



INSTITUTE FOR SUPPLY MANAGEMENT-SAN DIEGO, INC.

CONSTITUTION AND BYLAWS

AN AFFILIATED ASSOCIATION

OF THE

INSTITUTE FOR SUPPLY MANAGEMENT

Revised July 2010

Institute for Supply Management-San Diego, Inc.

CONSTITUTION AND BYLAWS

ARTICLE I

NAME AND LOCATION

SECTION 1. Name. The name of this organization shall be the Institute for Supply Management-San Diego, Inc. (ISM-SD, Inc.), a not-for-profit corporation organized and existing by virtue of the laws of the State of California (hereinafter referred to as the "Association").

SECTION 2. Name Changes. In the event this organization changes its name and properly registers such change according to the laws of the State of California, the subsequent name shall be considered as valid as the name stated in Section 1 of this Article I, shall also be hereinafter referred to as the "Association" and shall not require an amendment to these bylaws if the amendment is strictly to change its name.

SECTION 3. Location. The principal office of the Association shall be located in San Diego County, State of California, or in such other localities as may be determined by the Board of Directors.

ARTICLE II

PURPOSES

The Association is a not-for-profit corporation organized and operated not for pecuniary profit, but exclusively for educational purposes within the meaning of Section 501 (c)6 of the Internal Revenue Code (hereinafter referred to as the "Code"), and in this connection, the purposes for which the Association shall be organized and operated are as follows:

- (a) To foster and promote interchange of ideas and cooperation among its members.
- (b) To promote the study, development, and application of supply management, including improved procurement or purchasing methods and practices and all matters related to the foregoing (hereinafter referred to as "the supply management profession").
- (c) To collect and disseminate by all lawful means information of interest and benefit to its members, including surveys and reports of current business trends and other information of interest to the supply management profession.

Article III (contd.)

- (d) To develop and encourage standards of personal and ethical conduct among persons engaged in the supply management profession.
- (e) To sponsor, promote and encourage a professional certification program for persons engaged in the supply management profession.
- (f) To encourage and cooperate in the institution and development of educational courses, seminars, programs and materials on the subject of supply management and all matters related thereto.
- (g) To strive by all lawful means to promote and enhance the supply management profession.
- (h) To be affiliated with the Institute for Supply Management, Inc. ("ISM") and other associations or organizations of persons engaged in the supply management profession throughout the United States and all foreign countries.
- (i) To cooperate, collaborate and exchange information by lawful means with professional, trade and other associations and organizations of persons engaged in the supply management profession, and to advance public relations with governmental agencies and the public in general concerning the supply management profession.
- (j) To do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof, and not for the pecuniary profit or financial gain of its members, directors or officers, except as otherwise permitted by the laws of the State of California.

In the accomplishment of these purposes, it shall be the policy of the Association to comply at all times with all existing and future laws, including the antitrust laws, and in furtherance of this policy, no activity or program shall be sponsored or conducted by or within the Association which in any manner whatsoever shall represent or be deemed a violation of any existing or future law, including the antitrust laws, all in accordance with the *ISM Statement of Antitrust Policy and Guide for Antitrust Compliance*, as amended from time to time by the Board of Directors of ISM.

ARTICLE III

AFFILIATION WITH ISM

SECTION 1. General. The Association shall be affiliated with ISM in accordance with the procedures set forth in the ISM Bylaws, and the Association shall comply at all times with ISM policy as it may be adopted from time to time by the ISM Board of Directors and the provisions of this Article III.

Article III (contd.)

SECTION 2. Conditions of Affiliation. The Association shall be obligated as a condition of affiliation with ISM to comply with the following:

- (a) To be incorporated as a not-for-profit corporation in accordance with the laws of the State of California, and to be validly existing and in good standing during the period of its affiliation with ISM.
- (b) To cause these Bylaws to conform at all times with the ISM Bylaws and ISM Policy with respect to the purposes of the Association and eligibility for membership.
- (c) To perform all necessary procedures concerning the review and approval of all applications for membership in the Association and ISM.
- (d) To resolve all questions concerning eligibility for membership in the Association and ISM in a fair and impartial manner in accordance with procedures established from time to time by the Association.
- (e) To collect all dues from members of the Association and to remit to ISM all dues required by Article IV of the ISM Bylaws.
- (f) To comply at all times with ISM Policy as it may be adopted from time to time by the ISM Board of Directors, the *ISM Statement of Antitrust Policy and Guide for Antitrust Compliance*.
- (g) To obtain prior written approval of ISM with respect to any proposed amendments to these Bylaws.

SECTION 3. Suspension or Termination of Affiliation. The affiliation with ISM of the Association may be suspended by the ISM Board of Directors for violation of or failure to comply with the *ISM Bylaws*, including specifically, but without limitation, provisions respecting payment of dues, eligibility of members and observance of ISM policies as may be adopted by the ISM Board of Directors from time to time. Any charge of violation or failure to comply under this Section shall be first presented to ISM. If ISM shall determine that the charges are well founded, after the Association has been given reasonable notice of such charges and an opportunity to present a defense to the same, the charges shall be referred to the ISM Board of Directors for action together with the recommendations of ISM. If the Association is suspended or terminated it may be reinstated by the ISM Board of Directors at any time subsequent to such suspension or termination upon a proper showing of good cause to justify a reinstatement of affiliation with ISM.

ARTICLE IV

MEMBERSHIP

SECTION 1. Regular Members. A person shall be eligible to be a Regular member of this Association who satisfies the eligibility requirements of a Regular member of an affiliated association as defined in the Bylaws of the Institute for Supply Management, Inc. (ISM), as amended from time to time. Regular members of this Association shall have the right to cast one (1) vote on all questions which require a vote of the Regular members of this Association other than those Regular members who, pursuant to the ISM Bylaws, as amended from time to time, do not have voting rights.

SECTION 2. Dual Membership. Dual membership may be afforded to individuals who meet the same criteria as Regular members and hold Regular membership in ISM through another affiliated association. Dual members may vote and hold office in the Association.

SECTION 3. Other Memberships. The Association shall have the following membership classes which shall not represent Regular membership in ISM, but may entitle any member of such class to hold office in the Association and to serve as Chair of the Association's Committees:

- (a) Institute for Supply Management-San Diego, Inc. (ISM-SD) (hereinafter referred to as "Associate") Members. A person who satisfies the eligibility standards of Article IV, Section 1 but who specifically requests "Associate" status and pays the corresponding annual dues as set by the Board of Directors. An Associate member may vote on all local affiliate matters and hold office on the NAPM-SD Board of Directors. An Associate member may change status to "Regular" at any time by paying the difference in annual dues between Regular and Associate membership prorated over the remaining membership months before annual renewal.
- (b) Honorary Members. A person not qualified for Regular membership but who has rendered distinguished or unusual services to the purchasing and materials management profession, and who has been elected to the class of membership by vote of the Board of Directors of the Association and by a vote of the Regular members of the Association. Election to Honorary membership shall be for such a period as the Association may designate, but the Board of Directors of the Association shall have the authority and duty to revoke the Honorary membership of any individual whenever they shall determine that continuation of the Honorary membership would be inconsistent with the policies and objectives of ISM, or the Association. Honorary members shall not have voting rights nor be able to serve on the NAPM-SD Board of Directors.

(c) "Dues Free" Members

- (1) *Academic Members.* A person with a full-time appointment as a teacher, research specialist, department head, director or dean of a college, university, other academic institution whose academic responsibility includes supply management or other related fields or subjects. Academic members are Regular voting members.
- (2) *Student Members.* An undergraduate or graduate student enrolled full-time in an accredited community college or four-year college or university may receive all the benefits of membership in ISM and this Association and be exempted from payments of all dues and fees. Student members are Regular non-voting members.
- (3) *Lifetime Members.* A person who has been a Regular member for a period of ten (10) years or more, has retired from all regular employment and has been approved for this category by a majority vote of the Regular members of the Affiliated Association of which he/she has been a member. Lifetime members are Regular voting members.
- (4) *Special Membership Extension.* Membership will be extended an additional 12 months without requiring payment of ISM dues for persons who have been a member of ISM and are unemployed for six months, excluding first-time membership applicants, provided that the affiliate also waives the affiliate dues. Dues free membership will be extended to those members serving in full-time active military duty for the length of their service, provided that the affiliate also waives the affiliate dues.
- (5) Honorary members as described in Section 3 (b) of this Article shall be exempt from payment of dues and fees.
- (6) Regular members, who are undergraduate or graduate students enrolled full-time in an accredited community college or four-year college or university, may receive all the benefits of membership in ISM and this Association, and be exempted from payments of all dues and fees.

SECTION 4. Admission of Members. Admission of all candidates for membership in the Association shall be in accordance with the following procedures:

- (a) Application for membership in the Association shall be prepared in writing by the candidate upon an approved Association form, with the requested type of membership clearly indicated, and submitted to the Membership Director or Committee, or to the Board of Directors in lieu of a Membership Director or Committee.

Article XIV (contd.)

- (b) The Membership Director or Committee, or the Board of Directors in lieu of a Membership Director or Committee, shall review all applications and shall determine/advise the eligibility of all candidates for membership in the Association.
- (c) Upon approval by the Board of Directors of the Association, the candidate shall become a member of the Association in the membership type requested.
- (d) If the candidate is approved to become a Regular member, ISM shall be notified and the candidate's required fees processed to ISM in compliance with the policies then established by ISM.

SECTION 5. Denial of Membership. An affiliated association has the right to deny Regular membership, as authorized in the ISM Bylaws, Article II, Section 1. The ISM Affiliate Support Department will consider an appeal by the applicant. Except for rare and extraordinary circumstances, the decision of the Affiliate Support Department concerning denial of Regular membership will be final and binding and will be considered by the ISM Board of Directors.

SECTION 6. Expulsion of Members. The Association shall have the right to expel a member of any classification from membership in the Association for nonpayment of dues or for violation of the provisions of these Bylaws, the *ISM Bylaws*, the *ISM Policies*, the *ISM Policy Manual for Special Interest Groups and Forums*, the *ISM Standards of Conduct* or such other statements of policy as may be adopted by the Association or the ISM Board of Directors from time to time.

Expulsion for any reason other than nonpayment of dues shall occur only after the member has been advised of the proposed expulsion and the reasons therefore and has been given an opportunity to submit proof in support of continued membership in the Association. A member expelled from membership in the Association shall be given written notice of such expulsion and shall be advised in writing that he or she may

appeal the action taken by the Association to ISM by filing a notice of intent to appeal to ISM.

Upon receipt of a timely filed notice of appeal, ISM shall consider the appeal and shall allow the expelled member the opportunity to submit proof in support of continued membership in the Association. The decision of ISM concerning expulsion of a non-voting member shall be final and binding.

SECTION 7. Reinstatement. A former member of the Association, whether a resigned or expelled member desiring reinstatement of membership, may be reinstated as a member of the Association upon showing proof of eligibility and paying all current year's dues [and an administration fee or similar charge which may be imposed by the Association from time to time].

The procedure for an appeal of an adverse determination to reinstate a former member shall be the same as provided in Section 6 of this Article, provided, however, an appeal

to reinstate membership may not be taken in the same calendar year in which an appeal has been decided by ISM concerning the expulsion of the same member seeking reinstatement.

SECTION 8. Resignation. Any member of the Association may resign by filing a written resignation with the Association, but such resignation shall not release the member so resigning of the obligation to pay any dues, or other charges theretofore accrued but unpaid.

SECTION 9. Transfer of Membership. Membership in the Association shall be vested in the individual member of the Association; however, Associate membership may be transferred pursuant to the ISM Policy Manual and the policies of this Association when not in conflict with the ISM Policy Manual.

ARTICLE V

GROUPS AND FORUMS

SECTION 1. Purposes and Organization. Members of the Association having common interests as supply management professionals in a particular industry or commercial activity, or common interests in a certain classification of commodities or materials, may organize a Group/Forum to promote the interchange of ideas and discussion of mutual problems. The Board of Directors of the Association may provide reasonable procedures and requirements for the formation, recognition, encouragement and operation of Groups/Forums that shall be organized and operated within the Association as a Committee of the Association.

SECTION 2. Regular Members and Associates. The membership of any Group/Forum within the Association shall consist only of persons who are Regular members of the Association. Any Group/Forum may have Associate members who are not Regular members of the Association, provided such Associate members meet the eligibility standards set forth in Section 1 of Article IV. Membership in the Association as a non-voting member shall be required for election as an Associate member of a Group/Forum. Associate members of a Group/Forum shall not vote or hold office in the Group/Forum.

ARTICLE VI

DUES AND ADMINISTRATIVE CHARGES

SECTION 1. Amount. The amount of annual dues for Regular members and each class of Other members of the Association shall be determined from time to time by the Board of Directors of the Association. Annual dues for Regular members of the Association shall include an amount equal to the annual dues in effect from time to time for membership in ISM. The Association may deduct from payments to ISM amounts equivalent to dues for an unemployed Regular member whose dues are current

Article XIV (contd.)

condition that the ISM Board of Directors has waived all ISM dues with respect to such members.

SECTION 2. Employer Discount. Notwithstanding the provisions of Section 1 of this Article, Regular members employed by the same employer at any location within the United States (the "Employer") shall, if elected by the Employer by written notice to ISM, be eligible for a discount against the amount of ISM dues described in Section 1 of this Article and Affiliated Association dues in effect from time to time based upon the number of Regular members employed by such Employer (the "Employer Discount"). The amount of the Employer Discount which shall initially be included in ISM Policy (subject; however, to change by the Board of Directors as authorized in this Section 2) shall be as follows:

Number of Regular Members Employed by Employer	Discount Against ISM and Affiliated Association Dues
50 or more	25%

The Board of Directors of ISM shall be authorized to determine the amount of the Employer Discount described in this Section 2 by a vote of two-thirds (2/3) of all the members of the Board of Directors; provided, however, (i) the Board of Directors shall not vote upon any proposed change in the amount of the Employer Discount unless such proposal has been presented to and considered by the Board at the regularly scheduled meeting of the Board immediately preceding the regular meeting of the Board at which such proposal is voted upon by the Board; and (ii) a written notice of any change in the amount of the Employer Discount as authorized by this Section 2 shall be mailed to the ISM members not less than ninety (90) days prior to the effective date of such change.

SECTION 3. Payment of Dues. Dues for Regular and Other Members in the Association shall be assessed annually and shall be payable commencing on the first of the month in which the members are approved for membership in the Association. The Association shall cause to be mailed, or electronically transmitted, to each member of the Association, on or before two months prior to the membership due date, an invoice for dues payable. Membership dues are payable in advance. The mailing or electronic transmission of invoices for dues payable shall not preclude the Association from causing a change in the amount of any dues set forth on such invoices in any calendar year provided such change is made effective on or after the date such change in dues is approved by the Board of Directors in accordance with these Bylaws.

SECTION 4. Non-payment of Dues. A member of the Association whose dues are sixty (60) days in arrears may be expelled from membership in the Association and ISM upon notice by the Association to such member, such expulsion to be effective upon the date of such notice. A member expelled from membership for non-payment of dues may be reinstated upon full payment of all delinquent dues (plus payment of an administrative fee or similar other charge which may be required from time to time by the Association).

SECTION 5. ISM Collection of Dues. Upon approval of the Board of Directors, the Association may have its dues invoiced and collected by ISM in accordance with applicable ISM policies and procedures then in force. The Board shall not be compelled

to approve delegation of the collection of dues to ISM as a condition of affiliation with ISM.

ARTICLE VII

BOARD OF DIRECTORS

SECTION 1. Authority and Responsibility. The governing body of the Association shall be the Board of Directors. The Board of Directors shall have general charge, management, and control of the affairs, funds and properties of the Association and, subject to the provisions of these Bylaws and any contrary statement of policy enacted by vote of the members of the Association, shall have authority to take such action in matters of policy and procedure as, in its judgment, will best promote the interests and welfare of the Association, including authority to promulgate, amend or rescind in whole or in part all statements of Association policy as they may exist from time to time.

SECTION 2. Membership. The Board of Directors shall consist of the

President,
Vice President,
Secretary,
Treasurer and
Immediate Past President,

hereinafter called the Officers of the Association; and a variable number of directors.

The number of Directors shall be as follows:

- (a) Elected (Mandatory minimum number): five (5) positions.
- (b) Appointed or elected (Maximum additional number permitted): up to four (4) positions.

All members of the Board of Directors must be Associate members with voting rights. Additionally, all Board members are required to attend both regular Board meetings and Dinner meetings. Any Board member missing any combination in excess of four (4) meetings during their term year will be subject to review by the Board for non-compliance with these Bylaws.

SECTION 3. Election. Directors and officers shall be elected by the Association's members at their annual meeting in accordance with Article IX hereof.

SECTION 4. Term of Office. Directors (including all officers) elected or appointed shall serve on the Board for a term of one year. The term for an incumbent director shall conclude in June of each year regardless of the individual having served twelve or fewer months.

Article XIV (contd.)

SECTION 5. Vacancies. Mid-term vacancies occurring in any Board office shall be filled from the Association's members for the unexpired term through an appointment by the President or through an appointment by any member of the Board, all such appointments subject to Board approval. All such appointees shall agree to complete the full time period of the unexpired term as a condition of receiving their appointment from the Board. The term of such appointees shall expire in accordance with Section 4 of this Article VII.

In the event of a vacancy in the office of President resulting from resignation, death, disqualification, deposing or permanent inability to serve, the position shall be filled by the Vice President. If the Vice President is unable to fill the position, then the Board of Directors shall elect by a simple majority vote a successor from its own number for the remainder of the term.

SECTION 6. Meetings. Business meetings of the Board of Directors shall be held a minimum of nine (9) times each year. Special meetings of the Board may be called by the President or upon the joint call of the number of Board members that would comprise a quorum at a business meeting. Notification of business and special

meetings shall be announced to all current members of the Board in writing or electronically (telephone, facsimile, e-mail) at least one (1) calendar week prior to the scheduled date.

SECTION 7. Authority to Act Without a Meeting. No action will be taken without a meeting.

SECTION 8. Board Action by Conference Call. Any one or more members of the Board of Directors, or of any committee thereof, may participate in a meeting of the Board of Directors or committee by means of a telephone conference or similar electronic method (i.e. email). Participation by such means shall constitute presence in person at such a meeting.

SECTION 9. Quorum and Voting. The presence of a simple majority of the members of the Board of Directors is required to establish a quorum. Except as stated elsewhere in these Bylaws, the vote of a simple majority of the Board of Directors is required to approve proposed actions placed before the Board. The President shall not be required to vote on a proposed action except in the instance of a tie vote, in certain matters declared mandatory elsewhere in these Bylaws, or as required under Article IX, Section 10, Parliamentary Rules.

SECTION 10. Removal of Officers and Directors. A member of the Board, whether elected or duly appointed to his/her position, may be removed from office by a two-thirds majority vote of the other members of the Board, provided that a motion to depose is properly made and seconded and at least fourteen (14) days prior written notice is given to the affected member before a vote on the motion to depose is held. Once seconded, the motion's vote may be cancelled only upon the affected member's written voluntary resignation from the Board or upon a simple majority vote of the Board approving a request from the mover to withdraw the motion. The President, or member

acting as President, if not the affected member, shall be required to vote in all matters brought before the Board under this Section 10.

The motion to depose shall state the name of the Officer or Director, the reason for the motion and shall state the effect of the action to depose, which shall be any of the four that follow:

- (a) Removal from his/her current position and reassignment to another position on the Board to which the member was not elected or appointed.
- (b) Removal from his/her current position and reassignment to a position on the Board.
- (c) Removal from the Board of Directors.
- (d) Removal from the Board and disqualification from membership in the Association.

The effect of (a), (b) or (c) above may be voided by vote of a simple majority of a quorum of the membership at a special or annual meeting with appropriate prior notice

per Article IX. The effect of (d) may be voided only by action taken by the affected member in accordance with Article IV, Section 7 Expulsion of Members.

A Director or any other member serving on the Board may be involuntarily removed from his/her position by vote of a simple majority of the other members of the Board. The Board's vote in this circumstance may not be voided by a vote of the membership.

ARTICLE VIII

DUTIES OF OFFICERS AND DIRECTORS

SECTION 1. Duties of President. The President shall be Chief Executive Officer and Chairman of the Board of Directors, and shall exercise general supervision over the executive affairs of the Association. He or she may preside at all meetings of the Association membership and of the Board of Directors and shall be a member, ex-officio, of all Association committees, except the Election Committee. The President shall have, in addition, the duties made incumbent upon the office by any other provision of these Bylaws and which may be assigned by the Board of Directors.

SECTION 2. Duties of Vice-President. The Vice President shall perform such duties as may be assigned from time to time by the President and the Board of Directors of the Association. The Vice President shall have responsibility for establishing, maintaining, updating and distributing a current "Policy Book" containing supplementary policies and procedures established by the Board, and shall advise the Board on the propriety of these policies and procedures with respect to the Association Bylaws and ISM's own policies and procedures. In the event of the temporary inability of the President to perform the duties of his or her office resulting from illness, absence or any other cause, the Vice President shall perform all the duties of the office of President until such time as the incumbent is able to resume the duties of the office.

Article XIV (contd.)

SECTION 3. Duties of Secretary. The Secretary shall be responsible for the preparation of all minutes of meetings of the Board of Directors and members of the Association; the maintenance and safekeeping of all corporate and membership records of the Association; and the serving or publication of all notices required by law or these Bylaws concerning any meeting or any other matter applicable to the Association; and shall perform such other duties as may be assigned from time to time by the President and Board of Directors of the Association or which may be required by law.

SECTION 4. Duties of Treasurer. The Treasurer shall have the custody of all Association funds and securities; shall maintain a full and accurate account of all receipts and disbursements in books belonging to the Association; may deposit all Association funds in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors of the Association; shall disburse the funds of the Association by check; and if the check amount is greater than US\$500.00, ensure the check is countersigned by either the President, Vice President or other authorized officer. The Treasurer shall render to the Board of Directors and members of the Association upon request, but at least annually, an account of all his or her transactions and of the financial condition of the Association; and shall perform such other duties as may be assigned from time to time by the President and the Board of Directors of the Association or which may be required by law. The Treasurer shall prepare, with the advice from the Board, a budget for the following year's operation for Board approval.

SECTION 5. Duties of the Directors. Each Director, whether elected or appointed, shall perform such duties as may be assigned from time to time by the President or the Board of Directors. The President and the Board shall ensure that every Director serving on the Board is engaged in a specifically assigned duty that fulfills a necessary obligation of the Board with respect to these Bylaws or the purposes for which the Association was established.

SECTION 6. Duties of Immediate Past President. The term "Immediate Past President" is applied to the person who just completed his/her term of office as President. This title is retained until the next President completes his/her term of office. Following the year of presidency, the Past President should assume a passive-active role. It is a passive role in that he/she does not attempt to make the new President's term of office a continuation of his/her expired year. It is an active role in that the next administration should receive your loyal support. The Immediate Past President may be asked to chair various committees.

ARTICLE IX

MEETINGS OF THE ASSOCIATION MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the Association membership shall be held in May of each year at such place and on such date as may be determined by the Board of Directors of the Association. Written notice thereof shall be given to all members at least fourteen (14) days prior thereto.

SECTION 2. Special Meetings. Special meetings of the Association membership may be called by the Board of Directors or the members of the Association in accordance with the provisions set forth in the Non-Profit Corporation Act of the State of California.

SECTION 3. Quorum. At all annual or special meetings of the Association membership, a quorum shall be the presence at such meeting of ten (10%) percent of the total Associate membership with voting rights.

SECTION 4. Voting. On all questions or issues presented for a vote at the annual meeting or any special meeting of the Association membership, each Associate member with voting rights whose dues are paid shall be entitled to cast one vote. Except as otherwise required by these Bylaws, all questions or issues presented to a vote of the Association membership shall be authorized by a simple majority of the votes cast at an annual or special meeting of the Association membership entitled to vote thereon.

SECTION 5. Action by Association Membership Without a Meeting. Except for the election of the Board, whenever any question or issue is presented to a vote of the members, such vote may be taken without a meeting by written consents

(either by written or electronic transmission) setting forth the action so taken and signed by a majority of members casting a vote, provided the number of consents is equal to or greater than the quorum requirement under Section 3 of this Article for a meeting of the members.

SECTION 6. Proxies. Associate members with voting rights may be afforded the opportunity to vote by proxy in elections of officers and directors, and in other matters presented to the membership, in lieu of attendance at the annual or special membership meetings. Proxies shall be mailed or transmitted electronically to members at least two weeks prior to the annual or special meeting. The Association's Board of

Directors shall be the pre-established proxy holder. The proxy shall include a clear statement of all items being brought before the Associate membership for a vote and a provision whereby an Associate member can name a different proxy holder in place of the Board of Directors if the Associate member so chooses. All proxies shall be audited and their authenticity verified by the Election Committee if an election or annual meeting, or by the Board of Directors if a special meeting, by comparison to the Association's current roster of members. Proxies received prior to the vote may be counted towards the annual or special meeting quorum and towards the results of the

Article XIV (contd.)

vote. Proxies may be revoked prior to the vote if the Associate member appears in person at the annual or special meeting and requests such action. No Associate member shall submit a proxy and vote in person without first revoking the prior submitted proxy. In the event an Associate member fails to revoke a proxy and votes in person, the Associate member's proxy and personal vote shall be voided and the voting results shall be adjusted to eliminate the effect of that Associate member's vote. Under no circumstances shall the overall quorum determination, voting process or voting results, or any part thereof, be considered null and void as a result of the discovery of a minor, isolated instance of "double-voting" having no measurable effect on the voting results.

SECTION 7. Order of Business. At any meeting of the Association membership, the order of business shall be as stated on the agenda for the meeting furnished with the notice of such meeting required by this Article IX.

SECTION 8. Parliamentary Rules. At all meetings of the Association, including the Board of Directors, Robert's Rules of Order will prevail when not in conflict with these Bylaws.

ARTICLE X

COMMITTEES

SECTION 1. Standing Committees. The following standing committees shall be established within the Association:

- (a) Professional Development Committee
- (b) Membership/Marketing Committee
- (c) Program Committee
- (d) Communication/Public Relations Committee
- (e) Certification/Education Committee.

SECTION 2. Optional Standing Committees. The following optional standing committees may be established when a division of duties or a special situation is determined by the Board of Directors to warrant such action.

- (a) Education Committee
- (b) Marketing Committee
- (c) Diversity Committee
- (d) Special Events Committee

The Board of Directors of the Association may authorize from time to time additional committee(s) as Standing Committee(s) whenever in its sole judgment such action is deemed necessary. Directors may chair more than one standing committee.

SECTION 3. Audit Committee. No later than the Board's regular meeting in August, the President in conjunction with the members of the Board, shall appoint not less than three (3) Associate members of the Association, excluding the members of the

Board of Directors, as an Audit Committee to serve one (1) year. The Audit Committee shall select a Chair. It shall be the duty of the Chair and the Committee to audit the accounts of the Treasurer and to submit a report to the Board of Directors and the membership of the Association by November's monthly meeting. It shall also be the duty of the Committee to audit and report findings on any other matter of policy or procedure specified by the Board or requested by a vote of the membership.

SECTION 4. Special Committees. The President, with the approval of the Board of Directors of the Association, shall appoint such other special committees, subcommittees or task forces as may be deemed necessary and which are not in conflict with other provisions of these Bylaws. The duties of any such special committee shall be prescribed by the Board of Directors upon its appointment.

SECTION 5. Election Committee and Nomination/Election Process. A committee of 2 or more Associate members and two Board members, not running for an office, will be appointed by the President, subject to Board approval, for the purpose of administering the Board of Director nomination & election process. The process shall be as follows:

- (a) The Chair of the Election Committee, an Associate member who is not a member of the Board, shall ensure the committee actively solicits and accepts the nominations of qualified Associate members for available elected positions on the Board.
- (b) The Chair shall file a list of qualified nominees, certified by the Election Committee, with the Board of Directors prior to or during the business meeting immediately prior to the April Associate membership meeting.
- (c) The Election Committee shall present its list of qualified nominees to the membership during the April regular meeting. Nominations from the floor may be accepted at this meeting, subject to verification of qualifications. A second is not required. The nominees' personal consent is mandatory.
- (d) Nominations of qualified members shall be closed at the April regular meeting, except for positions having no nominees. All nominations shall close no later than fifteen (15) days prior to the May Board meeting. Nominations from the floor shall not be accepted during the May annual meeting.
- (e) Upon verification of a quorum, the election shall be by acclamation except for any position having more than one nominee, unless a request to vote on uncontested positions by secret ballot is specifically requested by any one (1) Associate member in attendance. If a position has more than one nominee, the election for that position will be conducted by secret ballot separately from the vote by acclamation for uncontested positions. Write-in candidates will not be permitted.
- (f) The Election Committee shall count all secret ballots and certify the election. The Chair shall retain the ballots until the next business meeting of the Board whereupon the Board shall be presented with the secret ballots and shall

Article XIV (contd.)

authorize their destruction or their retention. When destroyed, the option of a recount, available upon request of any Associate member until that date, is voided immediately.

- (g) The Election Committee shall advise all nominees of the results of the election and shall facilitate the installation of newly elected officers and directors in the June regular meeting. The Installation Ceremony shall be conducted by the Election Committee Chair or by the committee's designated representative. Upon installation, the newly elected officers and directors shall immediately assume their positions on the Board and their corresponding duties.

ARTICLE XI

FINANCES

SECTION 1. Fiscal Year. The fiscal year of the Association shall begin on January 1 of each year and terminate on December 31 of the same year.

SECTION 2. Appropriations. Appropriation of funds from the Association will be made only by the Board of Directors. It shall not contract indebtedness in excess of available funds in the treasury not otherwise required or previously appropriated.

ARTICLE XII

DISSOLUTION

SECTION 1. Dissolution. The Association may be dissolved upon adoption of a plan of dissolution and distribution of assets adopted by the Board of Directors and approved by the members of the Association in accordance with the Non-Profit Corporation Act of the State of California, as amended from time to time.

SECTION 2. Dedication of Funds. The Association shall use its funds only to accomplish the objectives and purposes specified in these Bylaws and no part of said funds shall inure, or be distributed, to the members of the Association. On dissolution of the Association, any funds remaining shall be distributed to one or more regularly organized and qualified organizations engaged in the promotion or education of the purchasing and materials management profession to be selected by the Board of Directors and members of the Association.

ARTICLE XIII

CHAPTERS

SECTION 1. Location. The Association may establish chapters for members who are located in geographical areas distant from the designated meeting place for regular meetings.

SECTION 2. Approval. The Board of Directors determines the need, the organizational structure, and approves the operating procedures for chapters within the guidelines of these Bylaws.

ARTICLE XIV

INDEMNIFICATION

SECTION 1. Litigation. This Association shall indemnify any director or officer, made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of any other Corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of this Association served in any capacity at the request of this Association, by reason of the fact that he or she, his or her testator or intestate, was a director or officer of this Association or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action or proceeding, or any appeal therein; provided, however, that no indemnification shall be made to or on behalf of any director or officer if a judgment or

adjudication adverse to the director or officer establishes that his or her act was committed in bad faith or the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage in which he or she is not legally entitled. This indemnification is to be in the form of the Association Professional Liability Insurance.

SECTION 2. Authorization. Any indemnification made pursuant to Section 1 of Article XIV hereof, shall be made by this Association; if authorized in one of the following ways:

- (a) By the Board acting by a quorum consisting of directors who are not parties to such action or proceeding upon a finding that the director or officer has not violated the standard of conduct as set forth in Section 1 of Article XIV hereof,

SECTION 3. Expenses Incurred. The Association shall pay expenses incurred in defending a civil or criminal action or proceeding in advance of final disposition of

Article XIV (contd.)

such action or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amounts as, and to the extent, the person receiving such advancement or allowance is ultimately found, not to be entitled to indemnification or, where indemnification is granted, to the extent the expenses so advanced by this Association exceed the indemnification to which he or she is entitled. If any action with respect to indemnification of directors and officers is taken, then this Association shall, not later than the next Annual Meeting, unless such meeting is held within three (3) months from the date of such action and, in any event within fifteen (15) months from the date of such action, mail to its members of record at the time entitled to vote for the election of directors a statement specifying the action taken.

SECTION 4. Personal Liability. The directors of this incorporated Association shall not be personally liable to the Association or its members for damages for any breach of duty in his or her capacity as such: provided, however, that this provision shall not limit or eliminate the liability of any director if a judgment or other final adjudication adverse to him or her establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or that his or her acts violated Section 719 of the Not-For-Profit Corporation Law or for any act or omission which occurred prior to the adoption of this provision.

ARTICLE XV

AMENDMENTS

These By-laws may be amended in the following manner:

- (a) The Board of Directors shall appoint a committee to review and suggest amendments to these Bylaws as it deems necessary.
- (b) A written transcript of the proposed amendments shall be made available to the Board of Directors.
- (c) After approval by a majority of the Board of Directors, the proposed amendments shall be forwarded to ISM for approval.
- (d) After approval by ISM, the amendments will require a majority of a quorum of the Associate Members of the Association at a monthly or annual meeting. A transcript of the proposed amendments, to be voted upon, shall be made available to each member at least two (2) weeks prior to the voting date.
- (e) In the event a position with voting rights on the existing Board is eliminated by an amendment to these bylaws, the incumbent member of the Board in the eliminated position shall be empowered to serve out the remainder of his/her term as defined in the approved Bylaws under which he/she was elected or appointed, with full voting rights, until his/her term would normally end or the affected incumbent resigns, whichever occurs first.

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