held within 45 days of the receipt of a written request .
- 2) The EM is held at Lakeside at an hour and place to be determined by the Board of Directors. Members may attend the EM in-person and remotely when electronic means for participating, such as internet video conference, are provided. The majority of participants must be able to hear those who are speaking throughout the meeting. Members participating remotely are deemed to be present in-person at the meeting.

Section 8.06 Notice of an EM

At least 30 days prior to the meeting, the meeting notice and agenda must be posted in the LCS business office and can be communicated as well to members electronically via e-mail or other means.

Section 8.07 Agenda of an EM

- 1) The Board of Directors establishes the agenda of the EM.
- 2) In accordance with Mexican law, the EM may only vote on items that are on the published agenda. New items may be proposed but they cannot be voted on at that time.

Article 9. BOARD OF DIRECTORS

Section 9.01 Composition

- 1) The Board of Directors is comprised of no less than 9 and no more than 13 voting members in good standing including the 4 Officers. Non-officers are referred to as Director-at-Large.
- 2) The Board of Directors includes the following Officers: President, Vice President, Treasurer and Secretary.
- 3) A member of the Board of Directors, during their term of office, may not hold a position that reports directly to the Executive Director.
- 4) No spouse or significant other may serve simultaneously as a voting member on the Board of Directors.
- 5) The immediate past president serves in an advisory capacity to the Board of Directors without a vote.

Section 9.02 Power of Attorney (Poder General)

- 1) The power of attorney is granted to the President who may reassign it to any of the following: Vice President, Secretary, Treasurer, Executive Director.
- 2) This includes all general and special powers that, in agreement with the law require special clauses in terms of the first paragraph of article 2207 of the Civil Code of the State of Jalisco and the related article 2254 in the Civil Code of the Federal District will include, but are not limited to the following:
 - a) to initiate and desist from all types of procedures including appeals on unconstitutional grounds;
 - b) to execute a writ of amparo;
 - c) to file a waiver or compromise in arbitration;
 - d) to file and dismiss proceedings;
 - e) to object;
 - f) to make and receive payments including the power to authorize and sign bank checks and bank drafts, and also to execute the sale of LCS property and equipment upon approval by the Board of Directors;
 - g) to file criminal charges and desist from them when the law allows so;
 - h) collaborate with the Public Prosecutor (Ministerio Publico) and request the repair of damage through civil proceedings;
 - i) designate social, legal and employee representatives in labor matters with the strength of the Federal Labor laws in force, in: article 11, 46, 48, 134; section III (three), 523, 692; sections I (one), II (two) and III (three), 686, 787, 873, 874, 880, 883, 884;
 - j) the powers referred to in the foregoing paragraph can be exercised before:
 - a) any kind of private or federal, state or municipal administrative or judicial authority;
 - b) the federal or local Conciliation and Arbitrage authorities; and
 - c) any kind of labor authority;
 - k) extended power for administrative acts in agreement with the second paragraph of article 2207 of the Civil Code of the State of Jalisco and its concordant article 2554 of the Federal District Code as well as of the other places where this law is in force, with powers to carry out any type of acts inherent to the corporate purpose including but not limited to entering into, amending and canceling lease agreements, loan agreements, loan restitution agreements, service agreements and any other type of agreements or contracts;
 - l) open, close and make transfer to and from LCS' bank and investment accounts;
 - m) in all procedures in which LCS requires judicial power, it must seek the assistance of a lawyer in accordance with article 2207 of the Civil Code of the State of Jalisco.

Section 9.03 Powers of the Board of Directors

- 1) Authorize expenditures as required to operate and maintain LCS facilities and its activities.

2) Any Officer of LCS, under rules established by the Board of Directors, is authorized to accept donated assets on behalf of LCS.

Section 9.04 Obligations of the Board of Directors

a) Accountability to Members

- 1) To govern LCS in accordance with the decisions of the members at the AGM and EMs.
- 2) To ensure that decisions are respectful of the philosophy, and the long-term and strategic goals of LCS.
- 3) To approve the annual objectives in accordance with the strategic goals of LCS to the extent that resources are available.
- 4) To report results in comparison to established mission, mandate and annual objectives.
- 5) To submit recommendations to the AGM.

b) Policy

To approve all policies related to governance and operations of LCS.

c) Personnel

- 1) To hire and dismiss the Executive Director.
- 2) To evaluate annually the performance of the Executive Director in accordance with established objectives and approve remuneration.
- 3) To approve all position descriptions.
- 4) To authorize the hiring and dismissal of other personnel.

d) Finances

- 1) To approve the annual budget.
- 2) To monitor LCS finances.
- 3) To ensure that all transactions are documented and traceable.
- 4) To designate an independent auditor for ratification at the AGM.

e) Committees, Governance and Operations

- 1) To establish Board committees, designate their purpose and appoint their chairs.
- 2) To establish LCS governance and operations structures and responsibilities.

f) Terms of Office

- 1) Terms of Board members staggered and are 2 years in duration
- 2) A Board member may hold the same office for a maximum of 3 consecutive terms, except as in 9.04(f)3.
- 3) The maximum term for the position of President is 2 consecutive terms

4) The terms of office of the newly elected Board members take effect at the end of the AGM.

g) Elections

1) Establish a Nominating Committee (see Article 10.03).

2) Elections are managed by the Nominating Committee.

h) Vacancy

1) In the event of a vacancy in the office of President, the Vice-President becomes the President and fulfills the remainder of the term.

2) In the event of a vacancy in the office of Vice-President, Secretary or Treasurer, a replacement is appointed for the remainder of the term by the Board of Directors from current members of the Board.

3) In the event of a vacancy of other Board members, at their discretion, the Board of Directors may appoint a replacement for the remainder of the term subject to ratification at the next AGM.

4) The Board of Directors must maintain a minimum of 9 members.

i) Quorum for Board Meetings

The quorum for Board meetings is a majority of the Board of Directors.

j) Voting by the Board of Directors

1) Decisions require a majority.

2) The chair does not vote except to break ties.

3) When it is determined that a Board member has a conflict of interest, such Board member must recuse themselves from voting on motions relating to the areas in which the Board member has the conflict. The Board member has a voice but must recuse themselves before completion of the discussion and the vote is taken.

4) Proxy votes are not permitted.

5) The Board of Directors may permit any Officer or Director-at-Large to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

k) Board Meetings

1) The Board of Directors meets at least 6 times a year.

2) Any LCS member may attend a Board meeting as an observer except for closed sessions.

3) Any LCS member may speak at a Board meeting provided a request has been made to the President in writing and stating the subject and purpose of the request not less than 24 hours prior to the Board meeting.

l) Removal from Office

Any elected Board member may be removed from office subject to the following:

- 1) A written petition, signed by not less than 50 members, requesting the removal of any elected Board member stating the reason(s) for removal must be delivered to any member of the Board of Directors or to the Executive Director for action at the next scheduled Board meeting.
- 2) A 2/3 (two-thirds) vote by the Board of Directors to remove a Board member will initiate procedures for the removal of an elected or ratified Board member.
- 3) Following such action outlined in 9.04(l)1 or 9.04(l)2, the Board of Directors must call an EM for the purpose of voting on removal of a Board member.
- 4) A 2/3 (two-thirds) majority of votes cast at the EM is required to remove an elected or ratified Board member from office.
- 5) The removal of any appointed Board member prior to ratification requires a 2/3 (two-thirds) majority vote of the Board of Directors.
- 6) Any director who is absent for more than 3 consecutive Board meetings shall be considered to have resigned unless a written explanation is provided and accepted by the Board of Directors.

Article 10. BOARD COMMITTEES

Section 10.01 Executive Committee

- 1) The Executive Committee is comprised of 4 Officers: President, Vice-President, Secretary and Treasurer.
- 2) The Executive Committee is convened for the following purposes:
 - a) to recommend to the Board of Directors a candidate for the position of Executive Director;
 - b) to evaluate annually the performance of the Executive Director and to submit its recommendations to the Board of Directors;
 - c) to make decisions in urgent or emergency situations which are beyond the authority of the Executive Director;
 - d) to recommend to the Board of Directors the suspension or expulsion of an LCS member;
 - e) other items at the discretion of the Board of Directors.

Section 10.02 Standing Committees

- 1) The Board of Directors establishes Standing Committees.
- 2) The Chair of a Standing Committee must be a member of the Board of Directors; the President is an ex officio member without voting rights.

Section 10.03 Nominating Committee

- 1) A Nominating Committee must be established annually by the Board of Directors no later than 120 days prior to the AGM for the express purpose of receiving, vetting and announcing applications from qualified applicants. The Nominating Committee is disbanded at the adjournment of the AGM.

2) Nominations from the floor of the AGM must be accepted when nominated and seconded. The Secretary must verify that each nominee is a member in good standing.

Section 10.04 Ad Hoc Committees

- 1) The Board of Directors may establish or disband Ad Hoc Committees.
- 2) The chair of an Ad Hoc Committee is not required to be a member of the Board of Directors; the President is an ex officio member without voting rights.
- 3) The chair of an Ad Hoc Committee must be approved by the Board of Directors.

Article 11. FUNDS

Section 11.01 Operating Funds

- 1) Operating funds are used to execute the expenditures approved by the Board of Directors.
- 2) Operating funds may exist as, but not be limited to, cash, bank accounts and investment accounts.
- 3) Annual membership dues will be adjusted annually either according to cost of living (COLA) or as decided by the Board of Directors. COLA adjustments are based on the cost of living as set by the Bank of Mexico for the preceding 12 months beginning May 1st of each year. Alternatively, the Board of Directors is permitted to adjust dues by up to 6%. Any dues adjustments beyond these measures would require approval at an Annual General Meeting. Membership dues are effective from January 1st to December 31st in the year approved.

Section 11.02 Reserve Fund

- 1) The minimum amount of the Reserve Fund is ratified by the membership at each AGM.
- 2) The Reserve Fund may only be used for:
 - a) emergency capital repairs or replacements or emergency operating expenses in excess of 2% of the annual budget;
 - b) employee severance;
 - c) other uses at the discretion of the membership and determined at an AGM or an Extraordinary Meeting called for that purpose.
- 3) The Reserve Fund may be held only in the form of deposits with a bank registered with the Mexican National Banking Commission (Comisión Nacional Bancaria y de Valores). Deposits must be either in the form of:
 - a) demand deposit (checking) accounts; or
 - b) interest bearing accounts with a maturity of no more than 365 days, provided funds can be withdrawn before maturity, in whole or in part, on 3 business days' notice and with no penalty other than the loss of any interest up to the time of such early withdrawal; or
 - c) Mexican government Certificados de la Tesorería de la Federación (Cetes) having a maturity of no more than 365 days and for which an active market exists.

Article 12. FISCAL YEAR

The fiscal year is January 1 to December 31.

Article 13. AMENDMENTS TO THE CONSTITUTION

- 1) The Constitution may be amended by members at an Extraordinary Meeting.
- 2) An amendment to the Constitution requires 2/3 (two thirds) majority of the votes cast.
- 3) At least 25 members in good standing may submit to a member of the Board of Directors or to the Executive Director proposals in writing for amending the Constitution. The proposal must include the suggested amendment(s) accompanied by a detailed written explanation. The Board of Directors must respond to the request in writing after the next scheduled Board meeting.
- 4) If the Board of Directors chooses not to act on the proposal for amending the Constitution, a written petition of 50 members may request an Extraordinary Meeting in accordance with Article 8.02.

Article 14. DISSOLUTION

- 1) If it is necessary for LCS to cease activities the Board of Directors must submit its recommendations to an EM and act in accordance with Article 5.
- 2) The Extraordinary Meeting of the members must determine:
 - a) the assets to be transferred;
 - b) to whom the assets must be transferred.
- 3) The dissolution of LCS must be approved by a vote of 75% of votes cast at the EM.

Article 15. MEETING PROCEDURES

All meeting procedures are governed by Robert's Rules of Order unless otherwise specified in this Constitution.

THIS CONSTITUTION OF THE LAKE CHAPALA SOCIETY A.C. WAS APPROVED BY THE GENERAL MEMBERSHIP AT AN EXTRAORDINARY MEETING ON DECEMBER 14, 2010; WAS AMENDED AT AN EXTRAORDINARY MEETING ON MARCH 18, 2015; WAS AMENDED AT AN EXTRAORDINARY ANNUAL GENERAL MEETING ON JANUARY 31, 2022; AND IS EFFECTIVE IMMEDIATELY.