

2023 AES Bylaws Amendment Proposal Membership Explanation

In the following proposed amendments to the AES Bylaws Revised 2021, where Bylaws text is shown, words and characters to be deleted are printed in ~~red-strikethrough type~~, and the words to be added are printed in *red italics*.

Amendment Proposal One

Clarify the authority of the AES Board of Directors to create Committees of the Board of Directors.

Codify the Audit Committee.

Clarify the scope of the AES Board of Governors' delegated authority to create and terminate standing committees.

Reasoning: The first amendment under Proposal One inserts language to clarify that the Board of Directors retains the power to create Committees of the Board of Directors. This would not be a new authority – AES legal Council has advised that the creation of committees is a natural function of a non-profit's Board of Directors. The amendment would, with the other amendments under Proposal One, remove ambiguities in the bylaws regarding the authority of AES' Boards over committees.

The only Committee of the Board of Directors currently in operation is the Audit Committee. The Audit Committee was created by the Board of Directors to ensure compliance with New York law on non-profit corporation financial procedures. The second proposed amendment under Proposal One codifies the permanent function of the Audit Committee. With the addition of the proposed Article V, Section 4 (h), the current clause (h) would become (i).

The Bylaws list of powers delegated to the Board of Governors includes the authority to create and terminate standing committees, The third Proposal One suggested amendment would retain that clause in the bylaws, with the addition of language clarifying the scope of that authority.

Proposed additions to bylaws:

Clarify the authority of the AES Board of Directors to create Committees of the Board of Directors.

ARTICLE V, Section 1

(e) The Board of Directors shall have the power to:

(i) Create and terminate Committees of the Board of Directors.

(ii) Define the duties of Committees of the Board of Directors.

Codify the Audit Committee.

ARTICLE V, Section 4

(h) There shall be an Audit Committee under the Board of Directors which, in accordance with policies and procedures adopted by the Board of Directors or the Audit Committee, shall be responsible for supervising the audit of the financial transactions of the AES not less often than annually by independent auditors selected by the Audit Committee.

~~(h)~~ *(i) The Board of Directors may delegate such powers as are not already permitted by these Bylaws, except those powers enumerated in Section 712 of the State of New York Not-For-Profit Corporation Law.*

Clarify the scope of the AES Board of Governors' delegated authority to create and terminate standing committees.

ARTICLE VI, Section 1 (c) (v)

(v) Create and terminate Standing Committees ~~except for Committees of the Board of Directors as well as Standing Committees mentioned in these Bylaws: Audit, Awards, Nominations, Regions & Sections, Standards,~~

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and Tellers.

Amendment Proposal Two

Clarify term of office for AES Treasurer

Reasoning: This change conforms the transition of office for AES Treasurer with that of the AES Secretary in the first sentence of the preceding Bylaws clause, Article V, Board of Directors Section 3 (c): The term of office of the Secretary shall be for two years or until a successor has been elected and has assumed office.

It also conforms the succession language with Article VI, Board of Governors, Section 4 (f): The Board of Governors shall fill any vacancies occurring among the Board of Governors. Each person selected shall assume the duties of office and remain in office until a successor is elected and assumes office.

Proposed changes:

ARTICLE V, Section 3

- (d) The term of office of the Treasurer shall be two years *or until a successor has been elected and has assumed office.* Election for the office of Treasurer shall be held every two years, during the first year of the incumbent Treasurer's two-year term of office.

Amendment Proposal Three

Clarify that the location of an AES event and its scheduling are the responsibility of the Board of Directors, except where delegated.

Reasoning: Since the major bylaws revision that created the AES Board of Directors, it has been unclear in practice what constitutes the Bylaws call for "consultation" by the Board of Directors with the Board of Governors, and what satisfies a similar clause that states the Board of Governors will "confer" with the Board of Directors, regarding AES event location determination and scheduling. The formerly separate Conference and Convention Committees are now under the umbrella of the Events Coordination Committee (ECC), a standing committee created by a vote of the Board of Governors that has the delegated authority to develop events. In evolved practice, as reflected in the ECC procedures in the AES Organizational Guide, the ECC brings event recommendations to the Board of Directors for action and reports semiannually to the Board of Governors on upcoming events that are under development, under consideration, or approved.

The amendment proposed to Article V, Board of Directors, Section 4 (g) and the deletion of Article VI, Board of Governors, Section 1, Establishment (xvi and xvii) conforms event management with practice.

Proposed changes:

ARTICLE V, Section 4

- (g) In consultation with the Board of Governors *and/or the appropriate standing committee*, the Board of Directors shall establish the date and location of all International AES Conventions and the date, location, and topic of all International AES Conferences *and all other AES Events, except when this authority is otherwise delegated and documented in the AES Organization Guide.*

ARTICLE VI, Section 1 (c)

- ~~(i) — Confer with the Board of Directors on the selection of the dates and locations of International AES Conventions~~

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~~(ii) Confer with the Board of Directors on the selection of the dates, topics, and locations of International AES Conference~~

Amendment Proposal Four

Clarify that AES assets include donations as well as income. Affirm the authority of the Board of Directors to establish an endowment fund.

Reasoning: AES Bylaws Article X discusses asset account management. Article X, Section 1 refers to income, but not donations. As donations are a significant portion of AES assets, the proposed amendment adds donations to the Bylaws language.

Also relating to assets, a proposal from Treasurer Glenn Lorbecki would establish an AES Endowment Fund and gradually grow an investment portfolio. The initial goal for the fund would be 2X annual AES operating expenses.

With the addition of the proposed Article X, Section 5, the current Section 5 would become Section 6.

Proposed changes:

ARTICLE X

Section 1. Society income *and donations* from all sources shall be maintained in an account (or accounts) designated by the Board of Directors, as detailed in Article V Section 2 (e). The Treasurer shall supervise these accounts, in coordination with the firm(s) accounting and auditing the Society's finances.

Section 5. The Board of Directors may establish an Endowment Fund designed to maximize investment returns consistent with the preservation of capital and maintenance of liquidity.

Section 56. All interests of any member in the assets belonging to the Society shall *ipso facto* immediately cease in the event that the membership of such person, corporation, or organization in the Society shall terminate for any reason. In the event of such termination, such member shall have no claim on account of such assets against the Society, or against the other members, or any of them.