

45-Day Notice of Proposed Amendments to Appraisal Institute Bylaws

January 6, 2023

45-Day Notice of Proposed Amendments to Appraisal Institute Bylaws

At its February 22-23, 2023, meeting in San Antonio, Texas, the Appraisal Institute Board of Directors will consider proposed amendments to the Appraisal Institute Bylaws. The proposed amendments are expected to have minimal financial impact.

If you have any comments on the proposed changes to the Bylaws, please contact your elected Directors and/or send your comments via email to 45daynotice@appraisalinstitute.org.

Comments received on or before February 17, 2023, will be compiled for distribution to the Board of Directors.

1 **Audit Committee Member Service**

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4 **Background/Rationale**

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6 The Bylaws delegate to the Audit Committee various powers, including informing the Board when other
7 boards, committees, or other bodies such as project teams and panels have not complied with Appraisal
8 Institute financial procedures and financial internal controls. These Audit Committee powers also cover
9 compliance policies of related entities. While recusal often may be appropriate for Audit Committee
10 members who also serve on another committee, project team, panel or related entity that is the subject of
11 an inquiry, recusal reduces the effective size of the committee for these particular matters.

12
13 If the proposed amendments are adopted, Audit Committee members would no longer be eligible to serve
14 concurrently on other committees, project teams, panels or related entities that they were appointed or
15 elected to and that overlap with their term of service on the Audit Committee. Audit Committee members
16 with such concurrent service, therefore, would choose between service on the Audit Committee and other
17 committees, project teams, panels or related entities they were appointed or elected to as of the date of
18 adoption by the Board.

19
20 The Board can adopt such amendments only if at least 60% of Directors with voting rights vote in favor of
21 the proposed amendments at a quorum meeting of the Board of Directors.

22
23 **Text**

24
25 Amend the Bylaws, Article X, Part B as follows:

26
27 Section 2. Audit Committee

28
29 a) Composition

30
31 There shall be an Audit Committee composed of five (5) members elected by the Board of
32 Directors. **Audit Committee members may not serve concurrently on any committee, panel,
33 project team or Appraisal Institute related entity.**

34
35 At its third regular meeting each year, the Board of Directors shall hold an election for those Audit
36 Committee positions whose terms end that year. The elected members of the Audit Committee
37 shall serve two (2) year staggered terms beginning on January 1 following election to office.
38 When elected, members must be an Appraisal Institute Designated Member in good standing and
39 be currently serving on the Board of Directors or serving as a Third Regional Director.
40 Furthermore, at least one (1) of the members elected each year must have one (1) year remaining
41 on his or her Board term or must be a Third Regional Director, whose Audit Committee term would
42 commence concurrently with his or her term on the Board of Directors. ~~Executive and Finance
43 Committee members may not serve concurrently on the Audit Committee.~~

47 Compensation Committee Member Service

48 49 50 **Background/Rationale**

51
52 The Compensation Committee is composed of the President, the President Elect, the Immediate Past
53 President, the most recent Past President and one voting Board member elected annually by the Board of
54 Directors. The Bylaws state that Executive and Finance Committee members may not serve concurrently
55 on the Audit Committee. By extension, a member of the Audit Committee or Finance Committee should
56 not be able to serve on the Compensation Committee.

57
58 Additionally, one of the duties of the Audit Committee is to compare the compensation of the Chief
59 Executive Officer (CEO) to the benchmarks of similar positions, while the Compensation Committee
60 recommends compensation for the CEO. Prohibiting concurrent service between these committees is
61 desirable so that an individual would not be responsible for duties related to both the benchmarking of the
62 CEO's compensation as a member of the Audit Committee and recommending compensation for the CEO
63 as a member of the Compensation Committee.

64
65 The Board can adopt such amendments only if at least 60% of Directors with voting rights vote in favor of
66 the proposed amendments at a quorum meeting of the Board of Directors.

67 68 **Text**

69
70 Amend the Bylaws, Article XIII, Part B as follows:

71 72 Section 4. Compensation Committee

73 74 a) Composition

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76 There shall be a Compensation Committee that is composed of the President, the President Elect,
77 the Immediate Past President, the most recent Past President and one voting member elected
78 each year by the Board of Directors. The Immediate Past President shall serve as the Chair of the
79 Compensation Committee. If the Immediate Past President is unavailable to serve his or her term,
80 or any part thereof, as Chair of the Compensation Committee, the most recent Past President
81 willing and able shall serve as Chair of the Compensation Committee.

82
83 At the third regular meeting of the Board of Directors **each year**, the Board of Directors shall elect
84 one voting member currently serving on the Board with at least one (1) year remaining in his or her
85 Board term to serve on the Compensation Committee. The elected member shall serve on the
86 Compensation Committee for a one-year term commencing on January 1st following election and
87 shall serve no more than one (1) one-year term within a four-year period. **Effective January 1,**
88 **2024, the elected member may not serve concurrently on the Finance Committee or the**
89 **Audit Committee.**