

Summary of Significant Proposed Amendments to the AVA Bylaws

This document summarizes the significant proposed amendments to the AVA Bylaws. The original AVA Bylaws contained general provisions for the organization and management of the AVA. Our proposed revisions include more detailed information for the unique structure of the AVA, and additional provisions to bring the Bylaws in compliance with Chapter 22 of the Texas Business Organizations Code (TBOC) and its requirements to be recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. As was reported in the President's "State of the AVA Nation" presentation at the Albany Convention, the TBOC has had over 2000 changes which, until now, have not been reflected in the AVA Bylaws. In order to be in compliance with Texas law and the IRS code, we must make numerous changes in our Bylaws. Also, the Bylaws have been reorganized and reformatted to form a more transparent and practical order. The proposed amendments to the AVA Bylaws provide more precise guidance for the administration of the AVA and ensure that the AVA complies with the TBOC.

The National Executive Council will now be referred to as the Board of Directors.

Article 4 – Board of Directors (formerly Article VII)

The proposed revision of this Article contains all the information from the previous version and adds detailed information about the following topics:

- Number, Term, and Qualifications of Directors
- The addition of up to three "At-Large" Directors on the Board of Directors and the process for selecting At-Large Directors; Term of Office and Term Limits for At-Large Directors
- Election of Directors, Vacancies, Regular and Special Meetings
- Action by Consent Without a Meeting, Notice, Conduct of Meetings, and Powers of the Board
- Duties of Directors and the Delegation of those Duties
- Actions of the Board, Presumption of Assent, Proxies, Compensation and Rules
- Removal and Resignation of Directors

Instead of making fundamental changes to the structure and function of the Board of Directors, this revision corrects the name of the Board and adds information not included in the original Bylaws to guide the Board more clearly in its administration.

The Bylaws now recognize that the Board will have officers (Chair, Vice Chair, Finance Chair, and Secretary) separate from the corporate officers. Board officers assist the Board in supervising the corporate officers.

What is important to recognize is that the individual who we currently elect as AVA President is now referred to as AVA Board Chair. This name change is required by TBOC in order to avoid confusion with the Corporate Officer position of Corporate President also known as the Chief Executive Officer. Logically, the Vice President must now be known as the Vice Chair. Both will continue to be elected by the Membership as before. The individual elected as Treasurer must now be known as Finance Committee Chair. This change is also driven by the TBOC as the title of Treasurer, under the law, is a corporate position with specific responsibilities that we do not impose on our elected Treasurer. The Finance Committee Chair will continue to be elected as a National Officer to sit on the Board of Directors with the same duties that have been the responsibility of the position we have known as the Treasurer.

Article 5 – Officers (formerly Article V)

This section is required because TBOC requires that all corporations have a minimum of two officers, President and Secretary. Under the law, our Executive Director becomes the Corporate President/Chief Executive Officer (President/CEO). This position will continue to be an employee who is hired (and can be fired) by the Board of Directors. The Corporate Secretary can be a separate individual from the Board Secretary but can also be the same person. In our case, we will have the elected Board Secretary also serve as the Corporate Secretary. However, we can have many of the duties of the Corporate Secretary conducted by paid staff at the National Office.

Article 8 – Committees (formerly Article X)

The proposed revision of this Article contains information related to the formation and administration of committees. The significant additions include:

- What the Committees do NOT have the authority to do
- An expanded description of the Duties of the Committees
- The Standing Board Committees are now listed as: Executive Committee, Finance Committee, Governance Committee, Awards Committee and Nominations Committee.
- A provision allowing for Operational Committees to be established by the President/Chief Executive Officer (Executive Director)
- Provisions for Term of Office, Chair and Vice-Chair, Notice of Meetings, Quorum, Actions of Committees, Proxies, Compensation, and Rules
- Information on the membership, duties, and meetings of the Executive Committee

Article 9 – Transactions of the Corporation

This Article was not included in the original Bylaws. Still, it is necessary to comply with the Texas Business Organizations Code to guide the Corporation on how to conduct its transactions, including

contracts, deposits, loans, gifts, etc. It also includes information about prohibited acts by the Corporation.

Article 10 – Books and Records

This Article was not included in the original Bylaws, but it is necessary to comply with the TBOC to guide the Corporation on how to keep books and records properly. It also provides information on who is entitled to access the Corporation's books and records. It is also necessary to comply with the Internal Revenue Code, assuring the public's access to certain documents.

Article 11 – Fiscal Year

This Article was not included in the original Bylaws. Still, it is necessary to have an Article that officially lists the Corporation's Fiscal Year from January 1 through December 31 of each year.

Article 12 – Indemnification (formerly Article XI)

The proposed revision of this Article omits information about Indemnification of a Club Officer (now included in the general indemnification provision of Directors, officers, committee members, employees, or agents of the Corporation). The TBOC requires this provision and adds more detailed information for Indemnification and the Procedures Related to Indemnification Payments to inform the Board about the process if needed.

Article 13 – Notices

This Article was not included in the original Bylaws. Still, it is necessary to comply with the TBOC, and to guide the Corporation on the proper procedures for Notices and Waiver of Notices.

Article 14 – Meetings (formerly Article IV)

The proposed revision of this Article contains all information from the previous version and adds a provision for procedures for Meeting by Electronic Means.

Article 16 – Amendments to Bylaws (formerly Article XIII)

In the original Bylaws, amendments had to be approved by a majority vote of the eligible delegates provided that the proposed amendment(s) was submitted to the Board of Directors, and all Members, in writing, at least 60 days before the meeting at which the vote would be taken.

The proposed revision provides that the Board of Directors may alter, amend, repeal, or enact new Bylaws sixty (60) days after sending the proposal to the members for their input.

It is essential that AVA be able to make timely changes to its Bylaws to stay in compliance with Texas law and IRS Regulations and be responsive to the environment in which our business functions. The current method of changing the Bylaws is part of the reason that we are currently in violation of Texas law and have been for some years. We elect the Regional Directors as members of the Board of Directors to represent their Regions and their Region's clubs as the Board makes its decisions. This is at the core of representative leadership. This change will still give the clubs the opportunity to have their voices heard regarding changes to the Bylaws while allowing essential changes to be made in a timely manner.

Article 17 – Miscellaneous Provisions (formerly Article XV)

The proposed revision of this Article contains more precise and legally acceptable language to cover all the important miscellaneous topics, including Electronic Signatures, Power of Attorney, Legal Authorities, and Legal Construction that could apply to the Corporation.

Deleted Articles:

Article IX – AVA Executive Director – This article is not necessary for the administration of the Corporation. This section is an example of unnecessary direction and restrictions on the governance of the AVA as a corporation. The President/CEO serves under the direction of the Board of Directors who provides strategic guidance and allow the President/CEO a relatively free hand in running the Corporation on a day-to-day basis. There is no practical reason to have this language in the Bylaws.

Article XIV – Dissolution of the AVA – This information is contained in “Article 2 – Dissolution” of the Certificate of Formation and does not need to be included in the Bylaws.

This Summary was prepared with support of the AVA's legal counsel.