

**Combat Veterans Motorcycle Association® (CVMA®) Texas**

# **Texas State Bylaws**

**Revision C**

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# BYLAWS OF CVMA<sup>®</sup> TEXAS

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## ARTICLE I - OFFICES

### **1. REGISTERED OFFICE AND AGENT**

The registered office and registered agent of the CVMA Texas shall be as set forth in the CVMA Texas's Certificate of Formation. The registered office or the registered agent may be changed by resolution of the State Executive Board (SEB), upon making the appropriate filing with the Secretary of State.

### **2. PRINCIPAL OFFICE**

A. The principal office of the CVMA Texas shall be at PO Box 1146, Port Aransas, TX, 78373.

B. Change of Address. The designation of the county or state of CVMA Texas principal office may change by amendment of these bylaws. The board of Officers may change the principal office from one location to another within the named country by noting the changed address and effective date below, and such changes shall not be deemed minor, and require an amendment of these bylaws.

1) New Address:

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2) Dated:

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### **3. EMBLEM AND LOGO**

The CVMA Texas emblem and logo used by CVMA Texas shall be that specified in the National By-laws, which is hereby incorporated by reference as if fully herein.

## ARTICLE II – PURPOSE

### **1. IRS SECTION 501(C)(3)**

The Corporation (herein “CVMA Texas”) is organized exclusively for charitable, religious, and educational purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code. The SEB has the authority to change these bylaws if any part is found to be in conflict with Federal or Texas tax laws for the purpose of maintaining the CVMA Texas in good standing with Federal and State law to continue as a charitable non-profit CVMA Texas under Section 501(c)(3) of the Internal Revenue Code as a qualified tax-exempt organization.

## **2. OBJECTIVES**

CVMA Texas is formed with the following objectives:

- A. The betterment of camaraderie and fellowship between its members and their families in the CVMA chapters across the State of Texas.
- B. To promote interest in various forms of motorcycle riding with veterans.
- C. To create and maintain camaraderie among combat veterans from all U.S. branches of service and its allies.
- D. To support veteran organizations.
- E. To raise awareness for the plight of POWs, MIA's and their families, post-traumatic stress disorder (PTSD), traumatic brain injury, (TBI) and other combat related medical conditions.
- F. To conduct Association functions and activities in a manner befitting and respecting the members of the Combat Veterans Motorcycle Association.
- G. To encourage a better understanding of motorcycle riders as a constructive sport among members of the public, press, and law enforcement.

## **ARTICLE III – MEMBERSHIP**

### **1. CLASSES OF MEMBERS**

CVMA Texas shall have three classes of members: Full, Auxiliary, and Support. Members must meet the following qualifications for membership:

- A. Members must be a Full, Auxiliary, or Support member in good standing with the National CVMA and assigned to a Texas Chapter of the Combat Veterans Motorcycle Association in accordance with (IAW) the National CVMA By-Laws, which is hereby incorporated by reference as if fully set forth herein.
- B. The term "Good Standing" shall be defined as any person who has fulfilled the requirements for membership in the National bylaws, who is not currently suspended or on probationary status for disciplinary reasons or for violations of civil or criminal state laws, and who has paid the necessary dues and conformed to the requirements as set forth in these bylaws and the National bylaws.

### **2. ADMISSION OF MEMBERS**

Members shall be assigned in accordance with current CVMA National Bylaws and Policies.

### **3. TERMINATION OF MEMBERSHIP**

A member may have his/her membership terminated IAW the process defined in the National bylaws and applicable policies.

### **4. RESIGNATION**

Any member may resign by notifying his/her applicable CVMA Chapter Executive Board (CEB).

### **5. REINSTATEMENT**

A member that has been removed from the CVMA may request to rejoin.

### **6. TRANSFER OF MEMBERSHIP**

Membership in this CVMA Texas is not transferable or assignable to another person.

## **ARTICLE IV – MEETINGS**

### **1. PARLIAMENTARY PROCEDURE**

Robert's Rules of Order will be applied during meetings to affect parliamentary procedures, unless otherwise amended and provided for in the bylaws.

### **2. PLACE OF ANNUAL STATE MEETING**

The host chapter of a future annual meeting will be determined during the conduct of an annual meeting. Nominations will be received from the members and a vote will be conducted in the case of multiple nominations. All attempts to give two years notice will be given. When the host chapter is decided, the host chapter will notify the State Representative (SR) of the meeting location and date. The members will be notified IAW Section 4 of this Article.

### **3. ANNUAL STATE MEETING**

The annual meeting of Texas CVMA members shall be held during the months of September through October on a date and time agreed upon by the SEB and the host Texas CVMA chapter.

### **4. NOTICE OF ANNUAL STATE MEETING**

Unless otherwise specifically required by State Incorporation Rules or Statutes found in Texas Business Organization Code 22.156, notice stating the place, day, and hour of the annual meeting shall be given to the Chapter Commanders not less than thirty (30) days before the date of the meeting, either in person, by email, telephonically, or by posting to the CVMA Texas website.

### **5. QUORUM OF MEMBERS**

Unless otherwise specifically required by State Incorporation Rules or Statutes found in Texas Business Organization Code 22.159, the members present at the meeting entitled to vote,

represented in person, shall constitute the quorum.

## **6. VOTING OF MEMBERS**

- A. Each Full Member shall be entitled to one (1) vote on each matter submitted to a vote of the members with the exception of the SR who will only vote in the event of a tie.
- B. A member may only vote in person. No proxy vote is permitted.
- C. Full members only are eligible to vote in State business.
- D. The total of the majority of the votes cast by the members present at a meeting shall be the act of the members meeting, unless the vote of a greater number is required by law, the Certificate of Formation, or these Bylaws.
- E. Any vote may be taken by voice, show of hands, standing count, or by ballot.
- F. Members who are currently on administrative hold or suspended are not eligible to vote at the local, State, or National level.

## **7. VOTING LISTS**

- A. The SEB shall prepare a list of the names of all the members who are in good standing and are eligible to vote.
- B. The SEB shall make the list of voting members available at the meeting, and any voting member is entitled to inspect the list at any time during the meeting or any adjournment.

## **8. SPECIAL MEETINGS**

- A. Special meetings of the members may be called by the SR, a majority of the State Board of Directors, or by notice of not less than one-fifth of the Texas State full members entitled to cast a vote at such a meeting.
- B. Any person or persons entitled hereunder to call a special meeting of members may do so only by written request sent by email, certified mail, or delivered in person to the SR or State Secretary (SSEC).
- C. The officer receiving the written request shall, within ten (10) days from the date of its receipt, cause notice of the meeting to be given in the manner provided by these Bylaws to all members entitled to vote at the meeting. If the officer does not give notice of the meeting within ten (10) days after the date of receipt of the written request, the person or persons calling the meeting may fix the time of meeting and give the notice in the manner provided in these Bylaws.
- D. Only business within the purpose or purposes described in the notice or petition may be conducted at a special meeting of the members.

## **9. SPECIAL COMMITTEES**

- A. A special committee may be appointed by the SR or designated at an annual or special meeting by a majority vote of the members present.
- B. Each such committee shall consist of three or more members. The purpose of such special committees should be to consider, investigate, or take action on certain matters or subjects. A committee shall not operate to relieve the members of any responsibility or rights contained in these bylaws.
- C. The committee will prepare and maintain minutes and notes from all committee meetings.
- D. Each committee shall continue its tasks until the next annual meeting or until the conclusion of its intended purpose where it will present its findings and conclusions to the SR for dissemination to the Chapters.

## **ARTICLE V - DIRECTORS**

### **1. STATE EXECUTIVE BOARD (SEB)**

- A. The powers of CVMA Texas shall be exercised under the authority of these bylaws and the business and affairs of CVMA Texas shall be managed under the direction of the SEB of CVMA Texas.
- B. Board members shall be Texas CVMA members.

### **2. NUMBER AND ELECTION OF BOARD MEMBERS**

- A. There shall be six board members that compose the SEB and each of the board members shall hold one officer position as described herein below.
- B. A board member shall hold office until said board member's successor has been elected, appointed, or designated and qualified.

### **3. REMOVAL**

A Board member may be removed from office for cause for disciplinary proceedings as provided in the National Bylaws and Discipline Policy.

### **4. RESIGNATION**

A board member may resign by providing notice of such resignation to the SR. The resignation shall be effective upon the date of receipt of the notice of resignation, or the date specified in such notice. Acceptance of the resignation shall not be required to make the resignation effective. Resignation of position while serving in any office does not have a 5-day grace period and creates a positional vacancy.

## **5. ANNUAL MEETING OF THE SEB**

The Annual Meeting of the SEB shall occur at the time and place of the annual Texas State Convention designated for the Annual Meeting of the members.

## **6. REGULAR MEETING OF THE SEB**

Regular meetings of the SEB will be held quarterly at a minimum at such time and place or via electronic means as may be determined by the SEB.

## **7. SPECIAL MEETINGS OF THE SEB**

The SSEC shall call a special meeting of the SEB whenever requested to do so by the SR or by two or more board members. Special meetings shall be held at the date and time specified in the notice of meeting.

## **8. PLACE OF SEB MEETINGS**

All meetings of the SEB shall be held either at the principal office of CVMA Texas or at another place as specified in the meeting notice.

## **9. NOTICE OF SEB MEETINGS**

Notice of any meeting of the SEB shall be given at least seven (7) days in advance by written notice delivered personally or sent by mail or electronic posting to each SEB member at that board member's address as shown by the records of CVMA Texas. Any board member may waive notice of any meeting. The attendance of a board member at any meeting shall constitute a waiver of notice of such meeting, except where a board member 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 conducted, nor the purpose of, any regular or special meeting of the SEB need be specified in the meeting notice.

## **12. QUORUM AND VOTING OF THE SEB**

Unless otherwise specifically required by State Incorporation Rules or Statutes found in Texas Business Organization Code 22.213, the quorum for the transaction of business by the SEB shall be a majority of the number of board members fixed by these Bylaws. A board member must vote in person or, if such a meeting is conducted via teleconference, voice voting is allowed.

## **13. SALARIES AND COMPENSATION**

SEB Members and appointed State officers shall not receive any salary or compensation for their services.

## **14. MINUTES OF THE SEB's MEETING**

Meeting minutes of SEB annual, regular, and special meetings will be recorded. Approved SEB general meeting minutes will be distributed or available to all State members within 30 days of said meeting.

## **ARTICLE VI – OFFICERS**

### **1. NUMBER OF OFFICERS**

The six elected SEB members of CVMA TEXAS shall be the State Representative, two (2) State Sergeants at Arms (SSAA), State Secretary (SSEC), State Treasurer (STRES) and the State Public Relations Officer (SPRO). The additional staff officer positions of State Chaplain (SCHAP), and State Webmaster are appointed positions and may be filled at the State Representative's discretion. The position of State Quartermaster (SQM) is also a staff officer position but is an elected position. SEB command and staff positions are filled by full members only.

### **2. ELECTION OF OFFICERS AND TERM OF OFFICE**

All officers that constitute the SEB shall be elected by the members at the regular annual meeting of the members for such terms not exceeding three (3) years. For continuity of the SEB, the three-year election cycle will consist of:

1. State Representative and State Public Relations Officer
2. State Sergeant at Arms #1 and State Secretary
3. State Sergeant at Arms #2 and State Treasurer

The SQM will be elected the same year as the SSAA#2 and STRES.

A minimum of two (2) years of CVMA membership and prior service as a Chapter officer is required to be elected to a SEB position. Officers on the SEB cannot hold any Chapter or NBOD officer position concurrently.

### **3. REMOVAL OF APPOINTED OFFICERS, VACANCIES**

Officers serving in State staff positions may be removed by the SR or a unanimous vote of the SEB. A vacancy in any elected office because of death, resignation, removal, disqualification, or otherwise, will be filled by the SR or may be filled by a unanimous vote of the SEB. The vacated position will be filled for the remainder of the term for that position. A vacancy in any appointed position may be filled by the SR.

### **4. STATE REPRESENTATIVE (SR)**

The Texas State Representative (SR) shall be the chief executive officer of CVMA Texas, preside as Chairman at all meetings of the SEB and members, schedule regular elections and ensure they are held IAW these bylaws, and ensure that all orders and resolutions of the SEB are carried out, and act as an ex-officio member of all committees.



The SR is responsible for all duties and obligations as outlined in the National bylaws.

The SR shall be the liaison between CVMA Texas and any outside person or organization. The SR may delegate those liaison duties to another SEB member as appropriate.

## **5. THE STATE SERGEANT AT ARMS (SSAA)**

- A. The State Sergeant at Arms (SSAA) is responsible for ensuring that bylaws and Standing rules of order of CVMA TEXAS are not violated and that orders of the Officers are carried out in an expeditious manner.
- B. The SSAA is responsible for keeping order at all State events and meetings, safety and security of Texas members, will maintain order during meetings, and check member's identification cards before each meeting and vote.
- C. The SSAA is responsible for collecting and distributing proposed amendments to these Bylaws as directed in Article IX.
- D. The SSAA is responsible for all duties and obligations as outlined in the National bylaws.
- E. The SSAA will immediately notify the SR and SEB of any real or perceived threat to the safety and security of the State's Chapters and members or events.
- F. The SSAA will perform other duties as assigned by the SR.
- G. The SSAAs will be identified as SSAA #1 and SSAA #2 for election cycle purposes only. SSAA #1 and SSAA #2 will be considered equal in rank and positional authority when performing duties as SSAA.

## **6. THE STATE SECRETARY (SSEC)**

- A. The SSEC is responsible for all duties and obligations as outlined in the National bylaws.
- B. The State Secretary (SSEC) shall record all votes and the minutes of SEB and annual membership meetings and provide copies of the annual membership meeting minutes to SEB members and Texas Chapter Commanders within sixty days of the meeting. The SSEC shall give or cause to be given notice of all meetings of the members and all meetings of the SEB and shall perform such other duties as may be prescribed by the SR.
- C. The SSEC shall maintain and keep all CVMA Texas records including membership lists, bylaws, Rules of Order, Standing Rules, Policies, Resolutions, Committee Reports, and all correspondence between CVMA Texas and outside entities. The SSEC shall keep in safe custody the seal of CVMA Texas, and when authorized by the SEB, affix the same to any instrument requiring it, and when so affixed, it shall be attested by the SSEC's signature.
- D. The SSEC will gather and store Texas CVMA historical data such as membership records, new chapter or detachment records and bylaws.

- E. In the absence of the SSEC, the minutes of all meetings of the board and members shall be recorded by such person as shall be designated by the SR.

## **7. THE STATE TREASURER (STRES)**

- A. The State Treasurer (STRES) shall be available to all CVMA Texas Chapters to provide guidance, mentorship, training, and assistance. The STRES shall also be available to members that are beginning new chapters by assisting them in reaching their incorporated status.
- B. The STRES shall provide oversight of the State funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to CVMA Texas.
- C. The STRES shall collect all forms of income as required and disburse the funds of CVMA Texas as may be ordered by the SR or the SEB, taking proper vouchers for such disbursements. The STRES shall render to the SEB an account of all of the transactions and of the financial condition of CVMA Texas and exhibit the books, records, and accounts to the SEB at any time. The STRES will provide a regular report to be sent and/or available for all members to view.
- D. The STRES shall present to the SR's attention any requests for disbursing funds if, in the judgment of the STRES, any such request is not properly authorized.
- E. The STRES will perform such other duties as assigned by the SR.

## **8. STATE PUBLIC RELATIONS OFFICER (SPRO)**

- A. The State Public Relations Officer (SPRO) will oversee all CVMA Texas publicity in conjunction with, and approved by, the SEB. Duties will include Historian, pictures, articles, TV, social media, radio announcements, and other duties determined by the SEB that relates to Texas CVMA. The SPRO will be expected to coordinate with the TX State Webmaster. The SPRO is a voting member of the SEB.
- B. The SPRO will perform such other duties as assigned by the SR.

## **ARTICLE VII - MISCELLANEOUS**

### **1. MEETINGS BY TELEPHONE CONFERENCE, ELECTRONIC OR OTHER REMOTE COMMUNICATIONS TECHNOLOGY**

Subject to the provisions required or permitted by the Texas Business Organizations Code and these Bylaws for notice of meetings, members of the SEB, or members of any committee, may participate in and hold a meeting of such members, board, or committee by means of: (1) conference telephone or similar communications equipment by which all persons participating in the meeting can communicate with each other; or (2) another suitable electronic communications system, including videoconferencing technology or the Internet, only if: (a) each member entitled to participate in the meeting consents to the meeting being held by means of that system; and (b) the system provides access to the meeting in a manner or using a method by which each member

participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## **2. CONTRACTS**

The SEB may authorize any officer or officers, agent or agents of CVMA Texas, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of CVMA Texas, and such authority may be general or confined to specific instances.

## **3. CHECKS, DRAFTS, ETC.**

All checks, drafts, or other instruments for payment of money or notes of CVMA Texas shall be required to have at least two signatures from the SR, STRES, or SSEC..

## **4. DEPOSITS**

All funds of CVMA Texas shall be deposited from time to time to the credit of CVMA Texas in such banks, trust companies, or other depositories as the SEB may select.

## **5. GIFTS**

The SEB may accept on behalf of CVMA Texas any contribution, gift, bequest, or devise for the general purposes or for any special purpose of CVMA Texas.

## **6. BOOKS AND RECORDS**

The SEB shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, SEB, and committees and shall keep at the registered office or principal office in this State a record of the names and addresses of its members entitled to vote. A Texas CVMA member, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of CVMA Texas relevant to that purpose, at the expense of the member.

## **7. FINANCIAL RECORDS AND ANNUAL REPORTS**

CVMA Texas shall maintain current true and accurate financial records with full and correct entries made with respect to all financial transactions of CVMA Texas, including all income and expenditures, in accordance with generally accepted accounting practices. All records, books, and annual reports (if required by law) of the financial activity of CVMA Texas shall be kept at the registered office or principal office of CVMA Texas in this state for at least three years after the closing of each fiscal year and shall be available to the public for inspection and copying there during normal business hours. CVMA Texas may charge for the reasonable expense of preparing a copy of a record or report.

## **8. FISCAL YEAR**

The fiscal year of the CVMA Texas shall follow the calendar year and end on December 31 or each year.

# **ARTICLE VIII - AMENDMENT OF BYLAWS AND POLICIES**

## **1. GENERAL AUTHORITY**

CVMA Texas members may amend or repeal these bylaws, or adopt new bylaws, unless the Certificate of Formation or the Texas Business Organizations Code limits such powers. Any such revisions to bylaws shall be contained in a complete revision and shall supersede all prior bylaws. The bylaws may not be repealed without the immediate and subsequent adoption of new bylaws. If any CVMA Texas bylaws conflict with the National bylaws, the National bylaws will take precedence over the State bylaws.

## **2. VOTING ON AND ADOPTION OF AMENDMENTS**

All Amendments shall be voted on at the Annual Meeting of the members and passed by two-thirds (2/3) of the full members present and casting a vote. Amendments to these bylaws will be submitted to the NBOD for review and approval before inclusion and adoption in these bylaws.

## **3. SUBMISSION OF PROPOSED AMENDMENTS**

Proposed amendments to the bylaws will be submitted by members through the Chapters to their SSAA. Proposed Amendments must be submitted on the Bylaw change form found in the most current National By-Laws. To be considered, proposed amendments must be submitted to their SSAA no later than 30 April of each year. The SSAA will provide the collected proposed amendments and forward them to the State Bylaw Committee no later than 5 May of each year.

## **4. STATE BYLAW COMMITTEE FORMATION AND COMPOSITION**

The State Bylaw Committee shall be composed of 5 full members of CVMA Texas. The Committee shall be appointed by the SR at each Annual Meeting and serve until the next Annual Meeting. The State Bylaw Committee will elect a Committee Chairman. No Member, to include appointed and elected State officers, will serve on the State Bylaw Committee in consecutive years.

## **5. STATE BYLAW COMMITTEE DUTIES**

The State Bylaw Committee shall receive the collected proposed amendments and review them for spelling, grammar, and composition errors, as well as for conflicts with National Bylaws. If errors are detected, the committee will work directly with the submitting member to correct any errors, if possible. If multiple proposed amendments to the same article or section of the bylaws are submitted, the committee will coordinate among the submitting members to attempt to consolidate the proposed amendment. In the event that more than five (5) proposed amendments are received by the committee, the committee shall select five (5) proposed amendments that will be voted on at the Annual Meeting. Selection will be made based on the committee's objective determination of relevance and necessity. The final selected proposed amendments shall be turned

in to the SSAA no later than July 31st. The SSAA shall distribute the final proposed amendments to the SSEC for dissemination to their members no later than August 5th to allow sufficient time for Chapters to discuss the proposed amendments prior to the Annual Meeting.

## **6. STATE POLICIES**

- A. The SR may develop policy letters or memorandum to supplement these bylaws for the purpose of outlining CVMA Texas processes, procedures, or special instructions that are not covered in these bylaws. These processes or special instructions may include administrative, safety issues, or other processes deemed necessary for the efficiency, general safety, etc. of CVMA Texas members.
- B. Except for the policies identified in paragraph C below, any new policy written will be sent to the Chapters for approval. The Chapter's members will vote on the proposed State policy. Chapter meeting minutes containing the policy vote will be sent to the SR. If the policy is approved by a majority of members casting a vote State-wide, it will be in effect until such time a motion is made and carried at an annual Texas State meeting to rescind or amend the policy.
- C. The Regional Representative (RR) is the approving authority for any policy concerning the safety or welfare of CVMA Texas members.

## **ARTICLE IX – CONFLICT OF INTEREST CLAUSE**

CVMA Texas, its Members, and Officers, shall make every effort to protect the integrity and purpose of the association. CVMA Texas will take every effort to refrain from entering transactions that would disqualify CVMA Texas from operating as a tax-exempt organization. To that end, CVMA Texas adopts and implements the conflict-of-interest policy as set forth in Appendix A, attached and incorporated to these by-laws as though fully set forth herein. *See Appendix A.*

## **ARTICLE X – DISSOLUTION CLAUSE**

In the event the SEB is dissolved on its own or if it is revoked by the NBOD, the assets of the SEB shall be transferred to the national organization for safekeeping and shall not be considered the general funds of the national organization. The assets must be used to benefit the remaining members and Chapters of this state where the dissolved SEB was located. The SR shall work with the remaining Chapters and members of the state to develop a plan for the redistribution of assets to benefit the members of this state. Upon approval by the SR and a majority of the members of that state, the SR shall provide written notice to the NBOD of how the assets are to be handled. The NBOD shall confirm that the plan as submitted does not violate any laws. If the plan does not violate any laws, the NBOD shall then promptly transfer the assets as directed by the plan. If the plan does appear to violate a law, the NBOD shall notify the SR and provide recommendations. The SR shall then work with the remaining Chapters and members to develop a plan that is compliant or provides satisfactory proof that the original plan does not violate any laws.

No direct distribution may be made to a member. If there are no members or Chapters remaining in the state after dissolution of the SEB, then any assets shall be distributed by the Charitable Donations Committee in accordance with the National Bylaws and current procedures and policies.

## **APPENDIX A CONFLICT OF INTEREST**

### Purpose

The purpose of the conflict-of-interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or member of the corporation 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.

### Definitions

#### 1. Interested Person

Any member or officer, who has a direct or indirect financial interest, as defined below, is an interested person.

#### 2. Financial Interest

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

- An ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- A compensation arrangement with the corporation or with any entity or individual with which the Organization has a transaction or arrangement, or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation 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. 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.

### Procedures

#### 1. 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 CVMA Texas, its members, and officers considering the proposed transaction or arrangement.

## 2. 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 relevant meeting while the determination of a conflict of interest is discussed and voted upon. The remaining CVMA Texas, its Members, and Officers shall decide if a conflict of interest exists.

## 3. Procedures for Addressing the Conflict of Interest

(a) An interested person may make a presentation at CVMA Texas 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.

(b) CVMA Texas, its Members, and Officers shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, CVMA Texas shall determine whether the corporation 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.

(d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, CVMA Texas shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the corporation'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.

## 4. Violations of the Conflicts of Interest Policy

(a) If CVMA Texas, its members, and officers 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.

(b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, CVMA Texas, its members and officers determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## 5. Records of Proceedings

The minutes of CVMA Texas, its members, and officers 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 CVMA Texas, its members, and officers' 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.

#### 6. Compensation

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

(c) No voting member of CVMA Texas, its members and officers whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### 7. Annual Statements (*See Appendix B*)

Each CVMA Texas Officer 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 corporation 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.

#### 8. Periodic Reviews

To ensure the corporation 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 corporation'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.

#### 9. Use of Outside Experts

When conducting the periodic reviews as provided for in Periodic Review (above), the corporation 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.

## APPENDIX B: Conflict of Interest Affirmation

(When used, this sheet is to be printed and kept separately in Chapter records.)

By placing name and signature below I attest that I have read and understand the Conflict-of-Interest Policy of CVMA Texas.

[illegible]