

GUAM VISITORS BUREAU
HIGHLIGHTS OF PROPOSED THIRD AMENDED BYLAWS

Return from the Board's self-imposed suspension was predicated on bylaws which conform to the Bureau's enabling law, the Guam Visitors Bureau Act (the "Act"). The old bylaws (the Second Amended Bylaws) have been fully analyzed, and the analysis is available at the GVB website. From that analysis, a proposed Third Amended Bylaws (the proposed new bylaws) have been drafted for presentation to the membership prior to the next election of directors.

The Third Amended Bylaws expressly incorporate relevant provisions of the Act, applicable administrative laws, and the General Corporation Law. They thus provide a baseline for the Bureau to be governed as public nonstock membership corporation within the contours of the Act and the administrative laws, and, in doing so, they lessen the risk to Board members. Because the proposed new bylaws conform to the Act, approval by the membership is lawful without the Bureau having to promulgate administrative regulation.

The proposed new bylaws have been reviewed with the GM's Business Risk Compliance and Control Committee (the "BRCC") which has approved that they be shared with the public and the membership prior to a vote on them in January 2023.

Specific improvements and enhancements

A. Overall, the new bylaws help ensure compliance with applicable law by making express reference to applicable provisions of the Act and administrative laws and by removal of provisions (Articles) in the old bylaws that create risk that the Board or individual directors will not take action that complies with the laws.

B. Specifically, the following major improvements and enhancements have been made to the new bylaws:

- (i) Art. V, Sec. 6 makes it clear that membership meetings are subject to the Open Government law ("OGL"), requiring public notice, an agenda and a broadcast of the meeting.
- (ii) Art. VI, Sec. 2 provides for each express provision in the Act that gives the Board authority or duty to act. Because it clarifies that action not enlisted in the provision is not permitted under the Act, it helps reduce risk to the Board.
- (iii) Art. VI, Sec. 3 ensures that vacated elected director and 12th director seats on the board will not be made void for failure to comply with the OGL. This was an issue when past Boards took action to replace elected and selected directors.
- (iv) Art. VII, Sec. 1 clarifies that customary officer titles such as CEO, President, VP, Secretary, Treasurer are ceremonial corporate titles, and that for these positions to exercise authority, an administrative regulation must be promulgated by the Bureau. This will reduce risk that individual directors take action not contemplated by the Act.
- (v) Art. VII, Sec. 7 provides for the express duties and responsibilities of the GM and ensures that corporate action is lawfully executed through the GM.

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- (vi) Art. VII, Sec. 10 permits the Bureau to create a corporate Treasurer position by promulgating an administrative regulation. Previously, this position acted without express statutory authority.
- (vii) Art. VIII, Sec.1 clarifies that Board committees that exercise the powers of the Bureau must be created under an administrative regulation in order for the exercise of those powers to comply with the Act. This reduces the risk that the committees take action not contemplated under the Act.
- (viii) Art. VIII, Sec. 2 provides for how Board-level committees are created and run in compliance with the Act. It ensures that Bureau employees act when lawfully instructed by Directors under a resolution of the Board and clarifies that committees are subject to the OGL and that votes at Board committees are not corporate directives but may be reported to the Board for its disposition.
- (ix) Art. IX, Secs. 4, 5 clarify that the Treasurer or other ceremonial officer is not contemplated as a bank account or contract signatory under the Act. This reduces audit and corporate governance risk.
- (x) Art. X is new. It ensures that budgets comply with the Act and the Executive Budget Law. The GM will generate a proposed budget that will be presented to the Board. The Board may agree or disagree with the proposed budget and may give official comment on it for the corporation's books and records. The GM will then send the proposed budget with any changes he believes is necessary because of the Board's review to BBMR/the Governor for their review/comment and eventual legislative action.