

**BYLAWS OF  
NATIONAL ASSOCIATION OF STATE PROCUREMENT OFFICIALS, INC.**

**ARTICLE I - NAME AND PURPOSE**

**Section 1 - Name**

The name of the organization shall be National Association of State Procurement Officials, Inc. (NASPO).

**Section 2 - Purpose**

The purpose of NASPO is to advance public procurement through leadership, excellence, and integrity; to operate a cooperative purchasing program; and within such purpose, NASPO shall receive, administer, and expend funds for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or corresponding provisions of any subsequent federal tax laws) and any applicable state laws regarding charities or tax-exempt entities.

**Section 3 - Mission**

NASPO's mission is to help its members achieve success as public procurement leaders in their states through promotion of best practices, education, professional development, research, and innovative procurement strategies.

**Section 4 - Definitions**

For the purposes of this document, the term "state" refers to the governments of the 50 states, the District of Columbia, and the territories of the United States.

**ARTICLE II - MEMBERSHIP**

**Section 1 - Conduct and Responsibilities of Members**

The Board of Directors will establish the standards of conduct, requirements, and responsibilities of NASPO membership.

**Section 2 - State Membership**

State Membership is an agency membership type available to the state department, division or other organizational unit directly charged with statewide procurement authority.

**A. Primary Member.** The Chief Procurement Official, State Purchasing/Procurement Director, State Purchasing Officer, or Deputy Commissioner in charge of state procurement is the "Primary Member" and the state's representative to NASPO. The Primary Member, regardless of title, must be the executive director of the state's central procurement office, which is generally recognized as the Chief Procurement Official (CPO) and is charged with the administration of sourcing, procurement, and supply management of each state.

**B. Appointment of Deputy.** If the state's Chief Procurement Official, as described above in

Section 1, Paragraph A, is unable to participate as the NASPO Primary Member, they shall appoint a Deputy Chief Procurement Official, Deputy State Purchasing/Procurement Director, Deputy State Purchasing Officer, or other high-ranking procurement official who reports directly to the state's Chief Procurement Official, as described herein, to represent the state as the Primary Member.

- C. Limitations.** Each state is entitled to only one (1) Primary Member. Only the Primary Member has the right to vote and hold office on the NASPO Board of Directors.
- D. Membership.** The Primary Member is entitled to full membership benefits as determined by the NASPO Board of Directors. The right of the Primary Member to vote and hold office is conditional upon the payment of the state's annual membership dues and/or other requirements defined by NASPO Policies. The NASPO Board of Directors has the right to veto primary membership to any person if the Board determines that the person in question does not meet the specific requirements and/or spirit of the definition in Section 1, Paragraph A or Paragraph B of "Primary Member."
- E. Additional State Members.** State procurement professionals employed within the same department, division or unit as the Primary Member are eligible to be State Members. An unlimited number of such employees may become State Members through request of the Primary Member, or by registering and attending a NASPO conference, or by serving on a NASPO committee or task force. State Members are entitled to limited membership benefits as may be determined by the Board of Directors. As determined by the Board of Directors, State Members may serve on task forces and committees, but are not eligible to serve on the Board of Directors. The right of State Members to participate and receive membership benefits is dependent on continued employment within the department, division, or unit as and approval by the Primary Member.

### **Section 3 - Associate Membership**

Associate Membership is an individual membership type available as follows.

- A. U.S. State Agencies.** By application and acceptance by NASPO, Associate Membership may be available to procurement professionals employed by U.S. state agencies and institutions that are either independent of a state central procurement jurisdiction, have received delegated procurement authority from the state central procurement jurisdiction, or have received delegated procurement authority by statute, as well as state-affiliated, not-for-profit higher education institutions.
- B. U.S. Federal Agencies.** At the invitation and discretion of the Board of Directors, Associate Membership may be available to employees of U.S. federal government agencies, departments, divisions, or other organizational units that are charged with procurement functions and which, in the Board of Directors' judgment, would reflect positively on the image of the association.
- C. Foreign Government Entities.** At the invitation and discretion of the Board of Directors,

Associate Membership may be available to employees of foreign federal government entities that are charged with procurement functions and which, in the Board of Directors' judgment, would reflect positively on the image of the association. Qualified foreign entities include governmental units comparable to a nation, state, or province.

- D. Other Entities.** Associate Membership in NASPO is not available to cities, counties, townships, parishes, or comparable government units in the U.S. or in other nations.
- E. Limitations.** Associate Members are not eligible to vote or hold office but may be extended limited membership benefits as shall be determined by the Board of Directors.
- F. Applications.** Applications of Associate Members must receive approval of the Board of Directors through a majority vote. and, in cases of U.S. state agency employees, are subject to approval of the Primary Member of the state in which the Associate Member applicant is employed.
- G. Membership Benefits.** The right of Associate Members to receive membership benefits is conditional upon the payment of annual membership dues and/or other requirements as may be determined by NASPO policies.

#### **Section 4 Honorary Membership**

- A. Requirements.** Honorary Membership is an individual membership type available to those who have contributed significantly to the programs and objectives of NASPO. An applicant for Honorary Membership must have been an active member of NASPO, through either State Membership or Associate Membership, but no longer be employed in state government; must at the time of consideration continue to show a professional interest in state government procurement and NASPO; and meet other eligibility requirements, standards, and application procedures as determined by the Board of Directors.
- B. Approval and Term.** Upon recommendation of the Board of Directors, Honorary Membership may be conferred for a term of five years by majority vote of the Primary Members.
- C. Membership Benefits.** Honorary Members are not eligible to vote or hold office but receive such limited membership benefits as may be determined by the Board of Directors.
- D. Expiration.** At the conclusion of the five-year period, an Honorary Member may either apply for Life Membership, request to extend the current membership for two years (with approval by the Board) or allow the membership to expire. Honorary Membership may only be extended for one two-year period, after which the member must either apply for Life Member status or allow the membership to expire. Expired Honorary Members have no membership status in NASPO.

#### **Section 5 - Life Membership**

- A. Requirements.** Life Membership is an individual membership type available to those who have contributed significantly to the programs and objectives of NASPO and meet other

such eligibility standards and application procedures as may be determined by the Board of Directors.

- B. Approval.** Upon recommendation of the Board of Directors, Life Membership may be conferred by majority vote of Primary Members.
- C. Membership Benefits.** Life Members are not eligible to vote or hold office but receive such limited membership benefits as may be determined by the Board of Directors.

### **Section 6 – Student Membership**

- A. Requirements.** Student Membership is an individual membership type available to those currently enrolled in an undergraduate or graduate degree program at a college or university and not otherwise eligible to apply for any other membership type.
- B. Approval.** The Chief Executive Officer may confer Student Membership to those eligible, subject to prior notice to the Board of Directors.
- C. Membership Benefits.** Student Members are not eligible to vote or hold office but receive such limited membership benefits as may be determined by the Board of Directors.

## **ARTICLE III - BOARD OF DIRECTORS**

### **Section 1 - Composition**

- A. Defined.** Unless stated otherwise within this document, all references to Board of Directors shall mean the NASPO Board of Directors. The NASPO Board of Directors is the governing board of the organization.
- B. Number of Directors.** The NASPO Board of Directors shall be comprised of no more than thirteen and no less than three, including officers and directors-at-large.
- C. Officers.** The officers will be the President, President-Elect, Immediate Past President, and Secretary/Treasurer.
- D. Multiple Positions.** To the extent allowed by state and federal law, a director may hold two officer positions at the same time.
- E. Additional Divisions and Classes.** Additional divisions and classes of directors may be established by the NASPO Board of Directors as outlined in Section 11 - Duties of Elected Officers and Board of Directors.

### **Section 2 – Eligibility.**

Officers and directors at-large of the NASPO Board of Directors must be Primary Members of NASPO, as defined in these Bylaws per Article II, Section 2.

### **Section 3 – Elections and Automatic Succession**

- A. Elections.** The President-Elect and vacant director at-large positions will be elected at the annual Business Meeting if a quorum of Members is present.
- B. Majority Vote Required.** The positions shall be elected through a majority of NASPO

Primary Members voting that consist of at least a quorum of the Members (hereinafter, "majority vote"). If no person receives the majority vote, then a run-off shall occur until such a majority vote has been achieved.

- C. Process.** The process for nomination and balloting will be as determined by the Board of Directors.
- D. Presidential Succession.** Upon completion of a term as President-Elect, the outgoing President-Elect will serve consecutive terms as President and Immediate Past President respectively. Succession will occur automatically absent a vacancy, as defined in Article III, Section 6; resignation; or removal, as provided in Article III, Section 7, of these bylaws.

#### **Section 4 - Nomination and Election of the Secretary/Treasurer**

The Secretary/Treasurer will be appointed for a one-year term by the President-Elect, in consultation with the newly elected Board, subject to confirmation by the Board within 30 days after the start of the term of the new Board of Directors.

#### **Section 5 - Terms and Limitations**

Officer and director terms will begin on January 1 and end on December 31 or will begin and end on the dates determined by the Board of Directors. Officer terms are one year, and director at-large terms are two years in duration. Directors at-large may serve up to three consecutive two-year terms, not including partial terms caused by mid-term appointment. The Secretary/Treasurer may serve up to five consecutive terms in the position, not including partial terms caused by mid-term election. The President may not serve successive terms as President, except when the succession is a President-Elect being caused to complete a President's term due to resignation or vacancy, under Article III, Section 6, Subsection C.

#### **Section 6 - Vacancies**

- A. Director at Large.** Should a director at-large position become vacant, the NASPO President shall appoint an eligible Primary Member to complete the remainder of the term.
- B. Secretary/Treasurer.** Should the office of the Secretary/Treasurer become vacant, an eligible Primary Member shall be appointed by the President to fulfill the remainder of the term in consultation with the Board, subject to confirmation by that Board within a reasonable period of time.
- C. President or President-Elect.** Should the office of the President or President-Elect become vacant, an existing member of the Board of Directors shall be nominated by the Board and elected through a majority vote of the Board to fulfill the remainder of the term.
- D. Immediate Past President.** Should the Immediate Past President position become vacant, a prior Past President shall be nominated by the Board and elected through a majority vote of the Board to fulfill the remainder of the term. Preference shall be given to the most immediate former Past President. If no Past President is eligible or able to serve, through nomination and majority vote of the Board, the position may be filled by an existing

member of the Board for the remainder of the term. In such case the position shall be titled "Officer at Large" rather than Immediate Past President. The Officer at Large will replace the Immediate Past President as an officer and on the Executive Committee and shall have duties as assigned by the President.

- E. Defined.** A position is deemed vacant due to death, resignation, or removal by the Board of Directors under Article III, Section 7.
- F. Temporary Leave.** A director or office holder may request from the Board of Directors a temporary leave from his or her Board position for a time period not to exceed thirty (30) days except in case of a medical emergency. In the event of a medical emergency, the temporary leave of absence may not exceed ninety (90) days. The Board shall consider each request on its own merits and may approve or deny the request by a simple majority vote.

### **Section 7 - Removal**

An officer or director at-large may be removed through a formal vote by a majority of the Board for actions which, in the Board of Directors' judgment, fail to satisfy the duties defined in Article III, Section 11, of these bylaws and applicable state statutes. The vacancy will be filled in accordance with these Bylaws.

### **Section 8 - Meetings**

- A. Frequency.** The Board of Directors will meet in person at least twice annually in conjunction with a NASPO conference (typically, NASPO Exchange and NASPO Annual Conference). As often as it deems necessary, the Board of Directors may also meet by conference telephone or similar communications equipment.
- B. Absence as Waiver.** A director's attendance at a meeting and that director's failure to object must be conclusively treated as their waiver of any objection to (1) the absence of advance notice of the matter being voted upon or (2) any alleged defect in the content or timing of notice that is given with respect to the matter being voted upon.
- C. Attendance.** Only members of the Board of Directors are allowed to attend Board meetings unless otherwise requested by the Board.
- D. Director's Consent to E-mail Notifications.** Each director who has an e-mail address and provides that address to the Board Secretary/Treasurer will be treated as consenting to receive some or all the following communications and documents from the Association by e-mail instead of by ordinary mail:
  - 1. Official notices of Board meetings;
  - 2. Agendas for future meetings and minutes of past meetings;
  - 3. Proposed nominations of officers;
  - 4. Proposed amendments or restatements of the Articles of Incorporation, Bylaws, or similar internal governing documents; and

5. Any other documents describing actions proposed for the approval of the Board of Directors.

Every director is obligated to keep the Secretary/Treasurer informed of his or her current e-mail address (if any) and mailing address.

### **Section 9 - Quorum**

For meetings of the Board of Directors, a majority of those members eligible to vote will constitute a quorum. A simple majority is sufficient to approve measures under consideration.

### **Section 10 – Voting**

- A. Directors at-large and officer.** Directors at-large and officers are entitled to one vote each on Board of Directors business. If one person holds more than one office, that person only receives one vote.
- B. Tie Vote.** Anytime a tie results from a vote of the Board of Directors, the President may cast the final vote.
- C. Legal Compliance.** Voting will take place in a manner consistent with the laws of the state in which NASPO is incorporated.
- D. Proxy Voting.** Pursuant to Kentucky Revised Statutes 273.217, directors are prohibited from voting by proxy.

### **Section 11 - Duties of Elected Officers and Board of Directors**

- A. President.** The President shall perform the usual duties of a presiding officer at Board of Directors and Executive Committee meetings, Business Meetings, and Special Meetings. Additionally, the President will lead strategic planning and policy-setting, create committees, and task forces, and appoint chairpersons and other representatives as required. The President may delegate his or her duties as needed.
- B. President-Elect.** The President-Elect will perform duties assigned by the President. The President-Elect shall succeed the President following expiration of the President's term.
- C. Secretary/Treasurer.** The Secretary/Treasurer will be responsible for keeping the records of actions taken or approved by the Board of Directors or Members at meeting, preparing an annual budget, and overseeing the fiscal affairs of NASPO in accordance with guidelines of the Board of Directors. The annual budget will be based on a fiscal reporting period from January 1 to December 31. The Secretary/Treasurer may delegate his or her duties as needed.
- D. Immediate Past President.** The Immediate Past President will perform duties assigned by the President.
- E. NASPO Board of Directors.** The NASPO Board of Directors, (hereinafter referred to as "Board of Directors" or "Board") will lead and oversee the management of the association,

forming a consultative and advisory body for the direction of its strategies, policies, and activities. The Board of Directors shall adopt an annual budget and have control of all funds, dues, income, monies, and the like of the organization; provided, however, that no monies may be allocated to pay a salary to any member holding office in the organization. The Board of Directors will develop and maintain a strategic plan, which will be reviewed by the Board at least semiannually and made available to the general membership at or immediately following the annual Business Meeting. The Board will develop and implement the official positions and policies of the Association. The Board is charged with the ultimate responsibility for the actions of the Association and approval of all major transactions. The Board will keep Primary Members informed of their actions through the internal publication of approved Board meeting minutes. The Board of Directors may employ staff or independent contractors and may create divisions, classes of directors, and wholly-owned subsidiaries as needed to assist in carrying out the mission of the Association.

- F. Board Members.** Each director and office holder will satisfy all fiduciary responsibilities in the fulfillment of the duties of his or her Board position and act in accordance with the Leadership Accountability Policy adopted by the Board. Duties will be performed in a manner that reflects positively on the reputation of the association, within the scope of NASPO's bylaws, and in compliance with policies and guidelines adopted by the Board, as may be modified from time to time.

## **Section 12 – Executive Committee**

The officers of NASPO will comprise the Executive Committee, which shall have such duties and powers as defined in a Board-approved policy. Working within the approved policies and general strategy established by the Board, the Executive Committee will provide for the affairs of NASPO in the interim between meetings of the full Board of Directors. The Executive Committee may exercise any authority of the Board not otherwise reserved for the full Board elsewhere in these Bylaws or in a subsequent policy of the Board. The Executive Committee will keep regular minutes of its meetings and report actions at or prior to the next meeting of the Board.

## **ARTICLE IV - NASPO VALUEPOINT EXECUTIVE COUNCIL**

### **Section 1 - Formation**

The NASPO ValuePoint Executive Council (“Executive Council”) shall provide direction and oversight of the cooperative contracting activities of NASPO’s ValuePoint division. The Board of Directors may only overrule a decision of the Executive Council upon prior notice, discussion with the Executive Council, and a majority vote of the Board that the Executive Council has a conflict of interest, failed to act in the best interest of NASPO ValuePoint, has exceeded its own authority, or has not complied with applicable law. The powers and duties of the Executive Council will be outlined in the NASPO Governance Policy. Changes to the Governance Policy related to the Executive Council or NASPO ValuePoint must be made in consultation with the chair of the Executive Council.



## **Section 2 - Composition**

The Executive Council will be composed of ten (10) members, with two (2) members from each of the four (4) NASPO regions (East, Midwest, South, and West), a Chair, and a Chair-Elect.

## **Section 3 - Eligibility**

A Chief Procurement Official may serve on the Executive Council or may appoint a Deputy Chief Procurement Official, Deputy State Purchasing/Procurement Director, Deputy State Purchasing Officer, or other high-ranking procurement official who reports directly to the state's Chief Procurement official, as described herein, to serve on the Executive Council, except that Officers of the Executive Council must be Primary Members.

## **Section 4 – Officers**

The Executive Council will have two officers, a Chair and a Chair-Elect.

The Chair will perform the usual duties of a presiding officer at the meetings of the Executive Council. The Chair of the NASPO ValuePoint Executive Council will be a Director-at-Large on the NASPO Board of Directors.

The Chair-Elect will perform duties as may be assigned by the Chair or the Executive Council. The Chair-Elect of the Executive Council shall be an ex officio non-voting member of the Board of Directors. The Chair-Elect shall also sit as a member of the NASPO Financial Sustainability Committee and the NASPO Administration Committee.

## **Section 5 – Election & Term**

The Chair-Elect will be elected by NASPO's Primary Members to serve a two-year term, with the first year as Chair-Elect and the second year as Chair.

Regional members will be nominated by the Regional Councils and elected by NASPO's Primary Members to serve a two-year term. Terms will be staggered, with 1 open seat per region per year.

Elected Members shall take office on January 1 in the year following the election.

Members may not serve more than three (3) consecutive terms, beginning with the first election for the Executive Council.

## **Section 6 – Ex Officio Members**

The President and President-Elect of the Board of Directors shall sit as ex officio non-voting members of the Executive Council.

## **Section 7 - Bylaws Applicability.**

The NASPO ValuePoint Executive Council shall follow the rules set forth in the Bylaws and Policies established by the Board of Directors when addressing such issues as Resignation,

Removal, Vacancies, Regular and Special Meetings, Quorum, Voting, Committees, and similar procedural matters. For the purpose of this provision only, references in the Bylaws to the Board means the Executive Council, references to the President means the Chair, and similar.

## **ARTICLE V - COMMITTEES AND TASK FORCES**

### **Section 1 – Formation**

The NASPO President will establish committees and tasks forces as necessary to support the association’s business needs. Each committee and task force will operate under a charter approved by the Board of Directors and exist for the period of time and for the particular purpose defined in the charter. The Board of Directors will establish policies governing the composition, operation and authority of committees and task forces not otherwise stated in these Bylaws. The Board can delegate some powers to committees with ultimate oversight and authority by the Board. Committee and task force members need not be Primary Members. Committees and task forces serve at the pleasure of the President and may be dissolved or revised at any time. Committee and task force members may be removed at any time by the President.

### **Section 2 – Leadership**

The NASPO President will appoint the chairpersons of committees and task forces. Each chairperson may select a vice chairperson. The Board of Directors will establish the term, duties and authority of committee and task force leaders.

## **ARTICLE VI - MEETINGS**

### **Section 1 – Business Meetings**

- A. Annual Business Meeting.** An annual Business Meeting will be held in conjunction with the NASPO Annual Conference. The purpose of the Business Meeting will be to conduct elections for the Board of Directors, consider Life and Honorary Membership applications, and conduct other business as determined by the Board of Directors. Business Meetings will be open to Primary Members; participation of other members and guests will be as determined by the Board of Directors.
- B. Attendance and Waiver.** A member’s attendance at a meeting or special meeting and that member’s failure to object must be conclusively treated as their waiver of any objection to (1) the absence of advance notice of the matter being voted upon or (2) any alleged defect in the content or timing of notice that is given with respect to the matter being voted upon.
- C. Member’s Consent to E-mail Notifications**

Each member who has an e-mail address and provides that address to the Board Secretary/Treasurer will be treated as consenting to receive some or all of the following communications and documents from the Association by e-mail instead of by ordinary mail:

1. Official notices of meetings;

2. Agendas for future meetings and minutes of past meetings; and
3. Any other documents describing actions proposed for the approval of the members.

A member who does not have an e-mail address or does not wish to have that address used as a means of notification from the Association and its staff may prevent the application of this subsection by sending or delivering to the Secretary/Treasurer a written request that all such communications and documents be sent by the Association to the requesting member by ordinary mail. A member may send or deliver a request for ordinary mailed notice under this subsection on a one-time blanket basis or with respect to individual meetings of the Board. A member may withdraw a request under this subsection by sending or delivering written notice of withdrawal to the Secretary/Treasurer or President.

Every member is obligated to keep the Association's Secretary/Treasurer informed of his or her current e-mail address (if any) and mailing address.

## **Section 2 – Special Meetings**

Special Meetings of the Association may be called by the Board of Directors as needed to conduct NASPO business. Notification to Primary Members shall occur at least fifteen (15) calendar days prior to any Special Meeting. Special Meetings will be open to State Members; participation of other members and guests will be as determined by the Board of Directors.

## **Section 3 – Quorum**

At any Business Meeting or Special Meeting, fifty (50) percent plus one of the Primary Members will constitute a quorum for the transaction of business.

## **Section 4 – Voting**

Each state is entitled to one vote, to be cast by the Primary Member at any association meeting at which business is conducted. Voting by written absentee ballot may be allowed on items for which sufficient advance notice has been provided to the members. Voting will occur in a form prescribed by the Board of Directors and in a manner consistent with the laws of the state in which NASPO is incorporated. A simple majority is sufficient to approve measures under consideration. Any time that a vote results in a tie, the President may cast the deciding vote.

# **ARTICLE VII - REGIONAL ORGANIZATION**

## **Section 1 – Regional Councils**

Regional Councils will be comprised of Additional State Members within the geographic regions defined by the Board of Directors. The purpose of the Regional Councils will be to discuss regional issues, share information, enhance regional communication and collaboration, and evaluate current and future cooperative purchasing contracts and initiatives. The Board of Directors will establish policies governing the composition, operation, and authority of Regional Councils.

## **Section 2 – Leadership**

Regional Councils will elect a chairperson and vice chairperson each year at a time and place determined by the Board of Directors. The Board will establish the eligibility, term, duties and authority of Regional Council Leaders and the process for nomination and election.

## **Section 3 – Meetings**

Regional Councils may meet as often as deemed necessary by each council. Such meetings may take place in conjunction with the NASPO Annual Conference and/or by conference telephone or similar communications equipment.

## **Section 4 – Quorum**

A majority of Primary Members or their designated State Member proxies present at a Regional Council meeting will constitute a quorum.

## **Section 5 – Voting**

Voting will occur in a form prescribed by the Board of Directors and in a manner consistent with the laws of the state in which NASPO is incorporated.

## **Section 6 - Regional Conferences**

NASPO may host Regional Conferences for the purpose of bringing together State Members within defined regions for educational and networking purposes. Participation in Regional Conferences will be open to State Members; participation of other members and guests will be as determined by the Board of Directors.

# **ARTICLE VIII - RESOLUTIONS**

## **Section 1 – Resolutions**

NASPO may on occasion adopt resolutions to honor an individual, state, or other such entity. Such resolutions will be for the purpose of acknowledgement and not statements of policy. The Board of Directors will draft and propose resolutions for ratification by Primary Members. Voting will take place in a manner consistent with the Laws of the state in which NASPO is incorporated.

# **ARTICLE IX - TRANSACTIONS WITH OFFICERS AND DIRECTORS**

## **Section 1 – Prohibitions**

The Association must not loan money to or guarantee any personal obligation of a director or officer of the Association. Directors and Officers shall not receive any stipends or salaries for their service on the Board of Directors.

## **Section 2 – Standards of Conduct of Directors**

All directors must abide by standards of ethical conduct while performing their duties as directors of the Association, as more particularly prescribed by KRS 273.215. KRS 273.215 states that a director of a nonprofit corporation shall discharge their duties in good faith, on an informed basis, and in a manner, they honestly believe to be in the best interest of the corporation.

### Section 3 – Purpose of Conflicts of Interest Policy

The purpose of the conflicts of interest policy is to protect the Association's interest when it is contemplating entering into a transaction or arrangement that might benefit the private or employment interests of an officer or director of the Association. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations. KRS 273.219 states in addition to a direct interest, a director has an indirect interest in a transaction if:

- A. Another entity in which he or she has a material financial interest is a party to the transaction; or
- B. Another entity of which he or she is a director, officer, general partner, manager, trustee or person in similar position is a party to the transaction, and the transaction is or should be considered by the board of directors of the corporation.

Conflicts of Interest may also include situations that do not involve a financial transaction. A director or officer of the Association is an officer or director of an organization that competes with the Association's line of business or mission.

### Section 4 – Definitions

For purposes of this Article:

- A. **"Interested Person"** means any director, principal officer, or member of a committee (with board-delegated powers) who has a direct or indirect Financial Interest, as defined below.
- B. A person has a **"Financial Interest"** if the person has, directly or indirectly, through business, investment, or family relationships (i) an ownership or investment interest in any entity with which the Association has a transaction or arrangement, or (ii) a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.
- C. **"Compensation"** includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
- D. **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence and nature of his or her Financial Interest to the directors (and to members of committees, if any with Board-delegated powers) who are considering the proposed transaction or arrangement.
- E. **Determining Whether a Conflict of Interest Exists.** After disclosing his or her Financial Interest, the Interested Person must leave the Board or committee meeting while the Financial Interest is discussed and voted upon. The remaining board or committee members must decide if a conflict of interest exists.
- F. **Procedures for Addressing Conflict of Interest.**

1. The President or Chair of the Governance Committee must, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
2. After exercising due diligence, the Board or appointed committee must determine whether the Association can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
3. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee must determine, by a majority vote of the disinterested Directors or committee members, whether the transaction or arrangement is in the Association's best interest and for its own benefit, and whether the transaction is fair and reasonable to the Association. The Board or committee must make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

**G. Violations of the Conflicts of Interest Policy.**

1. If the Board or committee has reasonable cause to believe that a director or officer has failed to disclose actual or possible conflicts of interest, it must inform the director or officer of the basis for such belief and afford the director or officer an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the director or officer and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the officer or director has in fact failed to disclose an actual or possible conflict of interest, it must take appropriate disciplinary and corrective action.

**H. Records of Proceedings.** The minutes of the Board and of all committees with Board-delegated powers must contain:

1. The names of the persons (if any) 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 Board's or committee's decision as to whether a conflict of interest in fact existed; and
2. 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 therewith. Prior to any discussion or vote on a potentially conflicted transaction, the Board or committee will confirm that there are no conflicted directors present.

- I. **Annual Statements.** Each director, each officer, and each member of a committee with Board-delegated powers must annually sign a statement in which such person affirms that he or she (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 that the Association is a non-profit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that further or accomplish one or more of its tax-exempt purposes.
- J. **Periodic Reviews.** To ensure that the Association operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, the Board of Directors must cause periodic reviews to be conducted, including, at a minimum, the following subjects: (a) whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and (b) whether any joint venture arrangements or other transactions involving the Association (including but not limited to agreements to provide or to purchase goods or services) have resulted in private inurement or impermissible private benefit.
- K. **Use of Outside Experts.** In conducting the periodic reviews provided for in this Article, the Association may, but need not, use outside advisors. If outside experts are used, their use will not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

## **ARTICLE X - BYLAWS AMENDMENTS**

### **Section 1 - Adoption of Amendments**

The Board of Directors may periodically review the Bylaws and recommend amendments for approval by the Primary Members at a Business or Special Meeting. Absentee ballots will be distributed prior to the meeting to provide at least fifteen (15) calendar days to vote on the recommended changes. Voting will occur in a form prescribed by the Board of Directors and in a manner consistent with the laws of the state in which NASPO is incorporated.

## **ARTICLE XI - DISSOLUTION**

### **Section 1 - Restrictions**

No part of the net earnings of NASPO shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Bylaws. The association shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Restrictions set forth under this Section may be cause for involuntary administrative dissolution of the association by a governmental entity.

### **Section 2 – Distribution of Assets**

Upon the dissolution of the association, assets shall be distributed for one or more exempt purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal

government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by the county in which the principal office of the association is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

## **ARTICLE XII - INDEMNIFICATION**

### **Section 1 – Indemnification**

To the extent legally permissible, NASPO will indemnify, hold harmless, and defend each individual serving under Article III, Article IV, or Article V, and NASPO employees, against legal action, expenses, and liabilities incurred while acting in good faith and within the scope of his or her service or employment.

BYLAWS OF NATIONAL ASSOCIATION OF STATE PROCUREMENT OFFICIALS, INC. (NASPO)  
ACCEPTED AND APPROVED on DECEMBER 27, 2021, BY THE NASPO MEMBERSHIP.



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Delbert Singleton, President  
National Association of State Procurement Officials, Inc.