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BYLAWS OF *THE HEINLEIN SOCIETY*

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Vision:

We want to ensure that it is possible for anyone who wants to read a Heinlein story to be able to find a copy of his work and someone to discuss it with. We will work towards the day that humanity will realize Specialization Is For Insects and that every person should be a thinking being fully engaged as a productive part of humanity.

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Article I: Foundation

10 **Section 1: Name.** The name of this organization shall be The Heinlein Society, using that
11 explicit capitalization protocol. Reference to “the Society” is preferred in formal usage, while
12 the acronym “THS” is acceptable in informal usage.

13 **Section 2: Mission.** The Society exists to promote the legacy of Robert A. Heinlein by
14 encouraging the reading and discussion of his written work, the use of critical thinking skills
15 in our daily lives, and a love of science essential in promoting humankind’s future beyond our
16 home planet. We will “Pay it Forward” through support of educational, literary, and charitable
17 endeavors including, but not limited to: volunteer blood drives; scholarships; the Heinlein For
18 Heroes book distribution program; and the creation and distribution of teaching materials,
19 including support of *The Heinlein Journal*.

20 **Section 3: Incorporation.** The Society shall be a non-profit corporation, incorporated under
21 the laws of the State of Texas, but also engaged in its various purposes by virtue of significant
22 contacts in the State of California and elsewhere in both hemispheres.

23 **Section 4: Structure.** The Society shall consist of its regular members, from whom a Board
24 of Directors (hereinafter, “Board”) shall be elected. The Board, in turn, shall elect from its
25 empaneled Directors the Society’s principal officers: President, Vice President-Secretary, and
26 Treasurer. The Board may, at is discretion, appoint other officers and agents as it deems
27 necessary to conduct the Society’s business and affairs. The Board may, at is discretion, create
28 classes of members with limited voting rights and lesser dues.

29 **Section 5: Separation Of Charter.** The Society shall be a separate and independently-
30 operated organization from the Heinlein Prize Trust, which governs the estate and intellectual
31 property of Robert Anson Heinlein. No trustee of the Heinlein Prize Trust may serve
32 concurrently as a Director of the Society nor may a Director of the Society serve concurrently
33 as a trustee of the Heinlein Prize Trust.

34

Article II: Board Of Directors

35 **Section 1: Function.** The business, property, and affairs of the Society shall be managed by
36 the Board of Directors.

37 **Section 2: Number And Qualifications Of Directors.** The Board shall be composed of nine
38 persons who must be *bona fide* regular members of the Society in good standing upon their
39 election to the Board, and throughout their terms as Directors.

40 **Section 3: Classification Of Directors.** The Board shall be divided into three classes of three
41 Directors in each class.

42 A. At the first Annual Meeting of the Society, the Directors of the first class shall hold office
43 for a term of one year; the Directors of the second class shall hold office for a term of two
44 years; and the Directors of the third class shall hold office for a term of three years.

45 B. At all subsequent Annual Meeting elections, a minimum of two Directors shall be elected
46 by the regular members for a term of three years, to succeed those Directors whose term
47 then expires.

48 C. Nothing shall be construed to prevent the re-election of a Director.

49 D. Each Director elected by the regular members at the Annual Meeting shall hold office for
50 the term for which he or she is elected, and until a successor is elected and qualified.

51 E. Any Director appointed by the Board to fill a vacancy must have their appointment
52 ratified by the regular members at the next immediate Annual Meeting, in order to
53 complete the vacated remaining term of office. If the Board-appointed Director fails
54 ratification, the regular members of the Annual Meeting may elect a new Director of their
55 choosing for the remaining term, or request the new Board to fill the vacancy with a
56 different candidate.

57 **Section 4: The Robert A. Heinlein Memorial Director.** The Society's official letterhead
58 shall designate in perpetuity Virginia Heinlein as the "Robert A. Heinlein Memorial
59 Director".

60 **Section 5: Powers Granted To The Board.** The Board shall have the following powers to
61 manage the Society's operation:

62 A. Power To Elect Officers. The Board shall have the power to elect from its empaneled
63 Directors a President, a Vice President-Secretary, and a Treasurer at an organizational
64 meeting immediately following election of the new class of Directors at the Annual
65 Meeting, or at special or regular Board meetings if an office has been vacated for whatever
66 reason. The Board may elect such other officers as it may, from time to time, amend these
67 Bylaws to permit. The Board may appoint a supporting member of the Society to an office
68 other than a Director, President, Vice President-Secretary, or Treasurer, under such terms
69 as it may hereafter prescribe.

70 B. Power To Appoint Other Officers And Agents. The Board shall have the power to appoint
71 other officers and agents as the Board may deem necessary for the transaction of the
72 business of the Society.

73 C. Power To Remove Officers And Agents. The Board shall have the power to remove any
74 Director, officer, or agent whenever, in the judgment of the Board, the business interests
75 of the Society will be served.

76 D. Power To Fill Vacancies. The Board shall have the power, by appointment made by the
77 remaining Directors, to fill a vacant Director's seat. Any Director appointed by the Board
78 to fill a vacancy must have their appointment ratified by the regular members at the next
79 immediate Annual Meeting, in order to complete the vacated term of office. The Board
80 shall have the power to fill any other vacancy, in any other office, occurring from any
81 reason.

82 E. Power To Make Bylaws. The Board shall have the power to make and alter any Bylaw or
83 Bylaws, including the fixing and altering of the number of the Directors, provided the
84 Board shall not make or alter any Bylaw or Bylaws fixing the qualifications,
85 classifications, or term of office of any member or members of the then existing Board.

86 **Section 6: Mandated Duties Of The Board.** The Board must perform the following duties:

- 87 A. Maintain due diligence on the operation and fiduciary interest of the Society.
- 88 B. Ensure the maintenance, preparation, and filing all legally required documents required
89 upon the Society, especially but not limited to documents of incorporation and taxes.
- 90 C. Plan and execute the Annual Meeting of the regular members.

91 **Section 7: Operational Procedures Required Of The Board.** The Board shall apply the
92 following procedures to manage the Society's operation:

- 93 A. Use Of Electronic Communication. The Board may, at its discretion and with
94 consideration for privileged communication, use all aspects of electronic and computer
95 communication protocols, such as email, chat rooms, social media, telephone
96 conferencing, video conferencing, and other emerging technologies.
- 97 B. Majority Vote Requirement. Decisions by the Board, except in those circumstances
98 explicitly noted, shall proceed from a simple majority vote of Directors present.
- 99 C. Action By Super-Majority Written Consent. If and when at least seven of nine Directors
100 severally or collectively consent in writing or via email, to any action to be taken by the
101 Society, that action shall be as valid a corporate action as though it had been authorized at
102 a meeting of the Board. These statements of consent shall be entered in the Board minutes
103 as if enacted from the monthly Board meeting immediately following the vote. Any
104 pending written consent which has not achieved Super-Majority by the beginning of the
105 next regularly scheduled Board meeting after its initial proposal shall expire.
- 106 D. Disinterest Of Officers. Board action on reports offered by the President shall be neither
107 moved nor seconded by the President. Board action on reports offered by the Vice
108 President-Secretary shall be neither moved nor seconded by the Vice President-Secretary.
109 Board action on reports offered by the Treasurer shall be neither moved nor seconded by
110 the Treasurer. No such prohibition shall exist for any other Directors.
- 111 E. Delegation Of Powers. For any reason deemed sufficient by the Board, whether
112 occasioned by absence or otherwise, the Board may delegate all or any of the powers and
113 duties of any officer to any other officer or Director on either a *pro tempore* or permanent
114 basis, but no officer or Director shall execute, acknowledge, or verify any instrument in
115 more than one capacity.
- 116 F. Appointment Of An Executive Committee. The Board may, by resolution, appoint an
117 executive committee composed of two or more Directors who, to the extent provided in
118 the resolution, shall have and exercise the authority of the Board in the management of the
119 business of the Society between meetings of the Board.
- 120 G. Power To Require Bonds. The Board may require any officer or agent to file with the
121 Society a satisfactory bond conditioned for faithful performance of duties.

122 H. Reimbursement And Compensation. Directors shall not be compensated for their service
123 as a Board member. They also cannot claim a deduction for the value of their donated
124 services to the nonprofit. However, Directors may be reimbursed for their reasonable out-
125 of-pocket expenses incurred on behalf of the nonprofit in accordance with its expense
126 reimbursement policy. The organization shall not reimburse a member of the Board for the
127 cost of his or her spouse's or other dependent's travel to organization events. Directors
128 may choose not to be reimbursed for out-of-pocket expenses and instead deduct them as a
129 charitable contribution to the organization.

130 **Article III: Officers**

131 **Section 1: President.** The President shall be elected by, and from the membership of the
132 Board. He or she shall be the chief executive officer of the Society, and shall attend and
133 preside as chairman over all meetings of the Board and of the members unless excused by the
134 Board. The President shall:

- 135 A. Have general and active management of the business of the Society.
- 136 B. Ensure that all orders and resolutions of the Board are carried into effect.
- 137 C. Have custody of all corporate funds and securities, and shall deposit all moneys,
138 securities, and other valuable effects in the name of the Society in the depositories
139 designated for that purpose by the Board.
- 140 D. Disperse the funds of the Society as may be ordered by the Board, taking proper vouchers
141 for the disbursements, and shall render to the Treasurer, upon the Treasurer's request, an
142 account of all transactions, to include inventories of all assets.
- 143 E. Restore to the Society in case of death, resignation, retirement, or removal from office, all
144 books, papers, vouchers, money, and property of whatever kind in the President's
145 possession or control and belonging to the Society.
- 146 F. Be *ex officio* a member of all standing committees.
- 147 G. Have the general powers and duties of supervision and management usually vested in the
148 office of president of a society.

149 **Section 2: Vice President-Secretary.** The Vice President-Secretary shall attend all meetings
150 of the members, of the Board, and of the executive committee, unless excused by the Board.
151 The Vice President-Secretary shall:

- 152 A. Preserve in the books of the Society true minutes of the proceedings of all meetings.
- 153 B. Keep custody the seal of the Society and have authority to affix it to all instruments where
154 its use is required.
- 155 C. Give all notices required by statute, Bylaw, or resolution and perform any other duties as
156 may be delegated by the Board or by the executive committee.
- 157 D. Be designated by the President or by the Board to act in the President's stead and to
158 deposit or disburse funds of the Society as may be ordered by the Board, taking proper
159 vouchers for the disbursements.

160 E. Render to the Treasurer, upon the Treasurer’s request, an account of all financial
161 transactions performed by the Vice President-Secretary, to include inventories of all
162 assets.

163 F. Restore to the Society in case of death, resignation, retirement or removal from office, all
164 books, papers, vouchers, money and property of whatever kind in the possession or
165 control of the Vice President-Secretary and belonging to the Society.

166 **Section 3: Treasurer.** The Treasurer shall attend all meetings of the members, of the Board,
167 and of the executive committee, unless excused by the Board. The Treasurer shall:

168 A. Prepare and maintain in good order in books belonging to the Society full and accurate
169 reconciliations of all cash accounts and security accounts, and valued inventories of other
170 valuable effects in the name of the Society.

171 B. Prepare balance sheets and statements of income and disbursement in accordance with
172 generally accepted accounting procedures at least annually.

173 C. Perform any other duties as may be delegated by the Board or by the executive committee.

174 D. Shall render to the President and Directors at the regular meetings of the Board, and
175 whenever requested by them, an account of all transactions and of the financial condition
176 of the Society.

177 E. Shall have free and unfettered access to all records, accounts, inventories, and valuable
178 effects belonging to the Society. Such access may be granted by electronic means, where
179 practicable. The Treasurer may request, require, and authorize outside audit if he or she
180 deems outside audit necessary in the best interests of the Society.

181 F. Restore to the Society in case of death, resignation, retirement, or removal from office, all
182 books, papers, vouchers, money, and property of whatever kind in the possession or
183 control of the Treasurer and belonging to the Society.

184 **Article IV: Meetings**

185 **Section 1: Annual Meeting Of Regular Members.** An Annual Meeting of the regular
186 members shall be held in each year on a date, time, venue and manner selected by the Board.
187 One of the purposes of the Annual Meeting shall be the election of or announcement of
188 electronic voting results to fill vacancies of such Directors whose terms have or may be about
189 to expire as may be provided hereinafter. Successive Annual Meetings may not be less than
190 ten months, nor greater than fourteen months apart.

191 **Section 2: Location, Date, And Time Of Annual Meeting.** At the discretion of the Board,
192 the Annual Meeting of the members may, for convenience, be held at or closely proximate to
193 the site of the annual World Science Fiction Convention, in a place to be determined by the
194 Board. In years when the annual World Science Fiction Convention is not held within the
195 continent of North America, the Board may determine to hold the Annual Meeting of
196 members within North America at a place which it shall determine.

197 **Section 3: Use Of The Internet For Annual Meeting.** The Board may, at its discretion,
198 designate the Internet or other virtual technology as the venue for the Annual Meeting. The
199 Board has the authority to designate and employ appropriate software and procedures to hold
200 a real-time or an extended-over-time Annual Meeting, with due regard to the security and

201 equity of online processes involving informational Society reports, questions by and answers
202 to the membership, nominations, voting, closure of the voting, and dissemination of results.
203 Any procedures adopted by the Board in this area shall be published on the Society's website,
204 and the notice of Annual Meeting sent to the members will inform them where they can find
205 the current procedures to be used at that meeting.

206 **Section 4: Notice Of Annual Meeting.** At least thirty days prior to the date fixed by Section
207 1 of this Article for the holding of the Annual Meeting of members, written notice of the time
208 and place of the meeting shall be sent, as provided, to each member entitled to vote at the
209 meeting. As used in these Bylaws, days means calendar days, including Sundays and holidays.
210 As used in these Bylaws written notice may include forms of electronic communication such
211 as email.

212 **Section 5: Delayed Annual Meeting.** If, for any reason, the Annual Meeting of the members
213 is not held on the day designated, the meeting may be called and held as a special meeting,
214 and the proceedings may be there as at an Annual Meeting, provided that the notice of
215 meeting shall be the same required for the Annual Meeting, namely, not less than a thirty day
216 notice.

217 **Section 6: Order Of Business At Annual Meeting.** The order of business at the Annual
218 Meeting of the regular members shall follow Roberts Rules of Order, as adopted by the Board
219 and posted on the Society's website.

220 **Section 7: Special Meeting Of Regular Members.** A special meeting of the regular
221 members may be called at any time by the President, or by a majority of the Board. The
222 method by which the meeting may be called is as follows: Upon receipt of a specification in
223 writing, setting forth the date and objects of the proposed special meeting, signed by the
224 President, or by a majority of Board, the Vice President-Secretary shall prepare, sign, and
225 send the notices requisite to the meeting. A special meeting venue, at the discretion of the
226 President, may be designated to occur on the Internet or other virtual technology. Notice may
227 be signed by the stamped, typewritten, electronic or printed signature of the Vice President-
228 Secretary.

229 **Section 8: Notice Of Special Meeting Of Regular Members.** At least seven days prior to the
230 date fixed for the holding of any special meeting of regular members, written notice of the
231 time, place and purposes of the meeting shall be sent, as provided, to each member entitled to
232 vote at the meeting. Business not explicitly mentioned in the notice shall not be transacted at
233 the meeting.

234 **Section 9: Organizational Meeting Of The Board.** Prior to the Annual Meeting of regular
235 members, the outgoing Board shall make tentative provisions for an organizational meeting
236 for the newly empaneled Board, as constituted upon final adjournment of the Annual Meeting,
237 for the purpose of electing officers and transacting any other business properly brought before
238 it. The organizational meeting may be, for convenience, at the place of the Annual Meeting of
239 regular members, and immediately follow the Annual Meeting; or a special Board meeting; or
240 no later than the regularly scheduled Board meeting immediately following the Annual
241 Meeting. The organization meeting in any year may be held at a different time and place than
242 that scheduled, by consent of a majority of the Directors of the new Board.

243 **Section 10: Regular Meetings Of The Board.** Regular meetings of the Board shall be held

244 shall be held on a schedule determined by the Board, at the time and place as the Board shall
245 determine. No notice of regular meetings of the Board shall be required. Any or all meetings
246 of the Board may be held via electronic, telephonic or other emerging technological means as
247 the Board shall, from time to time, determine.

248 **Section 11: Special Meetings Of The Board.** Special meetings of the Board may be called
249 by the President or a majority of the Board at any time by means of written notice by mail or
250 email of the time, place, and purpose to each Director as the President or a majority of the
251 Board shall deem sufficient, but action taken at any meeting shall not be invalidated for want
252 of notice.

253 **Section 12: Notices And Mailing.** All notices required to be given by any provision of these
254 Bylaws shall state the authority pursuant to which they are issued (as, “by order of the
255 President,” or “by order of the Board of Directors” as the case may be) and shall bear the
256 written, stamped, typewritten, electronic or printed signature of the Vice President-Secretary
257 or designee. Every notice shall be deemed served when it has been deposited in the United
258 States mail, with postage fully prepaid, plainly addressed to the addressee at his, her, or its last
259 address appearing upon the membership record of the Society; or when sent electronically to
260 the email address appearing on the membership record of the Society.

261 **Section 13: Confirmation of Annual or Special Meeting Resolutions.** When a quorum (see
262 Article V, Section 1) exists at a meeting of the regular members, but does not meet or exceed
263 10% of the entire membership entitled to vote, the Board may, at its discretion, within 30 days
264 of the meeting taking the action, choose to poll the entire membership electronically on any
265 resolution—exclusive of election of Directors—passed by an Annual or special meeting of the
266 membership. If the Board chooses to do so, the same resolution passed at the meeting shall be
267 submitted electronically to the membership as a whole for their decision. The Board may
268 allow both pro and con statements by proponents and opponents to be included in the voting
269 materials sent to the members, but must allow equal space to both sides. The Resolution
270 passed at the meeting of the members shall continue as the official policy of the Society
271 unless and until overturned by said poll.

272 **Article V: Quorum**

273 **Section 1: Quorum Of Regular Members.** A quorum at any meeting of the regular members
274 will be 10 members in good standing, of which no more than 4 may be Board members.

275 **Section 2: Quorum Of Directors At Board Meetings.** A quorum of Directors shall be
276 defined as four of the nine Directors.

277 **Article VI: Voting, Elections, And Nominations**

278 **Section 1: Who Is Eligible To Vote.** Except as these Bylaws, or an amendment or
279 amendments otherwise provide, each regular member shall, at every meeting of the members,
280 be entitled to one vote in person or electronically. Electronic voting may be accomplished via
281 the Internet as designated by the Board. A supporting member of the Society is not eligible to
282 vote, but may attend any meeting, and subject to the rulings of the President, or other
283 presiding officer, may express himself or herself.

284 **Section 2: Nominations.** The Board will appoint a Nominating Committee whose purpose
285 will be to solicit nominations from the members to fill upcoming vacancies to the Board.

286 Members in good standing may self-nominate or be nominated by another member but must
287 agree to serve, and have good standing confirmed by the Nominating Committee. Candidate
288 statements will be uploaded to the electronic ballot along with any other business that requires
289 membership approval. Voting will take place no earlier than 30 days before nor less than 14
290 days before the Annual meeting. Notice of poll opening and closing will be sent to members
291 electronically and will be posted on the website.

292 **Section 3: Inspectors.** Whenever any person entitled to vote at a meeting of the members
293 requests the appointment of inspectors, a majority of the regular members present at that
294 meeting and entitled to vote shall appoint not more than three inspectors, who need not be
295 members of the Society. If the right of any person to vote at the meeting is challenged, the
296 inspectors shall determine the right. The inspectors shall receive and count the votes either
297 upon an election or for the decision of any question and shall determine the result. Their
298 certificate of any vote shall be *prima facie* evidence.

299 **Article VII: Execution Of Instruments**

300 **Section 1: Checks and drafts.** All checks, drafts and orders for payment of money shall be
301 signed in the name of the Society.

302 **Section 2: Contracts, Conveyances, Or Other Instruments.** When the execution of any
303 contract, conveyance, or other instrument has been authorized without specification of the
304 executing officers, the President, or the Vice President-Secretary, may execute it on behalf of
305 the Society and may affix the corporate seal. The Board shall have the power to designate any
306 further officers and agents who shall have authority to execute any instrument in behalf of the
307 Society.

308 **Article VIII: Power Of Board To Borrow Money**

309 The Board shall have the full power and authority to borrow money whenever, in the
310 discretion of the Board, the exercise of that power is required in the general interests of the
311 Society. In such case the Board may authorize the proper officers of the Society to make,
312 execute, and deliver in the name and on behalf of the Society any notes, bonds, and other
313 evidence of indebtedness as the Board shall deem proper, and the Board shall have the full
314 power to mortgage the property of the Society, or any part as security for the indebtedness,
315 and no action on the part of the membership of the Society shall be requisite to the validity of
316 any note, bond, evidence of indebtedness, or mortgage.

317 **Article IX: Membership And Dues**

318 **Section 1: Regular Membership.**

319 A. Any person may acquire membership in the Society by uniform application; however, an
320 application for membership may be declined upon a showing of cause, by a majority vote
321 of the Board at any regular business meeting.

322 B. Any decision to decline an application by the Board, if made, may be appealed to
323 members present at any Annual or special meeting.

- 324 C. The dues of all regular members shall be established by the Board for each year, and that
325 member shall be considered in good standing for one calendar year unless the Board
326 denies their application.
- 327 D. Any regular member in default in payment of dues shall be suspended from all privileges
328 of membership, and if, after notice, the default is not cured within a period of thirty days,
329 the membership of that member shall automatically terminate.
- 330 E. Any member may be removed from membership by a majority vote of the members
331 present at any Annual Meeting or at any special meeting of the members called for the
332 purpose, for conduct deemed prejudicial to the Society, provided, that the member shall
333 have first been served with written notice of the accusations and shall have been given an
334 opportunity to produce witnesses, if any, and to be heard, at the meeting at which the vote
335 is taken.

336 **Section 2: Supporting And Other Classes Of Membership.** The Board, or the regular
337 membership, may create supporting and other membership under such terms and conditions
338 that it or they may prescribe; provided, the dues of supporting members or any other class of
339 membership is not equal to or in excess of that paid by regular members. The supporting or
340 other classes of membership shall not be entitled to vote, or serve as a member of the Board
341 and may not serve as any other officer or agent of the Board or the Society except under such
342 terms as the Bylaws may now or hereafter prescribe.

343 **Article X: Amendment Of Bylaws**

344 **Section 1: Regular Members Effecting Bylaw Amendments.** These Bylaws may be
345 amended, altered, added to, or repealed by the affirmative vote of a majority of the regular
346 members entitled to vote at any regular or special meeting of the members if notice of the
347 proposed amendment, alteration, addition, or repeal is contained in the notice of the meeting.

348 **Section 2: Board Effecting Bylaw Amendments.** These Bylaws may be amended, altered,
349 added to, or repealed by the affirmative vote of a majority of the Board if the amendment,
350 alteration, addition, or repeal is proposed at a regular or special meeting of the Board and
351 adopted at a subsequent regular meeting; provided, that any Bylaw made by the affirmative
352 vote of a majority of the Board as provided here may be amended, altered, added to, or
353 repealed by the affirmative vote of a majority of the members entitled to vote at any regular or
354 special meeting of the members; also provided, that no change of the date for the Annual
355 Meeting of members shall be made within thirty days before the day on which the meeting is
356 to be held, unless consented to in writing, or by a resolution adopted at a meeting, by all
357 members entitled to vote at the Annual Meeting.

358 **Article XI: Non Profit Purposes**

359 **Section 1: IRC Section 501(c)(3) Purposes.** This corporation, designated The Heinlein
360 Society, is organized exclusively for charitable, religious, educational, and/or scientific
361 purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such
362 purposes, the making of distributions to organizations that qualify as exempt organizations
363 under section 501(c)(3) of the Internal Revenue Code.

364 **Section 2: Specific Objectives And Purposes.** This corporation is a non-profit organization
365 established with objectives to encourage formation of character and provoke critical and

366 intelligent thinking among young individuals. For these purposes, we produce and distribute
367 free educational materials based on the works and ideas of the Grand Master Science Fiction
368 author, Robert Anson Heinlein, as well as provide support for blood drives across the world
369 and the donation of the works of said author to various military / veterans' organizations
370 known as Heinlein for Heroes (H4H).

371 **Article XII: IRC 501(c) (3) Tax Exemption Provisions**

372 **Section 1: Limitations On Activities.** No substantial part of the activities of this corporation
373 shall be for propaganda, or otherwise attempting to influence legislation (except as otherwise
374 provided by Section 501(h) of the Internal Revenue Code), and this corporation shall not
375 participate in, or intervene in (including the publishing or distribution of statements), any
376 political campaign on or behalf of, or in opposition to, any candidate for public office.

377 Notwithstanding any other provisions of these Bylaws, this corporation shall not carry on any
378 activities not permitted to be carried on

379 A. By a corporation exempt from federal income tax under section 501(c)(3) of the Internal
380 Revenue Code, or

381 B. By a corporation, contributions to which are deductible under section 170(c)(2) of the
382 Internal Revenue Code.

383 **Section 2: Prohibition Against Private Inurement.** No part of the net earnings of
384 corporation shall inure to the benefit of, or be distributable to, its Directors, officers or other
385 private persons, except that the corporation shall be authorized and empowered to pay
386 reasonable compensation for services rendered and to make payments and distributions in
387 furtherance of the purposes of this corporation.

388 **Section 3: Distribution Of Assets.** Upon the dissolution of this corporation, its assets
389 remaining after payment, or provision for payment, of all debts and liabilities of this
390 corporation shall be distributed for one or more exempt purposes within the meaning of
391 Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal
392 government, or to a state or local government, for a public purpose. Such distribution shall be
393 made in accordance with all applicable provisions of the laws of the State of Texas.

394 **Section 4: Private Foundation Requirements And Restrictions.** In any taxable year in
395 which the corporation becomes a private foundation as described in Section 509(a) of the
396 Internal Revenue Code, the corporation

397 A. Shall distribute its income for said period at such time and manner as not to subject to tax
398 under Section 4942 of the Internal Revenue Code;

399 B. Shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal
400 Revenue Code;

401 C. Shall not retain any excess business holdings as defined in Section 4943(c) of the Internal
402 Revenue Code;

403 D. Shall not make any investments in such manner as to subject the corporation to tax under
404 Section 4944 of the Internal Revenue Code; and

405 E. Shall not make any taxable expenditure as defined in Section 4945(d) of the Internal

406 Revenue Code.

407 **Article XIII: Conflict Of Interest Policy**

408 **Section 1: Purpose.** The purpose of this conflict of interest policy is to protect this tax-
409 exempt corporation's interest when it is contemplating entering into a transaction or
410 arrangement that might benefit the private interest of an officer or Director of the corporation
411 or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and
412 as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible
413 "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code
414 and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to
415 supplement but not replace any applicable state and federal laws governing conflict of interest
416 applicable to nonprofit and charitable organizations.

417 **Section 2: Definitions.**

418 A. **Interested Person.** Any Director, principal officer, member of a committee with Board
419 delegated powers, or any other person who is a "disqualified person" as defined in Section
420 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS
421 Regulations, who has a direct or indirect financial interest, as defined below, is an
422 interested person.

423 B. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly,
424 through business, investment, or family:

425 (1). An ownership or investment interest in any entity with which the corporation has a
426 transaction or arrangement,

427 (2). A compensation arrangement with the corporation or with any entity or individual with
428 which the corporation has a transaction or arrangement, or

429 (3). A potential ownership or investment interest in, or compensation arrangement with, any
430 entity or individual with which the corporation is negotiating a transaction or
431 arrangement.

432 C. **Compensation** includes direct and indirect remuneration as well as gifts or favors that are
433 not insubstantial.

434 D. A **financial interest** is not necessarily a conflict of interest. A person who has a financial
435 interest may have a conflict of interest only if the appropriate Board of Directors or
436 committee decides that a conflict of interest exists.

437 **Section 3: Procedures.**

438 A. **Duty to disclose.** In connection with any actual or possible conflict of interest, an interested
439 person must disclose the existence of the financial interest and be given the opportunity to
440 disclose all material facts to the Directors and members of committees with Board
441 delegated powers considering the proposed transaction or arrangement.

442 B. **Determining whether a conflict of interest exists.** After disclosure of the financial interest
443 and all material facts, and after any discussion with the interested person, he/she shall leave
444 the Board or committee meeting while the determination of a conflict of interest is
445 discussed and voted upon. The remaining Board or committee members shall decide if a

446 conflict of interest exists.

447 C. Procedures for addressing the conflict of interest. An interested person may make a
448 presentation at the Board or committee meeting, but after the presentation, he/she shall
449 leave the meeting during the discussion of, and the vote on, the transaction or arrangement
450 involving the possible conflict of interest.

451 (1) The chairperson of the Board or committee shall, if appropriate, appoint a disinterested
452 person or committee to investigate alternatives to the proposed transaction or
453 arrangement. After exercising due diligence, the Board or committee shall determine
454 whether the corporation can obtain with reasonable efforts a more advantageous
455 transaction or arrangement from a person or entity that would not give rise to a conflict
456 of interest.

457 (2) If a more advantageous transaction or arrangement is not reasonably possible under
458 circumstances not producing a conflict of interest, the Board or committee shall
459 determine by a majority vote of the disinterested Directors whether the transaction or
460 arrangement is in the corporation's best interest, for its own benefit, and whether it is
461 fair and reasonable. In conformity with the above determination, it shall make its
462 decision as to whether to enter into the transaction or arrangement.

463 D. Violations of the conflicts of interest policy. If the Board or committee has reasonable
464 cause to believe a member has failed to disclose actual or possible conflicts of interest, it
465 shall inform the member of the basis for such belief and afford the member an opportunity
466 to explain the alleged failure to disclose.

467 If, after hearing the member's response and after making further investigation as warranted
468 by the circumstances, the Board or committee determines the member has failed to disclose
469 an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective
470 action.

471 **Section 4: Records Of Proceedings.** The minutes of meetings of the Board and all
472 committees with Board delegated powers shall contain:

473 A. The names of the persons who disclosed or otherwise were found to have a financial
474 interest in connection with an actual or possible conflict of interest, the nature of the
475 financial interest, any action taken to determine whether a conflict of interest was present,
476 and the Board of Directors' or committee's decision as to whether a conflict of interest in
477 fact existed.

478 B. The names of the persons who were present for discussions and votes relating to the
479 transaction or arrangement, the content of the discussion, including any alternatives to the
480 proposed transaction or arrangement, and a record of any votes taken in connection with the
481 proceedings.

482 **Section 5: Compensation.** A voting member of the Board who receives compensation,
483 directly or indirectly, from the corporation for services is precluded from voting on matters
484 pertaining to that member's compensation.

485 A. A voting member of any committee whose jurisdiction includes compensation matters and
486 who receives compensation, directly or indirectly, from the corporation for services is
487 precluded from voting on matters pertaining to that member's compensation.

- 488 B. No voting member of the Board or any committee whose jurisdiction includes
489 compensation matters and who receives compensation, directly or indirectly, from the
490 corporation, either individually or collectively, is prohibited from providing information to
491 any committee regarding compensation.
- 492 C. When approving compensation for Directors, officers and employees, contractors, and any
493 other compensation contract or arrangement, in addition to complying with the conflict of
494 interest requirements and policies contained in the preceding and following sections of this
495 article as well as the preceding paragraphs of this section of this article, the Board or a duly
496 constituted compensation committee of the Board shall also comply with the following
497 additional requirements and procedures:
- 498 (1) The terms of compensation shall be approved by the Board of Directors or
499 compensation committee prior to the first payment of compensation.
- 500 (2). All members of the Board of Directors or compensation committee who approve
501 compensation arrangements must not have a conflict of interest with respect to the
502 compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii),
503 which generally requires that each Board member or committee member approving a
504 compensation arrangement between this organization and a "disqualified person" (as
505 defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section
506 53.4958-3 of the IRS Regulations):
- 507 (a) Is not the person who is the subject of compensation arrangement, or a family
508 member of such person;
- 509 (b) Is not in an employment relationship subject to the direction or control of the person
510 who is the subject of compensation arrangement;
- 511 (c) Does not receive compensation or other payments subject to approval by the
512 person who is the subject of compensation arrangement;
- 513 (d) Has no material financial interest affected by the compensation arrangement; and
- 514 (e) Does not approve a transaction providing economic benefits to the person who is the
515 subject of the compensation arrangement, who in turn has approved or will approve
516 a transaction providing benefits to the Board or committee member.
- 517 D. The Board or compensation committee shall obtain and rely upon appropriate data as to
518 comparability prior to approving the terms of compensation. Appropriate data may include
519 the following:
- 520 (1). Compensation levels paid by similarly situated organizations, both taxable and tax-
521 exempt, for functionally comparable positions. "Similarly situated" organizations are
522 those of a similar size and purpose and with similar resources.
- 523 (2). The availability of similar services in the geographic area of this organization.
- 524 (3). Current compensation surveys compiled by independent firms.
- 525 (4). Actual written offers from similar institutions competing for the services of the person
526 who is the subject of the compensation arrangement.
- 527 As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts

528 (including contributions) for its three prior tax years of less than \$1 million, the Board or
529 compensation committee will have obtained and relied upon appropriate data as to
530 comparability if it obtains and relies upon data on compensation paid by three comparable
531 organizations in the same or similar communities for similar services.

532 E. The terms of compensation and the basis for approving them shall be recorded in written
533 minutes of the meeting of the Board or compensation committee that approved the
534 compensation. Such documentation shall include:

535 (1). The terms of the compensation arrangement and the date it was approved.

536 (2). The members of the Board or compensation committee who were present during debate
537 on the transaction, those who voted on it, and the votes cast by each Board or committee
538 member.

539 (3). The comparability data obtained and relied upon and how the data was obtained.

540 (4). If the Board or compensation committee determines that reasonable compensation for a
541 specific position in this organization or for providing services under any other
542 compensation arrangement with this organization is higher or lower than the range of
543 comparability data obtained, the Board or committee shall record in the minutes of the
544 meeting the basis for its determination.

545 (5). If the Board or committee makes adjustments to comparability data due to geographic
546 area or other specific conditions, these adjustments and the reasons for them shall be
547 recorded in the minutes of the Board or committee meeting.

548 (6). Any actions taken with respect to determining if a Board or committee member had a
549 conflict of interest with respect to the compensation arrangement, and if so, actions
550 taken to make sure the member with the conflict of interest did not affect or participate
551 in the approval of the transaction (for example, a notation in the records that after a
552 finding of conflict of interest by a member, the member with the conflict of interest was
553 asked to, and did, leave the meeting prior to a discussion of the compensation
554 arrangement and a taking of the votes to approve the arrangement).

555 (7). The minutes of the Board or committee meetings at which compensation arrangements
556 are approved must be prepared before the later of the date of the next Board or
557 committee meeting or 60 days after the final actions of the Board or committee are
558 taken with respect to the approval of the compensation arrangements. The minutes
559 must be reviewed and approved by the Board and committee as reasonable, accurate,
560 and complete within a reasonable period thereafter, normally prior to or at the next
561 Board or committee meeting following final action on the arrangement by the Board or
562 committee.

563 **Section 6: Annual Statements.** Each Director, principal officer, and member of a committee
564 with Board delegated powers shall annually sign a statement which affirms such person:

565 A. Has received a copy of the conflicts of interest policy;

566 B. Has read and understands the policy;

567 C. Has agreed to comply with the policy, and

568 D. Understands the corporation is charitable and in order to maintain its federal tax exemption

569 it must engage primarily in activities which accomplish one or more of its tax-exempt
570 purposes.

571 **Section 7: Periodic Reviews.** To ensure the corporation operates in a manner consistent with
572 charitable purposes and does not engage in activities that could jeopardize its tax-exempt status,
573 periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the
574 following subjects:

575 A. Whether compensation arrangements and benefits are reasonable, based on competent
576 survey information, and the result of arm's-length bargaining.

577 B. Whether partnerships, joint ventures, and arrangements with management organizations
578 conform to the corporation's written policies, are properly recorded, reflect reasonable
579 investment or payments for goods and services, further charitable purposes, and do not
580 result in inurement, impermissible private benefit, or in an excess benefit transaction.

581 **Section 8: Use Of Outside Experts.** When conducting the periodic reviews, the corporation
582 may, but need not, use outside advisors. If outside experts are used, their use shall not relieve
583 the Board of its responsibility for ensuring periodic reviews are conducted.

584 This version of Bylaws of The Heinlein Society was ratified at the Board meeting of 14 April
585 2014.

586 Attest: Alta Loma, California, on 3 August 2014

587 /s/ *Keith G. Kato*

588 Vice President-Secretary

589 The Heinlein Society

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