

Bylaws of Congregation Shma Koleinu

Article 1 Offices

Section 1. Principal Office

The principal office of Congregation Shma Koleinu is located in Harris County, State of Texas.

Section 2. Other Offices

Congregation Shma Koleinu may also have offices at such other places, within or without its state of incorporation, where it is qualified to do business, as its business and activities may require, and as the board of directors may, from time to time, designate.

Article 2 Nonprofit Purposes

Section 1. IRC Section 501(c)(3) Purposes

Congregation Shma Koleinu is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

Section 2. Specific Objectives and Purposes

The specific objectives and purposes of Congregation Shma Koleinu shall be: to form a Jewish community of worship, study and assembly; to ensure the continuity of the Jewish People and to apply the principles of Judaism to the values and conduct of the individual, the family and the society in which we live.

Article 3 Directors

Section 1. Number

Congregation Shma Koelinu shall have an initial board of directors consisting of ten (10)

directors and collectively they shall be known as the board of directors. Thereafter, the board of directors, by resolution properly noticed and adopted, may increase or decrease the size of the board of directors, but no decrease in the size of the board of directors shall remove a duly elected director from office until the completion of his or her term.

Section 2. Qualifications

Directors shall be (i) of the age of majority in this state, (ii) shall be members in good standing of Congregation Shma Koleinu. Only one member of a household may be a voting member of the Board of Directors at the same time.

Section 3. Powers

Subject to the provisions of the laws of the State of Texas and any limitations in the certificate of formation and these bylaws relating to action required or permitted to be taken or approved by the members of Congregation Shma Koleinu, the activities and affairs of Congregation Shma Koleinu shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors. The board of directors shall establish policies, guidelines and direction with respect to matters within its management and control.

Section 4. Duties

It shall be the duty of the directors to:

- a. Perform any and all duties imposed on them collectively or individually by law, by the certificate of formation, or by these bylaws;
- b. Subject to Article Four, negotiate a contract for the service of the Senior Rabbi.
- c. Subject to Article Four and in consultation with the Senior Rabbi, appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation of the clergy and all non-clergy officers, agents and employees of Congregation Shma Koleinu;
- d. Subject to Article Four, supervise all officers, agents, and employees of the congregation to assure that their duties are performed properly;
- e. Meet at such times and places as required by these bylaws;
- f. Register their addresses with the secretary of the congregation, and notices of meetings mailed or telegraphed to them at such

addresses shall be valid notices thereof.

Section 5. Term of Office

Each director shall hold office for a period of one year and until his or her successor is elected and qualifies. The directors elected at the regular meeting of members in 2017 shall draw lots to divide themselves into three categories, with the first category serving a one year term, the second category serving a two year term and the third category serving a three year term. At each regular meeting of members beginning in 2018, the members shall elect one-third of the directors for a three year term. Newly elected directors shall assume office at the adjournment of the regular meeting.

Section 6. Compensation

Directors shall serve without compensation .

Section 7. Place of Meetings

Meetings shall be held at the principal office of Congregation Shma Koleinu unless otherwise provided by the board or at such other place as may be designated from time to time by resolution of the board of directors.

Section 8. Regular Meetings

The directors, by resolution duly adopted after notice, shall set the schedule of regular meetings. In the absence of such a resolution, regular meetings of directors shall be held on the first Monday of each month at 7:00 p.m., unless such day falls on a legal or Jewish holiday, in which event the regular meeting shall be held at the same hour and place on the next business day.

Section 9. Special Meetings

Special meetings of the board of directors may be called by the president, the vice president, the secretary, by any two directors, or, if different, by the persons specifically authorized under the laws of the State of Texas to call special meetings of the board. Such meetings shall be held at the principal office of Congregation Shma Koleinu or, if different, at the place designated by the person or persons calling the special meeting.

Section 10. Notice of Meetings

Unless otherwise provided by the certificate of formation, these bylaws, or provisions of law, the following provisions shall govern the giving of notice for meetings of the board of directors:

- a. **Regular Meetings.** No notice need be given of any regular meeting of the board of directors.
- b. **Special Meetings.** At least one week prior notice shall be given by the secretary of Congregation Shma Koleinu to each director of each special meeting of the board. Such notice may be written, may be given personally, by first class mail, or by email, and shall state the place, date, and time of the meeting and the matters proposed to be acted upon at the meeting. In the case of email notification, the director to be contacted shall acknowledge personal receipt of the email notice by a return message or telephone call.
- c. **Waiver of Notice.** Whenever any notice of a meeting is required to be given to any director of this corporation under provisions of the certificate of formation, these bylaws, or the law of the State of Texas,(i) a waiver of notice in writing signed by the director, whether before or after the time of the meeting, shall be equivalent to the giving of such notice or (ii) attendance at the meeting, other than for the sole purpose to object to the improper giving of notice, shall constitute a waiver of notice.

Section 11. Quorum for Meetings

A quorum shall consist of a majority of the members of the board of directors.

Except as otherwise provided under the certificate of formation, these bylaws, or provisions of law, no business shall be considered by the board at any meeting at which the required quorum is not present.

Section 12. Majority Action as Board Action

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless the certificate of formation, these bylaws, or provisions of law require a greater percentage or different voting rules for approval of a matter by the board.

Section 13. Conduct of Meetings

Meetings of the board of directors shall be presided over by a chairperson chosen by a majority of the directors present at the meeting. The secretary of Congregation Shma Koleinu shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by rules, policies and precedents established by the Board, insofar as such rules, policies and precedents are not inconsistent with or in conflict with the certificate of formation, these bylaws, or with provisions of law.

Section 14. Vacancies

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased.

Any director may resign effective upon giving written notice to the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if Congregation Shma Koleinu would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the office of the attorney general or other appropriate agency of the State of Texas.

Directors may be removed from office by a vote of the board if a director misses four consecutive meetings without justifiable cause acceptable to the board.

Unless otherwise prohibited by the certificate of formation, these bylaws, or provisions of law, vacancies on the board may be filled by approval of the board of directors. If the number of directors then in office is less than a quorum, a vacancy on the board may be filled by approval of a majority of the directors then in office or by a sole remaining director. A person elected to fill a vacancy on the board shall hold office until the next election of the board of directors or until his or her death, resignation, or removal from office.

Section 15. Nonliability of Directors

The directors shall not be personally liable for the debts, liabilities, or other obligations of Congregation Shma Koleinu.

Section 16. Indemnification by Corporation of Directors and Officers

The directors and officers of Congregation Shma Koleinu shall be indemnified by Congregation Shma Koleinu to the fullest extent permissible under the laws of the State of Texas.

Section 17. Insurance for Corporate Agents

Except as may be otherwise provided under provisions of law, the board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of Congregation Shma Koleinu (including a director, officer, employee, or other agent of Congregation Shma Koleinu) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not Congregation Shma Koleinu would have the power to indemnify the agent against such liability under the certificate of formation, these bylaws, or provisions of law.

Article 4

The Clergy

Section 1. The Senior Rabbi as the Spiritual Leader

Congregation Shma Koleinu shall be guided in its religious practices by its senior rabbi. The senior rabbi shall have charge of the course of study and the academic environment of Congregation Shma Koleinu, including the religious school, if Congregation Shma Koleinu establishes such a school.

Section 2. Selection of the Senior Rabbi

Candidates for the position of senior rabbi shall be selected and evaluated by a special committee appointed by the president when necessary. The committee shall recommend to the board of directors a candidate to be elected senior rabbi. Upon approval by the board of directors this recommendation shall be presented to the membership of Congregation Shma Koleinu at a regular or special meeting. Two-thirds majority of units of full membership of Congregation Shma Koleinu present and voting shall be required to approve a new Senior Rabbi.

Section 3. Renewal of the Senior Rabbi's Contract

No less than eight months prior to the end of each term of the senior rabbi's service, the board of directors shall make a recommendation as to the senior rabbi's re-election. This recommendation shall be submitted to a regular or special meeting of Congregation Shma Koleinu. A majority of units of full membership of Congregation Shma Koleinu present and voting shall be required to adopt this recommendation, provided, however, that if the board of directors recommends granting life tenure to the senior rabbi, then a two-thirds majority of units of Congregation Shma Koleinu present and voting shall be required. The board of directors may only recommend, and Congregation Shma Koleinu may only vote for life tenure, at a renewal of a senior rabbi's contract, not as a first contract.

Section 4. The Senior Rabbi and Congregational Governance

The senior rabbi shall have the right to attend all meetings of the officers, the board of directors and Congregation Shma Koleinu, without voting rights, except when requested to absent himself/herself. The senior rabbi shall be a non-voting member of all committees.

Section 5. The Senior Rabbi as Supervisor of Staff and Clergy

The selection, engagement, retention and management of all clergy and staff members

shall be upon recommendation to the board of directors by the senior rabbi.

Section 6. Associate/Assistant Rabbis, Staff and Cantor

The board of directors may engage such associate or assistant rabbis and a cantor as it deems desirable. Each associate/assistant rabbi and cantor shall be recommended by the senior rabbi to the board of directors who shall vote upon this recommendation with a majority of directors present and voting at a meeting with a quorum present required to approve the recommendation. Any associate/assistant rabbi or cantor shall be invited to attend all meetings of the board of directors without voting rights, except when requested to absent himself or herself.

Article 5 Officers

Section 1. Designation of Officers

The officers of Congregation Shma Koleinu shall be a president, one or more vice presidents, one or more secretaries, and one or more treasurers. The congregation may also have a chairperson of the board, assistant secretaries, assistant treasurers, and other such officers with such titles as may be determined from time to time by the board of directors. Officers shall be elected at the annual meeting of Congregation Shma Koleinu for a term of one year. Newly elected officers shall assume office at the adjournment of the annual meeting.

Section 2. Resignation

Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of Congregation Shma Koleinu. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Vacancies

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

Section 4. Duties of President

The duties of the president shall be to preside as chair at all meetings of Congregation Shma Koleinu. The president shall receive notice of all committees and may attend all committee meetings. He or she shall call the annual meeting and special meetings, and perform such other duties as are incident to the office. The president shall appoint the initial chairperson of all committees but committees may appoint their own chairperson by majority vote of the committee

Section 5. Duties of Vice President

The vice president(s) shall perform such duties as may be assigned by the president or the board of directors. The vice president shall automatically succeed to the office of the president in the case of a vacancy and shall act for the president in case of his or her absence or disability. If there is more than one vice president, the board of directors shall designate the order of succession.

Section 6. Duties of Secretary

The secretary shall:

Certify and keep at the principal office of Congregation Shma Koleinu the original, or a copy, of these bylaws as amended or otherwise altered to date.

Keep at the principal office of Congregation Shma Koleinu or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

Ensure that the minutes of meetings of Congregation Shma Koleinu, any written consents approving action taken without a meeting, and any supporting documents pertaining to meetings, minutes, and consents shall be contemporaneously recorded in the corporate records of Congregation Shma Koleinu. "Contemporaneously" in this context means that the minutes, consents, and supporting documents shall be recorded in the records of this corporation by the later of (1) the next meeting of the board, committee, membership, or other body for which the minutes, consents, or supporting documents are being recorded, or (2) sixty (60) days after the date of the meeting or written consent.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Be custodian of the records of Congregation Shma Koleinu.

Keep at the principal office of Congregation Shma Koleinu a membership book containing the name and address of each and any members, and, in the case where any membership has been terminated, he or she shall record such fact in the membership

book together with the date on which such membership ceased.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the certificate of formation, by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

The board of directors may delegate some of these responsibilities to the administrative staff of Congregation Shma Koleinu, but the secretary shall be responsible for the performance of any delegated matters.

Section 7. Duties of Treasurer

The treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of Congregation Shma Koleinu, and deposit all such funds in the name of Congregation Shma Koleinu in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Disburse, or cause to be disbursed, the funds of Congregation Shma Koleinu as may be directed by the board of directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of Congregation Shma Koleinu's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of Congregation Shma Koleinu.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the certificate of formation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

The board of directors may delegate some of these responsibilities to the administrative staff of Congregation Shma Koleinu, but the treasurer shall be responsible for the performance of any delegated matters.

Section 8. Compensation

Officers of Congregation Shma Koleinu shall serve without compensation, provided, however, they may be employed by Congregation Shma Koleinu in other capacities.

Article 6 Committees

Section 1. Executive Committee

The board of directors may, by a majority vote of its members, designate an executive committee and may delegate to such committee the powers and authority of the board in the management of the business and affairs of Congregation Shma Koleinu, to the extent permitted, and, except as may otherwise be provided, by provisions of law.

By a majority vote of its members, the board may at any time revoke or modify any or all of the executive committee authority so delegated, increase or decrease but not below two (2) the number of the members of the executive committee, and fill vacancies on the executive committee from the members of the board. The secretary of Congregation Shma Koleinu shall be responsible for keeping accurate and complete minutes of the meetings of the executive committee and for circulating copies of the minutes of an executive committee meeting to each member of the board of directors not less than three days prior to the meeting of the board of directors following such executive committee meeting. The executive committee shall meet at the direction of the president, upon reasonable prior notice. A majority of the members of the executive committee shall constitute a quorum. Executive committee meetings may be conducted by telephonic conference call or any other electronic means where all participants can hear each other, provided that each participant has copies of all materials necessary for full participation in the meeting.

Section 2. Ritual Committee

The board of directors, with the advice of the Senior Rabbi, shall appoint a Ritual Committee consisting of members in good standing who do not need to be (but may be) members of the board. The Senior Rabbi shall consult from time to time with the Ritual Committee on religious practice of Congregation Shma Koleinu.

Section 3. Other Committees

Congregation Shma Koleinu shall have such other committees as may from time to time be designated by resolution of the board of directors. These committees may consist of persons who are not also members of the board and shall act in an advisory capacity to the board.

Section 4. Meetings and Action of Committees

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these bylaws concerning meetings of the board of

directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular and special meetings of committees may be fixed by resolution of the board of directors or by the committee. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws.

Article 7

Execution of Instruments, Deposits, and Funds

Section 1. Execution of Instruments

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of Congregation Shma Koleinu to enter into any contract or execute and deliver any instrument in the name of and on behalf of Congregation Shma Koleinu, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind Congregation Shma Koleinu by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 2. Checks and Notes

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of Congregation Shma Koleinu shall be signed by the treasurer and countersigned by the president of Shma Koleinu or such other persons as designated by the board of directors.

Section 3. Deposits

All funds of Congregation Shma Koleinu shall be deposited from time to time to the credit of Congregation Shma Koleinu in such banks, trust companies, or other depositories as the board of directors may select.

Section 4. Gifts

The board of directors may accept on behalf of Congregation Shma Koleinu any contribution, gift, bequest, or devise for the nonprofit purposes of Shma Koleinu.

Article 8

IRC 501(c)(3) Tax Exemption Provisions

Section 1. Limitations on Activities

No substantial part of the activities of Congregation Shma Koleinu shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this corporation 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.

Notwithstanding any other provisions of these bylaws, Congregation Shma Koleinu shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 2. Prohibition Against Private Inurement

No part of the net earnings of Congregation Shma Koleinu shall inure to the benefit of, or be distributable to, its members, directors or trustees, officers, or other private persons, except that Congregation Shma Koleinu shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

Section 3. Distribution of Assets

Upon the dissolution of Congregation Shma Koleinu, its assets remaining after payment, or provision for payment, of all debts and liabilities of Congregation Shma Koleinu, shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

Article 9 Conflict of Interest and Compensation Approval Policies

Section 1. Purpose of Conflict of Interest Policy

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of Congregation Shma Koleinu or any

"disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions

- a. Interested Person.** Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.
- b. Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
1. An ownership or investment interest in any entity with which Congregation Shma Koleinu has a transaction or arrangement;
 2. A compensation arrangement with Congregation Shma Koleinu or with any entity or individual with which Congregation Shma Koleinu has a transaction or arrangement; or
 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Congregation Shma Koleinu is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. Conflict of Interest Avoidance Procedures

- a. Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- b. Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after

any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

- c. Procedures for Addressing the Conflict of Interest.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether Congregation Shma Koleinu can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Congregation Shma Koleinu's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

- d. Violations of the Conflicts of Interest Policy.** If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

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

Section 4. Records of Board and Board Committee Proceedings

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons 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 governing board's or committee's decision as to whether a conflict of interest in fact existed.

- b. 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 with the proceedings.

Section 5. Compensation Approval Policies

A voting member of the governing board who receives compensation, directly or indirectly, from Congregation Shma Koleinu for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Congregation Shma Koleinu for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Congregation Shma Koleinu, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- a. the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation;
- b. all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
 1. is not the person who is the subject of the compensation arrangement, or a family member of such person;
 2. is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement;

3. does not receive compensation or other payments subject to approval by the person who is the subject of the compensation arrangement;
4. has no material financial interest affected by the compensation arrangement; and
5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

c. the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size, purpose, and with similar resources;
2. the availability of similar services in the geographic area of this organization;
3. current compensation surveys compiled by independent firms;
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement;

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

d. the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved;
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
3. the comparability data obtained and relied upon and how the data was obtained;
4. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization

is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination;

5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting;
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement);
7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

Section 6. Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- 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 Congregational Shma Koleinu is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews

To ensure Congregation Shma Koleinu operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status,

periodic reviews shall be conducted.

Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 7, Congregation Shma Koleinu may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article 10 Amendment of Bylaws

Section 1. Amendment

The members of Congregation Shma Koleinu may adopt, amend, or repeal the bylaws of Congregation Shma Koleinu and except as may otherwise be specified under provisions of law, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted by approval of the board of directors (but not in contravention of any bylaw adopted, amended or repealed by the members).

Article 11 Construction and Terms

If there is any conflict between the provisions of these bylaws and the certificate of formation of Congregation Shma Koleinu, the provisions of the certificate of formation shall govern.

Should any of the provisions or portions of these bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these bylaws shall be unaffected by such holding.

All references in these bylaws to the certificate of formation shall be to the certificate of formation of Congregation Shma Koleinu filed with the Secretary of State of Texas and used to establish the legal existence of Congregation Shma Koleinu.

All references in these bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986 as amended from time to time, or to corresponding provisions of any future federal tax code.

Article 12 Members

Section 1. Eligible Members

Membership is open to anyone of the Jewish faith, 18 years of age or older (“adult”). Any family of at least one Jewish spouse or any household with at least one Jewish

person may apply for membership. Each adult member of that family or household shall be considered an individual voting member of Congregation Shma Koleinu so long as they are members in good standing. Good standing shall mean that all financial obligations to Congregation Shma Koleinu are current. Adults seeking to convert and their households shall be invited to participate in all religious, educational, charitable and other programming of Congregation Shma Koleinu, but shall not be entitled to be a member until the Senior Rabbi has certified at least one adult's conversion to the Jewish faith.

Section 2. Entitlements of Membership

Membership entitles each family, household, or individual the right to participate in the activities, religious or secular that Congregation Shma Koleinu shall sponsor, subject to the rules and regulations established by the board of directors.

Section 3. Effect of Death and Divorce

Death or divorce shall not terminate the membership of the surviving or remaining persons regardless of their professed faith.

Section 4. Financial Support

All members shall be responsible for financial support of Congregation Shma Koleinu. Dues, assessments, and other fees shall be determined by the board of directors, and, subject to the other provisions of this Section 4, approved by the membership at the annual meeting. The board of directors shall adopt procedures to waive, extend or modify the financial obligations due from any member. Such procedures shall preserve the privacy of any member who may request waiver or modification of the financial obligations.

Section 5. Suspension of Members

The membership privileges of congregants who have not met their financial obligations to Congregation Shma Koleinu may be suspended upon the vote of the board of directors. Written notice of the intention to suspend services shall be given at least 21 days before such action is taken, and the congregant shall be offered the opportunity to be heard.

Section 6. Resignation of Membership

Resignation from Congregation Shma Koleinu shall be submitted in writing to the board of directors. Resignation or removal shall not relieve a member from payment of any obligation due to Congregation Shma Koeinu.

Section 7. Nonliability of Members

A member of Congregation Shma Koleinu is not, as such, personally liable for the debts, liabilities, or obligations of Congregation Shma Koleinu.

Section 8. Nontransferability of Memberships

No member may transfer a membership or any right arising therefrom.

Article 13 Meetings of Members

Section 1. Place of Meetings

Meetings of members shall be held at the principal office of Congregation Shma Koleinu or at such other place or places as may be designated from time to time by resolution of the board of directors.

Section 2. Regular Meetings

A regular meeting of members shall be held within two months prior to the start of each fiscal year, for the purpose of electing directors and transacting other business as may come before the meeting. Each voting member shall cast one vote on each item properly before the meeting.

Section 3. Special Meetings of Members

Special meetings of the members shall be called by the board of directors, or the president of the congregation, or, if different, by the persons specifically authorized under the laws of this state to call special meetings of the members. The president shall also call such meetings on the written application of signed by either (i) 50 or more members or (ii) at least 25 percent of the members in good standing.

Section 4. Notice of Meetings

Unless otherwise provided by the certificate of formation, these bylaws, or provisions of law, notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be

delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of Congregation Shma Koleinu, with postage prepaid. Personal notification includes notification by telephone or by email, provided however, in the case of email notification, the member to be contacted shall acknowledge personal receipt of the email notice by a return message or telephone call.

The notice of any meeting of members at which directors are to be elected shall also state the names of all those who are nominees or candidates for election to the board at the time notice is given.

Whenever any notice of a meeting is required to be given to any member of Congregation Shma Koleinu under provisions of the certificate of formation, these bylaws, or the law of Texas, a waiver of notice in writing signed by the member, whether before or after the time of the meeting, shall be equivalent to the giving of such notice.

Section 5. Quorum for Meetings

A quorum shall consist of the lesser of 50 members in good standing or 25 percent of the members in good standing. Only members in good standing who are present at a meeting will be entitled to vote or be counted for a quorum; proxy votes will not be accepted.

Except as otherwise provided under the certificate of formation, these bylaws, or provisions of law, no business shall be considered by the members at any meeting at which the required quorum is not present.

Section 6. Majority Action as Membership Action

Every act or decision done or made by a majority of voting members present in person at a duly held meeting at which a quorum is present is the act of the members, unless the certificate of formation, these bylaws, or provisions of law require a greater number.

Section 7. Voting Rights

Each member is entitled to one vote on each matter submitted to a vote by the members.

Section 8. Conduct of Meetings

Meetings of members shall be presided over by the president of the corporation or, in his or her absence, by the vice president of Congregation Shma Koleinu or, in the absence of all of these persons, by a chairperson chosen by a majority of the voting members present at the meeting. The secretary of Congregation Shma Koleinu shall act as secretary of all meetings of members, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by rules established by the board of directors, as such rules

may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with the articles of incorporation, these bylaws, or with provisions of law.