

## **ARTICLE I NAME**

The name of the association shall be the International Literacy Association, hereinafter sometimes referred to as “ILA” or “the Association.”

## **ARTICLE II PURPOSE**

The purpose of the International Literacy Association is to promote reading by continually advancing the quality of literacy instruction worldwide. The purposes of the Association shall be as set forth in its Articles of Incorporation, as may be amended from time to time.

## **ARTICLE III MEMBERS**

**Section 1. Members Authorized and Eligibility.** The Association shall have two (2) member types: Director Members and Individual Members.

(a) **Director Members.** Director Members shall consist of the individual members of the Board of Directors for so long as they serve in such capacity. Director Members shall have all the voting and other rights of members provided by applicable law.

(b) **Individual Members.** Individual Members shall consist of individuals interested in furthering the purposes of the Association. Individual Members shall be required to pay annual dues and membership shall become effective upon receipt and processing of payment of such dues by the Association. Individual Members shall have the right to participate in the election of Directors and the Elected Officers (as defined in Article V below) as set forth in these By-laws, but shall have no other voting or other rights of members provided by applicable law.

Individual Members shall have the obligation to pay such dues along with such other duties and responsibilities as shall be determined by the Board of Directors in its sole discretion.

**Section 2. Removal of Members.** Failure to pay dues by the due date established by the Board shall be basis for immediate removal of an Individual Member. Individual Members

may also be removed by majority vote of the entire Board of Directors for violation of the member Code of Conduct or other duties and responsibilities established by the Board, provided that the Individual Member subject to removal shall be provided notice and an opportunity to be heard prior to the vote of the Board.

**Section 3. Annual Meetings.** A meeting of the Director Members and Individual Members shall be held annually for the election of Directors and the transaction of other business as determined by the Board of Directors.

**Section 4. Special Meetings.** Special meetings of the members may be called at any time by the President of the Board or the Board of Directors. The Secretary shall fix the time of the meeting to be held within sixty (60) days after receipt of the request.

**Section 5. Place of Meetings.** Meetings of members shall be held at the principal office of the Association or at such other place as may be fixed by the Board of Directors.

**Section 6. Notice of Meetings.**

(a) Written notice of each meeting of members of whichever type shall state the place, date and hour of the meeting and, unless it is an Annual Meeting, shall also indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a Special Meeting shall also state the purpose or purposes for which it is being called.

(b) A copy of the notice of any meeting shall be given, personally, by first class mail, electronic mail, or by fax not less than five (5) days before the date of the meeting; provided, that at least ten (10) days' notice shall be provided for meeting at which a vote on matters involving fundamental changes to the Association as described pursuant to Chapter 59 of the Pennsylvania Nonprofit Act as may be amended (the "Act").

(c) Notice of meeting need not be given to any member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice.

**Section 7. Qualification of Voters.**

(a) Every voting member of record of the Association in good standing shall, as set forth in Section 1 of this Article, be entitled to one vote.

(b) The Board may fix a date as the record date for the purpose of determining the members entitled to vote at any meeting of members or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting. The record

date shall not be more than seventy (70) days before the date of the meeting.

**Section 8. Quorum and Adjourned Meetings.**

(a) Members entitled to cast three percent (3%) of the total number of votes entitled to be cast at a meeting of members shall constitute a quorum for the transaction of any business. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any members.

(b) In the absence of a quorum, the voting members present may adjourn the meeting to another time and place and it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. If a quorum is present at the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting. If after the adjournment, however, the Board of Directors fixes a new record date for determining the members entitled to vote at the adjourned meeting, a notice of the adjourned meeting shall be given to each member then entitled to notice under section 7 of this Article of the Bylaws.

**Section 9. Voting.**

(a) Whenever any corporate action, other than the election of Directors, is to be taken by vote of the Director Members, it shall, except as otherwise required by law or by the Articles of Incorporation, be authorized by a majority of the votes cast at such meeting.

(b) Directors shall be elected by a plurality of the votes cast at a meeting of voting members except as otherwise required by law.

**Section 10. Proxies.**

(a) Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for such member by proxy.

(b) Every proxy must be signed by the member or the member's attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it, except as otherwise provided by law.

(c) The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the member who executed the proxy unless, before the authority is exercised, written notice of adjudication of incompetence or of death is received by the Secretary.

**Section 11. Judges of Election.**

(a) The Board of Directors, in advance of any meeting of members, may appoint one or more individuals to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the person presiding at a meeting of members may, and on the request of any member entitled to vote thereat shall, appoint one or more judges. No individual who is a candidate for office shall act as a judge of election.

(b) The judges of election shall determine the number of members of record and the voting power of each member; the members present at the meeting; the existence of a quorum; the validity and effect of proxies; and shall receive votes or ballots; hear and determine all challenges and questions arising in connection with the right to vote; count and tabulate all votes or ballots; determine the result; and do such acts as are proper to conduct the election or vote with fairness to voting members.

On request of the person presiding at the meeting or any member entitled to vote thereat, the judges shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them. Any report or certificate made by them shall be *prima facie* evidence of the facts stated and of the vote as certified by them.

#### **ARTICLE IV BOARD OF DIRECTORS**

**Section 1. Power of Board and Qualifications of Directors.** The governing body of the Association shall be the Board of Directors. The Board shall have full power and authority to govern and establish policies and procedures to direct the business and affairs of the Association in accordance with the Association's Certificate of Incorporation (as amended), these Bylaws, and applicable law. The Board of Directors must be Individual Members of the Association immediately prior to their election and are elected by the Individual Members.

**Section 2. Composition and Term of Office.**

(a) The number of Directors shall consist of a maximum of thirteen (13) directors. The actual number of Directors to be set by majority vote of the entire Board.

(b) The President of the Board of the Board and the Vice President of the Board of the Board shall serve as *ex officio* voting members of the Board of Directors and shall be included in the total number of Directors provided in (a) above.

(c) The Executive Director shall serve as an *ex officio*, non-voting member of the Board of Directors and shall not be included in the total number of Directors provided in (a) above.

(d) As used in the By-laws, “entire Board of Directors: means the total number of Directors entitled to vote which the Association would have if there were no vacancies.

(e) Directors may serve a maximum term of one (1) full three (3) year term, not including terms served as officers of the Association.

**Section 3. Term of Office.** The Directors of the Board shall serve three (3) year terms and shall be divided into three (3) classes by year elected for purposes of staggering terms of office. At each Annual Meeting of the Director Members and Individual Members, one class of Directors shall be elected. Newly elected Directors shall assume office at the close of the annual conference in the year in which they are elected and serve until the annual conference three (3) years later unless earlier terminated.

**Section 4. Organization.** At each meeting of the Board of Directors, the President of the Board of the Board, or, in the absence of the President of the Board, the Vice President of the Board shall preside, or in the absence of either of such officers, the Directors present at the meeting shall select its chair. The Secretary shall act as secretary of the Board of Directors. In the event the Secretary shall be absent from any meeting of the Board of Directors, the Directors present at the meeting shall select its secretary.

**Section 5. Place of Meeting.** The Board of Directors may hold its meetings at the principle office of the Association, or at such place or places within or without the Commonwealth of Pennsylvania as the Board of Directors may from time to time by resolution determine.

**Section 6. Annual Meeting.** As soon as practical after each annual election of Directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business. Notice of such meeting need not be given. Such first meeting may be held at any other time; and if it is held at another time, notice shall be given as hereinafter provided for special meetings of the Board of Directors.

**Section 7. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such times as may be fixed in advance by resolution of the Board of Directors.

**Section 8. Special Meetings.** Special meetings of the Board of Directors shall be held when requested by the President of the Board or a majority of the members of the Board. Notice shall be given orally, by electronic mail, by fax, or by mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than (1) day before the meeting; if notice is given by fax or by mail (including electronic mail), it shall be given not less than three (3) days before the meeting.

**Section 9. Waivers of Notice.** Notice of meetings need not be given to any Director

who submits a signed waiver of notice whether before or after or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

**Section 10. Quorum.** A majority of the entire Board of Directors shall constitute a quorum for the transaction of business. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any Directors.

**Section 11. Action by the Board of Directors.**

(a) Except as otherwise provided by law or in these By-laws, the act of the Board of Directors means action at a meeting of the Board by vote of the majority of the Directors present at the time of the vote, if a quorum is present at such time.

(b) Approval of the sale, mortgage, lease or disposal of real property shall require a vote of two-thirds (2/3) of the entire Board of Directors.

(c) At any meeting of the Board of Directors, any one (1) or more of the members of the Board may participate by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear one another at the same time. Participation by such means shall constitute presence in person at a meeting.

(d) Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the Board.

**Section 12. Vacancies.** A vacancy occurring in the Board may be filled for the remainder of the term by a majority vote of the Board Directors then in office.

**Section 13. Resignation or Removal.**

(a) Any Director may resign at any time by submitting written notice of such resignation to the President of the Board. Such resignation shall take effect at the time specified therein or, if no time is specified, upon delivery.

(b) Any or all of the Directors may be removed with or without cause by vote of the Directors provided there is a quorum of not less than a majority of the entire Board of Directors present at the meeting of Directors at which such action is taken.

**Section 14. Compensation.** The Board of Directors shall not receive any compensation for their service as Directors, but may be reimbursed for expenses reasonably incurred by

them in the performance of their duties if so authorized by the Board.

**Section 15. Annual Report.** The Board of Directors shall present at the Annual Meeting of members a report verified by the President of the Board and Treasurer or by a majority of the Directors, showing in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of the Association as of the end of the fiscal year immediately preceding the date of the report;
- (b) The principal changes in assets and liabilities, including trust funds, during said fiscal period;
- (c) The revenue or receipts of the Association, both unrestricted and restricted to particular purposes during said fiscal period, including separate data with respect to each trust fund held by or for the Association;
- (d) The expenses or disbursements of the Association for both general and restricted purposes, during said fiscal period, including separate data with respect to each trust fund held by or for the Association; and
- (e) The number of members of the Association as of the date of the report, together with a statement of increase or decrease in such number during said fiscal period and a statement of the place where the names and addresses of the current members may be found.

This report shall be filed with the records of the Association and a copy thereof entered in the minutes of the proceedings of the Annual Meeting of members.

The Association shall also file with the Department of State of the Commonwealth of Pennsylvania on or before April 30<sup>th</sup> of each year, a statement setting forth the name of the Association; the address of its principal office; and the names and titles of the principal officers.

## **ARTICLE V OFFICERS**

**Section 1. Number.** The officers of the Association shall be a President of the Board, a Vice President of the Board, an Executive Director, a Secretary and a Treasurer.

**Section 2. Term of Office of Officers.** The President of the Board and Vice President of the Board (collectively referred to herein as "Elected Officers") must be Individual Members of the Association immediately prior to their election and elected by the Individual Members and the Director members. The Vice President of the Board shall serve for a term of one (1) year and shall then automatically succeed to the office of President of the Board for a term of one (1) year. Elected Officers shall assume office at the close of the annual conference and

shall serve until the close the next annual conference or until their successors assume office.

The Executive Director, Secretary, and Treasurer (the “Appointed Officers”) shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. Appointed Officers shall not be voting members of the Board of Directors.

### **Section 3. Vacancy in Office.**

(a) President of the Board. In the event of a vacancy in the office of President of the Board for any reason, the Board of Directors shall appoint a recent Past President of the Board to fill the vacancy for the remainder of that board year. Following that year, the Vice President of the Board shall move to the office of President of the Board Vice President of the Board. In the event of a vacancy in the office of Vice President of the Board for any reason, the Board of Directors from its number shall fill the vacancy for the remainder of the term. If the Vice President of the Board was not elected by the members, he/she shall succeed to the office of President of the Board to fill a vacancy only until the next annual meeting, when the office of President of the Board shall be filled by vote of the members.

(b) Appointed Officers. A vacancy in any Appointed Officer position shall be filled by vote of the Board of Directors. The person selected by the Board of Directors to fill any such vacancy shall hold such office as designated by the Board of Directors and until his or her successor is appointed.

**Section 4. President of the Board.** The President of the Board shall preside at all meetings of the members and of the Board of Directors at which the President of the Board is present. The President of the Board shall also perform such other duties as may be assigned from time to time by the Board.

**Section 5. Executive Director.** The Executive Director shall act as the chief executive officer of the Association and shall supervise generally the management of the affairs of the Association subject only to the supervision of the Board including hiring and overseeing personnel, managing, supervising and directing the operations, programs and activities of the Association at all times within the authority delegated by the Board of Directors and in accordance with Association policies and procedures. The Executive Director shall perform such other duties as the President of the Board or Board may assign.

**Section 6. Vice President of the Board.** In the absence or incapacity to act of the President of the Board, the Vice President of the Board shall preside at all meetings of the members, and shall perform the duties and exercise the powers of the President of the Board, subject to the right of the Board from time to time to extend or confine such powers and duties or to assign them to others. The Vice President of the Board shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the President of the Board.



**Section 7. Treasurer.** The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer shall keep and maintain the books of the account and shall have charge and custody of, and be responsible for, all funds and securities of the Association, and deposit all such funds in the name of and to the credit of the Association in such banks, trust companies, or other depositories as shall be selected by the other Board of Directors. The Treasurer shall also perform all other duties customarily incident to the office of the Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 8. Secretary.** It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and to keep the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by the Association are duly given and served; the Secretary shall prepare, or cause to be prepared, for the use at meetings of the members the list or record of members and shall certify such list; the Secretary shall keep a current list of the Association's Directors and officers and their residence addresses; the Secretary shall be custodian of the seal of the Association and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all the meetings of members, Directors, and other committees which may keep the minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Association, or in the custody of some other person authorized by the Board of Directors to have such custody.

## **ARTICLE VI COMMITTEES**

**Section 1. Committees of the Board.** The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from its members committees of the Board consisting of three (3) or more Directors. Such committees shall have such authority as the Board shall by resolution provide.

The Board of Directors has charged and authorized by resolution the following Committees of the Board:

(a) **Audit Committee.** The Audit Committee shall be responsible for overseeing the annual audit of the Corporation and such other matters as the Board of Directors may delegate to the Committee. The Audit Committee shall be comprised of at least three (3) members elected by the Board of Directors.

(b) **Governance Committee.** The Governance Committee shall be to annually review the Bylaws, Board Policies, and Association Procedures and make recommendations to enhance the quality and future viability of the Association's

Board of Directors. The committee shall be comprised of at least three (3) members elected by the Board of Directors. One member of the Association staff shall also be appointed by the Board of Directors to serve as an *ex officio*, nonvoting member of the Committee. The President of the Board and the Vice President of the Board shall also serve as *ex officio*, nonvoting members of the Committee.

**Section 2. Special (Ad Hoc) Committees.** The Board of Directors may designate special committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee.

## **ARTICLE VII STATE, LOCAL AND REGIONAL ORGANIZATIONS**

**Section 1. Generally.** The Association may approve the establishment of state, local or regional organizations which shall consist of members who live in a specific linguistic or geographic area. Such organizations must be recognized by the Board of Directors and engage in activities and initiatives consistent with the charitable and educational mission of the Association. The Association's Board of Directors shall establish policies to govern the creation, operation, and dissolution of state, local and regional organizations.

**Section 2. Governance.** The Board of Directors shall establish policies to govern the creation, operation and dissolution of Association state and local organizations.

## **ARTICLE VIII LIMITATION OF LIABILITY; INDEMNIFICATION**

**Section 1. Limitation of Liability of Directors.** A Director shall not be personally liable, as such, for monetary damages for any action taken or any failure to take any action as a Director unless:

- (a) The Director has breached or failed to perform the duties of his or her office under Subchapter B of Chapter 57 of the Act; and
- (b) The breach or failure to perform constitutes self-dealing, willful misconduct, or recklessness.

This Section shall not apply to the responsibility or liability of a Director pursuant to any criminal statute, or the liability of a Director for the payment of taxes pursuant to federal, state, or local law. Any repeal or amendment of this Section shall be prospective only and shall not increase, but may decrease, a Director's liability with respect to actions or failures to act occurring prior to such change.

**Section 2. Insurance.** The Association may purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Association or is or was serving at the request of the Association as a director or officer of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against that liability under the Act. The Association's payment of premiums with respect to such insurance coverage shall be provided primarily for the benefit of the Association. To the extent that such insurance coverage provides a benefit to the insured person, the Association's payment of premiums with respect to such insurance shall be provided in exchange for the services rendered by the insured person and in a manner so as not to constitute an excess benefit transaction under section 4958 of the Internal Revenue Code of 1986, as amended (the "Code").

**Section 3. Third-Party Actions.** The Association shall indemnify any Director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he or she is or was a Director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, or conviction or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the Association and, with respect to any criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful.

**Section 4. Derivative and Corporate Actions.** The Association shall indemnify any Director or officer who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director or officer of the Association, or is or was serving at the request of the Association as a director or officer of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of the action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association. Indemnification shall not be made under this Section in respect of any claim, issue or matter as to which the person has been adjudged to be liable to the Association unless and only to the extent that the court of common pleas of the judicial district embracing the county in which the registered office of the Association is located or

the court in which the action was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the court of common pleas or other court shall deem proper.

**Section 5. Procedure for Effecting Indemnification.** Unless ordered by a court, any indemnification under this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in those Sections. The determination shall be made:

(a) By the Board by a majority vote of a quorum consisting of Directors who were not parties to the action or proceeding; or

(b) If such a quorum is not obtainable or if obtainable and a majority vote of a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

**Section 6. Advancing Expenses.** The Association shall pay expenses (including attorneys' fees) incurred in defending any action or proceeding referred to herein in advance of the final disposition of the action or proceeding upon receipt of any undertaking by or on behalf of the Director or officer to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the Association as authorized in this Article or otherwise.

**Section 7. Supplementary Coverage.** The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the Act, or any bylaw, agreement, vote of disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding that office. Article 8 (relating to conflicts of interest) shall be applicable to any bylaw, contract, or transaction authorized by the Directors under this Section. However, no indemnification may be made by the Association under this Article or otherwise to or on behalf of any person to the extent that:

(a) The act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted self-dealing, willful misconduct, or recklessness; or

(b) The Board determines that under the circumstances indemnification would constitute an excess benefit transaction under Code Section 4958.

**Section 8. Duration and Extent of Coverage.** The indemnification and advancement of expenses provided by or granted pursuant to this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director or officer

of the Association and shall inure to the benefit of the heirs and personal representatives of that person.

**Section 9. Reliance and Modification.** Each person who shall act as a Director or officer of the Association shall be deemed to be doing so in reliance upon the rights provided by this Article. The duties of the Association to indemnify and to advance expenses to a representative provided in this Article shall be in the nature of a contract between the Association and the Director or officer. No amendment or repeal of any provision of this Article shall alter, to the detriment of the Director or officer, his or her right to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment or repeal.

## **ARTICLE IX COMPENSATION**

**Section 1. Reasonable Compensation.** It is the policy of the Association to pay no more than reasonable compensation for personal services rendered to the Association by officers and employees. The Directors of the Board of the Association shall not receive compensation for fulfilling their duties as Directors, although Directors of the Board may be reimbursed for actual out-of-pocket expenses which they incur in order to fulfill their duties as Directors. Expenses of spouses will not be reimbursed by the Association unless the expenses are necessary to achieve an Association purpose.

**Section 2. Approval of Compensation.** The Board of Directors must approve in advance the amount of all compensation for officers of the Association.

Before approving the compensation of an officer, the Board shall determine that the total compensation to be provided by the Association to the officer is reasonable in amount in light of the position, responsibility and qualification of the officer for the position held, including the result of an evaluation of the officer's prior performance for the Association, if applicable. In making the determination, the Board shall consider total compensation to include the salary and the value of all benefits provided by the Association to the individual in payment for services. At the time of the discussion and decision concerning an officer's compensation, the officer should not be present in the meeting. The Board shall obtain and consider appropriate data concerning comparable compensation paid to similar officers in like circumstances.

The Board shall set forth the basis for its decisions with respect to compensation in the minutes of the meeting at which the decisions are made, including the conclusions of the evaluation and the basis for determining that the individual's compensation was reasonable in light of the evaluation and the comparability data.

## ARTICLE X CONFLICTS OF INTEREST

**Section 1. Definition of Conflicts of Interest.** A conflict of interest will be deemed to exist whenever an individual is in the position to approve or influence Association policies or actions which involve or could ultimately harm or benefit financially: (a) the individual; (b) any family member (spouse, domestic partner, grandparents, parents, children, grandchildren, great grandchildren, brothers or sisters (whether whole or half-blood), and spouses of these individuals); or (c) any organization in which he or a family member is a director, trustee, officer, member, partner or more than 10% of the total (combined) voting power. Service on the board of another not-for-profit corporation does not constitute a conflict of interest.

**Section 2. Disclosure of Conflicts of Interest.** A Director or officer shall disclose a conflict of interest: (a) prior to voting on or otherwise discharging his duties with respect to any matter involving the conflict which comes before the Board or any committee; (b) prior to entering into any contract or transaction involving the conflict; (c) as soon as possible after the Director or officer learns of the conflict; and (d) on the annual conflict of interest disclosure form. The Secretary of the Association shall distribute annually to all Directors, officers and key employees (as identified by the Association), a form soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with the Association and whether the process for approval set forth in this policy was used. Such disclosure form may require disclosure of other relationships that may not constitute an actual conflict of interest, but which are required to be disclosed in order for the Association to comply with its annual reporting requirements.

**Section 3. Approval of Contracts and Transactions Involving Potential Conflicts of Interest.** A Director or officer who has or learns about a potential conflict of interest should disclose promptly to the Secretary of the Association the material facts surrounding any potential conflict of interest, including specific information concerning the terms of any contract or transaction with the Association. All effort should be made to disclose any such contract or transaction and have it approved by the Board before the arrangement is entered into.

Following receipt of information concerning a contract or transaction involving a potential conflict of interest, the Board shall consider the material facts concerning the proposed contract or transaction, including the process by which the decision was made to recommend entering into the arrangement on the terms proposed. The Board shall approve only those contracts or transactions in which the terms are fair and reasonable to the Association and the arrangements are consistent with the best interests of the Association. Fairness includes, but is not limited to, the concepts that the Association should pay no more than fair market value for any goods or services which the Association receives and that the Association should receive fair market value consideration for any goods or services that it furnishes others. The Board shall set forth the basis for its decision with respect to approval of contracts or transactions involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be

paid is fair to the Association.

**Section 4. Validity of Actions.** No contract or other transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or officer or officers are present at the meeting of the Board of Directors, or of a committee thereof, which authorizes such contract or transaction, or that his or their votes are counted for such purpose, if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officers. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or committee which authorizes such contract or transaction. At the time of the discussion and decision concerning the authorization of such contract or transaction, the interested Director or officer should not be present at the meeting.

**Section 5. Employee Conflicts of Interest.** An employee of the Association with a potential conflict of interest in a particular matter shall promptly and fully disclose the potential conflict to his supervisor. The employee shall thereafter refrain from participating in deliberations and discussion, as well as any decisions, relating to the matter and follow the direction of the supervisor as to how the Association decisions which are the subject of the conflict will be determined. The President of the Board shall be responsible for determining the proper way for the Association to handle Association decisions which involve unresolved employee conflicts of interest. In making such determinations, the President of the Board may consult with legal counsel.

The President of the Board shall report to the Board at least annually concerning employee conflicts of interest which have been disclosed and contracts and transactions involving employee conflicts which the President of the Board has approved.

## **ARTICLE XI AMENDMENTS**

Amendments to these Bylaws shall be made by a two-thirds (2/3) affirmative vote of the entire Board of Directors.

\* \* \* END \* \* \*