

# **PPAI BYLAWS**

## **ARTICLE I – NAME**

The name of the Association is the Promotional Products Association International (referred to herein at times as “PPAI” or “the Association”).

## **ARTICLE II – PURPOSES**

The purposes of this Association are:

1. To foster and conduct trade, educational and informative services and programs conducive to the advancement, growth and general welfare of the promotional products industry;
2. To acquire and disseminate industry data and information to the members and keep them abreast of the industry;
3. To encourage research and development of standards and business guidelines for the general advancement of the industry;
4. To cooperate with other trade associations for the advancement of the industry as a whole;
5. To develop, expand and promote new uses and markets for the work and products of the industry;
6. To promote and maintain an environment of ethical practices and a high level of professional conduct;
7. To partner with the industry’s regional not-for-profit associations on activities for the betterment of the industry;
8. To cooperate with government officials in the interest of national, state and local welfare;
9. To aid the industry in the solution of its problems and, in general, to perform the usual and customary functions of a trade association;
10. To engage in such other lawful trade association activities as the board of directors may determine.

## **ARTICLE III – PROMOTIONAL PRODUCTS**

### **Section 1 – Definition**

Promotional products marketing is the term used to define the advertising and promotional media or methods that use articles of merchandise. Promotional products include, but are not limited to, ad specialties, premiums, business gifts, incentives, awards, prizes and commemoratives.

## **ARTICLE IV – MEMBERSHIP**

### **Section 1 – Classes of Membership**

The Association shall consist of various classes of membership, the requirements, qualifications and rights of each class of membership are established and outlined herein and in the Association’s governance policies and procedures adopted and approved by the Association’s Board of Directors (collectively the “PPAI Governance Policies and Procedures”).

## **Section 2 – Classes of Members**

Below is the list of core membership classes of PPAI, and each core membership class is generally referred to at times as a “member category” in these Bylaws.

Each member category may have one or more sub-classes depending on the qualifying attributes of the member company, the benefits afforded to such sub-class, and the dues to be paid for the particular sub-class membership as assigned by PPAI or self-selected by the member based on the member’s qualifications and desired member category level. The term “member category,” as used in these Bylaws, includes all sub-classes within that particular member category.

The sub-class characteristics, qualifications, benefits, and dues structures are determined in accordance with Article XI, Section 9 of these Bylaws and the PPAI Governance Policies and Procedures; provided, however, all members in a member category, regardless of sub-class, shall have the same rights or obligations as other members in such member category with respect to voting, dissolution, transfer of memberships or other related governance matters of the Association prescribed in these Bylaws.

The PPAI member categories are as follows:

- A. **Supplier Member:** A Supplier is a company within North America that manufactures, supplies and/or decorates products for sale to companies that resell promotional products.
- B. **Distributor Member:** A Distributor is a company within North America that resells promotional products and/or marketing collateral.
- C. **Business Services Member:** A company that sells services, information or products (other than promotional products) that support the normal conduct of business. Examples include regional associations, independent multi-line representatives of supplier companies, software organizations, consulting, etc.
- D. **International Supplier Member:** An International Supplier Member is a company outside the United States or its possessions who would otherwise likely qualify as a Supplier Member.
- E. **International Distributor Member:** An International Distributor is a company (or a company that maintains a division, department or affiliate) located outside the United States and who would otherwise likely qualify as a Distributor Member.
- F. **Honorary Life Member.** Honorary Life Membership for outstanding service to the Association and/or the industry may be conferred on any individual nominated by an Officer or Director and approved by a majority vote of the Board of Directors.

## **Section 3 – Representation**

Each Distributor, Supplier, Business Services, and International Member must designate in writing the name and title of its representative who shall be an owner, officer, or employee of the member company, who shall be entitled to act officially on behalf of the member in all matters presented by the Association. If the representative ceases to be affiliated in any such capacity with the appointing member, the individual’s official relationship with the Association as a designated representative of the member ceases simultaneously. Other owners, officers, or employees may serve on committees, attend meetings, and take part in Association discussions as may be approved by the Association. A member may change its designated representative at will or appoint a temporary substitute by written notice to PPAI, provided that no such change may be used to substitute for a person who is



serving as a director on the PPAI Board of Directors or in other governance capacity. Each Distributor, Supplier, Business Services, and International Member company shall have one vote in all matters presented by the Association.

#### **Section 4 – Termination of Membership**

Membership in the Association shall automatically terminate when a member no longer meets the criteria for membership, when a member sends a written notice of resignation to PPAI, or for the member's failure to pay dues or other charges owed to the Association.

Any member may be expelled by a two-thirds vote of the Board of Directors for adequate reason, which may include conduct detrimental to the Association or industry, failure to abide by these Bylaws, or conduct contrary to any PPAI Code of Ethics that may be approved by the Board for member conduct- or disciplinary-related purposes. Any member proposed for expulsion is to be given adequate written notice including the reason for the proposed expulsion, opportunity to contest the proposed expulsion in writing or in person before the Board of Directors (as determined by PPAI in its sole discretion), and final written notice of the Board's decision. An "in person" opportunity to contest shall include a hearing held by electronic communications technology in a fashion pursuant to which the participants have the opportunity to read or hear the proceedings substantially concurrently with their occurrence.

When membership is terminated for any reason, all rights of such member with respect to the Association and property of the Association shall cease immediately. Such member shall remain obligated to pay any debts owed the Association at the termination of membership.

### **ARTICLE V – BOARD OF DIRECTORS**

#### **Section 1 – Purpose**

The governing body of the Association is the Board of Directors (referred to in these Bylaws at times as the "Board"). The Board of Directors shall adopt such policies, rules and regulations for the conduct of the Association and for the conduct of the Board as it shall determine are in the best interests of the Association.

#### **Section 2 – Composition and Qualifications**

The Board of Directors shall consist of eleven Directors. Eight shall be elected in accordance with these Bylaws, four of whom shall represent Supplier Members and four of whom shall represent Distributor Members. The Board of Directors, in accordance with these Bylaws, shall appoint the Regional Relations Committee Delegate to the Board and one At-Large Director to the Board.

The Immediate Past Chair shall be a voting member of the Board of Directors, ex officio.

Should one of the following events occur, a Directorship shall automatically terminate upon the later of 60 days of the event or, if the Board determines that exceptional circumstances exist, up to 180 days from the date of the event:

- (1) the Director is no longer in the employ of a member,
- (2) the Director no longer owns a member company, or
- (3) the member company owned by the Director ceases to be a member in good standing.

The Directorship shall not terminate if, before the Directorship terminates, the Director is re-employed by a member in good standing in the same member category or the Director establishes the individual's own business and qualifies for and becomes a member in the Association in the same member category.

No two representatives having the same corporate ownership or affiliation, as determined by the Association, shall serve as Directors of the Board simultaneously. In the case of acquisition, affiliation, or job change after election or appointment, one of the two individuals affected must resign within 60 days, or under exceptional circumstances, and at the Board's discretion, within an extended period of up to 180 days. If that individual is an elected Director and had served at time of resignation for three years or less, the individual would be eligible to stand for re-election under the same rules governing persons who serve unexpired terms. The Association's conflict of interest policy and procedures shall remain effective for any Association business brought before the Board.

No Board member may serve more than five consecutive years, including a year of service as Immediate Past Chair.

### **Section 3 – Elected Directors**

Each elected Director shall be elected for a term of four years. An elected Director having served a four-year term shall not be eligible for re-election as a Director or appointment as the At-Large Director or the RRC Delegate to the Board until four years after their initial term expires.

The Leadership Advisory Committee shall furnish the Elected Directors Nominating Committee a list of candidates and timeframe as outlined in the PPAI Governance Policies and Procedures.

One Supplier member representative and one Distributor member representative shall be elected to the Board of Directors annually.

Each Supplier, Distributor, and Business Services and International member through its designated representative, will vote as permitted by governing law and directed by the association. Candidates presented for election shall be deemed elected if at least a majority of ballots cast are in favor of the candidate. Should that candidate fail to garner a majority of the votes in favor, then the election process will continue until a candidate is approved by the membership. An independent election administrator may be engaged to supervise the election and count the votes.

In the event of death, resignation, incapacity, or disqualification of an elected Director, the Board Elected Officers and At-Large Director Nominating Committee shall nominate, and two-thirds of the Board must ratify, for the unexpired term an individual representative of a company in the member category in which the vacancy occurred. If the vacancy occurs after twenty-four months of the elected four-year Director's term, the appointee ideally will have previously served a minimum of two years as a Director on the Board of Directors.

A Director appointed to fill an unexpired term of an elected Director shall not be eligible for re-election or appointment as the At-Large Director or the RRC Delegate to the Board until two years after their initial term expires.

In the event a Director is elected Chair-Elect with more than two years remaining on the individual's term, then the Board Elected Officers and At-Large Director Nominating Committee shall nominate, and the Board shall ratify an individual representative of a company in the same member category to serve the unexpired term when the Director becomes immediate past chair.

#### **Section 4 – Assumption of Offices**

The new Directors and elected officers shall take office immediately following the PPAI Expo unless the Expo does not occur in January. In such case the new Directors shall take office immediately following the Association's Board of Directors' first meeting of the calendar year or January 31st, whichever occurs first. If a Director-Elect becomes disqualified for service before assuming the duties of Director, the election process to fill this position shall be substantially like the process used to select the initial Director-Elect and otherwise in accordance with the PPAI Governance Policies and Procedures.

#### **Section 5 – Regional Relations Committee Delegate to the Board**

There shall be an RRC Delegate who shall be appointed for a two-year term. The RRC Delegate to the Board shall own, or be employed by a member company in good standing in any member category (excluding International Members). In collaboration with the Chair of the Board, the Regional Relations Committee shall nominate no more than two RRC Delegate nominees from within the RRC community. The nomination shall be presented to the PPAI Board for approval or declination by a majority vote.

Once approved, the RRC Delegate to the Board shall take office at the same time as new Directors for the new term. The RRC Delegate may be appointed for a second two-year term. The re-appointment process will be managed in conjunction with the Elected Directors Nominating Committee process.

#### **Section 6 – At-Large Director**

There shall be an At-Large Director who shall be appointed for a two-year term. The Executive Committee shall nominate one designated representative of a member company in good standing in any member category for the At-Large Director.

The nomination shall be presented to the PPAI Board for approval by a majority vote. Once approved, the At-Large Director shall take office at the same time as new Directors for the new term. The At-Large Director may be appointed for a second two-year term. The re-appointment process will be managed in conjunction with the Elected Directors Nominating Committee process.

#### **Section 7 – Meetings**

Regular meetings of the Board of Directors shall be held with notice of the date, time, place, or purpose of the meeting; provided, that at the beginning of each one-year period, the Association may provide a single notice of all regularly scheduled meetings for that year, or for a lesser period, without having to give notice of each meeting individually.

Special meetings of the Board of Directors shall be preceded by at least 2 days' notice of the date, time, and place of the meeting. Written notice by mail or electronic communications or oral notice of meetings of the Board of Directors is permitted. Notice of a special meeting of the Board of Directors shall specify the purpose of the meeting.

The Chair of the Board, the President, or a majority of the Directors then in office may call and give notice of a meeting of the Board of Directors. If three voting Directors object to a special meeting called other than by a majority of the Directors, the meeting will not be convened.

Meetings of the Board of Directors may be held by electronic communications technology in a fashion pursuant to which the directors can read or hear the proceedings substantially concurrently



with their occurrence, vote on matters submitted to the Board, pose questions, and make comments.

Any action that may be taken at any meeting of the Board may be taken without a meeting if all directors sign a consent in the form of a record describing the action to be taken and delivers it to the Association. All Directors must vote and all votes must approve the action described in order for the action to be effective.

### **Section 8 – Quorum**

A majority of the Board of Directors shall constitute a quorum for transaction of business. Action by the Board of Directors shall be by majority except where otherwise provided by law or by these Bylaws.

### **Section 9 – Absenteeism**

Any member of the Board of Directors unable to attend a meeting shall send a communication to the Chair of the Board or President stating the reasons for absence. In the event that a Director is absent from two convened meetings of the Board of Directors, the individual's Directorship may be declared vacant by a two-thirds vote of the Board of Directors. A member of the Board of Directors may also be removed pursuant to and to the extent permitted by the D.C. Nonprofit Corporations Act, including D.C. Stat. Ann. Section 29-406.08, provided such removal is not prohibited by Article XIII of these Bylaws.

### **Section 10 – Voting**

The voting rights of a director of the Board, including in relation to any committee service, may not be delegated to another nor exercised by proxy.

### **Section 11 — Compensation**

Directors shall not receive any stated compensation for their services as directors, but the Board may, by resolution or other approved policy or process, authorize reimbursement of expenses incurred in the performance of their duties.

## **ARTICLE VI – ELECTED OFFICERS**

### **Section 1 – Election of Officers**

The Officers of the Association elected by the Board of Directors shall be a Chair of the Board, the Chair of the Board-Elect, and the Vice Chair of Financial Services. All elected Officers must be members of the Board of Directors. In the event of the death, resignation, incapacity, or disqualification of an elected Officer, the Executive Committee shall nominate at least one member representative, preferably two, from the Board of Directors. The nominated representative(s) must be qualified and may be from any authorized member category, so long as supplier members and distributor members are represented on the Executive Committee and Board Officers Nominating Committee following the Board vote for approval of the nominee(s) as outlined in the PPAI Governance Policies and Procedures.

With the exception of the RRC Delegate and the At-Large Director, all Directors serving on the Board of Directors, including any Directors appointed to fill a vacancy, are eligible to be elected for an Officer position after having served one year on the Board by the time the appointment becomes effective.

If an appointed Director has served less than one year on the Board, including any past service, the Board may, by a two-thirds vote of disinterested Directors, approve the Director as a candidate for an Officer position when exceptional circumstances exist, based on the following factors: (1) the Officer candidate pool would substantially benefit by the inclusion of the appointed Director, (2) other eligible candidates, (3) succession planning and (4) the Director has sufficient experience and qualities to perform the duties of the Officer position. Directors who are candidates for, and who have expressed interest to serve in the Officer pool are considered interested Directors and are ineligible to vote.

The RRC Delegate and At-Large Director are each eligible to serve as the Vice Chair of Finance during the second year or any subsequent continuous service year of Board service.

The At-Large Director is eligible to serve as Chair or Chair-Elect, in accordance with the same qualification requirements applicable to elected or appointed Directors, but with the additional requirement that there be exceptional or extenuating circumstances. Preference for selection or appointment as Chair-Elect or Chair shall be given to Directors who are elected pursuant to the slate voted upon by the membership, unless extenuating circumstances exist.

No Board member may serve in more than one executive Officer position at a time.

## **Section 2 – Term of Office**

All Officers' terms shall be for one year or until successors qualify. The Officers shall take office immediately following the PPAI Expo unless the Expo does not occur in January. In such case, the Officers shall take office immediately following the Association's Board of Directors' first meeting of the calendar year or January 31st, whichever occurs first.

## **Section 3 – Duties of the Elected Officers**

- A. Chair of the Board – The Chair presides at all meetings of the Board, the membership, and any committee having powers of the Board. The Chair serves as a liaison between the Board and the President, offering mentorship and consult to promote leadership and alignment of Board initiatives and PPAI operations. The Chair works with the President and, as needed, other Directors or officers to develop Board agendas and to ensure the efficient and proper administration of Board meetings. The Chair shall be ex-officio voting member of all standing committees and the Board Elected Officers and At-Large Director Nominating Committee.
- B. The Chair of the Board-Elect – If the Chair of the Board is unable to preside at a meeting of the membership, Board of Directors, or Executive Committee, the Chair of the Board-Elect (also referred to at times as the "Chair-Elect") shall preside in the Chair's place. The Chair of the Board-Elect automatically succeeds to Chair of the Board the following year.
- C. Vice Chair-Financial Services – The Vice Chair-Financial Services shall be responsible for oversight of the financial management of the Association and shall perform such other duties as may be assigned from time-to-time by the Chair of the Board and the Board of Directors.

## **Section 4 – Board Elected Officers and At-Large Director Nominating Committee**

The Board Elected Officers (EONC) and At-Large Director Nominating Committee shall consist of the Immediate Past Chair of the Board, the Chair of the Board, and the Chair of the Board-Elect. The Immediate Past Chair of the Board shall serve as Chair of the Committee. In the event the Immediate Past Chair is unable to serve, the Chair of the Board shall serve as Chair of the Committee.



## **ARTICLE VII – EXECUTIVE OFFICERS**

### **Section 1 – President**

The Association shall have a President appointed by the Board of Directors. The President shall be the chief executive officer of the Association and shall serve at the Board's discretion and at such compensation as the Board may deem proper. The President shall supervise and control all of the business and affairs of the Association and is accountable to the Board of Directors. The President may execute any deeds, mortgages, bonds, contracts, or other instruments as the Board may direct. The President shall perform other duties prescribed by the Board and all duties incident to the office.

### **Section 2 – Secretary and Treasurer**

The Association shall have a Secretary and a Treasurer and such other officers deemed appropriate by the Board of Directors. The same individual may simultaneously hold more than one office. The Treasurer shall be responsible for the financial affairs of the Association. The Secretary shall have the responsibility for preparing or supervising the preparation of the minutes of the meetings of the Board of Directors and the members, if any, and for maintaining and authenticating the records of the Association required to be kept under D.C. Code section 29-413.01(a) and (e).

The individual serving as the President shall simultaneously serve as Secretary and Treasurer, unless the Board of Directors resolves to appoint another individual to either of such offices.

### **Section 3 – Executive Staff Personnel**

Executive staff personnel may be appointed by the President within the framework set by the budget and in execution of the policies set by the Board. Their duties and functions shall be as described in the PPAI Governance Policies and Procedures, PPAI employment policies, or other job description prepared by the President, consistent with the policies set by the Board.

### **Section 4 – Other Employees**

The President may, at the President's discretion, appoint and affix the terms, duties, and compensation of such other employees as the President deems necessary, within the limitation of the administrative budget.

## **ARTICLE VIII – EXECUTIVE COMMITTEE**

### **Section 1 – Composition**

The Executive Committee, which is a Board committee, shall consist of the Chair of the Board, the Chair of the Board Elect, the Vice Chair of Financial Services, and the Immediate Past Chair of the Board. One of these must be a Supplier Member and one a Distributor Member. If any of these groups is not represented in the make-up of the committee as designated above, the Board of Directors shall elect an additional member to represent that group. In the event the Immediate Past Chair is no longer employed by a member in good standing in any category within 60 days of changing employment (or under exceptional circumstances, and at the Board's discretion, within an extended period of up to 180 days) or the Immediate Past Chair must resign because another representative of the company is on the Executive Committee, the position shall become vacant and the duties assumed by another member of the Executive Committee. The Chair of the Board shall chair the Executive Committee. All action taken by the Executive Committee shall be reported to the Board of Directors as soon as practicable, taking into account the facts and circumstances relating to the action.



## **Section 2 – Authority**

The Executive Committee shall have full authority to exercise all the powers of the Board while the Board is not in session except for the commitment of the Association to an obligation; the change of these Bylaws; or any other action expressly or by law reserved to the full Board.

The Committee shall review and make recommendations concerning the budget for presentation to and adoption by the Board of Directors. The Committee shall review all matters that relate to the Association's budget and finances.

The Committee shall be responsible for the performance review of the President and for oversight of compensation and benefits of Association employees.

## **Section 3 – Quorum**

Three members of the Executive Committee shall constitute a quorum for the transaction of business. The Executive Committee may act at any meeting called by the President or Chair of the Board and at which a quorum is present. The vote of a simple majority of the members present at a meeting shall be sufficient for the Executive Committee to act. Meetings of the Executive Committee may be held by electronic communications in a fashion pursuant to which the members of the committee can read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the committee, pose questions, and make comments.

Any action that may be taken at any meeting of the committee may be taken without a meeting if all the members of the committee sign a consent in the form of a record describing the action to be taken and deliver it to the Association.

## **Section 4 – Absenteeism**

Any member of the Executive Committee unable to attend a meeting shall send a communication to the Chair of the Board or the President stating the reason for absence. In the event that a member of the Executive Committee is absent from two convened meetings of the Executive Committee, the individual's position may be declared vacant by a two-thirds vote of the Board of Directors.

# **ARTICLE IX – OTHER VOLUNTEER SERVICE ENTITIES**

## **Section 1 – Establishment**

A variety of volunteer service entities function within the Association structure and are referred to as either a Bylaws Committee or a Non-Bylaws Service Group (collectively, "PPAI Volunteer Service Entities"). Non-Bylaws Service Groups may be established from time to time by the Board of Directors or the President in accordance with the PPAI Governance Policies and Procedures. Except as provided in these Bylaws, the Chair of the Board or the President shall approve members to each PPAI Volunteer Service Entity in accordance with the PPAI Governance Policies and Procedures.

## **Section 2 – Elected Directors Nominating Committee**

The Elected Directors Nominating Committee, which is a standing committee, shall consist of a Chair who will be the Immediate Past Chair of the Board; the Chair of the Board; at least one additional Supplier or Distributor Member of the Board (with the additional member being a representative of a Distributor Member, if the Chair is representative of a Supplier Member; or a representative of a Supplier member, if the Chair is a representative of a Distributor Member), selected by the Immediate Past Chair with preference to those Directors who are serving the final year of their terms; two members of the Leadership Advisory Committee (Supplier and Distributor

representatives appointed by the Chair of the Board in consultation with the Elected Directors Nominating Committee Chair); and the Chair of the Board-Elect. In the event the Immediate Past-Chair is unable to serve, the Chair of the Board will serve as Chair of the committee.

In the event of vacancies in any position of the EDNC, the Chair of the Board shall appoint additional members from Directors serving on the Board so that there are at least three, but not more than five, Board Members (including the Elected Directors Nominating Committee Chair) on the Elected Directors Nominating Committee.

## **ARTICLE X – MEMBERSHIP MEETINGS**

### **Section 1 – Special Meetings**

The Association shall hold a special meeting of members at the call of its Board of Directors or the Chair of the Board or if 25 percent of the voting members of all the votes entitled to be cast on an issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Association one or more demands in the form of a record for the meeting describing the purpose for which it is to be held. Only business within the purpose or purposes described in the meeting notice may be conducted at a special meeting of the members.

### **Section 2 – Time and Place**

Notice of the date, time, and place of each meeting of the members of the Association shall be delivered by the President to each member. The notice shall be given no fewer than 10 nor more than 60 days before the meeting date. Notice in the form of a record to a member shall be considered given: upon deposit in the United States mail or with a commercial delivery service, if the postage or delivery charge is paid and the notice is correctly addressed to the member's address shown in the Association's current record of members; or when given, if the notice is delivered in any other manner that the member has authorized, including by electronic transmission.

### **Section 3 – Waiver of Notice**

Whenever any notice is required, a waiver of such notice in writing signed by the person or persons entitled to such notice shall be deemed equivalent to such notice.

### **Section 4 – Quorum**

If a membership meeting is properly called, the members present at the time and place specified in the call shall constitute a quorum.

### **Section 5 – Actions**

Meetings of the members may be held by electronic means in a fashion pursuant to which the members can read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members, pose questions, and make comments.

Any action that may be taken at any meeting of members may be taken without a meeting if the Association delivers a ballot to every member entitled to vote on the matter.

A ballot shall be in the form of a record; set forth each proposed action; provide an opportunity to vote for, or withhold a vote for, each candidate for election as a director; and provide an opportunity to vote for or against each other proposed action.

Approval by ballot pursuant to this section of action other than election of directors shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present

at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

All solicitations for votes by ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A ballot shall not be revoked.

## **ARTICLE XI – FINANCES**

### **Section 1 – Association Funds**

Association revenues from all sources will be deposited to the Association general fund and will be used to finance approved Association activities. The Board of Directors shall have the authority to create or dissolve, by resolution, special funds for special purposes.

### **Section 2 – Reserve Fund**

The General Fund activities are controlled by the annual operating budget. The aggregate of all reserve funds is expected to maintain a targeted balance of no less than \$6,000,000 and no more than \$15,000,000 in order to manage through times of risk. The current targeted balance of reserve funds shall be recorded in the PPAI Governance Policies and Procedures or other official record of PPAI. The terms “reserves” and “reserve funds” refer to funds designated by the Board of Directors for investment purposes and that are not part of the undesignated General Fund.

If the amount of reserve funds exceeds the targeted ceiling, then the Board of Directors is encouraged to authorize financial initiatives to advance one or more purposes of PPAI.

The targeted balance of reserve funds shall be reviewed by the Board of Directors and, if deemed appropriate, updated no less than every two years based on the current operating environment.

The Board of Directors may resolve to direct PPAI to achieve and maintain a lesser or greater reserve fund balance, taking into consideration PPAI strategic initiatives, known economic circumstances in previous years, and anticipated circumstances for future years. Expenditures from any funds other than the General Fund require a two-thirds vote of the Board of Directors.

### **Section 3 – Investments**

The President shall have the authority to invest reserve account funds and/or general funds in United States government securities and in government-insured financial institution accounts. The President shall have the authority to invest the Association’s funds, including the reserve and/or general funds, according to Board resolution and any Board-approved investment policy and parameters.

### **Section 4 – Budget**

The President shall prepare a budget for the Association each fiscal year and submit same to the Executive Committee. The Committee shall make recommendations to the Board and the budget shall become final on approval of the Board of Directors.

### **Section 5 – Financial Statements**

Annual audits of the Association Statements of Activities, Net Assets, and Statement of Cash Flows for the fiscal year ended December 31 will be performed by a Certified Public Accounting Firm. The

audit will be conducted in accordance with Generally Accepted Auditing Standards. The audit will include, but is not limited to examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as evaluating the overall financial statement presentation. The annual audit will be presented to the Board of Directors.

Monthly financial statements will be prepared by the Association. These statements are to include allocations of revenues and expenses to budget and will be presented to the Board of Directors and President in such fashion as the Board of Directors may request or direct.

Once yearly a report of the financial activities of the Association shall be submitted to the general membership.

#### **Section 6 – Books and Records**

The books and records of the Association shall be kept in accordance with Generally Accepted Accounting Principles and shall be examined annually by a Certified Public Accounting Firm.

#### **Section 7 – Bonding**

The President and any other person entrusted with the handling of funds or property of the Association shall furnish, at the expense of the Association, fidelity bonds in such form as the Board may deem proper.

#### **Section 8 – Fiscal Year**

The Fiscal year of the Association shall be the calendar year from January 1 through December 31.

#### **Section 9 – Dues and Benefits**

Each member shall pay annual dues according to the schedule and dues-increase process approved by the Board of Directors. The dues amount for any member category, including for any sub-class, may be increased up to five percent (5%) annually, at the discretion of the President based on business needs and other considerations. In addition, dues amounts may be increased or decreased by an affirmative vote of two-thirds of the members of the Board of Directors.

The President shall have reasonable discretion to determine the generally applicable benefits afforded to each member category and any sub-class. The President's determinations shall be subject to rescission or adjustment by the Board of Directors.

The dues structure and schedule of benefits determined by the President with respect to each member category or sub-class shall be reflected in an official record maintained by PPAI and shall be made available for inspection by the Board of Directors upon request.

### **ARTICLE XII – VOTES WITHOUT A MEETING**

Any action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the members entitled to vote with respect to the subject matter thereof, or all the Directors, as the case may be. Use of any form of written consent permissible under applicable law may be used.

The term "written" as used in these Bylaws means a record of information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form signed with present intent to authenticate or adopt a record by executing or adopting a tangible symbol; or attaching to or logically associating with the record an electronic symbol, sound, or process.

## **ARTICLE XIII – AMENDMENTS**

### **Section 1 – By Members**

The members may amend the Bylaws in accordance with procedure in these by laws for meetings of the members, quorums and voting.

### **Section 2 – By Board of Directors**

These Bylaws and any part thereof, may be amended, altered, or repealed by a two-thirds vote of the Board of Directors. However, the Board of Directors shall not adopt or amend a bylaw providing that some of the members have different rights or obligations than other members with respect to voting, dissolution, transfer of memberships or other matters; levying dues, assessments, or fees on some or all of the members; relating to the termination or suspension of members; authorizing the purchase of memberships; requiring cause to remove a director; or specifying what constitutes cause to remove a director; relating to the removal of a director who is designated in a manner other than election or appointment; or the authority of designated bodies.

## **ARTICLE XIV – CONDUCT OF MEETINGS**

Except as expressly provided herein, all meetings of the membership, Board of Directors, and all authorized committees of this Association should be conducted in relative conformity with Robert's Rules of Order, Newly Revised and as otherwise may be reasonably prescribed by the Board with respect to a particular meeting.

## **ARTICLE XV – GENERAL COUNSEL**

The Board of Directors shall select a general counsel to supervise legal matters relating to the Association's activities and to bring about strict compliance with all applicable state, federal, and other laws. Counsel is to be engaged or employed for such term and at such compensation as the Board of Directors determines.

## **ARTICLE XVI – INDEMNITY**

1. The Association shall, to the maximum extent permissible under law, indemnify each person who may serve or who has served at any time as an Officer, Director, or employee of the association against all expenses and liabilities, including, without limitation, counsel fees, judgments, fines, excise taxes, penalties and settlement payments, reasonably incurred by or imposed upon such person, and advance funds for expenses related thereto, to the maximum extent permissible under law, in connection with any threatened, pending or completed action, suit or proceeding in which the individual may become involved by reason of the individual's service in such capacity.
2. The indemnification provided hereunder shall inure to the benefit of the heirs, executors and administrators of persons entitled to indemnification hereunder. The right of indemnification under this article shall be in addition to and not exclusive of all other rights to which any person may be entitled.
3. No amendment or repeal of the provisions of this article which adversely affects the right of an indemnified person under this article shall apply to such person with respect to those acts or omissions which occurred at any time prior to such amendment or repeal, unless such amendment or repeal was voted by or was made with the written consent of such indemnified person.

4. This article constitutes a contract between the Association and the indemnified Officers, directors, and employees. No amendment or repeal of the provisions of this article which adversely affects the right of an indemnified Officer, director, or employee under this article shall apply to such Officer, Director, or employee with respect to those acts or omissions which occurred at any time prior to such amendment or repeal.
5. The Association shall have the power and authorization to purchase, procure, establish, and/or maintain insurance to indemnify such persons against expenses and/or liability as permitted by law and these Bylaws. Without limitation, the Association shall maintain Directors and Officers (D&O) liability insurance to protect the Board of Directors and officers, as permitted by law and these Bylaws, from personal liability arising from their official actions taken on behalf of the Association. The policy shall provide coverage that is customary and adequate for organizations of similar size and purpose and shall be reviewed and renewed annually to ensure continued protection.

## **ARTICLE XVII – GOVERNANCE POLICIES & PROCEDURES MANUAL**

The Association shall maintain a Governance Policies and Procedures Manual (referred to in these Bylaws as the PPAI Governance Policies and Procedures) which shall contain rules implementing these Bylaws. The PPAI Governance Policies and Procedures shall be approved by a majority vote of the Board of Directors, except as otherwise provided herein.

## **ARTICLE XVIII – DISSOLUTION OR MERGER**

The Association may be dissolved or merged with another association with the approval of two-thirds of the members having voting rights, present and voting or voting by proxy at a meeting called for the purpose of considering dissolution or merger. At least ten days' notice must be given of the holding of such a meeting and the notice shall state that the question of dissolution or merger will be considered at the meeting. On dissolution or merger, assets remaining after all outstanding financial obligations are met shall be distributed in a manner to be determined by the Board of Directors and in accordance with applicable Internal Revenue Service regulations.