

**AMENDED AND RESTATED**

**BYLAWS**

**OF THE**

**ELECTRONIC SECURITY ASSOCIATION, INC.**

**EFFECTIVE DATE: APRIL 20, 2023**

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## **Article 1. Name and Location**

- 1.1 The name of the Association is the Electronic Security Association, Inc. (referred to herein as “the Association”), an Illinois nonprofit corporation.
- 1.2 The offices of the Association shall be located in such location as may be determined by the Board of Directors from time to time.

## **Article 2. Objectives**

- 2.1 The objectives of the Association are:
  - 2.1.1 To promote the mutual interests of the Industry;
  - 2.1.2 To foster cordial relations among the Members;
  - 2.1.3 To stimulate more extensive use of intrusion, video surveillance, access control, fire alarm and other electronic security systems, equipment and services;
  - 2.1.4 To serve as a medium for exchange and dissemination to Members and the public of information applicable to the Industry;
  - 2.1.5 To cooperate with others on matters affecting the business and common interests of the Members;
  - 2.1.6 To promote the concept that Members be guided by a spirit of justice and honor in their business activities and that Members observe the Code of Ethics and Antitrust Policy at all times;
  - 2.1.7 To promote the programs and initiatives of the Association;
  - 2.1.8 To conduct or engage in all lawful activities in furtherance of the foregoing objectives and those incidental thereto.

## **Article 3. (Reserved)**

## **Article 4. Membership**

### **Section 4.1 Categories**

- 4.1.1 The Association shall have the following membership categories: Integrator Member, National Company Member, Associate Member, Affiliate Member, Allied Member, Lifetime Member, and Individual Member.
- 4.1.2 Nothing in these bylaws shall prevent the Association from establishing other classes of membership.

### **Section 4.2 Qualifications**

#### **Subsection 4.2.1 General Qualifications**

- 4.2.1.1 A Member may only join the Association in one membership category.
- 4.2.1.2 Each Member shall be a Member in Good Standing.
- 4.2.1.3 All Members must be willing and agree to conduct their business in accordance with the Code of Ethics, these bylaws, and the Antitrust Policy of the Association.
- 4.2.1.4 The Board of Directors may deny membership and/or the renewal of membership to any individual or business entity whose membership could be harmful to the reputation, credibility, or financial health of the Association or could potentially undermine and/or conflict with the goals and/or programs of the Association.
- 4.2.1.5 Any Member may be subject to disciplinary action, up to and including termination from membership, with due process, in accordance with the policies that the Board of Directors may enact from time to time.
- 4.2.1.6 Each Member shall have provided proof of licensing for installation, repair and/or monitoring of electronic life safety, security and/or integrated systems where applicable.

### **Subsection 4.2.2 Integrator Member**

4.2.2.1 An Integrator Member may be any business entity which meets the following requirements:

4.2.2.1.1 Provides installation, repair and/or monitoring of electronic life safety, security and/or integrated systems;

4.2.2.1.2 Has made application and shall have been approved for membership by the Association.

### **Subsection 4.2.3 National Company Member**

4.2.3.1 A National Company Member may be any business entity which meets the following requirements:

4.2.3.1.1 Provides installation, repair and/or monitoring of electronic life safety, security and/or integrated systems and is qualified to do business in fifteen (15) or more states;

### **Subsection 4.2.4 Associate Member**

4.2.4.1 An Associate Member may be any individual or business entity that is primarily engaged in the business of manufacturing, distributing, supplying, or selling products or services generally used by the Members.

### **Subsection 4.2.5 Affiliate Member**

4.2.5.1 An Affiliate Member may be any business entity that provides design, installation, service and/or monitoring of electronic security systems for its own use and not to either the general public or to Members.

### **Subsection 4.2.6 Allied Member**

4.2.6.1 An Allied Member may be any individual or organization that does not qualify as a Member under any other membership category but has the ability to contribute significant value or expertise to the Industry.

### **Subsection 4.2.7 Lifetime Member**

4.2.7.1 A Lifetime Member may be any person who has rendered meritorious service to the Association.

### **Subsection 4.2.8 Individual Member**

4.2.8.1 An Individual Member may be an individual that is not currently employed by a company that fits the description of an Integrator Member, National Company Member, Affiliate Member or Associate Member and does not have a product or service to offer to the Industry. Individual Members shall fall into one of the following categories:

4.2.8.1.1 Public Safety Member: May be any individual who is a current employee of the police or fire department of any governmental organization.

4.2.8.1.2 Professional Member: May be any individual such as an architect, specifying engineer or consultant that does not otherwise qualify for membership under any other membership category, but has the capability of contributing significant value or expertise to the Industry.

4.2.8.1.3 Student Member: May be any individual enrolled in high school (must be 18 years of age), or in a community college, college or university, or trade school and actively pursuing a degree and able to provide valid documentation of enrollment.

4.2.8.1.4 Occupational Member: May be any individual who has already graduated high school, college, or a technical school and/or who is interested in a career in the Industry.

## **Section 4.3 Membership Approval**

### **Subsection 4.3.1 General**

4.3.1.1 Upon receipt of a membership application, the Executive Officer shall conduct due diligence to determine if the applicant meets the necessary membership qualifications.

### **Subsection 4.3.2 Intentionally Deleted**

### **Subsection 4.3.3 Approval of Members**

4.3.3.1 Integrator Members, National Company Members, Associate Members, Affiliate Members, Allied Members, and Individual Members, upon the satisfactory completion of the Executive Officer's due diligence, shall be approved for membership by the Executive Officer upon receipt of the appropriate dues. Lifetime Members must be approved by seventy-five percent (75%) of the Board of Directors.

4.3.3.2 Lifetime Members are not required to pay dues and/or assessments.

4.3.3.3 In the event the Executive Officer rejects a membership application, the rejected party may appeal such decision to the Board of Directors, which may, in its sole discretion, affirm or overrule the decision of the Executive Officer to deny membership. The decision of the Board of Directors shall be final.

## **Section 4.4 Rights of Membership**

4.4.1 An Integrator Member shall have the right to vote on all matters brought before the Members and shall be entitled to all other benefits of the Association.

4.4.2 A National Company Member shall have the right to vote on all matters brought before the Members and shall be entitled to all other benefits of the Association.

4.4.3 An Associate Member shall have the right to vote on all matters brought before the Members and shall be entitled to all other benefits of the Association.

4.4.4 An Affiliate Member shall receive Association benefits as determined by the Board of Directors from time to time, may participate in committees, attend meetings of the Board of Directors, and shall have the right to vote on all matters brought before the Members.

4.4.5 An Allied Member shall receive Association benefits as determined by the Board of Directors from time to time, may participate in committees, attend meetings of the Board of Directors, and shall have the right to vote on all matters brought before the Members.

4.4.6 A Lifetime Member may attend meetings of the Board of Directors and shall have the right to vote on all matters brought before the Members.

4.4.7 An Individual Member shall receive Association benefits as determined by the Board of Directors from time to time and may participate in committees, attend meetings of the Board of Directors, and shall have the right to vote on all matters brought before the Members.

## **Section 4.5 Transfer of Membership**

4.5.1 The memberships contained herein are not transferable.

## **Section 4.6 Dues and Other Obligations**

4.6.1 Any change in the annual dues for Members shall be determined by a two-thirds (2/3) majority vote of the Board of Directors on or before October 1 of the prior year.

4.6.2 Any Member who fails to pay any dues or other obligation to the Association, within *ninety (90)* days after a statement of such obligation has been Delivered to such Member, shall have their membership terminated.

4.6.3 Upon receipt of any outstanding dues or other obligations, the Member shall be reinstated with full benefits in accordance with the policies that the Board of Directors may enact from time to time.

## **Section 4.7 Meetings**

### **Subsection 4.7.1 Annual Meeting**

- 4.7.1.1 An annual meeting of the Members shall be held once a year at a time and place to be determined by the Board of Directors for the purpose of electing Directors and transacting such other business as may properly come before the Members.
- 4.7.1.2 The Secretary shall Deliver written notice of the location, date, and time of the annual meeting to all Members and to the members of the Board of Directors at least thirty (30) days but not more than sixty (60) days prior to the annual membership meeting.

### **Subsection 4.7.2 Special Meetings**

- 4.7.2.1 A special meeting of the Members may be called at any time by (a) the Chairman, (b) a majority of the Board of Directors, or (c) 10% of the Integrator Members. The Secretary shall Deliver written notice of the location, date, time, and purpose of such meeting at least thirty (30) days but not more than sixty (60) days prior to such meeting.

### **Subsection 4.7.3 Quorum and Voting**

- 4.7.3.1 Members in Good Standing who are present at any properly called meeting of the Members shall constitute a quorum for purposes of such meeting.
- 4.7.3.2 Except as may otherwise be provided in these bylaws, all action taken shall be by majority vote of those present and voting.
- 4.7.3.3 Each Member in Good Standing shall be entitled to one (1) vote.
- 4.7.3.4 In order to vote on behalf of a Member in Good Standing, an individual must be listed as the Voting Representative of that Member. Any change in any individual acting in such capacity must be made at least fifteen (15) days prior to the meeting. An individual cannot act as the Voting Representative for more than one Member at any given time.
- 4.7.3.5 The Board of Directors can establish procedures to allow Members whose Voting Representative is unable to attend any meeting of the Members to vote in accordance with the following guidelines:
  - 4.7.3.5.1 The Executive Officer shall Deliver to all Members a ballot containing a list of all nominees and/or any other issues to be voted upon and a proxy appointment form by which the Member may appoint the current Secretary to vote on its behalf. A description of the voting procedures and deadlines and separate information as to the qualifications of the nominees and the merits of the issue to be voted upon must also be Delivered to each Member;
  - 4.7.3.5.2 The Voting Representative of a Member shall return the completed ballot and proxy appointment form as directed by the procedures which shall provide anonymity with respect to the vote of the Voting Representative.
  - 4.7.3.5.3 The procedures shall ensure that the identity of the Voting Representative is known and that each Voting Representative is eligible to vote and casts only one vote per Member;
- 4.7.3.6 Any action that may be taken at a meeting of the Members, may be taken by ballot without a meeting in writing by mail, email, or any other electronic means pursuant to which the Members are given the opportunity to vote for or against the proposed action and the action receives approval by a majority of the Members casting votes unless otherwise required by law, the articles of incorporation or these bylaws. Voting must remain open for not less than five (5) days from the date the ballots are Delivered; provided, however, in the case of a removal of one or more members of the Board of Directors, or a merger, consolidation, dissolution or sale, lease or exchange of assets, the voting must remain open for not less than twenty (20) days from the date the ballot is Delivered.
  - 4.7.3.6.1 Any action taken pursuant to subsection 4.7.3.6 shall become effective only if, at least five (5) days prior to the effective date of such action, a notice in writing of the proposed action is Delivered to all of the Members entitled to vote on that matter.

## **Article 5. Board of Directors**

### **Section 5.1 General**

5.1.1 All powers vested by law in the Association shall be exercised by or under the authority of, and the business and affairs shall be managed under the direction of, the Board of Directors. The Board of Directors shall conduct business on behalf of the Members. Among other things, the Board of Directors shall approve the annual budget at a meeting of the Board of Directors prior to January 1.

### **Section 5.2 Composition**

5.2.1 The Board shall consist of thirteen (13) Directors as follows: seven (7) individuals representing Integrator Members (the "Integrator Directors"), one (1) individual representing the National Company Members (the "National Company Director"), two (2) individuals representing the Associate Members (the "Associate Member Director"), two (2) other individuals based on their subject matter expertise (the "Competency Directors") and the Immediate Past Chairman.

5.2.2 No individual shall hold more than one (1) director position at any one time.

5.2.3 Except for the Immediate Past Chairman, each Director must be an Owner, officer, or Employee of a Member in Good Standing and must be at least twenty-one (21) years of age.

5.2.4 The Executive Officer and legal counsel shall be Ex Officio Board Members of the Board of Directors.

5.2.5 The Board of Directors may add or delete other ex officio positions to or from the Board of Directors from time to time.

### **Section 5.3 Qualifications**

#### **Subsection 5.3.1 General Qualifications**

5.3.1.1 No two (2) Directors may be employed by the same Member at any one time, except in the case where a Director changes employment from one Member to another during his or her term, in which case that Director shall be allowed to complete his or her term.

#### **Subsection 5.3.2 Integrator Director**

5.3.2.1 Each Integrator Director shall be the Voting Representative of an Integrator Member who is a Member in Good Standing.

#### **Subsection 5.3.3 National Company Director**

5.3.3.1 The National Company Director shall be the Voting Representative of a National Company Member who is a Member in Good Standing.

#### **Subsection 5.3.4 Associate Member Director**

5.3.4.1 The Associate Member Director shall be the Voting Representative of an Associate Member who is a Member in Good Standing.

#### **Subsection 5.3.5 Competency Directors**

5.3.5.1 Each Competency Director shall be an Owner, officer or Employee of a Member in Good Standing.

### **Section 5.4 Board Meetings**

#### **Subsection 5.4.1 Annual Board Meeting**

5.4.1.1 An annual board meeting shall be held once per year at a time and place to be determined by the Board of Directors.

- 5.4.1.2 The Secretary shall Deliver notice of the annual board meeting to the members of the Board of Directors at least thirty (30) days but not more than ninety (90) days prior to such meeting.

### **Subsection 5.4.2 Special Board Meetings**

- 5.4.2.1 A special meeting of the Board of Directors may be called by the Chairman or at the written request of at least five (5) members of the Board of Directors, which request shall be Delivered to the Chairman, the Secretary or the Executive Officer.
- 5.4.2.2 Any such special meeting requested by the members of the Board of Directors shall be held within fifteen (15) days of the receipt of such request.
- 5.4.2.3 The Secretary shall Deliver notice of any special meeting not less than twenty-four (24) hours prior to the start of such meeting.

### **Subsection 5.4.3 Quorum and Voting**

- 5.4.3.1 A majority of the existing members of the Board of Directors (excluding Ex Officio Board Members) shall constitute a quorum of the Board of Directors for purposes of this Section.
- 5.4.3.2 Except where otherwise provided in these bylaws, all action taken by the Board of Directors shall be by majority vote of those members of the Board of Directors voting on such matters. A matter requiring a two-thirds (2/3) vote will require the approval of two thirds of the members of the Board of Directors voting on such matter.
- 5.4.3.3 Each member of the Board of Directors, except for the Ex Officio Board Members, shall have one (1) vote on all matters.
- 5.4.3.4 In case the Chairman cannot attend a board meeting, Vice Chairman or Chairman-Elect shall become acting Chairman and shall assume all the duties and authorities of the Chairman for purposes of that meeting.

## **Section 5.5 Vacancies**

- 5.5.1 In the event of a Vacancy in a Director position, the Board of Directors shall appoint an individual to complete the term of the Director position that is then vacant.

## **Section 5.6 Meetings by Means of Conference Telephone**

- 5.6.1 One or more persons may participate in a meeting of the Board of Directors or of any committee thereof by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear one another. Such participation shall constitute presence in person at the meeting.

## **Section 5.7 Nomination and Election of Directors**

### **Subsection 5.7.1 Leadership Identification and Nomination Committee**

- 5.7.1.1 The Board of Directors shall appoint members of the Leadership Identification and Nomination Committee (the "Nomination Committee") at the last regular or called board meeting prior to June 30 of each year.
- 5.7.1.2 The Nomination Committee shall seek to identify and nominate members of the Board of Directors through a rigorous process of recruitment, evaluation, mentoring, education, and orientation.
- 5.7.1.3 The Nomination Committee shall consist of no more than seven (7) persons, each of whom shall be a Voting Representative of a Member in Good Standing.
- 5.7.1.4 One (1) member of the Nomination Committee shall be the Chairman Elect/Chairman, who shall begin a two-year term as of July 1 in each odd-numbered year.
- 5.7.1.5 Three (3) members of the Nomination Committee will serve two-year terms that will begin as of July 1 in each even-numbered year.
- 5.7.1.6 Three (3) members of the Nomination Committee will serve two-year terms that will begin as of July 1 in each odd-numbered year.



- 5.7.1.7 Neither the Chairman nor Chairman Elect shall serve as chairman of the Nomination Committee.
- 5.7.1.8 No member of the Nomination Committee may serve more than six (6) consecutive years.
- 5.7.1.9 Any vacancies that occur on the Nomination Committee may be filled by the Board of Directors.
- 5.7.1.10 The Nomination Committee will determine whether each potential nominee meets the requirements for the applicable Director position.
- 5.7.1.11 Committee duties and charges, election procedures and timeline will be formalized by the Nomination Committee and submitted to the Board of Directors for approval.
- 5.7.1.12 Nominations for any open Director position may be made in writing by a Member in Good Standing in accordance with the nomination and election procedures approved by the Board of Directors.

## **Subsection 5.7.2 Election and Appointment of Directors**

- 5.7.2.1 Election for each Director position shall be conducted in accordance with the procedures provided for under these bylaws.
- 5.7.2.2 In each contested election, the winner shall be the nominee who receives the most votes. In any uncontested election, the nominee may be elected by acclamation.
- 5.7.2.3 The seven (7) Integrator Directors shall be elected to two (2) year terms, three (3) of which shall be elected in odd numbered years and four (4) of which shall be elected in even-numbered years.
- 5.7.2.4 The National Company Director shall be elected to a two (2) year term and shall be elected in even-numbered years.
- 5.7.2.5 The Associate Member Directors shall be elected to two (2) year terms, one (1) of which shall be elected in odd numbered years and one (1) of which shall be elected in even-numbered years.
- 5.7.2.6 Each Competency Director shall be appointed by the Board of Directors for a two (2) year term in even-numbered years.

## **Article 6. Officers**

### **Section 6.1 Officer Positions and Terms of Office**

- 6.1.1 The Officers of the Association shall be (a) the Chairman, who shall serve a two (2) year term commencing on July 1 of even-numbered years, (b) a Chairman Elect who shall serve a one (1) year term immediately prior to serving as Chairman commencing on July 1 of odd-numbered years, (c) a Vice Chairman who shall serve a one (1) year term commencing on July 1 of even-numbered years, and (d) the Secretary and Treasurer, each of whom shall serve a one (1) year term beginning on July 1.
- 6.1.2 The Chairman Elect, Vice Chairman, Secretary and Treasurer will be appointed by the Board of Directors immediately after the annual election of Directors in accordance with the terms of office described in Section 6.1.1. In order to serve as an Officer of the Association, an individual must first be a member of the Board of Directors. Furthermore, in order to serve as the Chairman, Chairman Elect or Vice Chairman, an individual must be an Integrator Director or the National Company Director.
- 6.1.3 The Chairman may not serve consecutive terms and shall assume the role of Immediate Past Chairman at the conclusion of his or her term.

### **Section 6.2 Duties and Qualifications**

#### **Subsection 6.2.1 Chairman**

- 6.2.1.1 The Chairman shall preside at all meetings of the Members and of the Board of Directors at which he or she is present. Subject to the control of the Board of Directors and any committees thereof, the Chairman shall:
  - (a) have general and active management of all the business, property, and affairs of the Association;

- (b) see that all orders and resolutions of the Board of Directors and the committees thereof are carried into effect;
  - (c) act as the duly authorized representative of the Board of Directors in all matters, except where the Board of Directors has formally designated some other person or group to act; and
  - (d) in general, perform all the usual duties incident to the office of Chairman and such other duties as may be assigned to such person by the Board of Directors.
- 6.2.1.2 The Chairman may, each year, appoint a parliamentarian to aid and assist in conducting meetings.
- 6.2.1.3 The Chairman shall, each year, appoint a member to serve as the representative of the Association on the board of directors of any other association as may be authorized by the Board of Directors.
- 6.2.1.4 The Chairman must be the Voting Representative of an Integrator Member or a National Company Member who in each case is a Member in Good Standing.
- 6.2.1.5 The Chairman shall have the authority to declare any meeting of the Members a “closed session” which would exclude all non-members.

### **Subsection 6.2.2 Chairman Elect**

- 6.2.2.1 The Chairman Elect shall become the Chairman upon the conclusion of the term of the incumbent Chairman.
- 6.2.2.2 The Chairman Elect shall report to the Chairman and the Board of Directors, serve as liaison to at least one of the standing committees of the Association, promote all of the objectives of the Association and perform such duties as may be assigned to him or her by the Chairman and/or the Board of Directors, including performing the duties of the Chairman in the absence or disability of the Chairman.
- 6.2.2.3 The Chairman Elect shall have served on the Board of Directors for a period of at least one (1) year within the previous five (5) years prior to being elected Chairman Elect.
- 6.2.2.4 The Chairman Elect shall be the Voting Representative of an Integrator Member or a National Company Member who in each case is a Member in Good Standing.

### **Subsection 6.2.3 Vice Chairman**

- 6.2.3.1 The Vice Chairman shall report to the Chairman and the Board of Directors, serve as liaison to at least one of the standing committees of the Association, promote all of the objectives of the Association and perform such duties as may be assigned to him or her by the Chairman and/or the Board of Directors.
- 6.2.3.2 The Vice Chairman shall be the Voting Representative of an Integrator Member or a National Company Member who in each case is a Member in Good Standing.

### **Subsection 6.2.4 Secretary**

- 6.2.4.1 The Secretary shall be responsible for calling the roll at all meetings of the Association and for the preparation of accurate minutes of the proceedings at all membership meetings and at all board meetings.
- 6.2.4.2 The Secretary shall report to the Chairman and the Board of Directors, serve as liaison to at least one of the standing committees of the Association, promote all of the objectives of the Association and perform such duties as may be assigned to him or her by the Chairman and/or the Board of Directors.
- 6.2.4.3 The Secretary shall be an Owner, officer or Employee of a Member in Good Standing.

### **Subsection 6.2.5 Treasurer**

- 6.2.5.1 The Treasurer shall have general supervision of the fiscal affairs of the Association. The Treasurer shall, with the assistance of the Chairman and managerial staff of the Association:
- (a) see that a full and accurate accounting of all financial transactions is made;

- (b) invest and/or reinvest the capital funds of the Association in such manner as may be directed by the Board of Directors, unless such function shall have been delegated to a designee or agent;
  - (c) deposit or cause to be deposited in the name and to the credit of the Association, in such depositories as the Board of Directors shall designate, all monies and other valuable effects of the Association not otherwise employed;
  - (d) prepare such financial reports as may be requested from time to time by the Board of Directors;
  - (e) cooperate in the conduct of any investigation of the Association's financial records by certified public accountants duly appointed by the Board of Directors; and
  - (f) in general, perform all the usual duties incident to the office of Treasurer and such other duties as may be assigned to him or her by the Board of Directors or the Chairman.
- 6.2.5.2 The Treasurer shall report to the Chairman and the Board of Directors, serve as liaison to at least one of the standing committees of the Association, promote all of the objectives of the Association and perform such duties as may be assigned to him or her by the Chairman and/or the Board of Directors.
- 6.2.5.3 The Treasurer shall have been a member of the Finance Committee for at least one (1) year within the previous five (5) years and/or possess comparable accounting/financial experience and be an Owner, officer or Employee of a Member in Good Standing.

### **Section 6.3 Vacancies**

- 6.3.1 In the event of a Vacancy in an Officer position, the Board of Directors shall appoint an individual to complete the term of that position.

## **Article 7. Committees**

### **Section 7.1 Committee Responsibilities**

- 7.1.1 The Chairman shall recommend to the Board of Directors, and the Board of Directors shall establish, such committees as are necessary to achieve the objectives of the Association.
- 7.1.2 The Chairman shall appoint the chairman and members of each committee.
- 7.1.3 Committees may be abolished by action of the Board of Directors.
- 7.1.4 Unless the Board of Directors provides otherwise by resolution, each committee shall conduct its business and take action in the same manner as the Board of Directors conducts its business pursuant to the Articles of Incorporation and these bylaws.
- 7.1.5 Committees shall report to the Board of Directors and to the Members, if so directed, by the submission of the minutes of their meetings and by such other means as are desirable or appropriate.
- 7.1.6 A member of a committee shall have the right to vote on all committee matters regardless of such member's voting status or lack of status as a Member of the Association.

## **Article 8. Executive Officer**

- 8.1 The Board of Directors shall hire an individual or a management company to serve as Executive Officer of the Association. The Executive Officer shall carry out the policies set by the Board of Directors and manage the day-to-day affairs of the Association as directed by the Board of Directors.

## **Article 9. Limitations**

- 9.1 None of the Association, Members, Officers, or any committees shall take any action, incur any obligations, or announce any policy in the name of the Association unless the action or obligation or policy shall have first been authorized by the Board of Directors.
- 9.2 Neither the Association nor membership therein shall be used for the promotion of individual interests. No Director or Officer shall use his or her office or title on his or her personal business stationery. Members in Good Standing may designate their membership by using the name and logo of the

Association on their letterhead, telephone book advertising, business cards or other similar materials. The use of the Association's name or logo by non-members is strictly prohibited, and Members must not promote or foster the use of the Association's name or logo by non-members.

## **Article 10. Indemnification**

### **Section 10.1 Personal Liability of Directors**

10.1 No Officer or Director, nor the Executive Officer nor any other employee, agent or representative of the Association (the "Indemnified Persons") shall be personally liable for monetary damages for any action taken, or any failure to take any action, unless such person has breached or failed to perform the duties of his or her office under these bylaws, and such breach or failure to perform constitutes self-dealing, willful misconduct or gross negligence; provided, however, that the foregoing provision shall not eliminate or limit the responsibility or liability of any Indemnified Person pursuant to any criminal statute. Any repeal, modification, or adoption of any provision inconsistent with this Section 10.1 shall be prospective only, and neither the repeal or modification of this bylaw, nor the adoption of any provision inconsistent with this bylaw, shall adversely affect any limitation on the personal liability of any Indemnified Person existing at the time of such repeal or modification or the adoption of such inconsistent provision.

### **Section 10.2 Fiduciary Responsibility**

10.2 A Director shall stand in a fiduciary relation to the Association and shall perform the duties of Director, including duties as a member of any committee of the Board of Directors upon which such Director may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Association, and with such care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances. In performing such duties, a Director shall be entitled to rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

- (a) one or more Officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented;
- (b) counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such person; or
- (c) a committee of the Board of Directors upon which he or she does not serve, duly designated in accordance with the law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if such Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

Absent breach of fiduciary duty, lack of good faith, or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interests of the Association.

### **Section 10.3 Mandatory Indemnification of Directors and Certain Other Persons**

10.3.1 Subject to Section 10.3.2, the Association shall indemnify and hold harmless, to the full extent permitted by law, each Indemnified Person who is made a party or is threatened to be made a party to or is otherwise involved in (as a witness or otherwise) any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether or not by or in the right of the Association or otherwise (collectively, a "Proceeding"), by reason of the fact that he or she, or a person of whom he or she is the heir, executor or administrator, is or was a Director, Officer or employee of the Association or is or was serving at the request of the Association as a director, officer or trustee of another association or of a partnership, joint venture, trust or other enterprise (including service with respect to employee benefit plans), or where the basis of such Proceeding is any alleged action or failure to take any action by such person while acting in an official or other capacity as a Director or Officer against all expenses, liability and loss, including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement (whether with or without court approval), actually and reasonably incurred or paid by such person in connection therewith, so long as such person acted in good faith and in a manner he or she reasonably believed to be

in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful

- 10.3.2 Notwithstanding the foregoing, and except as provided in Section 10.4, the Association shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors.
- 10.3.3 Subject to the limitation set forth above concerning Proceedings initiated by the person seeking indemnification, the right to indemnification conferred in this Section 10.3 shall be a contract right and shall include the right to be paid by the Association for the expenses incurred in defending any such Proceeding (or part thereof) or in enforcing his or her rights under this Section 10.3 in advance of the final disposition thereof promptly after receipt by the Association of a request therefore stating in reasonable detail the expenses incurred; provided, however, that to the extent required by law, the payment of such expenses incurred by an Indemnified Person in advance of the final disposition of a Proceeding shall be made only upon receipt of an undertaking, by or on behalf of such person, to repay all amounts so advanced if and to the extent it shall ultimately be determined by a court that he or she is not entitled to be indemnified by the Association under this Section 10.3 or otherwise.
- 10.3.4 The right to indemnification and advancement of expenses provided herein shall continue as to a person who has ceased to be a Director, Officer or employee of the Association or to serve in any of the other capacities described herein, and shall inure to the benefit of the heirs, executors and administrators of such person.

#### **Section 10.4 Payment of Indemnification**

- 10.4 If a claim for indemnification under Section 10.3 is not paid in full by the Association within sixty (60) days after a written claim therefore has been received by the Association, the claimant may, at any time thereafter, bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part on the merits or otherwise in establishing his or her right to indemnification or to the advancement of expenses, the claimant shall be entitled to be paid also the reasonable expenses of prosecuting such claim.

#### **Section 10.5 Non-Exclusivity of Rights**

- 10.5 The rights under this Article 10 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses hereunder may be entitled under any agreement, or resolution of the Members or the Board of Directors. The Board of Directors shall have the express authority to enter into such agreements as the Board of Directors deems appropriate for the indemnification of and advancement of expenses to present or future Directors, Officers, employees, representatives, or agents of the Association.

#### **Section 10.6 Funding**

- 10.6 The Association may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, including its obligation to advance expenses, whether arising under or pursuant to this Article 10 or otherwise.

#### **Section 10.7 Insurance**

- 10.7 The Association may purchase and maintain insurance on behalf of any person who is or was an Indemnified Person, or is or was serving at the request of the Association as a representative of another corporation, partnership or other enterprise, against any liability asserted against such person and/or incurred by such person in any such capacity, or arising out of his or her status as such, whether or not

the Association would have the power to indemnify such person against such liability under the laws of this state or any other state.

### **Section 10.8 Modification or Repeal**

10.8 Neither the modification, amendment, alteration, or repeal of this Article 10 or any of its provisions, nor the adoption of any provision inconsistent with this Article 10 or any of its provisions, shall adversely affect the rights of any person to indemnification and advancement of expenses existing at the time of such modification, amendment, alteration or repeal or the adoption of such inconsistent provision.

### **Article 11. Amendments**

11.1 New bylaws may be adopted, and these bylaws may be amended or repealed, by a 2/3 majority vote of the entire Board of Directors as provided in Section 5.4 of these bylaws, except as otherwise provided by the Articles of Incorporation or state statute. Any proposed amendment to these bylaws must be distributed to each Director no more than sixty (60) days and no less than thirty (30) days prior to a vote. Nothing in this Article shall prevent a Member in Good Standing from proposing an amendment to these bylaws.

### **Article 12. Dissolution**

12.1 In the event of dissolution of the Association and after payment of all debts and other obligations, the assets of this Association shall be dedicated or transferred only in accordance with objectives set forth in Article 2 of these bylaws as a majority of the Board of Directors shall decide.

### **Article 13. Miscellaneous**

- 13.1 The fiscal year of the Association shall begin on the first day of January in each year.
- 13.2 If there shall be any conflict between the provisions of the Articles of Incorporation and these bylaws, the provisions of the Articles of Incorporation shall govern.
- 13.3 All meetings of the Association shall be conducted in accordance with Robert's Rules of Order.

### **Article 14. Definitions**

For purposes of these Bylaws, the following terms shall mean the following:

"Affiliate Member" means any entity as described in Subsection 4.2.5 hereof.

"Allied Member" means any entity as described in Subsection 4.2.6 hereof.

"Antitrust Policy" means the ESA General Rules of Antitrust Compliance, as such may be amended from time-to-time by the Board of Directors.

"Articles of Incorporation" means the Articles of Incorporation of the Association on file with the Illinois Secretary of State's office, as such may be amended from time-to-time.

"Associate Member" means any entity as described in Subsection 4.2.4 hereof.

"Associate Member Director" has the meaning set forth in Subsection 5.2.1 hereof

"Association" means the Electronic Security Association, Inc., an Illinois not-for-profit corporation.

"Board of Directors" means the Board of Directors of the Association.

"Code of Ethics" means the Code of Ethics and Standards of Conduct of the Association, as such may be amended from time-to-time by the Board of Directors.

"Competency Director" has the meaning set forth in Subsection 5.2.1 hereof.

"Deliver" means transferred or presented to someone in person; deposited in the United States mail addressed to the person at his, her, or its address as it appears on the records of the Association; posted at such place and in such manner or otherwise transmitted to the person's premise; or transmitted by electronic means to the email address, facsimile number, or other contact information appearing on the records of the Association.

"Director" means any of the directors of the Association.

"Employee" means a full-time employee of a Member. An individual will be deemed to be a full-time employee, provided that the individual works a minimum of 32 hours a week for such Member or during any applicable severance period or if the individual has been employed by such Member during the previous thirty (30) days.

"Ex Officio Board Members" means any individuals designated as such by the Board of Directors or these bylaws, provided that no such individuals shall be entitled to vote in such capacity, nor shall any such individuals be included in determining the number of Directors on the Board of Directors.

"Executive Officer" means the person hired to run the day-to-day affairs of the Association.

"Immediate Past Chairman" means that person who served as Chairman or President of the Association immediately prior to the then-current Chairman.

"Including" means including without limitation.

"Indemnified Persons" has the meaning set forth in Subsection 10.1 hereof.

"Individual Member" means any individual as described in Subsection 4.2.8 hereof.

"Industry" means those involved in providing electronic life safety, security and integrated systems, equipment, and services.

"Integrator Directors" has the meaning set forth in Subsection 5.2.1 hereof.

"Integrator Member" means any entity as described in Subsection 4.2.2 hereof.

"Lifetime Member" means any individual as described in Subsection 4.2.7 hereof.

"Member" means any Integrator Member, National Company Member, Associate Member, Affiliate Member, Allied Member, Lifetime Member, or Individual Member.

"Member in Good Standing" means a Member that has no past due financial obligations to the Association, and is in compliance with the Antitrust Policy, these Bylaws and the Code of Ethics and Standards of Conduct.

"National Company Director" has the meaning set forth in Subsection 5.2.1 hereof.

"National Company Member" means any entity as described in Subsection 4.2.3 hereof.

"Nomination Committee" has the meaning set forth in Subsection 5.7.1.1 hereof.

"Officer(s)" means any of the officers of the Association, including the Chairman, Vice Chairman, Chairman Elect, Secretary, and the Treasurer.

"Owner" means any person having an ownership interest (either directly or indirectly) in a Member.

"Past Chairman" means any person who has previously served as Chairman or President of the Association.

"Proceeding" has the meaning set forth in Subsection 10.3.1 hereof.

"Vacancy" means an open position on the Board of Directors or with respect to one of the Officer positions as a result of death, resignation, or removal; provided however, that if someone is unavailable to attend a meeting, such unavailability does not constitute a Vacancy with respect to that position.

"Voting Representative" means the primary or, if applicable, alternate voting representative of a Member in Good Standing.