



# RED ANGUS ASSOCIATION OF AMERICA

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Background on the development of the By Laws changes:

1. During discussions concerning the hiring of a new CEO, RAAA Counsel, Scott Oliver, asked Kim Ford for a copy of the By Laws, to make sure Board actions were authorized. It was determined that the By Laws in fact did not appropriately authorize the hiring of a CEO, and inappropriately granted day-to-day operational authority to the President of the Board. This review and suggested revisions to the By Laws is the result of our analysis, significant work on behalf of the Constitution and By Laws Committee and the RAAA Board of Directors.
2. The objective of this work was to bring the By Laws up to date and create alignment with how the Association is operating, and to create consistency between the By Laws and the Rules (contained in the Breeder's Guide).
3. There are also organizational inconsistencies within the current By Laws, which can lead to confusion. For example, Article XII (annual Meetings) has been moved up to be in conjunction with the article on membership and voting.
4. The proper role of the Board is to formulate overall guidelines, goals and direction for the Association, and to direct the CEO in the implementation of this direction. The CEO has day-to-day authority over company function, including hiring/firing of staff, signing of contracts, management of operational funds and bank accounts, etc. The CEO works at the pleasure of the board. All other staff are employed by the CEO.
5. The role of the By Laws is to provide general "rules of the road" to the Board (and to a lesser extent, to members). The By Laws should be general enough to allow the Board necessary flexibility regarding present and future issues, while supporting consistent Board actions over time.
6. Two areas of particular note were identified: Committees and Rules. It is an important governing principle that information regarding subjects such as committees and rules reside in primarily one location, to avoid inconsistency or conflict.
  - a. Committees. Committees are a resource to help the Board make decisions in specific areas. As such, committees are authorized by the Board, operate at the pleasure of the board, and function through making recommendations only. They cannot have decision-making authority. Committees have no authority to spend Association money or bind the Board and/or the Association either legally or in any type of business transaction. Because committees are related to the Board, they are governed by the By Laws. Therefore, all reference to committee function contained in the Breeder's Guide and/or appendix should be removed and located in the By Laws. It is important that the Board have sufficient flexibility regarding committee formation, membership, duration, purpose, etc., so that committees can provide maximum support for the Board.
  - b. Rules. The Rules as contained in the Breeder's Guide are primarily how the association works with members and non-members. They also provide direction to members regarding payment of dues, conducting business with the Association, discipline, etc. Such information should be available publically, so as to inform members and potential members as to how the Association functions. Therefore, the Rules should reside primarily in the Breeder's Guide (although the By Laws do contain general information regarding membership and voting). This resulted in removal of Article IX "Discipline" from the By Laws.

**The following is a review of specific changes being considered:**

- a. Article I Name. Adds necessary statutory language.
- b. Article III Corporate Office and Registered Office. Adds flexibility regarding where the corporation may reside in the future.
- c. Article IV – Purpose. Added flexibility to the specific purpose language.
- d. Article VIII Membership. This Article has been adjusted to better streamline the information, while recognizing the role of the Rules in this area. Section 2(G) was added to reflect a prior addition to the By Laws that was not published. Section 3 “Transfers” will be managed by the Rules published in the Breeder’s Guide.
- e. Article IX Discipline, Suspension or Expulsion. Article IX of the By Laws regarding Discipline of members has been removed and added to the Rules. By Laws are the controlling document for the Board, Rules are the controlling document for Members. In order to enforce the issues discussed in former Article IX, the members must be informed. This is done through the Breeders Guide, Rules section.
- f. Article IX, Meetings. In the proposed changes, Meetings is moved from the back of the By Laws to a more appropriate position.
- g. Article X Governance. This Article is renamed “Governance,” to discuss the Board, Directors, Officers, the CEO and Committees.
- h. Section 4, Director Terms. The Board determined that a unanimous vote of the remaining Board members was necessary to remove a current Director.
  - ii. Language was added to the description of President to clearly state the President’s proper role.
  - iii. The Role of Secretary needs to be properly constituted and staffed. The Secretary plays a vital role in corporate formalities, such as minutes of board meetings, recording board actions, etc. The Secretary is also custodian of all corporate papers.
  - iv. The Treasurer is not the financial officer of the Association. That role is played by an employee of the CEO, usually the CFO or financial officer. The Treasurer plays a vital role on the Finance Committee, which oversees the annual budget and monthly/quarterly budget reviews. The treasurer may also be responsible for any corporate investments, in conjunction with the CEO and financial officer.
- v. Section 6 added authority for the board to appoint a CEO, who is responsible for day-to-day operation of the Association.
- vi. Section 7 is where all information regarding committees will reside. The two most active and important committees are the Executive Committee and the Finance Committee. The Executive Committee has the authority to act on behalf of the Board when the Board is not in session. The Finance Committee is responsible for oversight of the annual budget, and for reporting to the Board regarding how well the Association is doing regarding the budget. They are the “eyes and ears” of the Board regarding the maintenance of good financial practices on behalf of the Association.
- vii. The Strategic Planning Committee has been altered to match the requirements of a non-profit business. All committees operate at the pleasure of the Board, and have no autonomous authority. Committee Members may be removed by the President at any time. New members may be proposed by the committee, but are ultimately approved by the Board.
- viii. The other listed committees do not need much in the way of specifics. The Board will provide direction regarding their areas of analysis and regarding the recommendations they provide.

Article XII Data Ownership. This information only need be general in the By Laws. It is much more important that members be made aware of this, because they are submitting Data, and who may object to transfer of ownership. Notification to the Members is handled in the Rules.