

APRO Bylaws

HOW THE ASSOCIATION IS TO CONDUCT ITS BUSINESS | LAST AMENDED NOVEMBER 15, 2019

MISSION STATEMENT

APRO is the national rental-purchase trade association, providing valuable member benefits, maintaining a benevolent business climate and promoting professionalism in the industry with responsibility and integrity.

Article I: NAME AND LOCATION

Section 1: Name. The name of this association is Association of Progressive Rental Organizations, a nonprofit corporation in the State of Texas.

Section 2: Principal Office. The principal office of the corporation in the State of Texas shall be located in the City of Cedar Park, County of Williamson. The corporation may have such offices, either within or without of the State of Texas, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

Section 3: Registered Office and Registered Agent. The corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Nonprofit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article II: PURPOSES

Section 1: Purposes. The purposes of this Association shall be:

- A. To promote in a lawful manner the development, preservation, operation, maintenance, and general welfare of the members of the Association and to promote and inspire public esteem of the rental industry.
- B. To foster the trade, commerce and interests of all members of the industry.
- C. To collect and disseminate in a lawful manner information of value to the members and/or to the public.
- D. To appear for the membership before legislative committees, government bureaus, and other bodies in regard to matters affecting the industry.
- E. To promote the settlement of disputes between members or between members and their employees or customers.
- F. To promote a friendly and professional competition among the membership and increased use of industry services.
- G. To establish advertising standards by members that discourages misleading and false advertising.

- H. To consider and deal with by all lawful means, common problems of management, such as those involved in the production, distribution, employment, and financial functions by the rental industry.
- I. To cooperate with other industries and organizations.
- J. To establish and maintain a code of ethics for members of the Association.
- K. To expand the knowledge of the rental industry to consumers by making products and services available to all consumers.

Section 2: Nonprofit Purposes. The Association is not organized for the pecuniary profit of its directors, officers, or members; nor may it issue stock nor declare nor distribute dividends, and no part of its net income shall inure to the benefit of any director, officer, or member, any balance of money or assets remaining after the full payment of corporate obligations of all and any kinds shall be devoted to the charitable, educational, and benevolent purposes of the Association.

Article III: MEMBERSHIP

Section 1: Members.

- A. Regular membership is available to any rental dealer herein defined as any person, corporation, or partnership who satisfies the following criteria:
 - 1. Is regularly engaged in the business of renting consumer products by use of a terminable, without penalty, rental-purchase agreement.
 - 2. Prominently merchandises and advertises the business in the media as offering a terminable, without penalty, rental-purchase agreement.
- B. Associate membership: Any person, corporation, or partnership that supplies goods or services to the rental industry shall be eligible for associate membership in this Association. Associate members may not vote on Association matters; nor may associate members serve on the Board of Directors, except as authorized in Article VI, Section 1. Furthermore, associate members may not serve as officers of the Association. The rights of associate members may be changed by a majority vote of the Board of Directors.
- C. State Association Membership: A state rental dealer association that services the rental industry shall be eligible for membership in this Association. State association members are entities and therefore may not vote on Association matters; nor may state association members serve on the Board of Directors. Furthermore, state association members may not serve as officers of the Association. The rights of state association members may be changed by a majority vote of the Board of Directors.

Section 2: Application for Membership. Application for membership in the Association shall be made in writing upon approved official forms to the main offices and shall be accompanied by those dues established by the Board of Directors. The staff shall approve or reject each application within 30 days subject to the qualifications enumerated in Section 1 of this article.

Section 3: Qualifications and Requirements. All members at the time of acceptance and during tenure of membership must meet the general qualifications and requirements for membership. All members, as a prerequisite to continued membership, are required to continue to meet general qualifications and requirements of membership, and conduct themselves in

accordance with the Association rules, regulations and policies, and with the provisions of these bylaws.

Section 4: Appeal of Rejection. Any applicant who is denied admittance to the Association may appeal such rejection to the full Board of Directors at the next meeting of the Board. The rejection must be sustained or overruled by a majority vote of the Board members in attendance at the meeting. The decision of the full Board will be final.

Section 5: Resignation. Any member may resign by filing a written resignation with the Secretary or by not paying their dues, but such resignation shall not require repayment to the member of any monies paid into the Association.

Section 6: Termination of Membership. Any member may be removed from the Association for cause by a two-thirds vote of the Board of Directors. Before termination of membership can occur, the member complained against shall be advised of the complaint lodged against him and be afforded an appropriate hearing before the Board of Directors, with a reasonable opportunity to present a defense. The removal shall be sustained or overruled by majority vote of those members voting at such meeting.

Section 7: Appeals Process for Termination of Membership. Any such member, if removed, may appeal from the decisions of the Board at the next annual meeting of the regular members of the Association, provided that notice of intent to appeal is given to the Chairman of the Board at least 10 days before the meeting date. The removal shall be sustained or overruled by a majority vote of those members voting at such meeting.

Section 8: Reinstatement. Upon written request signed by a former member and filed in the main offices of the Association, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate such former member to membership on such terms as the Board of Directors may deem appropriate.

Section 9: Membership Non-transferable. Membership in this Association is not transferable or assignable

Section 10: Non-discrimination. It is the policy of the Association not to discriminate with respect to membership on the basis of race, color, creed, religion, age, sex, sexual orientation or national origin.

Article IV: DUES

- A. **Section 1: Annual Dues.** All members, of whatever class, are required to pay dues as a prerequisite to membership. Annual dues for dealers are on a tiered per store basis published on the APRO web site. Associate members shall pay the published dues amount per company annually. Any person, corporation or partnership who qualifies as both a regular member and as an associate member of the Association as those members are defined in Article I, sections A and B, must be and remain a regular member before joining as an associate member. This membership requirement shall apply to any person or entity that controls a person or entity qualifying as a regular member and another person or entity qualifying as an associate member.
- B. Supporting vendors is a level of support for those vendors who are only marketing services locally. The cost to be a "supporting vendor" is to show support and goodwill toward the industry. Vendors offering services outside of one metropolitan market do not qualify.

Virtual RTO companies are another category of membership. Dues for virtual RTO companies are based on revenue and published on the APRO web site. Revenue is determined through published business insights data.

- C. State Associations are another category of membership. Annual dues for state association members are charged per rental dealer store or vendor company who is a member of the state association for said year.

These annual dues rates may be amended by the Board of Directors. The Board of Directors shall notify all members in writing of any changes in the dues structure at least 30 days before the changes are to become effective and due.

Section 2: Delinquency. Members who fail to pay their dues within 30 days from the time the same become due shall be notified by the Secretary or person designated for such purpose by the Secretary and, if payment is not made within the next succeeding 30 days, shall, without further notice and without hearing, be dropped from the rolls and thereupon forfeit all rights and privileges of membership; provided that the Board of Directors may by rule prescribe procedures for extending the time for payment of dues and continuation of membership privileges upon request of a member and for good cause shown.

Article V: MEETINGS OF MEMBERS

Section 1: Annual Meeting. There shall be an annual meeting of the regular membership of the Association which shall be held at such place and on such dates as may be determined by the Board of Directors. Notice of the location and dates of such meeting shall be mailed or e-mailed to each member at least 30 days before the time appointed for the meeting.

Section 2: Special Meetings. Special meetings of the Association may be called by the President or the Board of Directors or shall be called by the President upon written request of 25 percent of the regular membership. Notice of the location and dates of any special meetings shall be mailed or e-mailed to each member at least 30 days before the time appointed for such meeting.

Section 3: Quorum. The regular members in good standing attending the annual meeting of the Association shall constitute a quorum for the transaction of business of the Association. At any meetings other than the annual meeting, 51 percent of the regular members present shall constitute a quorum, and in case there are fewer members present, the presiding officer may adjourn the meeting from time to time until a quorum is present.

Section 4: Voting. Each regular member company shall have one vote on each matter brought before the Association. Each regular member company's official representative may vote in person, or through an electronic ballot. A regular member desiring to vote electronically must do so at least ten (10) days before the meeting. When Directors are to be elected by regular members, such members may be permitted to vote by mail or e-mail in such a manner as the Board of Directors shall determine.

Section 5: Rules of Order. The meetings of this Association shall be regulated and controlled according to Roberts Rules of Order (Revised) for Parliamentary Procedure, except as may otherwise be provided by these bylaws.

Article VI: BOARD OF DIRECTORS

Section 1: Qualifications, Number and Tenure. Any regular member in good standing is eligible to serve on the Board of Directors. Any full-time employee of a member company is also

eligible to serve on the Board. Additionally, the elected Vice-Chairman of the Vendor Advisory Committee, and one other representative appointed by the Vendor Advisory Committee, both of whom are associate members in good standing, will serve on the Board of Directors. Of these two, only the elected Vice-Chairman of the Vendor Advisory Committee will have full voting privileges except he cannot vote for officers of the association. Neither the Vice-Chairman of the Vendor Advisory Committee nor any other appointed representative from the Vendor Advisory Committee can serve as an officer of the association. The number of Directors shall be 17 regular members and 2 associate members, unless the immediate Past President is not re-elected to the Board by the membership, in such case the number of Directors shall be 16 regular members and 2 associate members. Each Director shall hold office until his successor is elected and qualified. The term of office for regular members of the Board of Directors shall be two years. One half of the regular members of the Board of Directors shall be up for election every year. The term of office for the Board Members from the Vendor Advisory Committee shall be one year. Members of the Board of Directors may, upon proper election, succeed themselves. Any Board member who sells his company or whose company is sold or who is not otherwise qualified to serve on the Board must resign at least 30 days before the next election.

Section 2: Authority and Responsibility. The Board of Directors shall be the governing body of this Association. The Board shall supervise, direct, and control the business and affairs of this Association, its committees, and its publications. The Board shall determine the policy of the Association or changes therein, and govern with the goal of achieving the purposes of the Association. Toward that end, the Board shall, from time to time, adopt such policies, rules and regulations for the conduct of the Association and for the conduct of the Board, the committees, and the membership as it shall determine are in the best interests of the Association. Following the date of the adoption of this amendment, December 2, 2004, it shall be the policy of the association that members of the Board of Directors shall have access to all documents and other information relating to association matters, provided that information contained in employee files or otherwise relating to the association's employees shall be made available to board members only if there exists a reasonable suspicion of criminal conduct or conduct that exposes the association to material civil liability. If such reasonable suspicion exists, a board member may have access to employee information in accordance with procedures in effect at the time which have been established for that purpose.

Section 3: Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of members. The Board shall meet at least one other time during the year.

Section 4: Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any six Directors.

Section 5: Notice. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail or e-mail to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by e-mail, such notice shall be deemed to be delivered when the sender has a printed report verifying that all Board members have been emailed. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

Section 6: Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Unless otherwise stated herein, at a meeting at which a quorum is present, all actions of the Board of Directors may be determined by a simple majority of the votes cast. Voting rights of a Director shall not be delegated to another nor exercised by proxy.

Section 7: Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws.

Section 8: Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, shall be recommended by the Nominations Committee and voted on by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. The Board of Directors may in its discretion, by affirmative vote of two-thirds of its members, remove any Director for cause.

Section 9: Compensation. Directors as such shall not receive any compensation for their services, but shall be reimbursed for the best available coach airline fare and such expenses as reasonable and necessary for lodging in order to conduct business for one board meeting per year not in conjunction with the annual convention, legislative conference or in conjunction with other industry events, upon request by a board member. Reimbursement occurs after attendance at the board meeting.

Section 10: Action Without Meeting. Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors.

Section 11: Voting by Mail. Action taken by mail ballot of the members of the Board of Directors, in which at least a majority of such Directors, in writing, indicate themselves in agreement, shall constitute a valid action of the Board if reported at the next regular meeting of the Board.

Section 12: Voting by Conference Call. Action taken by a conference call voice or roll call vote of the members of the Board of Directors, in which at least a majority of such Directors indicate themselves in agreement, shall constitute a valid action of the Board if reported at the next regular meeting of the Board.

Section 13: Voting by E-mail. Action taken by e-mail vote of the members of the Board of Directors, in which at least a majority of such Directors indicate themselves in agreement, shall constitute a valid action of the Board if reported at the next regular meeting of the Board.

Article VII: OFFICERS

Section 1: Eligibility. The officers of the Association shall be a President, a first Vice President, a second Vice President, a Secretary, and a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers as it shall deem desirable, such officers to have the authority and perform the duties prescribed. Any member of the Board of Directors in good standing can serve as an officer of the Association, except the Associate members representing the Vendor

Advisory Committee. Additionally, any member of the Board of Directors desiring to run for President shall have served at least one year of office on the Board of Directors immediately preceding the election for President. No person can hold more than one office at any one time.

Section 2: Election. The officers of the Association shall be elected annually by the Board of Directors at a regular annual meeting of the Board. Officers shall be nominated and elected from among the members of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board. Election of all officers shall be by a majority vote of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified for service.

Section 3: Re-Election. Each officer, if re-elected to the Board of Directors, is eligible for re-election as any officer.

Section 4: Vacancies and Removal. Vacancies in any elective office may be filled for the balance of the term thereof by the Board of Directors at any regular or special meeting or by mail ballot. The Board of Directors, in its discretion, by a two-thirds vote of all of its members, may remove any officer from office for cause.

Article VIII: DUTIES OF OFFICERS

Section 1: President. The President shall serve as Chairman of both the Board of Directors and Executive Committee. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors or Executive Committee, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors or Executive Committee have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws, or by statute to some other officer or agent of the Association. At the annual meeting of the Association and at such other times as he shall deem proper, the President shall communicate to the members such matters and make such suggestions as may in his opinion tend to promote the welfare and increase the usefulness of the Association. In general, the President shall perform such other duties as are necessarily incident to the office or may be prescribed by the Board of Directors from time to time.

Section 2: Vice Presidents. The First Vice President shall serve as Chairman of the Standing Nominating Committee [see Article X]. The Second Vice President or a board member appointed by the President shall serve as Chairman of the Standing Engagement Committee as described later. Both vice presidents shall serve as members of the Executive Committee. In the absence of the President, or in the event of his inability or refusal to act, the vice presidents, in order, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any vice president shall perform such other duties as from time to time may be assigned by the President or Board of Directors.

Section 3: Treasurer. The Treasurer shall serve as Chairman of the Standing Finance Committee [see Article X]. S/he shall have charge of the Association's funds, securities, and records. The Treasurer shall oversee the collection of all member dues and/or assessments; shall have established proper accounting procedures for the handling of the Association's funds and shall oversee the keeping of the funds in such banks, trust companies, and/or investments as are approved by the Executive Committee. The Treasurer shall report on the financial condition of the Association at the annual meeting and at other times when called upon to do so

by the President. In general, s/he shall perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 4: Secretary. The Secretary or a board member appointed by the President shall be Chairman of the Standing Membership Committee [see Article X]. S/he shall see to the proper recording of meetings of the members of the Association, the Board of Directors and all Committees. S/he shall give all notices in accordance with the provisions of these bylaws or as required by law. S/he shall be custodian of the Association's minutes, reviewing and signing meeting minutes, and overseeing dissemination to the board. The Secretary shall make a detailed report of the membership activities at the annual meeting of the Association and at such other times when called upon to do so by the President. In general, s/he shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or the Board of Directors.

Section 5: Bonds. Trust or surety bonds shall be obtained by the Treasurer and such other officers or employees of the Association as the Board shall direct. The amount of such bonds shall be determined by the Board and the costs paid by the Association.

Article IX: EXECUTIVE COMMITTEE

Section 1: Authority and Responsibility. The Executive Committee may act on behalf of the association in all matters relating to the association's executive director, including the negotiation of employment agreements, performance reviews and similar matters. Executive Committee decisions become effective when actions relative to that decision can be implemented. If actions of that decision can be implemented immediately, then notice to all Board members will not delay that decision from being implemented. Notice to all Board members of Executive Committee decisions is to be made within 10 days.

Section 2: Composition and Election. The Executive Committee shall consist of the six members of the Board of Directors who serve as officers of the Association, including the President/ Chairman of the Board, the two Vice Presidents, the Treasurer, and the Secretary. Additionally, the Immediate Past President shall serve on the Executive Committee and the Board of Directors for the following year unless the President shall succeed himself, in which case there shall be five members of the Executive Committee and 16 members of the Board of Directors.

Section 3: Quorum and Call of Meetings. A majority of the Executive Committee shall constitute a quorum at any duly called meeting of the Committee. The President shall call such meetings of the Executive Committee as the business of the Association shall require, or a meeting may be called by the President upon request of three members of the Executive Committee or by request of the Executive Director. The Executive Committee shall meet at the discretion of the President or by a majority request by the members of the Executive Committee.

Section 4: Telephone Meetings. Special Executive Committee meetings may be called and held by means of telephone communications in order to vote on special matters if, in the sound directions of the President, such meetings are necessary.

Section 5: Vacancies. Any vacancy occurring on the Executive Committee shall be filled by majority vote of the Board of Directors with a member in good standing of the Board of Directors. Any Committee member so elected to fill a vacancy shall serve the unexpired term of his/her predecessor. The Board of Directors, in its discretion, by a two-thirds vote of all of its

members, may remove any Committee members for cause.

Article X: STANDING AND SPECIAL COMMITTEES

Section 1: Nominating Committee. The First Vice President shall serve as Chairman of the Nominating Committee. The Chairman, in the exercise of his or her sound discretion, shall select members from the Association to serve as committee members. These members may or may not be current members of the Board of Directors, but there must be at least three (3) members from the Board of Directors. The Nominating Committee shall invite suggestions in writing from the membership at large for nominations for the election of the Board of Directors. The Committee shall allow at least 30 days for suggestions before the Nominating Committee reports its nominations to the membership at large. The Nominating Committee shall then nominate candidates as provided in these Bylaws and report such nominations to the membership at large at least 30 days before the annual meeting. Such nominations shall be voted upon prior to the annual meeting as these Bylaws prescribe. Write-in candidates will also be tallied. The Nominating Committee shall have oversight responsibilities for the actual voting process.

Section 2: Finance Committee. The Treasurer shall be Chair of the Finance Committee. The Chair, in the exercise of sound discretion, shall select members of the association to serve as Committee members. These members do not have to be board members, but there must be at least three (3) members on the Committee from the board. The Committee will work with staff to develop an annual budget and present it for approval to the full board and the membership. The Committee shall also create policies regarding association investments and reserves; review quarterly financial reports from staff, review the annual 990 tax form, and perform such other duties relating to the finances of the association as the board may direct from time to time.

Section 3: Membership Committee. The Secretary or a board member appointed by the President shall serve as Chairman of the Membership Committee. The Chairman, in the exercise of his or her sound discretion, shall select members from the Association to serve as committee members. These members may or may not be current members of the Board of Directors, but there must be at least three (3) members from the Board of Directors. The Committee sets strategies for increasing and retaining membership, and reports its findings to the Board of Directors.

Section 4: Engagement Committee. The Second Vice President or a board member appointed by the President shall serve as Chairman of the Communications Committee. The Chairman, in the exercise of his or her sound discretion, shall select members from the Association to serve as committee members. These members may or may not be current members of the Board of Directors, but there must be at least three (3) members from the Board of Directors. The duties of this Committee shall be to promote initiatives that further the engagement of members. The Committee shall investigate the networking, informational and educational needs of the members.

Section 5: Government Relations Committee. The Chairman of the Government Relations Committee shall be appointed by the President and Chairman of the Board of the Association. The Chairman, in the exercise of his or her sound discretion, shall select members from the Association to serve as committee members. These members may or may not be current members of the Board of Directors, but there must be at least three (3) members from the Board of Directors. The duties of the Committee shall be to oversee the governmental affairs of the Association's federal and state legislative efforts, and such other matters as the Committee shall see fit to examine from time to time in the general area of Government Relations. The

Committee shall annually present a budget or budgets concerning any special projects proposed by the Committee to the Board of Directors.

Section 7: State Association Coordinating Committee. The Chairman of the State Association Coordinating Committee shall be appointed by the President and Chairman of the Board of the Association. The Chairman, in the exercise of his or her sound discretion, shall select members from the Association to serve as committee members. These members may or may not be current members of the Board of Directors, but there must be at least three (3) members from the Board of Directors. The duties of the Committee shall be to coordinate all state association interaction with APRO. The Committee shall annually present a budget or budgets concerning any special projects proposed by the Committee to the Board of Directors.

Section 8: Special Committees or Task Forces. The President acting on his own or her own behalf shall have the authority to appoint such other special committees, subcommittees, or task forces as are necessary, defining the powers and duties of such groups and fixing the period of the duration of the groups, where these matters are not otherwise provided for in these bylaws.

Article XI: FINANCE

Section 1: Fiscal Period. The fiscal period of the Association shall be prescribed by the Budget Committee with the approval of the Board of Directors.

Section 2: Income. All Association income from every source will be deposited in the Association's general fund and will be used to finance approved Association functions unless otherwise determined by the Finance Committee to be invested in accordance with the Investment & Reserves Policy.

Section 3: Budget. With the recommendation of the Budget Committee, the Board of Directors shall adopt an annual operating budget covering all activities of the Association. The Treasurer shall furnish the membership within 60 days following the end of such annual fiscal period a financial report for the year just completed.

Section 7: Audit and Liability Insurance. The accounts of the Association shall be audited not less than annually by a certified public accountant, who shall be appointed by the Executive Director and who shall provide a report to the Board of Directors. The Association shall provide Directors and Officers insurance for the Association.

Article XII: Conflict of Interest

Section 1. Conflict of Interest Policy. The purpose of the conflict of interest policy is to protect APRO's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director or employee of the Organization 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. Below is the conflict of interest policy and disclosure statement adopted by the APRO Board of Directors and recommended by the Internal Revenue Service of the United States.

Part 1: Definitions

- A. **Interested Person.** Any director, principal officer, member of a committee or employee 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 Organization has a transaction or arrangement;
 - 2. A compensation arrangement with the Organization or with any entity or individual with which the Organization 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 Organization is negotiating a transaction or arrangement. 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. Under Part 2, Section B, 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.

Part 2: 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 Organization 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 Organization'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.

Part 3: 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.

Part 4: Compensation

- A. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization 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 Organization 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 Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Part 5: 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 Organization 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.

Part 6: Periodic Reviews

To ensure the Organization 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 Organization'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.

Part 7: Use of Outside Experts

When conducting the periodic reviews as provided for in Part 6, the Organization 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.

Section 2: Conflict of Interest Disclosure Statement. The following Conflict of Interest Disclosure Statement must be completed, signed and returned to the APRO and held on file in the APRO office. The statement must be completed by all APRO board members and APRO staff members. The statement must be renewed annually within 30 days of the annual election of officers or within 30 days of the filling of a vacancy on the Board of Directors. Copies of each board member's and staff's disclosure statement will be distributed to all board members annually.

Article XIII: CERTIFICATES OF MEMBERSHIP

Section 1: Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board.

Section 2: Issuance of Certificates. When a member has been elected to membership and has paid any initiation fee dues that may then be required, a certificate of membership shall be issued in his name and delivered to him by mail or electronically.

Article XIV: WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Texas Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or bylaws of the Association, a waiver thereof in writing signed by the persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article XV: DISSOLUTION

The Association shall use its funds only to accomplish the objectives and purposes specified in these bylaws and no part of said funds shall inure, or be distributed, to the members of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified charitable, educational, scientific or philanthropic organizations to be selected by the Board of Directors.

Article XVI: AMENDMENTS

These Bylaws may be added to, altered, changed, sections deleted or repealed by a two-thirds vote of the Board of Directors.

Article XVII: INDEMNIFICATION

The Association hereby agrees to indemnify and hold harmless all members of the Board of Directors who might collectively or individually while in the course of their activities as Board members commit any act or omission amounting to negligence, or, in the alternative, fail to exercise good business judgment in the conduct of the affairs of the Association. The Association agrees to hold Board members harmless for any and all losses suffered, and if any Board member or members be made party to a suit, complaint, or administrative proceeding pertaining to their conduct as a Board member, the Association agrees to pay all costs, expenses and such reasonable attorneys' fees as may be incurred by the Board member or members.

Amended November 15, 2019