

Constitution and Bylaws

Army Ground Forces Association

(As of 17 December 2017)

PREAMBLE

As citizens of the United States of America, in recognition of the heroic efforts of the World War II generation, and in memory of the over one half million Americans who died for our country, we hereby pledge ourselves to the commemoration and remembrance of their deeds and acts through the education of our fellow citizens and the general public through the use of restoration, preservation and interpretation through the medium of living history.

ARTICLE I: NAME

The name of this organization shall be the Army Ground Forces Association; hereinafter referred to in this document as the "Association".

ARTICLE II: MISSION

The Army Ground Forces Association is a non-profit association dedicated to promoting and facilitating research, interest and pride in America's veterans of the Second World War and other conflicts. Members of the association specialize in restoration, preservation and interpretation of the history of the United States Army's Coast Artillery Corps (Harbor Defense, railway artillery and anti-aircraft missions) 1895 to 1948 with an emphasis on the time period 1930-1945 (World War II). Other US Army organizations from this or other time periods may be portrayed as programs and events warrant, including but not limited to Medical, Infantry, Engineers and Signal Corps. Our mission is accomplished through the provision of living history based interpretive programming and by the preservation and restoration of United States Army structures and equipment.

ARTICLE III: MEMBERSHIP

Section 1. Eligibility: A member may be any person, age 16 or over, who has never been convicted of a felony crime, or received other than either an honorable or general discharge from the Armed Services of the United States of America.

Section 2. Classes of Membership

- A. General Member - General Members have one vote in all matters brought before the General Membership of the association, may participate in association events, may serve on committees appointed by the Board of Directors, and may be elected a Governing member.

- B. Family Membership – a Family Membership includes both spouses and dependent children age 16 years old and/or until graduation from high school. Once

graduated from high school, family members are then eligible upon petition to the Board for immediate General membership. The Family Membership as a unit has one vote in all matters brought before the General Membership of the association, may participate in association events, may individually serve on committees appointed by the Board of Directors and be elected as Governing members. Dues for Family Memberships will be assessed in accordance with Section 4 below.

- C. Governing Member – Governing Members (other than trustees) may be elected from the general membership at the annual meeting of the association by a two-thirds majority vote of the general membership. Nominees for governing membership should participate in living history interpretive programming representing military personnel or Army civilian employees supporting military organizations. No more than one fifth of governing members may be non-participants in living history. A governing member may hold any office in the association and shall serve on the board of directors. Nominations must be presented to the Board of Directors not later than 60 days prior to an announced meeting of the Board of Directors. The Board of Directors must approve the nomination by a two-thirds vote prior to presentation to the general membership. Nominations may be presented via E-mail.
- D. Trustee – All individuals listed in the articles of incorporation for the Army Ground Forces Association shall be considered trustees and founding members of this association. All trustees shall serve on the board of directors for life or until removed by resignation or other provisions as outlined in the constitution and bylaws of this association. No other members may be added to this class of membership.
- E. Associate Member – This membership category is individuals who desire to participate in events with the association and otherwise benefit from Association activities on a recurring basis. Upon completion of participation in a second AGFA sponsored event, individuals may be asked by AGFA Board Member(s) to petition for membership in AGFA at the Associate level. Associate Members are subject to the By Laws of the Association as any other member, but are ineligible to vote on matters brought before the membership, they are ineligible to hold office or serve in any position of authority within the organization, or obtain AGFA Information Technology services as offered to General Members. Associate members will be included on a separate AGFA e-mail distribution address from AGFA General Members. Associate members may petition for General Membership. Dues for Associate members will be set by the Board of Directors in accordance with Section 4 below.
- F. Honorary – WWII Veterans and other individuals may be designated as Honorary Members at the discretion of the Board of Directors of this association.

Section 3. Membership Application Process: Membership in the association is by invitation only from a minimum of two members of the Board of Directors. All members must abide by the constitution and bylaws of the association and be accepted by a two-thirds

majority vote of the Board of Directors. New members shall be subject to a one-year probationary period during which a vote of two or more members of the Board of Directors will remove the new member from the association. Upon official acceptance of this constitution and bylaws the board of directors shall officially declare as General Members all individuals currently functioning as such with the association ([this occurred in 2009](#)).

Section 4. Dues: The Board of Directors, by a two-thirds majority vote, may on a yearly basis determine annual dues required to be paid by the membership.

Section 5. Termination of Membership: Membership may be terminated for any violation(s) of the prohibitions listed in the constitution and by-laws of this association, conviction of a felony offense, or upon majority vote of the Board of Directors.

Section 6. Membership Prohibitions: Organizations are not eligible for membership in this association.

Section 7. Sponsorship

- A. Each new member will be assigned a sponsor by vote of the Board of Directors. Sponsor responsibilities include the following:
1. Provide a copy of the most recent roster, e-mail addresses, and bylaws.
 2. Assist the new member in acquiring an accurate impression by educating them on appropriate uniforms and equipment for events of the association. The sponsor shall assist the new member in adhering to all standards of authenticity and regulations governing individual uniforms and equipment issued by the association.
 3. Introduce them to other members.
 4. Makes sure that the Safety Officer has reviewed weapons policies with the new member before they handle firearms, regardless of past training.
 5. Assist the new member in acquiring their basic uniform set. New members have up to one year to complete their initial uniform
 6. Advise the new member they have up to two years to acquire a rifle (M1903 or M1) or a suitable substitute as approved by the Board, given the cost of such a purchase. This requirement does not apply if the historic portrayal of the member does not require a historic firearm.
 7. While each new member is assigned a sponsor, it is every association members' duty to make sure that the new member feels welcomed, does not have any questions, and develops an accurate impression

Section 8. Member Responsibility

- A. Each member is responsible for the authenticity and safety of the unit. Each member is charged with keeping our impressions accurate and safe.
- B. Each member is responsible for the recruitment of new members and attending as many events as possible.
- C. Members may be asked to coordinate aspects of an event or to assist the Board of Directors.

- D. The association recognizes that every member has responsibilities such as work and family outside of the association. Therefore, it is unreasonable to expect perfect attendance at every meeting and event.
- E. Members should strive for constructive and positive criticism only with other members of the association. All issues relating to authenticity should be discussed with the member in question or reported to a member of the Board of Directors.

Section 9. Removal of a member

- A. Continued warning for unsafe practices and/or acts identified in General Prohibitions by a member may result in expulsion from the association.
- B. Any member may be removed by a vote of two-thirds of the Board of Directors.
- C. All dues are forfeited.
- D. Written notice of a meeting where removal of a member is to be considered shall include a specific reference to this matter.
- E. Additional guidance on disciplinary procedures is outlined under ARTICLE VI General Prohibitions.

ARTICLE IV: GOVERNANCE

Section 1. Board of Directors: A Board of Directors consisting of all Trustees and Governing Members shall govern this association. The Board of Directors shall be the initial and final authority on all matters pertaining to the planning, implementation, and conduct of interpretative programming, restoration, fundraising, or any other association activity or special project. All powers, functions, representation, and activities of the association shall be exercised and managed by the Board of Directors or its duly authorized officer or representative. This association and board of directors shall have and exercise all powers to the full extent allowed by law. The board of directors shall at no time exceed ten members unless authorized by constitutional amendment.

Section 2. Elected Officers and Their Duties

- A. Chief of Staff (Chairman of the Board of Directors) – Coordinates activities and actions of the board, facilitates communication among members of the board, responsible for convening regularly scheduled and called board meetings, and serves as an ex-officio member on all committees.
- B. Deputy Chief of Staff (Vice Chairman) - Serves as chairman in absence of the Chief of Staff.
- C. Adjutant (Secretary)
- D. Finance Officer (Treasurer)
- E. Public Relations Officer (Webmaster)
- F. Quartermaster
- G. Operations Officer

Section 3. Elections and Term of Office: Officers shall serve a two-year term and are to be elected by the board of directors at the fall meeting of the Board of Directors. All terms of office shall coincide with the fiscal year of this association (January 1st – December 31st).

The board of directors may adjust, alter, or redefine, the duties of elected officers, as it deems necessary in order to properly conduct the business of this association.

Section 4. Conduct of Meetings

A. All meetings will be conducted by "Robert's Rules of Order, Revised." The Order of Business of all meetings will be:

- (1) Call to Order
- (2) Officer Roll Call
- (3) Reading of last meeting's minutes
- (4) Treasurer report
- (5) Committee reports
- (6) Old business
- (7) New Business
- (8) Adjournment

B. The Quorum of the Board of Directors for election of governing members is 100%, and 80% at the Annual meeting of the Board of Directors in the fall. Each Director will have one vote for each action or individual General member nominated as a Governing Member. This quorum applies to email, teleconference and/or physical presence meetings.

Section 5. Amendments to Bylaws

a) Amendments to the bylaws can be made at either the annual meeting or any scheduled meeting. All amendments must be reviewed by the Board of Directors and approved for submission to the General Members at the annual meeting.

b) Any proposed amendments must be presented to the Board of Directors within 10 days of the annual meeting and all proposed amendments must be in writing (e-mail is acceptable).

c) All proposed amendments approved by the Board of Directors for consideration by the General Membership will be included in a newsletter and/or separate mailing within thirty business days of the annual meeting.

d) Voting Process

1) A vote to amend the association's bylaws will be held as a secret ballot vote.

2) The Financial Officer and Adjutant shall determine if a quorum (two-thirds of General Members) exists between attending members and absentee ballots. A quorum for non-bylaws votes will be 1/3 of members in good standing.

3) Treasurer and Secretary will individually count all absentee ballots.

a) Absentee ballots

1) Received via

i) Email

ii) Mail

iii) Signed proxy

iv) Telephonically at time/place of meeting.

4) Must be received within two weeks of mailing.

e) For an amendment to pass, a quorum of the general members in good standing must positively cast a 2/3 vote.

f) If a bylaw is added, removed, or amended, no other alterations can be made to it for six months from the date of voting.

g) Any amendment approved by the General Membership will be added to the Constitution and By-Laws as posted on the association web site.

Section 6. Official contact

a) All contact with outside organizations of an official nature will be conducted only after approval of the Board of Directors. Only the Board of Directors can obligate the association in any way. Without the approval of the Board of Directors, the association will not recognize any contact that is made on behalf of the association.

b) Outside contact consists of three categories:

1) Information seeking.

2) Proposed actions

3) Confirmation of a proposed action

c) Any member of the Board of Directors may initiate or approve contact that is seeking information only and does not obligate the association in any way.

d) Two or more members of the Board of Directors may initiate contact with other organizations that proposes actions by or on behalf of the association as long as there is no commitment of action implied or contained within in the contact vehicle.

e) Any contact that implies a commitment upon the association or another party, either involving money or association time, must have the approval of two-thirds of the Board of Directors. The Board of Directors can waive this provision and ratify contact after it has occurred.

ARTICLE V: MEETINGS

Section 1. Annual Meeting: The association will hold one meeting per year that will be designated the “annual association meeting”.

Section 2. Board of Directors Meetings: The Board of Directors will hold meetings in one of three ways – Full Presence, e-mail, and teleconference.

A) Full presence meetings require at least 60% of the Board of Directors present. The Adjutant (secretary) will publish minutes of the meeting containing all formal matters voted upon and the results of the votes.

B) E-mail. Meetings held via e-mail will be documented by the Adjutant, approved by the Directors in Quorum, and published for the Association. Nominations for Governing General Members may be voted upon via e-mail. Financial decisions up to of \$10,000 may be made via e-mail meetings. (see Article XII. Section 5)

C) Telephone conference. Meetings held via Telephone conference will be documented by the Adjutant via e-mail, approved by the Directors in Quorum, and published for the Association. Financial decisions in excess of \$10,000 can be made via Telephone conference (see Article XII. Section 5). Nominations for Governing General Members may be voted upon via Telephone conference.

ARTICLE VI: GENERAL PROHIBITIONS AND DISCIPLINARY ACTIONS

Section 1. Not for Profit: This organization shall not be conducted for profit, and shall be incorporated as an exempt organization under section 501 (c) (3) of the Internal Revenue Code.

Section 2. Member Affiliations Outside of the Association: This organization will not be associated with, nor will it tolerate the association of any member, with illegal militias, hate groups, or any other organization deemed by a two-thirds majority vote of the board of directors to be subversive to the Constitution of the United States of America and the laws of our country.

Section 3. Honorable Conduct: This organization shall not bring ill will to any individual, organization or entity during the conduct of events. All veterans, to include those of former enemy nations, will be honored and treated with the utmost of respect for the sacrifices they made as individuals.

Section 4. – General conduct

a) No member shall point a firearm (whether toy, real, blank or non-firing) at another individual except during a tactical demonstration

b) No member shall make "home made" pyrotechnics (or other energetic or noise making devices) from blanks or other material, other than those sanctioned by the association for public living history events.

c) There should be no live munitions of any type, either new or antique at any public events.

d) No alcohol will be consumed during public events.

e) No member will arrive at any function of the association in an intoxicated state.

f) Public intoxication is grounds for immediate revocation of membership.

g) Inappropriate consumption (intoxication or underage drinking) of alcohol during evenings or other non-public portions of events is not allowed. If a member of the member of the Board of Directors speaks to a member on three separate occasions concerning inappropriate consumption of alcohol, the Board of Directors may revoke his/her membership.

h) No member shall use non-prescribed narcotics or other illegal substances. If a member is in possession of these items, the membership will be immediately revoked.

i) No member shall perform any act detrimental to the interests of the association or otherwise make it impossible for the association to carry on with its mission or purpose.

j) No member shall have the right or authority to bind or obligate the association to any extent whatsoever concerning any matter outside the scope of the association's purpose.

Section 5. Use of Association Name: No member shall use the association name, credit, or property for other than association purposes.

Section 6. Medals and Awards: The board of directors shall issue regulations pertaining to all matters involving the issuance and wearing of awards and decorations by members of this association.

Section 7. – Disciplinary Actions resulting from breach of General Conduct

a) General and Governing members may be disciplined as deemed appropriate by the Board of Directors for violation of General Conduct provisions outlined above.

b) Any General Member who is convicted in a criminal court for a felony offense in any of the 54 states/territories or the Federal Government will immediately be removed from the roles of the Association.

c) A trustee may be removed from his position of office upon a vote of all remaining trustees for violations of the Constitution and By-Laws of the association or otherwise bringing harm and dishonor to the good name of the association as determined by the trustees of the association.

Section 8. Events: This association will at no time sponsor, create, maintain, or in any way participate in any event unless approved by a two-thirds majority vote of the board of directors

ARTICLE VII: HISTORIC INTERPRETATION, PROGRAMS, AND EVENTS

Section 1. History and Functions of the Association: The Army Ground Forces Association was initially formed as a private association in 1998 by two members of the current Board of Directors. The first incorporation was in Oklahoma in May 2007. Amendment of that incorporation occurred on 12 January 2009 to properly articulate the Association's non-profit educational status. The Association is primarily dedicated to the study, interpretation, and preservation of the memory, experiences, tactics, doctrine, and equipment of the United States Army ground soldier of the Second World War (1939 - 1945). Members of the association specialize in portraying the soldiers and their inherent units of the United States Army Coast Artillery Corps from 1930 to 1945. Other branches and units may be portrayed as programs and events warrant. Historic interpretation through living history is the primary tool by which the association furthers its goals.

Section 2. Invitations: The association reserves the right to invite individuals or organizations to participate in events. Individuals participating in events hosted by the association will be considered guests for the purposes of publicity and conduct, and will be subject to the same authenticity and conduct standards as members.

Section 3. Gender and Age Guidelines: Women or minors will only portray historically documented roles and impressions of their respective sex and age except as allowed by the Board of Directors by a two-thirds majority vote.

Section 4. Military Grade portrayal during public historic interpretation events

a) In general, rank structure should remain generally constant for the members of the Board of Directors as well as general members. The Board of Directors will adjudicate military rank/grade representations for all members upon their induction into the association based upon their specific skill set (for interpretive purposes) and their desire to portray a given rank/grade and duty assignment. If a member desires to adjust their grade interpretation over time, they may petition the Board of Directors. If the member desires a grade adjustment only for a specific event, the member may directly petition the governing member who is coordinating the event.

b) Representations will be based upon the scenario of the event and the skills exhibited by the member for interpreting a specific grade/rank. The Board of Directors will have the final determination of “rank/grade impressions” based upon the historical event’s intent and structure. Rank/grade allotments are not based upon number of people, but rather on structure of the event and organizational assignment and duties to be interpreted. It is not necessary for the event coordinator have the highest “rank/grade impression”, however, it is recommended the event coordinator interpret a rank that is at least in the top 3rd of the impressions.

Section 5. Uniform and equipment authenticity: The board of directors shall issue a regulations pertaining to all matters involving individual clothing and equipment for both officers and enlisted personnel. Said regulations are to be a separate and unique document from the constitution and bylaws of this association. Regulations will be posted in PDF format on the association website. Provisions for historic Army civilian employee interpretation will also be addressed in these regulations.

ARTICLE VIII: HISTORIC RESTORATION AND PRESERVATION

Section 1. Background: Historic restoration and preservation is the second primary tool used by the association to further its goals. Restoration and preservation falls into two categories:

- a) Restoration and preservation to real property (such as a gun battery or barracks buildings).
- b) Restoration, preservation, and reproduction of equipment.

Section 2. Real Property restoration or preservation: This association conducts restoration and preservation on real property at sites that are approved by the Board of Directors. Approved sites require the following actions to be added to the list of recognized locations for real property work:

1. A work plan, agreed upon in writing (e-mail is appropriate) with the appropriate site official, will be submitted to the Board Of Directors. The plan at a minimum will contain a scope of effort to be undertaken, materials required, source of materials (donation, association funds, park funds, etc), timeframe for work, and sponsoring association member(s). The plan may be general in detail, allowing for on site decisions. The key is that the general scope of the work be outlined, not each specific action taken.

2. A two-thirds vote of approval by the Board of Directors will add the location and the work plan to the approved list of sites.

3. This association shall be the sole owner of all property secured through donation or purchase and shall have and exercise full and complete rights in using or disposing of such property as directed by the board of directors of this association.

Section 3. Equipment and material purchase, restoration or reproduction

a) In general, the association will avoid owning major pieces of equipment or material. That equipment which is purchased by the association will be used at sites approved by the Board of Directors. An example of such a major piece of equipment is

something that weighs over 200 pounds or otherwise is not normally moved from place to another (such as a large plotting board).

b) Individual soldier equipment and material may be acquired under provisions decided by the Board of Directors for use of association members or guests at events. This material will generally remain the property of the member concerned, however, the Board of Directors may approve a plan for association owned and managed individual equipment and materials to support new members.

ARTICLE IX: HISTORIC FIREARM POLICY

Section 1. Firearms General: Firearms will be historically connected to the event being conducted.

Section 2. Live Munitions Policy: No member or guest may bring live ammunition, of any kind, for any reason, to a public event in which this organization participates.

Section 3. Blank Munitions Policy: Blank ammunition is not generally used at association events. The Board of Directors may make exceptions for specific events and shall designate in advance an event Safety Officer. The event Safety Officer will be responsible for all blank munitions used at the event. Blank munitions will only be fired into the air or away from other members, event participants, and the public at large. Blank munitions must never be fired closer than 100 feet to any participant of a military demonstration. Blank munitions will NEVER be fired DIRECTLY at any personnel (spectator or Association).

Section 4. Minors and Weapons: No guest under 16 years of age will participate in any event and use a firearm or bayonet. Only members and guests over 18 years of age may demonstrate rifles using blanks. Members or guests must be 21 years old or older to carry, demonstrate and fire blanks using handguns or pistols.

Section 5. Unsafe Use: Any unsafe use of a firearm at an event can be grounds for dismissal from the association. At a minimum, unsafe acts will be corrected on the spot. If there is a repeat of any unsafe act, the individual will immediately be taken to the nearest member of the board of directors (or safety officer) for determination of appropriate action. In all cases of an unsafe act with a historical firearm, a report provided to the nearest member of the Board of Directors, or Safety Officer for further evaluation and possible disciplinary action by the Board of Directors. Serious breaches of safety (use of live munitions at a public event, pointing a weapon at a participant or public attendee and discharging a blank) will automatically result in removal from the event by a member of the Board of Directors.

Section 6. Class III (Full Automatic Weapons): Any member or guest bringing a Class III weapon (i.e., weapons governed by the 1934 National Firearms Act which includes any machinegun, destructive device, or shoulder arm with a barrel length less than 16 inches) to an event must have appropriate licensing paperwork on hand and produce said paperwork, to include tax stamps, when requested, and must have prior authorization from the Board of Directors and must report to the Safety Officer upon arrival at the event. The Safety Officer will be given a copy of all relevant licensing materials.

Section 7. Compliance: All members and guests will comply with all firearm laws, local, State and Federal, without exception.

ARTICLE X: BYLAWS

Section 1. Suspension. The bylaws of this association may not at any time be suspended.

Section 2. Amendments. Any member of the association may propose amendments to the Constitution. Proposed amendments will be presented to the Board of Directors who shall vote on the proposed amendments. If the Board of Directors approves the proposed amendment(s) by a two-thirds vote, or modifies the proposed amendment and then passes it by a two-thirds majority vote, the Board of Directors will submit the proposed amendment(s) to the General Membership for ratification by a 75% majority vote. If ratified, they take affect immediately.

ARTICLE XI: DISSOLUTION AND DISPOSITION OF ASSESTS

Section 1.

The Board of Directors may end the association's existence by a two-thirds majority vote. Written notice of the meeting where dissolution of the association is being considered shall include a specific reference to this matter. Written notice of the decision to dissolve the association shall be given to all members in good standing.

Section 2.

All equipment owned by the association will be sold off for fair market value with members in good standing being offered first chance for the item(s). If more then one member in good standing wishes to purchase an item, then an auction will be held. Payment shall then be made of all liabilities of the association. All remaining assets left in the association will be donated to a recognized veteran's or historic preservation organization that qualifies as a charitable organization under section 501(c)(3) of the Internal Revenue Code, which will be selected by two-thirds vote of the Board of Directors at the meeting to dissolve the association.

ARTICLE XII. FINANCIAL PROVISIONS

Section 1. Contributions

Members may make as many contributions above the annual dues and initial membership fees that they would like. However, moneys contributed cannot be applied toward any "ownership" in or of the association.

Section 2. Value

The value of the association is considered to be all moneys in association accounts and fair market value of all associations' owned equipment (such as tents, firearms, etc), less the current value of all liabilities. Value is computed for insurance and tax purposes.

Section 3. No compensation

No member shall be compensated for services rendered to the association, except for reimbursement of expenses.

Section 4. Accounting

- a) A book of accounts will be kept by the Finance Officer (treasurer) and made available to any member in good standing.
- b) The association will establish a checking account. All moneys collected will be placed into this account.
- c) If needed, the Board of Directors may establish other accounts if it is in the best interest of the association.
- d) Petty cash up to \$500 may be maintained by the treasurer. Petty cash will be shown in the association's books at all times. Payments from Petty Cash require the approval of the Treasurer and two other Board Members. Disbursement approvals will be recorded using at least email as the decision document of record.

Section 5. Withdrawals

- a) All withdrawals (drawing of checks) will require the signature of the treasurer and email confirmation of the required vote of the Board of Directors.
- b) Withdrawals up to \$1,000 will require the vote of three members (including the treasurer) of the Board of Directors.
- c) Amounts over \$1,000 will require a two-thirds majority vote of the Board of Directors.
- d) All withdrawals will require a written plan for the use of the funds and a report back to the Board of Directors and the general members. This can consist of an email to all members as appropriate.
- e) Recurring payments: Certain payments, such as Liability Insurance fees, that are required for the basic operation of the Association, can be paid by the treasurer upon notification to the Board of Directors that the payment is being made. There is no requirement for Board approval once the decision to incur the annual charge has been made. Annual increases that are greater than 3% will be reported to the Board of Directors for discussion and payment determination.

Section 6. Deposits

- a) Any General Member of the association in good standing can make deposits into the association account(s).
- b) All deposits will be submitted to the Finance Officer.

Section 7. Compliance with Section 508(e), Internal Revenue Code

- a) The Association will distribute its income for each tax year at a time and in a manner as not to become subject to the tax on undistributed income imposed by section 4942 of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- b) The Association will not engage in any act of self-dealing as defined in section 4941(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
- c) The Association will not retain any excess business holdings as defined in section 4943(c) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

d) The Association will not make any investments in a manner as to subject it to tax under section 4944 of the Internal Revenue Code, or the corresponding section of any future federal tax code.

e) The Association will not make any taxable expenditures as defined in section 4945(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

ARTICLE XIII. CONFLICT OF INTEREST PROVISIONS

Section 1. Purpose: The purpose of the conflict of interest policy is to protect this tax-exempt organization's (The Association) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions

a) Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

b) Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- 1) An ownership or investment interest in any entity with which the Association has a transaction or arrangement,
- 2) A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or
- 3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

c) Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

d) A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. Procedures

a) Duty to Disclose: In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial 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.

b) **Determining Whether a Conflict of Interest Exists:** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

c) **Procedures for Addressing the Conflict of Interest:**

- 1) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- 2) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 3) After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- 4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

d) **Violations of the Conflicts of Interest Policy**

- 1) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- 2) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings: The minutes of the governing board and all committees with board delegated powers shall contain:

a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation

a) A voting member of the governing board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.

b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.

c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 6. Annual Statements: Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement, which affirms such person:

a) Has received a copy of the conflicts of interest policy,

b) Has read and understands the policy,

c) Has agreed to comply with the policy, and

d) Understands the Association is charitable and in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews: To ensure the Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 8, Use of Outside Experts: When conducting the periodic reviews as provided for in Article VII, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.