



# VMUG Governance Policies

*As of October 2018*

## Article I - VMUG Board Structure and Duties

### **Section I – Board Obligations to the Members**

The Board will govern with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of Board and staff roles, collective rather than individual decisions, future rather than past or present, and proactivity rather than reactivity.

#### **More specifically, the Board will:**

- A. Operate in all ways mindful of its director obligation to the Members. It will allow no officer, individual, or committee of the Board to hinder or be an excuse for not fulfilling this commitment.
- B. Enforce upon it whatever discipline is needed to govern with excellence
- C. Direct, control, and inspire VMUG with thoughtful establishment of the broadest organizational policies reflecting the Board's values and perspectives. The Board's major focus will be on the intended long-term impacts outside the operating organization (aims/ends), not on the administrative means of attaining those effects
- D. Cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be an initiator of policy, not merely a reactor to staff initiatives. The Board will use the expertise of individual members to enhance the knowledge and ability of the Board as a body, rather than to substitute their individual judgments for the Board's values
- E. Monitor and discuss the Board's process and performance at each meeting

The work of the Board is to serve as directors for the Members in determining and demanding appropriate organizational performance. To distinguish the Board's own unique work from the work of its staff, the Board will concentrate its efforts on the following work:

- A. The link between VMUG and the Members, providing ongoing assessment of member needs and VMUG's alignment with those needs
- B. Written governing policies which, at the broadest levels, address:
  - a. Organizational impacts, benefits, outcomes, recipients, and their relative worth
  - b. Executive Limitations: monitoring the delegation of power and authority by the Executive Director and staff and providing regular assessment of their performance
  - c. Description of how the Board conceives, carries out, and monitors its own tasks
  - d. Basic organizational structure of both the Board and VMUG

- e. The development and maintenance of a strategic plan
  - f. VMUG's strategic relationship with VMware and its partners
- C. To facilitate successful operation of VMUG through the creation and effective use of bylaws, Board Policies and other Board processes
  - D. To ensure effective succession planning and volunteer recruitment and development to sustain the successful leadership of VMUG membership with qualified potential candidates for election to open positions on the Board
  - E. Additional items that need to be documented but do not fit in the previous sections

## **Section II - VMUG Board Members Code of Conduct and Conflict of Interest Policy**

**Purpose:** The purpose of this policy is to protect the best interests of VMUG and is intended to enable VMUG to deal openly and fairly with actual and potential conflicts of interest that may arise.

The Board expects of itself and its members ethical and businesslike conduct. This commitment includes proper use of authority and appropriate decorum in group and individual behavior when acting as Board members.

### **Policy:**

All interested persons (defined below) are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between their personal interests and those of VMUG. A conflict of interest exists when the loyalties or actions of an individual are divided between the interests of VMUG and the interest of the individual. Both the fact and the appearance of a conflict of interest should be avoided.

VMUG interested persons must represent un-conflicted loyalty to the interests of the organization and all members. This accountability supersedes any individual's personal conflicting loyalties that may arise, as well as the personal interest of an individual when acting as a consumer or provider of VMUG's services. VMUG understands that relationships and affiliations have potential for both conflicts of financial interest and loyalties to exist and encourages all interested persons to disclose relationships and affiliations that might result in future conflicts, such as serving on other organization's leadership teams, and arrangements with organizations VMUG may do business with. Open discussion of such situations allows for more timely and informed discussions.

Board members must avoid any conflict of interest with respect to their fiduciary responsibility:

- A. There must be no self-dealing or any conduct of personal business or personal services between any Board member and VMUG except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information

- B. No member shall receive compensation for any of their activities for VMUG, except for approved reasonable expenses incurred in accordance with the VGPs. Compensation includes substantial gifts or favors for themselves, immediate family members or close associates, beyond accepted provisions to all board members on behalf of VMware during board and leadership events, typically to include group meals, travel, or lodging
- C. Should a Board member be considered for staff employment, the Board member must temporarily withdraw from Board deliberation, voting, and access to applicable Board information, until which time the hiring decision is complete
- D. Relating to any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement. The remaining board or committee members shall decide if a conflict of interest exists

**Definitions:**

Interested person -- Any VMUG officer, VMUG director, volunteer serving in any VMUG function (e.g. committee, UserCon, task force, etc.) or any VMUG staff member.

Financial interest -- A person has a financial interest, if the person has, directly or indirectly, ownership, investment or a compensation arrangement with an organization with which VMUG conducts business. Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists, in accordance with this policy.

Conflict of Loyalty – A conflict in which an interested person may be influenced by an affiliation with an entity for which a matter is being decided.

**Procedures to Address:**

**Duty to Disclose** -- An interested person must disclose the potential or existence of a conflict (financial interest or conflict of loyalty), to the appropriate person as noted below based on the individual’s role and be given the opportunity to disclose all material facts.

- Member of the Board raises it to Secretary/Treasurer
- Committee member raises to chair of committee; Committee chair will inform Governance Committee for resolution
- Volunteer raises to VMUG HQ
- Staff member raises to Executive Director
- Secretary/Treasurer raises to President

The appropriate party will determine the approach for evaluating the conflict.

**Recusal** -- Any interested person may recuse himself or herself at any time from involvement in any decision or discussion in which he or she believes that he or she may have a conflict of interest, without

going through the process for determining whether a conflict of interest exists. If an individual believes an interested person has a conflict that he or she has not raised, they may raise it accordingly and ask an individual to recuse himself or herself.

**Determining Whether a Conflict of Interest Exists** -- After disclosure that a potential conflict exists and all material facts, and after any discussion with the interested person, the appropriate party makes a recommendation to the Board to decide if a conflict of interest exists. If the interested person is a Board member, he/she shall leave the discussion while the determination of a conflict of interest is discussed and voted upon. If it is agreed that conflict exists, the Board will make a recommendation on how to address and/or remove the potential conflicts, which may include:

- Removal from a decision and/or discussion in which the individual cannot avoid conflict,
- Suspension from position until conflict is resolved/removed
- Removal from position if conflict is against code of ethics and/or cannot be removed

**Violations of the Conflict of Interest Policy**

- a. If there is reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, the appropriate party shall inform the interested person of the basis for such belief and afford an opportunity to explain the alleged failure to disclose
- b. If after hearing the response and making any further investigations if necessary, the Board determines the interested person has failed to disclose an actual conflict of interest, it shall take appropriate corrective action.

**Section III – Strategic Relationship with VMware**

VMware and VMUG recognize the mutual benefit of their partnership and agree to observe the following guiding principles of this partnership.

- A. VMUG and VMware will work together to proactively encourage membership in VMUG, endorse the credibility of VMUG, and appropriately feature VMUG in marketing and promotional materials
- B. VMUG and VMware will work together to foster the appropriate levels of VMware involvement in VMUG meetings, program decisions, activities, and share information in good faith which may affect the livelihood of such activities
- C. VMUG and VMware will establish and maintain clear roles and responsibilities for each organization, with respect to the partnership
- D. VMUG and VMware will be responsive and follow through on commitments by:
  - a. Delivering timely responses to requests
  - b. Provide appropriate liaisons to each other’s organization to facilitate responsiveness
  - c. Provide consistent support and commitment through each organizations’ representatives

- d. Ensure senior executive awareness and meeting participation between VMUG and VMware
  - e. Maintain clear communications regarding the support VMware provides to the VMUG organization, including local groups
  - f. Abide by mutually agreed upon guidelines for review and approval of collateral
  - g. Establish agreed upon processes, policies, and procedures for planning joint activities between VMUG and VMware
- E. In the spirit of partnership, VMUG and VMware will maintain open and consistent dialogue to ensure awareness of news or information which may be vital to our membership
  - F. In the interest of establishing and sustaining a true partnership, VMware and VMUG will agree to operate with a foundation of mutual trust

## Article II – Governance Process

### **Section I - VMUG Board Member Role**

- A. Attend all Board meetings and calls
- B. Be informed about VMUG’s mission, services, policies, and programs
- C. Support the decisions of the Board in public (Speak with one voice)
- D. Make decisions that reflect the concerns of the membership as a whole
- E. Engage independent legal counsel in VMUG matters requiring such expertise
- F. Review agenda, consent agenda and all supporting materials prior to Board and committee meetings required for reference or approval.
- G. Serve on and attend committee meetings as necessary and offer to take on special assignments
- H. Suggest possible nominees to the Board who can make significant contributions to the work of the Board and VMUG
- I. Follow conflict of interest and confidentiality policies
- J. Refrain from making unreasonable requests of the staff
- K. Assist the Board in carrying out its fiduciary responsibilities and exercising financial stewardship and good business judgment in all VMUG affairs

- L. Assist the Board in the orientation of new Board Members about the VMUG mission, services and policies

## **Section II – Officer Role Descriptions**

- A. President: The work of the President is, primarily, the integrity of the Board's process and, secondarily, occasional representation of the Board to outside parties. The President is the only Board member authorized to speak for the Board (beyond simply reporting Board decisions), other than in rare and specifically authorized instances
  - a. The work of the President is to ensure that the Board behavior is consistent with its own rules
  - b. The authority of the President consists in making decisions that fall within the topics covered by Board policies on Governance Process and the Board-Executive Director Relationship, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies
    - i. The President is empowered to chair Board meetings with all the commonly accepted power of that position
    - ii. The President has no authority to make decisions about policies created by the Board within Aims/Ends and Executive Limitations policy areas
    - iii. The President may represent the Board to outside parties in announcing Board-stated positions
  - c. The President will be responsible for preparing the agendas for Board meetings. Adequate time will be given for input from all Board members
- B. Vice President: The primary function of the Vice-President position is to prepare for assuming the role of President through an active orientation focusing on all aspects of the President's responsibilities. This includes, but is not limited to:
  - a. Becoming thoroughly familiar with the VMUG's mission, member services, and program offerings
  - b. Becoming thoroughly familiar with the Bylaws, VMUG Governance Policies and other documents that form the basis for governing the organization
  - c. Learning how board meetings are planned and conducted
  - d. Actively participating in discussions at board meetings
  - e. Act in role of President in the absence of the President

- f. Assume the office of President should the office become vacant, for the remainder of the term for which the President was elected
  - g. Serve as parliamentarian for the Board
  - h. Other duties as assigned by the President
  - i. Vice-President is expected to fulfill any other duties normally assigned to board members
- C. Treasurer/Secretary: The primary function of the Treasurer/Secretary is to serve as the Chief Financial Officer of VMUG and to ensure the necessary organizational records are kept in accordance with the VMUG Governance Policies. This includes, but is not limited to:
- a. Ensures the financial records for VMUG are:
    - i. Kept under the supervision of the President and the Board
    - ii. Kept in a manner according to generally accepted accounting principles
  - b. Have signature authority of all the funds and property of VMUG
  - c. Oversee the collection, payment and record of monies for all VMUG activities and obligations, in accordance with policies and procedures established by the Board
  - d. Present written quarterly financial reports and annual audited financial reports to the Board and the Executive Committee as requested
  - e. Review monthly financial statements and distribute to the Finance and Audit Committee for review
  - f. Perform other duties which normally are a part of the office of Treasurer/Secretary and such other duties as may be assigned by the Board
- D. Director: Represents the interests of both the end-user members and the association as a whole and is responsible for representing the best interests of the VMUG members as a whole. This includes but is not limited to:
- a. Sets policy and strategic direction for VMUG
  - b. Always represents Board of Directors decisions in a way that is consistent with the direction of the board
  - c. Sets direction of VMUG's Program staff to ensure that activities are carried out in accordance with the goals and objectives
  - d. Has fiduciary responsibility for VMUG activities. Reviews monthly financial statements.



- e. Maintains communication channels with VMware
  - f. Must act in accordance with VMUG Bylaws and Policies
  - g. Must be able to act in any capacity as designated by the Board of Directors
- E. Past President Role

The office of past-president shall be filled automatically by the outgoing President. In the event there is no outgoing President, the office shall remain vacant. This position will serve in an advisory role for up to one year or until the end of the current President's term (whichever occurs first). The role shall advise and assist the President and may take on other duties as the President assigns.

It is a non-voting role on the Board of Directors, but the past-president will participate in all Board meetings and activities as available.

**Section III - Adherence to Bylaws and Policies**

VMUG's bylaws require VMUG directors and members, as a condition of membership, to abide by these policies and all other rules and regulations adopted by VMUG. In addition, all participants in VMUG activities, as a condition of their participation, shall similarly agree to abide by VMUG bylaws, policies and canons of conduct. While these policies attempt to cover all VMUG activities, those activities or situations not addressed herein are subject to review and action by VMUG's Executive Director and/or appropriate members of the Board of Directors.

**Section IV - Suspension or Removal of a Board Member**

1. **Directors:** Directors shall be subject to removal from the Board by two thirds (2/3) majority vote of the Board for cause if any of the following apply:
  - A. They are no longer eligible
  - B. They are no longer carrying out the duties and responsibilities of their director role, as outlined in VMUG Board Member Role description, or following the Code of Conduct
  - C. They have committed an act (or acts) that contravenes the purpose and/or ethics of VMUG
  - D. They miss more than a third of scheduled Board meetings or calls in a fiscal year

Any Board member who is not eligible as an end-user member will be given a 90-day grace period. If the Board Member is still not eligible as an end-user member at the end of the 90-day grace period, the Board member will be automatically removed as a director.

2. **Officers:** Officers shall be subject to removal from Office by two thirds (2/3) majority vote of the Board for cause if any of the following apply:

- A. They are no longer carrying out the duties and responsibilities of their Officer role, as outlined in VMUG Board Member Role description.

Any Officer who is not fulfilling his or her role will be given a 30-day notice. If the Officer is still not fulfilling the role at the end of the 30-day period, the Board will remove the Officer and elect a new director for the Office.

#### **Section V – Annual Board Planning Cycle**

To accomplish its work with a governance style consistent with Board policies, the Board will develop and follow an annual plan which examines the strategic direction of VMUG and the resources and priorities necessary to serve the needs of VMUG members.

#### **Section VI – Board Meetings, Including Electronic Forums**

The VMUG Board will conduct official business through either in-person meetings, or via teleconference. The Board will determine in advance the desired schedule and frequency. In interim periods, VMUG will transact necessary Board business via e-mail or other electronic forums.

#### **Section VII – Nominations Process**

VMUG must complete an annual process of nominating and electing board members, who will take office at the beginning of each calendar year.

Process:

- A. An open Call for Director Nominations will be distributed to the VMUG membership, which will include a Board Application and requirements for a candidate to submit their paperwork
- B. The deadline for an Application is one month after the initial announcement. Once the deadline expires, all Applications are collected and forwarded to the Nominations Committee for review
- C. Following review of the Applications, the Committee will determine which candidates to interview. The interviews will be set up and conducted as promptly as possible. Based on the needs of the Board, the Nominations Committee will recommend a slate of director candidates – that is, the committee’s recommended list of Directors, with one proposed candidate for each open position. The Board will vote for approval on each candidate on the subsequent month’s Board Call. VMware will be responsible for appointing its Board representatives
- D. Following the Board’s approval of the slated candidates, a Voting Announcement will be sent to all members eligible to vote on the slate. The voting period runs for one month. Once the voting period expires, if the slate is approved by a simple majority of votes cast, candidates will be advised of their status as Directors for the following year, beginning January 1.
- E. Should the slate not be approved by the voting membership, a general election will be held, with write-in candidates allowed, subject to guidelines to be established by the Nominations Committee

Process summary:

- A. Open call for Director Nominations announced (member-wide)
- B. Nominations period closes
  - a. Applications forwarded on to the Committee
  - b. Committee reviews of applications
  - c. Start of candidate interviews
- C. Candidate interviews continue and conclude
  - a. Committee makes their final slate recommendation to the Board
  - b. VMUG Board approves or rejects slate
  - c. Elections are conducted, and results announced

**Section VIII: Officer Selection**

- A. Any director, eligible according to the bylaws may be nominated or self-nominate for one (1) office. In case there are nominations for more than one office, nominee must pick one (1) office to run for.
- B. To nominate a director for any of the three Offices, notice of intent shall be given to all voting directors of the Board at least one week before the Officer selection takes place.
- C. The officers will be selected prior to the start of the fourth quarter in the year prior to the start of their term. Each nominee will be asked to comment on their intent to run.
- D. If someone who runs for the role of President is not selected, he or she may run for the role of vice president.
- E. The Board members not running for a position will have an opportunity to discuss the nominees for each position.
- F. All board members must participate in an officer vote and absentee votes are acceptable for someone who notifies the Board ahead of time that he/she will be unable to participate.

**Voting**

- A. If there are only two nominees interested in a position, the nominee who receives a majority of votes is the winner.
- B. If there are more than two nominees seeking a position the winner must receive a minimum of 7 votes in the first round of voting. If no nominee receives a minimum of 7 votes in the first round of voting, the top two candidates from a preliminary round of voting will then be presented to the Board for a second vote.

- C. If in a scenario that the second and third top candidates in a second round of voting are tied, those two candidates will participate in a run-off vote. The winner of that vote and the individual that had the most votes and did not need to participate in the run-off, will run in an additional vote. The candidate who receives the majority of votes will be the winner.
- D. The officer positions will be selected in the following order: President, Vice President, and Secretary-Treasurer.
- E. Non-voting directors and available member of the VMUG staff will count the ballots for each position and report on the results to the Board. Any director can request an open ballot count.
- F. The officers begin their term at the start of the next fiscal year.

### **Article III – Board Committee and Volunteer Structure**

#### **Section I – Committee Definitions, Charter, and Leadership**

VMUG will execute its strategies through a committee structure comprised of VMUG volunteers, VMware representatives and staff. VMUG will strive to keep committees to the minimum needed for efficient, high quality business conduct. Each committee will have a Board representative either as Chair or as a liaison. As needs require, task forces may also be created, upon approval of the Board of Directors.

VMUG board committees are defined by their primary focus and objectives. VMUG’s operational committees’ primary objectives are to drive the business and operations of VMUG. The primary objective of VMUG’s functional committees is to align with and drive VMUG’s strategic priorities. Charter and committee responsibilities will be developed for each committee, so that interested volunteers may understand their eligibility and qualifications to be committee members. Each committee will be led by a Board member or Board-designated VMUG member who will work with the assigned staff member to execute their initiatives aligned with the VMUG strategic plan and provide planning for the following year’s budget and resources. Each committee will complete an annual review to check progress of committee overall and participation of each committee member.

The current committees include:

#### Operational:

- A. Finance and Audit Committee
- B. Nominating Committee
- C. Governance Committee

#### Functional

- A. Program Success Committee

## Finance and Audit Committee

- A. The Chair of the Finance and Audit committee will be the Secretary/Treasurer of VMUG. The Chair will provide reports covering each item in the charge, accomplishment of the aim, and documentation of compliance with authority
- B. The purpose of the Finance and Audit committee is to ensure the overall financial security of VMUG through developing and overseeing finance and investment policies, reviewing the annual audit process, reviewing financial statements, and reviewing and recommending budgets to support the mission, values and strategic goals of VMUG
- C. The Finance and Audit Committee is responsible for:
  - a. Reviewing monthly, quarterly and annual financial statements
  - b. Recommending to the board financial and Investment policies that are designed to maintain and improve the financial health and integrity of VMUG
  - c. Reviewing and recommending to the board, on an ongoing basis, a long-range financial plan for VMUG
  - d. Reviewing and providing guidance on the annual operating budget to ensure that it is designed to fulfill the mission and strategic vision of VMUG
  - e. Reviewing all operating and capital expenditures that exceed previously approved amounts; and seeking board approval of significant such items
  - f. Recommending key financial performance measures to the board and reviewing actual financial performance against those measures
  - g. Recommending to the board a financial audit firm, reviewing the results of an annual audit, and reporting those results to the board and membership
  - h. Recommending to the board policies governing investment plans, reviewing reports of independent investment advisors, and reviewing the performance of investment accounts against established benchmarks
  - i. Recommending corrective action, as appropriate, to bring VMUG into compliance with its budget and other financial targets
  - j. Reviewing delinquent dues collection that the staff is not able to resolve, and recommending corrective action
- D. The Finance and Audit Committee will consist of a Chair, the Executive Director, and not less than two (2) additional committee members

- E. The Chair will operate within an approved budget which identifies resources needed to carry out the committee's functions
- F. The Chair will keep the Board informed of committee issues, activities, and developments. Accordingly, the Chair will appoint a person to prepare written minutes of each meeting and provide a copy to the Board
- G. The Chair will solicit input from committee members and other internal or external sources as needed regarding the committee's area of concern

#### Nominating Committee

- A. The Chair of the Nominating Committee must be a member of the VMUG Board of Directors, preferably an officer. The Chair will provide reports covering each item in the charge, accomplishment of the aim, and documentation of compliance with authority
- B. The purpose of the Nominating Committee is to ensure a quality slate of Board candidates is developed each election year
- C. The Nominating Committee is responsible for:
  - a. Overseeing Board volunteer application process
  - b. Interviewing and vetting potential Board candidates
  - c. Presenting a recommended Board slate to the current Board of Directors and the membership
  - d. Overseeing member voting process
- D. The Nominating Committee will consist of the Chair, at least two Directors from the Board not running for a position, and no less than three non-Board members, which may include a VMware representative.
- E. The Chair will operate within an approved budget which identifies resources needed to carry out the committee's functions
- F. The Chair will keep the Board informed of committee issues, activities, and developments. Accordingly, the Chair will appoint a person to prepare written minutes of each meeting and provide a copy to the Board
- G. The Chair will solicit input from committee members and other internal or external sources as needed regarding the committee's area of concern

## Governance Committee

- A. The Chair of the Governance Committee will be a member of the VMUG Board of Directors. The Chair will provide reports covering each item in the charge, accomplishment of the aim, and documentation of compliance with authority
- B. The Governance Committee is responsible for:
  - a. Ensuring ongoing compliance with approved bylaws
  - b. Conducting periodic review of the VMUG bylaws and policies
  - c. Presenting policy and bylaws amendments to the Board as needed
  - d. Overseeing the approval process for any proposed bylaws or policies amendments
- C. The Governance Committee will consist of the Chair and at least one additional committee member
- D. The Chair will operate within an approved budget which identifies resources needed to carry out the committee's functions
- E. The Chair will keep the Board informed of committee issues, activities, and developments. Accordingly, the Chair will appoint a person to prepare written minutes of each meeting and provide a copy to the Board
- F. The Chair will solicit input from committee members and other internal or external sources as needed regarding the committee's area of concern

## Program Success Committee

- A. The Chair of the Program Success Committee will be a member of the VMUG Board of Directors. The chair will provide reports covering each item in the charge, accomplishment of the aim, and documentation of compliance with authority.
- B. The purpose of the Program Success Committee is to ensure VMUG programs are driving value for the membership.
- C. The Program Success Committee is responsible for:
  - a. Input into program content for UserCons, local meetings, and other VMUG sponsored events

- b. Identify new event opportunities and ideas
  - c. Provide recommendations for professional development and training opportunities for VMUG members
  - d. Input into VMUG's social media presence and communications
  - e. Provide feedback to Board on VMUG event success
- D. The Program Success Committee will consist of the Chair and no less than three additional committee members. The Committee may also create task forces to focus on short-term, specific objectives as identified by the Committee.
  - E. The Chair will operate within an approved budget which identifies resources need to carry out the committee's functions.
  - F. The Chair will keep the Board informed of all committee issues, activities, and developments. Additionally, the Chair will identify someone to provide written minutes of each meeting and provide the Board with a copy.
  - G. The Chair will solicit input from Committee members and other internal or external resources as needed regarding the committee's area of concern

### **Councils and Task Forces**

At any given time, the VMUG board may choose to launch a VMUG council or VMUG task force. VMUG councils are initiative-specific advisory groups established to provide feedback and guidance on specific strategic issues. VMUG task forces may be created by the Board to offer short-term, project specific support for programs.

### **Section II – Board Committee Volunteer Eligibility, Appointment, and Terms**

- A. Board Committee Volunteer Eligibility: All Board committee volunteers must be VMUG End User Members in good standing during their term of office, unless specifically appointed to the committee by the Board of Directors. In the event that a volunteer's employment status changes from End User Member to Partner Member or VMware Member, the volunteer's committee role will be re-evaluated and could potentially be terminated
- B. Local VMUG Steering Committee Volunteer Eligibility: Local VMUG steering committees should consist of End User Members, but can include VMUG Partner Members, as outlined in Article V, Section IV of the policies
- C. The key roles and responsibilities of a Committee Member working on a Committee, Task Force, or appointed work group include:
  - a. Complete assigned tasks within established time frames



- b. Communicate with committee chair in the form of periodic progress reports
  - c. Be available to participate in committee meetings, calls, and correspondence
  - d. Report to Committee Chair if completion of assignments and/or committee participation is delayed or not possible
- D. Appointment and Term of Service: Volunteers will be recommended to a committee position by the VMUG committee chair and approved by the Board of Directors where required above in committee definitions. Volunteers will serve one-year terms, eligible for reappointment annually, unless specified otherwise in a committee’s charter, with the exception of the Finance and Audit Committee, which will adopt two year terms, with a limit of two consecutive terms. Vacated positions will be appointed by the Chair to fulfill that term of office

**Section III – Volunteer Recruitment and Development**

To support the VMUG committee structure, VMUG will utilize a volunteer development program consisting of the following:

- A. Recruitment: VMUG will institute a method for notifying the membership of open volunteer positions and necessary qualifications, as well as a clearly defined process and timeline for members to review open volunteer positions and submit applications. A database of interested individuals will be maintained for VMUG volunteer needs which may arise outside of the standard recruitment process
- B. Recognition: Each year VMUG will recognize volunteers with a letter of thanks from the VMUG and VMware leadership. Other recognition activities may be adopted as the volunteer base develops
- C. Training & Orientation: VMUG will strive to provide the needed information and tools to volunteers, to include an introduction to VMUG at a high-level and from a position-specific perspective. Training and orientation objectives will be reviewed on an annual basis to align with volunteer feedback and strategic priorities for the Board of Directors
- D. Succession Planning: VMUG leaders will strive to identify and develop candidates for future volunteer roles, especially on the Board of Directors

**Article IV – Membership**

**Section I – Current Eligibility**

VMUG membership may be granted to any individual that:

- A. Is interested in and agrees to support the purposes and activities of VMUG
- B. Agrees to abide by the VMUG bylaws and policies and such other canons, rules and regulations as VMUG may adopt

- C. Meets the additional criteria established for each category of membership in VMUG as follows:
  - a. End User Member: Any individual interested in or actively operating a VMware product. End User Members shall have voting privileges, be eligible to serve on the VMUG Board of Directors, and shall be eligible to serve as a Committee Chair, as a Committee Member, or as a local VMUG leader
  - b. Partner Member: Any individual employed by a company who sells VMware products or services or products and services of VMware partners or competitors. Partner Members shall not have voting privileges, shall not be eligible to serve on the VMUG Board, or as a Committee Chair, but shall be eligible to serve as a local VMUG leader or Committee Members
  - c. VMware Member: Unless otherwise stated in the VMUG bylaws, any individual who is an employee of VMware. VMware Members shall not have voting privileges, shall not be eligible to serve on the VMUG Board, as a Committee Chair, or local VMUG leader, but shall be eligible to serve as a Committee member
  - d. All members of a local VMUG Chapter are members of VMUG and must qualify as one of the membership categories listed above
- D. The term of VMUG membership is indefinite and will only be terminated at the request of the member or by a two-thirds vote by the Board of Directors, as outlined in Section V

## **Section II – Code of Conduct**

In order that VMUG may better achieve its purposes, the following Code of Conduct shall govern the conduct of all members, member representatives and event attendees. All such members, member representatives and attendees in connection with all VMUG matters and activities shall:

- A. Abide by the bylaws and policies of VMUG
- B. Take action in regard to any illegal or unethical practices
- C. Only engage in sales activity, distribution of materials, and recruiting through those means approved and sponsored by VMUG
- D. Refrain from engaging in any activity which would compromise the privacy, confidentiality or proprietary rights of all entrusted information
- E. Supporting, respecting and abiding by the appropriate local, state, provincial and federal laws
- F. Accept full responsibility for work performed
- G. Protect the integrity of VMUG activities by:
- H. Properly registering and displaying appropriate credentials

- I. Acting in a professional manner consistent with and not disruptive to the business and social activities sponsored by VMUG
- J. Using membership or attendee lists only with proper approval by the organization
- K. Using the VMUG name in the conduct of VMUG business in accordance with the VMUG policies
- L. Seeking authorization to use and provide acknowledgement for the work of others
- M. Presenting factual and objective information as best as possible

### **Section III –Value Proposition for VMUG Membership**

Any individual with a role within the VMware ecosystem has the ability to join VMUG.

- A. VMUG membership benefits shall include the following, at no cost:
  - a. Participation in VMUG meetings and conferences
  - b. Access to the VMUG Community web site, including discussion forums and document repositories
  - c. Subscription to the VMUG publications, *VMUG Voice and VMUG Compass*
  - d. Participation in special/shared interest groups (SIGs)
  - e. Attendance on educational webinars
  - f. Access to any scheduled membership meetings
  - g. Any additional benefits deemed appropriate by the VMUG Board of Directors that are not outlined above

### **Section IV – Membership Fulfillment Procedures**

- A. Application for membership: Requests for membership shall be made by submitting a written membership application which shall be subject to approval under criteria and procedures established by the Board of Directors. Acceptance of membership is the responsibility of VMUG Headquarters
- B. Voting: On all matters coming before the membership, each End User Member shall be entitled to one vote. No other class of members shall be entitled to vote
- C. Resignation: Members may resign from VMUG at any time by giving written notice to VMUG Headquarters

### **Section V – Transfer and Termination of Membership**

- A. VMUG membership may be permanently terminated for cause. Sufficient cause for such termination of membership shall be a violation of the bylaws or any rule, canon or practice of VMUG. Expulsion shall be by two-thirds vote of the Board of Directors, provided, however, that

a statement of the charges shall have been mailed by certified mail to the last recorded address of the member at least fifteen (15) days before final action is to be taken. This statement shall be accompanied by a notice of the day, time and place of the Board of Directors meeting at which the charges shall be considered, and the member shall have the opportunity to present any defense to such charges before action is taken by the Board

- B. In addition, the membership of any member who becomes ineligible shall be terminated automatically. In special circumstances, such termination may be delayed by the Board of Directors
- C. VMUG membership is established at the individual level and that individual's membership can be maintained if the member moves to a new company, as long as he/she continues to meet the criteria established for the appropriate category of membership
- D. VMUG membership may not be transferred to another individual

#### **Section VI – Use of Membership Data**

- A. VMUG membership data is the confidential, proprietary information of VMUG and VMware. To protect members from solicitation and recruiting, membership data may not be distributed to any person, business or organization without the prior approval of the Board of Directors. VMUG Headquarters will use all appropriate and available measures to protect members from non-VMUG related solicitation and recruiting, and to fulfill obligations of confidentiality expressed herein and in the bylaws
- B. Membership data, in any type of format, may be shared between VMUG and VMware to meet the business needs of VMUG
- C. Recipients of any form of membership data must sign a non-disclosure form that ensures the data will only be used for the specific request and will be kept confidential

#### **Article V – VMUG Advantage**

##### **Section I – Program Definition and Eligibility**

- A. VMUG Advantage is an optional package of educational benefits available to all VMUG members for an annual individual fee. All VMUG Advantage benefits are received in addition to the membership benefits detailed in Article IV, Section III.
- B. Once VMUG membership has been established, all VMUG members have the option to purchase VMUG Advantage. VMUG members are not required to purchase VMUG Advantage, but it is always available to them. VMUG Advantage packages may be given away at VMUG meetings or may be given to members by partners, volunteers, or VMUG Headquarters.

## **Section II – Value Proposition**

- A. VMUG Advantage benefits include:
  - a. Training and certification discount
  - b. Discount to VMworld
  - c. One-year subscription to All-Access eLearning Courses
  - d. Discount on software licenses

## **Section III – Pricing**

- A. Individual Pricing: The standard individual price for a VMUG Advantage package is \$200.00 USD.
- B. Sliding Scale Pricing: A sliding scale of discounted pricing is available for organizations wishing to purchase multiple packages for their employees. The scale is as follows:
  - a. One package: \$200.00 USD
  - b. Two packages: \$180.00 USD per package (10% discount)
  - c. Three – five packages: \$170.00 USD per package (15% discount)
  - d. Six or more packages: \$160.00 USD per package (20% discount)
- C. Special Pricing: The Board is empowered to offer discounted and incentive pricing on VMUG Advantage on an as needed basis, as well as provide complimentary packages when deemed appropriate.

## **Section IV – Fulfillment Procedures**

- A. Application for VMUG Advantage: Requests for VMUG Advantage shall be made by submitting a written application which shall be subject to approval under criteria and procedures established by the Board of Directors. Acceptance of application is the responsibility of VMUG Headquarters
- B. Fulfillment: Upon approval of a member’s application for and receipt of payment for VMUG Advantage, VMUG Headquarters will activate the member’s VMUG Advantage package and distribute the materials and information needed to take advantage of the benefits included with the VMUG Advantage Package.
- C. Resignation: Members may resign their VMUG Advantage status at any time by giving written notice to VMUG Headquarters

## **Section V – Transfer and Termination of VMUG Advantage**

The process and procedure for the transfer and termination of a VMUG Advantage package shall follow the same standards detailed in Article IV, Section V.

## **Section VI – Use of Data Secured through Operation of VMUG Advantage Program**

Data secured through the operations of the VMUG Advantage program shall follow the same process and standards detailed in Article IV, Section VI of these bylaws

## **Article VI – Organizational Model and Practices**

### **Section I – Staffing Structure**

The role of Headquarters staff is to provide excellence in the day to day operations of VMUG and execution of Board-established strategies. Services provided include: Board and volunteer leadership support and guidance, administration and financial management, reporting, membership support, educational program delivery, member publications support, Chapter and Region support, event planning and management, and VMUG corporate marketing and communications. Staff will be assigned by the Executive Director in accordance with the agreed-upon scope of service and VMUG budget.

### **Section II – Executive Director**

The Executive Director is a paid staff executive who has overall responsibility for implementing the plans of the organization, including management of all headquarters staff, operations and business partners. The Executive Director serves as a non-voting member of the Board; enables the effective leverage of volunteer leadership; monitors the performance of the organization in achieving its objectives and goals; represents the organization, in conjunction with the elected leadership to the public; and provides the single-point accountability for the execution of all VMUG programs.

### **Section IV – Chapter and Region Definition and Role Description**

A number of local VMUG chapters located throughout the world operate under the global VMUG organization. The local VMUG chapters are regional communities of VMware users that hold regular meetings to share best practices, network, and learn from each other. Each local VMUG is volunteer-led, but receives support from VMUG Headquarters and VMware.

Meetings: Each local VMUG chapter is expected to host meetings at least quarterly featuring educational sessions presented by users, partners/sponsors, and VMware. The meeting costs are supported by sponsorship funds. There is no registration fee to attend VMUG chapter meetings. These meetings take two forms:

VMUG Meeting: VMUG meetings are smaller in scale, in relation to attendance, number of sessions offered, and duration. These meetings are supported by a few sponsors and can range in duration from a few hours to a full day. VMUG meetings are planned primarily by the volunteer leaders with limited support from VMware and VMUG Headquarters

VMUG UserCon Events: Official VMUG UserCons are so determined by VMUG Headquarters. In general, they are larger in scale than a VMUG meeting, in relation to attendance, number of sessions offered, and duration. They are full day meetings with multiple tracks of sessions and numerous sponsors. Conferences are planned and executed jointly between VMUG Headquarters and the VMUG chapter leaders and receive increased support in the form of an assigned meeting planner, assistance with securing sponsorships, and handling of funds

### **Local Chapter Activity:**

Overview: VMUG measures local group activity based on a calendar year in an effort to keep groups on track, measure and evaluate local group performance. This is important in understanding the full landscape and activity level for VMUG local groups. In the event a group is not active, they may no longer be recognized as an official VMUG local group.

Activities: VMUG Leaders are responsible for planning and implementing a minimum of three (3) local group meetings per calendar year.

- Two (2) meetings must be held by July 1.
- Three (3) meetings must be held by November 1.

When a group has been inactive for six months, VMUG HQ will address areas of concern and identify opportunities for change. If there are no changes, VMUG will pursue new leadership. If new leadership cannot be found, VMUG will sunset the group and it will no longer be recognized as an official entity.

#### **Chapter Volunteer Leadership Positions:**

Leaders: Each local VMUG is led by between one and five leaders, all serving in a volunteer capacity. A person is considered a VMUG leader if they have completed the online application form, completed the VMUG volunteer training process, agreed to the roles and responsibilities laid forth, and meet the following qualifications:

- Each local VMUG must have equal or more End User/Customer Leaders (whose company does not sell products or services to VMware users) versus eligible Partner Leaders\*.
- If an individual chapter has only one leader, that leader must be a VMUG End User Member
- Partner Leaders must serve in a technical role at his/her company.
- Multiple employees from the same VMUG Partner company cannot serve on the same leadership team.
- VMUG Partner members serving as leaders do not receive preferential treatment at meetings and agree to allow other VMUG Partner companies to sponsor and openly participate in meetings
- No sales or solicitation activity takes place at the meetings
- If any VMUG member finds a leader is acting in violation of these guidelines, he or she has the right to report the violation to VMUG Headquarters. Any leader found violating these guidelines must resign their volunteer position immediately

*\*Eligible Partner Leaders are at the discretion of VMUG. Partner leaders may only serve in a technical role at his/her company.*

Removal of a Leader: VMUG Headquarters reserves the right to add or remove Leaders from local groups. VMUG Headquarters may also remove any Leader from a leadership position based on the following:

- Inactive Leader for six (6) consecutive months (Leader has not held any meetings and/or not communicated or responded to VMUG HQ).
- Leader's group has been inactive in six (6) consecutive months.
- Leader has been engaging in unethical or illegal behavior (and VMUG HQ has been made aware of the situation).

Steering Committee Members: Each local VMUG can develop a small steering committee of additional informal volunteers to assist with the work of planning meetings. Steering committee members:

- A. Must be so designated by the leadership team of the VMUG chapter and agree to the roles and responsibilities laid forth
- B. Can be End User Members or Partner Members; however, the number of End User members serving on the steering committee must be greater than or equal to the number of Partner Members serving on the steering committee

All VMUG leaders and steering committee members must be active VMUG members

The Board of Directors reserves the right to make exceptions to these guidelines

#### **Chapter Volunteer Responsibilities:**

The leader(s) are responsible for coordinating the activities of the local VMUG community and acting as the primary point of contact on behalf of the group. VMUG recognizes active leaders as those that participate in the activities below over a 12-month period. In the event a leader does not follow this criteria, they will be notified and may no longer be recognized as an active VMUG leader.

Leaders are expected to hold meetings at least quarterly for their local VMUG membership. For each of these meetings, the leaders are responsible for:

- A. Selecting a meetings date and time
- B. Obtaining a meeting venue
- C. Securing event sponsors: Leaders are responsible for securing sponsorship funds to cover the meetings costs, such as food and beverage, AV needs, and facility fees
- D. Creating the agenda and arranging speakers: The leaders must confirm all speakers and the format of the meeting agenda. Each VMUG has a VMware Resource sponsor to provide assistance with securing VMware speakers and experts



- E. Submitting Meeting Request on [community.vmug.com](http://community.vmug.com). The leader must provide the date, location, sponsors, and at least a preliminary agenda to their VMUG Headquarters contact four to six weeks in advance of the meeting date so e-mail promotions can be distributed
- F. Ensuring all membership data is stored and maintained by the global VMUG organization; no individual VMUG chapter should have their own membership database or distribution list
- G. Managing their local VMUG community on the VMUG web site ([community.vmug.com](http://community.vmug.com))
- H. Actively participating in the VMUG Leader Community and on VMUG Leader Calls

Funding/Sponsorship: The cost of holding a local or regional VMUG chapter meeting is fully supported by sponsorship funds.

- A. For local VMUG meetings, the leaders work directly with the sponsors to arrange payment and handle any funds
- B. VMware will cover the meetings costs for a newly launched local VMUG's first meeting, if funds are available
- C. For VMUG Conferences, all sponsorship funds are handled by VMUG Headquarters

Support and Resources: VMUG Headquarters are committed to providing the following services and support to each leader:

- A. Manage the registration lists and invitation process for each meeting
- B. Maintain an up-to-date calendar of events
- C. Share best practices and templates with all VMUG leaders and respond to inquiries
- D. Provide the latest product information and presentations
- E. Support the VMUG Community web site ([community.vmug.com](http://community.vmug.com)) and VMUG online workspaces
- F. Provide a VMware Resource to each local VMUG where available

Communications: VMUG Headquarters is responsible for promoting and advertising VMUG chapter meetings via e-mail to the established membership lists. Volunteer leaders are welcome to use other means, such as Twitter, Facebook, blogs, independent web sites, and discussion forum postings, to promote their meetings

#### **Section V – Shared/Special Interest Group (SIG) Definition and Role Description**

A Shared/Special Interest Group (SIG) is a sub-group of members who share an interest in an industry, application, or any other common interest consistent with the use of VMware. SIGs are meant to facilitate the exchange of information and networking and offer year-round activities to members, such as webinars and online communities.

## **Article VII – Marketing and Communications Practices**

### **Section I – Standards for Use of VMUG Name, Logo, and Identity**

Use of VMUG Name and Identity: VMUG's name marks and logos may be used only in conjunction with VMUG business. VMUG's name, marks and logos shall not be used where such use could be construed as an endorsement of a company, person, product, service or activity. However, VMUG speakers, members and presenters may acknowledge their participation in VMUG, including their leadership roles, in their vitae, biographies and resumes

Use of VMUG Logo: The primary logo features three figures in varying shades of blue and green to the left of gray lettering stating “VMUG VMware User Group”. The logo should not be altered or broken apart. Adequate clear space must surround the logo. Do not put text or graphic elements too close to the logo. The clear space (x) is based on the height of the logo. The logo should not be used at any size smaller than .35 inches tall. This ensures legibility of the logo

### **Section II – Standards for VMUG Publications**

In general, VMUG publications strive to speak in a voice that is informative and transparent and emphasizes the independence of VMUG, engagement with the membership, VMUG’s global reach, the feeling of inclusion, the fact that VMUG is customer driven, and that VMUG programs help maximize VMware deployments.

*VMUG Voice*: As the monthly e-newsletter of VMUG, *VMUG Voice* publishes news and information relevant to the industry and VMUG.

*VMUG Compass*: *VMUG’s quarterly technical journal features* articles that will help members solve their business challenges through the use of VMware. This includes technical articles, tips and techniques and user case studies. This also can include articles submitted by VMware that help solve an existing challenge or provide insight into current or future product features and direction or partners/sponsors with solutions and services that relate to the use of VMware.

Editing Policy: VMUG reserves the right to edit submitted materials or to use only portions of submitted materials. Edits may be for reasons of technical accuracy or completeness, VMUG policy, readability, or consistency

Author Eligibility and Compensation: All VMUG members and others from throughout the industry are eligible to submit articles for publication. Authors will not receive any financial compensation

Reprints: *VMUG* typically allows its articles to be reprinted in publications provided that a request is received in writing and includes full details about what exactly will be reprinted, where it will appear and to whom it will be distributed. VMUG will typically grant approval and request that the article appears intact (i.e. not edited or condensed) and with a lead-in or footnote that clearly identifies *VMUG Voice* as the source of the article

Advertising: All advertising will be handled by the VMUG sales and sponsorship team

### **Section III – Media Relations Process**

Press inquiries about VMUG activities and positions should be directed to the VMUG President or the Executive Director. The President, or the person designated by the President, is the authorized spokesperson for VMUG and as such must only represent the views of VMUG Board and/or membership. No other officer, delegate, attendee, agent, member or employee is authorized to express views, opinions, or positions on behalf of VMUG without prior approval of the President. Preparation or provision of information for public release is the responsibility of a designated member of the Board of Directors. The President, Vice President or designee thereof must approve the release of VMUG work or information about VMUG work to the general public.

### **Section IV – Terms and Conditions for Use of VMUG Web Site**

All documents and information contained within the VMUG web site and its subdirectories (the “VMUG web site”) are the property of VMUG or used by VMUG with permission, whether or not a copyright, trademark or other notice appears on the screen displaying the information. Users of the VMUG web site may save and use information contained therein only for personal use. No other use, including reproduction or retransmission, of the VMUG web site may be made without the prior written permission of VMUG, which may be requested by contacting VMUG headquarters

VMUG makes no warranty, guarantee, or representation as to the accuracy or sufficiency of the information posted herein, and VMUG assumes no responsibility or liability regarding the use or misuse of such information. Nevertheless, VMUG retains the right to remove posted messages or other materials that it believes are not in the best interests of the VMUG

Links or pointers connecting the VMUG Web site with other Internet sites are provided as a courtesy only. VMUG assumes no responsibility or liability for the content, accuracy or compliance with applicable laws of such linked sites

Because of the high level of activity by VMUG members and leaders, the VMware Communities web site (<http://communities.vmware.com/community/vmug>) will continue to be used as a communication vehicle between VMUG Headquarters, VMware, and the VMUG membership

Anything posted to the VMware Communities site must adhere to the usage terms established by VMware and available on their web site: <http://communities.vmware.com/home.jspa>

The global VMUG organization recognizes that a number of local VMUGs support their own web presence, including web sites, blogs, discussion forums, and Twitter, Facebook, and LinkedIn accounts. VMUG Headquarters does not actively monitor these web sites, but does expect the operators and users of these sites not to post any defamatory, abusive, profane, threatening, offensive, anti-competitive, or illegal materials. VMUG does not condone and will not be responsible for any such materials or resulting liability, including anti-trust liability. Users acknowledge that any reliance on material, content and/or links posted by other parties will be at their own risk and assume full legal responsibility and liability for all actions arising from posts.

## **Article VIII - Financial Management**

The Executive Director/Treasurer will ensure VMUG assets are protected, adequately maintained and not unnecessarily risked.

### **Section I – Financial Management Guidelines**

Accordingly, and only as they relate to VMUG assets and finances, the following guidelines apply:

- A. Contract Signing: Approval is required as listed below based on the totality of the contracted amount. These thresholds apply for all VMUG programs and investments, with the exclusion of contracts for user conference venues.
  - a. \$100,000 or less – Executive Director approval required
  - b. \$100,001- \$150,000 – Executive Director and Treasurer approval required
  - c. \$150,001 - \$250,000 – Executive Director, Treasurer and President approval required
  - d. Greater than \$250,000 - VMUG Board approval required
  
- B. Payment Approvals: The same approval thresholds exist for submitting payments that apply to contract approvals. Payment approvals are required for all VMUG programs and payments with no exclusion. Executive Director may not sign any check greater than \$100,000.00 without the written approval by the Treasurer or sign any checks issued to another signatory on an VMUG account without written approval from a third-party co-signer. Electronic and facsimile approvals may be accepted as written authorization. All VMUG headquarters management company invoices must be approved by the Executive Director.
  
- C. Operating capital will be held in secure instruments, including insured checking accounts or in interest bearing accounts except where impractical to facilitate ease in operational transactions
  
- D. VMUG will not acquire, encumber or dispose of real estate
  
- E. Discretionary budget: use of any budgeted discretionary funds requires prior approval of either the President or Treasurer
  
- F. Annual Audit: VMUG will obtain an audit of itself by an independent licensed CPA firm on an annual basis

- G. Tax Analysis: In order to help mitigate any tax burden VMUG may incur, the Executive Director and Treasurer will work with VMUG's contracted auditor to provide tax analysis on a quarterly basis when the projected net profit exceeds US\$100,000. At such time, the auditor will seek to provide suggestions to lessen the tax burden, subject to review by the Finance and Audit Committee, and approval by the Board of Directors
- H. Director and Officer Liability Coverage: VMUG will indemnify and hold harmless its officers, directors, members, and their representatives upon determination by the Board that the person to be indemnified acted in good faith and with reasonable belief as to what was in the best interests of VMUG. Members and their representatives shall not be liable for the debts of VMUG. VMUG will carry professional liability and general insurance for its Board of Directors and designated volunteers. A current detailed policy is available on request from VMUG staff

## **Section II - Budgeting/Forecasting**

- A. Budgeting any fiscal year or the remaining part of any fiscal year shall not deviate materially from priorities, risk fiscal jeopardy, nor fail to show a generally acceptable level of foresight. Accordingly, the Board shall cause budgeting which:
  - a. Contains adequate information to enable:
    - i. Accurate projection of revenues and expenses
    - ii. Cash flow projections based upon sound assumptions
  - b. Plans the expenditure in any fiscal year within the amount of funds than are realistically projected to be received unless authorized by the Board
  - c. Allows VMUG to achieve a targeted reserve fund of six (6) months operating expenses, unless otherwise authorized by the board
  - d. Provides sufficient funds for Board prerogatives, such as costs of fiscal audit, Board development, approved travel, Board and committee meetings, and Board legal fees
- B. Process and Calendar: The VMUG budget is developed annually by the Finance and Audit Committee and the VMUG headquarters staff and will be presented to the full board for approval. The annual budget should be approved by December 15 of each year in order to adequately prepare for the next year's financial cycle. The Investment Policy and Reserve Policy should be considered as the budget is developed
- C. Budget Reallocation and Exceptions: A budget reallocation is defined as an additional expense that is not covered in the current budget, but can be covered by funds from a different expense line or program. A budget exception is defined as an additional expense that is not covered in

the current budget, cannot be covered by the current budget within any programs, and is for an initiative that is supported and approved by the board of directors. Before requesting a budget exception, an attempt must be made for a budget reallocation

- D. Budget Reallocation Process: Funds from one expense account within a specific program may be reallocated to another by Board members or staff. Alternatively, funds may be reallocated between related programs. The following conditions apply to any reallocation:
  - a. The total expenditure for the program does not exceed the budgeted expenditure for that program
  - b. The reallocation of funds is for initiatives previously approved by or widely supported by the board of directors
  - c. The reallocation of funds does not change the general intent of the original program(s)
- E. Budget Exception Process: After attempts for a budget reallocation are exhausted, a budget exception may be requested. Any request for expenditure of funds which will result in the total expenditure for the program exceeding the budgeted amounts must be approved by the Treasurer/Secretary in advance of the commitment of the expenditure, and subsequently reported to the Board of Directors. Additionally, any requests for expenditure of funds for new initiatives must be pre-approved by the Board of Directors. Requests must include an updated decision package detailing the following:
  - a. The original budget for the program
  - b. The effect of budget reallocations already made and the reasons for these re-allocations
  - c. The reason for the request
  - d. Discussion of why additional budget reallocations cannot cover the additional costs
  - e. The amount of the request

### **Section III – Board Travel and Expense Reimbursement Policy**

VMUG will pay or reimburse reasonable, legitimate expenses for approved travel undertaken for the purpose of conducting VMUG business. In order for expenses to be paid or reimbursed, travelers will be required to adhere to the following regulations and procedures.

**NOTE: This policy applies to anyone who travels on VMUG business and expects to be reimbursed or have expenses paid by VMUG.**

Budgeted travel will be outlined in VMUG’s annual budget. If unbudgeted travel needs arise, the requestor must submit reason in writing to the Executive Director. The Executive Director will review, confirm, and approve and/or will bring to the Treasurer/Board if additional discussions or exceptions are needed.

The following types of travel expenses, within reason, will be paid or reimbursed by VMUG:

- A. Coach airfare: Business class and first class travel will not be reimbursed, unless approved by the Treasurer. Also, if a Board member has a flight segment longer than 6 hours he or she may purchase premium economy seating for that flight segment only.
- B. When possible, travelers should reserve their tickets 21 days in advance of travel. When traveling on short notice, travelers should book as far in advance as possible to take advantage of reduced airfares
- C. Whenever direct billing is established, travelers must use specified travel agents to book travel. When direct billing is not available travelers are instructed to search diligently for the lowest available fares and to use travel itineraries that will yield the lowest fares
- D. Fees for checked luggage
- E. Round-trip ground transportation between the traveler's home or office and the departure point, and round-trip transportation between the arrival point and the meeting location. Whenever prudent, the least expensive form of ground transportation should be used
- F. When personal automobiles are used for ground transportation, reimbursement shall be in the form of a per-mile (kilometer) amount not to exceed the current U.S. government allowance or the allowance that your firm would pay when traveling on company business. If a traveler elects to drive to a VMUG meeting, the total amount reimbursed will not exceed the cost of round-trip coach airfare booked in advance. Tolls will be reimbursed in addition to the mileage allowance. No reimbursement will be made for repairs, and the operator of the vehicle is totally responsible for carrying adequate insurance
- G. Hotel room lodging and tax for standard rooms; upgrades will not be reimbursed
- H. Meals will be reimbursed based on the following maximum per diem for North American travel, International per diem to be reviewed by the Finance Committee on an as-needed basis for reasonability
  - a. Dinner: \$30.00 USD
  - b. Lunch: \$20.00 USD
  - c. Breakfast: \$15.00 USD
  - d. Snacks/Misc: \$5.00 USD
- I. Laundry for trips longer than 5 consecutive days
- J. Shipping of meeting materials to or from the traveler's office
- K. Gratuities for bell or housekeeping staff, porters, and other service personnel

- L. Internet access/connectivity
- M. The following are not considered reimbursable expenses:
- N. Sightseeing and entertainment
- O. Expenses for non-Board members accompanying Board members to VMUG functions
- P. Long distance calls to home or office
- Q. Any other expense not included in must be approved by the Board or the Treasurer

Board members electing not to attend a VMUG sponsored meal/event will not be reimbursed for meal expenses incurred during that time without approval from the Executive Director or President

In order to be reimbursed for VMUG-related travel, travelers must submit a VMUG Expense Reimbursement form to VMUG HQ office after the trip is completed. Expense reports must be accompanied by original receipts whenever possible. Each expense must be separately itemized. All reimbursement request and accompanying receipts must be submitted within 60 days of the expenditure

VMUG will carry a travel accident insurance policy covering persons who travel on association business. Individuals traveling on VMUG business who rent a car outside of the United States are to accept any/all rental car insurance offered at the time of rental. This is not currently covered under VMUG's insurance policy. All other insurance is the responsibility of the individual traveler

For any/all group travel and entertainment expenses, the expense will be incurred by the most senior staff member present

The use of any VMUG organization funds, credit cards or services for personal use is strictly prohibited

There will be no ATM or Debit card issued on any VMUG account. Any cash withdrawal must be documented and approved as part of an expense report submission

#### **Section IV - Financial Policies for Regional and Local VMUGs**

##### **Expense Reimbursement**

Requests for funds to support VMUG regional or local meetings must be submitted to VMUG HQ for approval by the VMUG Treasurer. VMUG will not reimburse leaders for travel expenses to and from meetings, unless it is a budgeted expense for that particular meeting.

##### **Use of Sponsor Funds**

VMware partners are the main support for VMUG meetings and events and their sponsorship dollars are to be used to cover the costs of hosting VMUG meetings and events. These funds are not to be used by local leaders to purchase or own assets and commodity items due to tax and audit reasons.



## **Section V - Whistleblower Policy**

VMUG prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. As such VMUG has decided to adopt a whistleblower protection policy. Pursuant to this policy, any employee who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the Executive Director to allow the organization to investigate and, if applicable, correct the situation or condition.

If the Executive Director is involved or is believed to be involved in the matter being reported, employees may, in the alternative, make a report to VMUG's legal counsel. VMUG will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

"Financial wrongdoing" may include, but is not limited to:

- A. Questionable accounting practices
- B. Fraud or deliberate error in financial statements or recordkeeping
- C. Deficiencies of internal accounting controls
- D. Misrepresentations to company officers or the accounting department (including deviation from full reporting of financial conditions)

If any employee reports in good faith what the employee believes to be a violation of the law and/or financial wrongdoing to VMUG, its legal counsel, or to a federal, state, or local agency or assists in an investigation concerning financial wrongdoing, it is VMUG's policy that there will be no retaliation taken against the employee.

Employees are reminded of the importance of keeping financial matters confidential. Employees with questions concerning the confidentiality or appropriateness of disclosure of particular information should contact the Executive Director.

## **Section VI- Organizational Record Retention**

VMUG will retain organizational records according to the following schedule:

- A. Accounting Records
  - a. The following accounting records will be retained for seven years: accounts receivable reports, accounts payable reports, bank deposit slips, bank statements, reconciliations, budgets, cancelled checks, employee expense reports, volunteer expense reports, independent contractor expense reports, employee payroll records (W-2, W-4, annual earnings records, etc.), financial statements (annual), financial statements (interim/internal), invoices, payroll journal, and petty cash vouchers

- b. The following accounting records will be retained permanently: auditors' reports/work papers, cash disbursements journal, cash receipts journal, depreciation records, general journal or ledger, and inventory lists, which will be kept permanently
- B. Corporate Records
  - a. The following corporate records will be retained for seven years: contracts, sales (UCC), contracts (general), and contracts (government)
  - b. The following corporate records will be retained permanently: Annual Report, constitution, bylaws, IRS Determination Letter, minutes (board executive session), minutes (board and committees with board authority), minutes (committees without board authority), and qualifications to do business
- C. Insurance
  - a. Accident reports and insurance claims will be retained for seven years
  - b. Insurance policies will be retained permanently
- D. Miscellaneous Legal
  - a. Copyright, patent and trademark registrations will be retained permanently
- E. Personnel
  - a. Applications will be retained for one year
  - b. The following personnel records will be retained for seven years: employee earnings/payroll records, employment contracts, garnishments, government reports, and time cards/sheets
  - c. The following personnel records will be retained permanently: employee files, employee pension records, including service, eligibility, personal information, and pensions paid, and pension and profit-sharing plans
- F. Taxes
  - a. All tax records will be retained permanently. This includes income tax returns and cancelled checks (federal, state and local), payroll tax returns, sales and use tax returns
- G. General
  - a. Supporting correspondence and notes regarding patents, copyrights, licenses, agreements, bills of sale, permits, liabilities, etc. will be retained permanent

This investment policy is to provide guidelines for the investment of funds held by VMUG in excess of required operating capital.

## **Section I – Investment Purpose and Philosophy**

### **Investment Purpose:**

This statement is set forth to govern the management of the funds of the Corporation. This is an area of particular responsibility for the Finance Committee (the “Committee”); as the Committee is called upon to insure the prudent investment of funds in order to meet the short- and long-term spending needs of the Corporation. The Committee shall establish broad guidelines for the investments, select an Investment Advisor, and approve asset allocations that achieve the Board of Directors’ objectives.

This investment policy (the “Policy”) has been established to provide a general framework for the management and investment of the Corporation’s funds. The Policy sets forth specific investment objectives to help ensure that the funds or assets of the Corporation are financially managed in the best interests of the members.

### **Investment Philosophy:**

The overall philosophy concerning the investment of the Corporation’s assets is to preserve principal, both in absolute terms and real terms (adjusted for inflation), while seeking to maximize returns within acceptable levels of risk.

It is important for the assets to generate not only sufficient current returns, but sufficient future returns as well. As part of this philosophy, the funds are to be diversified among multiple asset classes, consisting of equities (stocks), fixed income (bonds), and money market and government securities. In doing this, the Board of Directors acknowledges that history has demonstrated that equity and fixed income returns can at times be somewhat volatile and will take this into consideration when making its final allocation decisions. However, the Board of Directors still expects that, although there may be interim periods of negative returns, the Investment Advisor will make every attempt to preserve the principal of the assets under management.

For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the funds held will be divided into three separate investment pools.

### **Section II – Definition of Fund Pools:**

Three investment pools shall be established and defined as the “Operating Fund,” the “Short-term Fund,” and the “Long-term Fund.”

### **Operating Fund:**

#### **Purpose**

The purpose of the Operating Fund is to segment those funds that maybe required to fund the normal course of business during the current budget cycle.

### **Investment Objectives**

The investment objectives of the Operating Fund are:

- A. Preservation of capital
- B. Liquidity
- C. To optimize the investment return within the constraints of the policy

### **Investment Guidelines**

The Executive Director shall be authorized to invest the VMUG Operating Fund as follows:

- A. Interest bearing accounts in federally insured banks and savings and loans
- B. Money Market funds
- C. Direct obligations of the U.S. government, its Agencies and instrumentalities

The Maturities on investments for the Operating Fund shall be limited to 90 days or less; with at minimum 50% of the funds in sufficiently liquid investments to be available within 5 business days

### **Short-Term Fund (1-3) Years:**

#### **Purpose**

The purpose of the Short-term Fund is to achieve the maximum possible rate of return on investments with a mixture of low risk asset classes.

#### **Investment Objectives**

The investment objective of the Short-term Fund is to surpass the rate of return on the appropriate indexes (designated by the Investment Advisor and approved by the Finance Committee) while maintaining a relatively low risk balanced portfolio

This portfolio should include a diversified mix of both stock and bond funds that assure liquidity yet provide a rate of return commensurate with the term and risk factors agreed between the Investment Advisor and the Finance Committee.

#### **Investment Guidelines**

Allowable investments are as follows:

- A. Money market funds

- B. Federally insured certificates of deposit
- C. Direct obligations of the U.S. Government, and municipal bonds
- D. Bond funds
- E. Equity funds

The portfolio is restricted to contain at least 20% of its assets in a combination of cash, money markets, treasury notes, and bond funds at all times. Additionally, the portfolio may contain no more than 80% of its assets in equity at any time. It shall be the responsibility of the Investment Advisor to recommend the allocation between the equity and fixed income segments of the portfolio based on his perception of market valuation levels and expected return on these asset classes under various economic conditions and anticipated liquidity needs

#### **Long-Term Fund:**

##### **Purpose**

The purpose of the Long-term Fund is to achieve greater than market rate of return on the investments through a mixture of equity and fixed income asset classes. The mixture of equity investments shall form a total portfolio of medium risk. Investments must be made in such a manner as to achieve long term growth in the account.

##### **Investment Objective**

The investment objective of the Long Term Fund is to meet or surpass the annual performance of the agreed upon comparative indexes index over a 1, 3 and 5 year period.

##### **Investment Guidelines**

Allowable investments are as follows:

- A. Money market funds
- B. Bond funds
- C. Equity funds
- D. Individual stocks

#### **Section III: Procedures & Responsibilities:**

The following procedures will be followed to ensure the investment policy is consistent with the current mission of VMUG:

The investment policy shall be reviewed annually by the Finance Committee for any necessary revisions. Recommendations for any revisions or modifications will be made to the Board of Directors for approval.

The services of an independent Investment Advisor will be sought to manage portions of VMUG funds. When engaging a new or replacing a current Investment Advisor, the Finance Committee will review the candidate(s) and make a recommendation to the Board of Directors, who shall have the final approval.

The Board of Directors shall annually designate a portion of VMUG's assets as "Investment Funds", which shall then be controlled by this policy.

The Finance Committee will determine the overall asset allocation strategy between the three Fund Pools and the Investment Manager will recommend specific investments for the Short Term and Long Term Pools

The Executive Director is authorized to execute changes recommended by the Investment Advisor to the Investments that are within the Policy directives established by the Finance Committee as long as such changes are approved by the Finance Committee.

The Investment Advisor is responsible for providing to the Executive Director and the Finance Committee monthly and quarterly reports and updates as appropriate.

#### ***Section IV: Reporting***

The Executive Director shall prepare and submit to the Board for review the following reports on a quarterly basis:

Operating Fund: The Executive Director shall provide reports for presentation to the Board of Directors that includes the following components:

- A. Schedule of investments
- B. Dividend and Interest income year to date

Short Term Fund: The Executive Director shall provide reports for presentation to the Board of Directors that includes the following components:

- A. Schedule of investments
- B. Dividend and Interest income year to date
- C. Current and life-to-date returns on Fund Investments compared to appropriate comparative indexes

Long Term Fund: The Executive Director shall prepare reports for presentation to the Board of Directors that includes the following components:

- A. Schedule of investments
- B. Dividend and Interest income year to date

- C. Current and life-to-date returns on Fund Investments compared to appropriate comparative indexes
- D. Current and life-to-date returns on individual equity investments compared to peer investments.

***Section V: Portfolio Rebalancing***

Given the volatility of the capital markets, strategic adjustments in various asset classes may be required to rebalance asset allocation back to its target range. It is the responsibility of the Investment Advisor to monitor and recommend rebalancing of the portfolio.

***Section VI: Investment Advisor***

The performance of the investment advisor will be reviewed annually. The primary criteria for this review are the comparison of actual portfolio results to the portfolio objectives and performance against designated benchmarks set by the Finance Committee. If results are deemed unsatisfactory, the Finance Committee can instruct the Executive Director to do a request for proposal (RFP) to evaluate alternative investment advisors.