

BYLAWS

RESPONSIBLE HOSPITALITY COUNCIL, INC.

ARTICLE I OFFICES

1.01 *Principal Office.* The principal office of the corporation shall be at such place within the state of Michigan as the board of directors may determine from time to time.

1.02 *Other Offices.* The board of directors may establish other offices in the state of Michigan.

ARTICLE II MEMBERS

2.01 *Eligibility for Membership.* To be eligible for membership in the corporation, an establishment must satisfy the following requirements:

- (a) *Full Membership.* All establishments licensed by the State of Michigan to serve alcohol in the greater East Lansing area (~~or city of East Lansing only?~~) are eligible for membership as cooperating establishments with all benefits and responsibilities of full membership as outlined under Article II. Membership commences upon payment of dues and an establishments agreement to comply with the “Best Management Practices” (see Schedule 2.01) and attendance requirements.
- (b) *Advisory Membership.* The Corporation welcomes non-alcohol serving establishments and organizations to participate as advisory members. These Members do not hold voting privileges, nor are they required to pay dues, or meet attendance requirements as established for full membership. New Members invited to attend meetings as advisory members shall minimally consist of representatives from the area police departments, Michigan State University, the State of Michigan Liquor Control Commission and local city and township offices. The primary role of advisory members is to provide information to the Corporation that will assist the membership in meeting the tenants of organizational purpose.

2.02 *Membership Dues.* The Members shall establish the initial and annual dues for membership in the corporation. The billing and collection of dues shall be in a manner prescribed by the board of directors. Annual dues are due to the Treasurer at the January meeting of each calendar year, or at such time as an organization wishes to initiate membership. Members will have a grace period to the first day of March. If dues have not been received by that date, membership may be suspended until such time as the dues are received in full.

2.03 *Meetings*. Monthly meetings shall be held throughout the calendar year except for the months of June and July. The annual meeting of Members shall be held on the second Tuesday of September. At each annual meeting, directors shall be elected and any other business shall be transacted that may come before the meeting. Membership meetings are open to the public. Members must be represented at a minimum of 6 meetings per calendar year in order to remain in Good Standing. While not required, it is highly recommended that the Member's owners/managers attend at least half the scheduled meetings.

2.04 *Special Meetings*. Special meetings of the Members may be called by the board of directors or by the president. Such meetings shall also be called by the president or secretary at the written request of not less than 10 percent of the Members.

2.05 *Place of Meetings*. All membership meetings shall be held at such place determined by the board of directors and stated in the notice of the meeting.

2.06 *Notice of Meetings*. The dates and times of normal monthly meetings shall be set for the upcoming year at each annual meeting and communicated to the Members. Written notice of such meetings shall be e-mailed at least one day prior to the said normal monthly meeting. Except as otherwise provided by statute, written notice of the time, place, and purposes of all special membership meetings shall be given not less than 10 days nor more than 60 days before the date of the meeting. Notice shall be given either by facsimile or by e-mail to each Member of record entitled to vote at the meeting at his or her last e-mail address as it appears on the books of the corporation.

2.07 *Record Dates*. The board of directors may fix in advance a record date for the purpose of determining Members entitled to notice of and to vote at a membership meeting or an adjournment of the meeting, or to express consent to or to dissent from a proposal without a meeting, or for the purpose of any other action. The date fixed shall not be more than 60 days nor less than 10 days before the date of the meeting, nor more than 60 days before any other action.

2.08 *List of Members*. The secretary of the corporation or the agent of the corporation having charge of the membership records of the corporation shall make and certify a complete list of the Members entitled to vote at a membership meeting or any adjournment. A Member is entitled to one vote per one liquor license. The list shall be arranged alphabetically with the address of each Member, be produced at the time and place of the membership meeting, be subject to inspection by any Members during the whole time of the meeting, and be prima facie evidence of the Members entitled to examine the list or vote at the meeting.

2.09 *Quorum*. Unless a greater or lesser quorum is required by statute, Members present in person who are active and in good standing, as of the record date, representing 75 percent of the Members entitled to vote at a membership meeting shall constitute a

quorum at the meeting. Whether or not a quorum is present, the meeting may be adjourned by vote of the Members present.

2.10 *Voting*. Each Member (in Good Standing) is entitled to one vote on each matter submitted to a vote. A vote may be cast in person either orally or in writing. When an action, other than the election of directors, is to be taken by a vote of the Members, it shall be authorized by a super majority (75%) of those Members present and who are full Members in Good Standing at the time of the vote, (unless a greater vote is required by statute). A Member who has not had representation at two or more consecutive monthly meetings, shall forfeit their voting privileges for the next meeting at which they are represented. Directors shall be elected by a plurality of votes cast at any election.

ARTICLE III BOARD

3.01 *Powers*. The business, property, and affairs of the corporation shall be managed by the board of directors.

(a) Notwithstanding the above, the Board's expenditure of corporate funds shall only be in the normal ordinary course of business and shall not exceed the dues collected for that year.

(b) The board is responsible to initiate review of membership standing and communicate concerns to Members as they become apparent to the board. Every effort shall be made to resolve issues to avoid a Member's loss of privileges. However, membership privilege shall be suspended by the board ~~due to~~ **if a Member fails to comply with** any of the following conditions ~~being met~~ **of membership**:

i. ~~(a) Unpaid~~ **The Member fails to pay its** membership dues ~~after~~ **by** the first day of March of each Calendar year;

ii. ~~(b) Attendance of less than~~ **The Member fails to attend at least** eight (8) meetings over the course of one (1) calendar year, or if a Member misses a meeting after reinstatement for suspension for attendance of less than eight (8) meetings per year;

iii. ~~(c) Failure~~ **The Member fails to timely** conduct an on-premise alcohol management training class (TAM or TIPS) for its employees as a result of Member's failure to pass a sting operation. The suspension will occur if the on-premise training has not been conducted within 90 days of the sting violation;

iv. ~~(d) Failure~~ **The Member fails** to pay fine(s) ~~with~~ **within** 30 days of being levied.

A Member shall not be in Good Standing if the Board has suspended its membership privilege pursuant to the above. A suspension of membership does not remove the suspended Member's obligations of membership such as, but not limited to, payment of dues, attendance or passing sting operations.

A Member not in Good Standing may become a Member in Good Standing if the Member is in attendance at ALL meetings during time of their suspension and the following condition(s) are met where applicable:

i. ~~(e)~~-If membership is suspended for non-payment of dues in 3.01(a) above, the Member will return to Good Standing when payment of delinquent dues are paid plus a \$50 fine for every month or partial month past the first day of March;

ii. ~~(f)~~-If membership is suspended for attendance of less than eight meetings over the course of one calendar year in 3.01(b) above, the Member will return to Good Standing when payment of a fine of \$100 is paid. If the suspension was for continued absence after reinstatement, the Member will return to Good Standing when a payment of a fine of \$50 is paid for each additional meeting of missed attendance;

iii. ~~(g)~~-If membership is suspended for failure to conduct within 90 days an on-premise alcohol management training in 3.01(c) above, the Member will return to Good Standing when on-premise alcohol management training has been conducted and fine of \$150 is paid.

iv. ~~(h)~~-If a membership suspension included fine(s), those fine(s) must be paid for ~~a~~**the** Member to return to Good Standing.

(c) Any other suspension or loss of membership privilege, including termination of membership, may only be accomplished by a 75% vote of the membership.

3.02 *Number*. There shall be not less than three (3) nor more than five (5) directors on the board as shall be fixed from time to time by the board of directors.

3.03 *Tenure*. Directors shall be elected at each annual membership meeting to hold office until the next annual membership meeting and until the director's successor is elected and qualified, or until the director's death, resignation, or removal.

3.04 *Resignation*. A director may resign at any time by providing written notice to the corporation. Notice of resignation will be effective on receipt or at a later time designated in the notice. A successor shall be appointed as provided in section 3.06 of the bylaws.

3.05 *Removal.* Any director may be removed with or without cause by a majority vote of the Members entitled to vote at an election of directors.

3.06 *Board Vacancies.* A vacancy on the board may be filled with a person elected by the membership, ~~though less than a quorum of the board of directors, unless filled by proper action of the members.~~ Each person so elected shall be a director for a term of office continuing until the next election of directors by the Members.

3.07 *Annual Meeting.* An annual meeting shall be held each year on the second Tuesday of September immediately after the annual membership meeting. If the annual meeting is not held at that time, the board shall cause the meeting to be held as soon thereafter as is convenient.

3.08 *Regular Meetings.* Regular meetings of the board may be held at the time and place as determined by a board resolution without notice other than the resolution.

3.09 *Special Meetings.* Special meetings of the board may be called by the president or any two directors at a time and place as determined by those persons authorized to call special meetings. Notice of the time and place of special meetings shall be given to each director in any manner at least three days before the meeting.

3.10 *Statement of Purpose.* Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in the notice for that meeting.

3.11 *Waiver of Notice.* The attendance of a director at a board meeting shall constitute a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. In addition, the director may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

3.12 *Meeting by Telephone or Similar Equipment.* A director may participate in a meeting by conference telephone or any similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

3.13 *Quorum.* A majority of the directors then in office constitutes a quorum for the transaction of any business at any meeting of the board. Actions voted on by a majority of directors present at a meeting where a quorum is present shall constitute authorized actions of the board.

3.14 *Consent to Corporate Actions.* Any action required or permitted to be taken pursuant to board authorization may be taken without a meeting if, before or after the action, all directors consent to the action in writing. Written consents shall be filed with the minutes of the board's proceeding.

ARTICLE IV COMMITTEES

4.01 *General Powers.* The board, by resolution adopted by a vote of a majority of its directors, may designate one or more committees, each committee consisting of one or more directors. The board may also designate one or more directors as alternate committee members who may replace an absent or disqualified member at a committee meeting. If a committee member is absent or disqualified from voting, Members present at a meeting who are not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint an alternate committee member to act at the committee meeting in place of the absent or disqualified member. All committees designated by the board shall serve at the pleasure of the board.

A committee designated by the board may exercise any powers of the board in managing the corporation's business and affairs to the extent provided by resolution of the board. However, no committee shall have the power to

- (a) amend the articles of incorporation;
- (b) adopt an agreement of merger or consolidation;
- (c) amend the bylaws of the corporation;
- (d) fill vacancies on the board; or
- (e) fix compensation of the directors for serving on the board or on a committee.
- (f) recommend to Members the sale, lease, or exchange of all or substantially all of the corporation's property and assets;
- (g) recommend to the Members a dissolution of the corporation or a revocation of a dissolution; or
- (h) terminate memberships.

4.02 *Meetings.* Committees shall meet as directed by the board, and their meetings shall be governed by the rules provided in article III for meetings of the board. Minutes shall be recorded at each committee meeting and shall be presented to the board.

4.03 *Consent to Committee Actions.* Any action required or permitted to be taken pursuant to authorization of a committee may be taken without a meeting if, before or after the action, all Members of the committee consent to the action in writing. Written consents shall be filed with the minutes of the committee's proceedings.

ARTICLE V OFFICERS

5.01 *Number.* The officers of the corporation shall be appointed by the board. The officers shall be a president, a secretary, and a treasurer. There may also be a chairperson, vice president, and such other officers as the board deems appropriate. The president shall be a voting Member of the board. Two or more offices may be held by the same person, but such person shall not execute, acknowledge, or verify an instrument in more than one capacity if the instrument is required by law or by the president or by the board to be executed, acknowledged, or verified by two or more officers.

5.02 *Term of Office.* Each officer shall hold office for a one (1) year term until a successor is elected and qualified. An officer may resign at any time by providing written notice to the corporation. Notice of resignation is effective on receipt or at a later time designated in the notice.

5.03 *Removal.* An officer appointed by the board may be removed with or without cause by vote of a majority of the board. The removal shall be without prejudice to the person's contract rights, if any. Appointment to an office does not of itself create contract rights.

5.04 *Vacancies.* A vacancy in any office for any reason may be filled by the board.

5.05 *President.* The president shall be the chief executive officer of the corporation and shall have authority over the general control and management of the business and affairs of the corporation. The president shall sign all corporate documents and agreements on behalf of the corporation, unless the president or the board instructs that the signing be done with or by some other officer, agent, or employee. The president shall see that all actions taken by the board are executed and shall perform all other duties incident to the office. This is subject, however, to the president's right and the right of the board to delegate any specific power to any other officer of the corporation.

5.06 *Chairperson.* The President shall preside as chairperson at all board meetings.

5.07 *Secretary.* The secretary shall (a) keep minutes of board meetings; (b) be responsible for providing notice to each Member or director as required by law, the articles of incorporation, or these bylaws; (c) be the custodian of corporate records; (d) keep a register of the names and addresses of each Member, officer and director; and (e) perform all duties incident to the office and other duties assigned by the president or the board.

5.08 *Treasurer.* The treasurer shall (a) have charge and custody over corporate funds and securities; (b) keep accurate books and records of corporate receipts and disbursements; (c) deposit all moneys and securities received by the corporation at such depositories in the corporation's name that may be designated by the board; (d) complete all required corporate filings; and (e) perform all duties incident to the office and other duties assigned by the president or the board.

ARTICLE VI
CORPORATE DOCUMENT PROCEDURE

No corporate documents (including stocks, bonds, agreements, insurance and annuity contracts, qualified and nonqualified deferred compensation plans, checks, notes, disbursements, loans, and other debt obligations) shall be signed by any officer, designated agent, or attorney-in-fact unless authorized by the board or by these bylaws.

ARTICLE VII
INDEMNIFICATION

7.01 Nonderivative Actions. Subject to all of the other provisions of this article, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the corporation). Such indemnification shall apply only to a person who was or is a director or officer of the corporation, or who was or is serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if the 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 corporation or its Members. With respect to any criminal action or proceeding, the person must have 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 on a plea of *nolo contendere* or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the corporation or its Members or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

7.02 Derivative Actions. Subject to all of the provisions of this article, the corporation shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor because (a) the person was or is a director or officer of the corporation or (b) the person was or is serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether or not for profit. The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the

corporation or its Members. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the corporation unless and only to the extent that the court in which the action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

7.03 Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in sections 7.01 or 7.02 of this article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this article.

7.04 Contract Right; Limitation on Indemnity. The right to indemnification conferred in this article shall be a contract right and shall apply to services of a director or officer as an employee or agent of the corporation as well as in such person's capacity as a director or officer. Except as provided in section 7.03 of this article, the corporation shall have no obligations under this article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the board.

7.05 Determination That Indemnification Is Proper. Any indemnification under sections 7.01 or 7.02 of this article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case. The corporation must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in sections 7.01 or 7.02, whichever is applicable. The determination shall be made in any of the following ways:

- (a) By a seventy-five percent (75%) vote of the Members.
- (b) By independent legal counsel in a written opinion.

7.06 Proportionate Indemnity. If a person is entitled to indemnification under sections 7.01 or 7.02 of this article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified up to the RHC's insurance limits.

7.07 Expense Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in sections 7.01 or 7.02 of this article may be paid by the corporation in advance of the final disposition of the action, suit, or proceeding on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the corporation.

The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but it need not be secured.

7.08 Nonexclusivity of Rights. The indemnification or advancement of expenses provided under this article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the corporation. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

7.09 Indemnification of Employees and Agents of the Corporation. The corporation may, to the extent authorized from time to time by the board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

7.10 Former Directors and Officers. The indemnification provided in this article continues for a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

7.11 Insurance. The corporation may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, or agent of the corporation or (b) was or is serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. The insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have power to indemnify against liability under this article or the laws of the state of Michigan.

7.12 Changes in Michigan Law. If there are any changes in the Michigan statutory provisions applicable to the corporation and relating to the subject matter of this article, the indemnification to which any person shall be entitled shall be determined by the changed provisions, but only to the extent that the change permits the corporation to provide broader indemnification rights than the provisions permitted the corporation to provide before the change.

ARTICLE VIII COMPENSATION

When authorized by a seventy-five percent (75%) vote of the Members, a person shall be reasonably compensated for services rendered to the corporation as an officer, director, employee, agent, or independent contractor, except as prohibited by these bylaws.

ARTICLE IX
FISCAL YEAR

| The fiscal year of the corporation shall end on **December 31**.

ARTICLE X
AMENDMENTS

The Members at any special meeting, called for such purpose, may amend or repeal these bylaws, adopt new bylaws, or amend the Articles of Incorporation by a seventy-five percent (75%) vote of the Members, if notice setting forth the terms of the proposal has been given in accordance with any notice requirement for the meeting of the Members.