



**AMERICAN
HERBAL PRODUCTS
ASSOCIATION**

BYLAWS

APPROVED BY THE MEMBERSHIP

September 2020

BYLAWS OF THE AMERICAN HERBAL PRODUCTS ASSOCIATION

NOVEMBER 2018 REVISION

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ARTICLE I

Name & Incorporation

The name of the Association is The American Herbal Products Association, Inc. (hereinafter referred to as “AHPA” or “the Association”). AHPA is a nonprofit Corporation chartered under the laws of the State of Maryland and under section 501(c)(6) of the Internal Revenue Code.

ARTICLE II

Definitions

The term “Herbal Products” means a product containing or derived from one or more botanical that is traditionally or currently used for a savory, aromatic, or functional quality or as a therapeutic or medicinal substance, dietary supplement or cosmetic.

The term “Herbal Products Industry” includes all those individuals, sole proprietors, partnerships, corporations (and their subsidiaries and subdivisions) or other business firms whose activities to a significant extent involve the growing, supplying, processing, manufacturing, or marketing of herbs or other botanicals and/or herbal products.

ARTICLE III

Mission

The Mission of the American Herbal Products Association is to promote the responsible commerce of Herbal Products.

ARTICLE IV

Membership

Section 1: Application for Membership

Any entity (e.g., sole proprietor, partnership, corporation, etc.) eligible for membership under these Bylaws must apply for membership by submitting a written application form provided by the Association and signed by an authorized representative of the applicant. Payment of annual dues for the current fiscal year and in conformity with Article VI, Section 1 must accompany the application. Provided applicable dues are paid and upon approval as determined in conformity with all Association policies that govern such approval, such applicant shall become a member of the Association. Membership shall continue until such time as the member resigns, as defined in Article IV, Section 8 or is suspended or expelled as defined in Article IV, Section 7 or does not make annual dues payments as defined in Article VI, Section 1.

Section 2: Title to Membership

Membership in AHPA belongs to a business entity (e.g., sole proprietor, partnership, corporation, etc.) and not to the individual representing that business entity. Membership in the Association is not transferable or assignable.

Section 3: Obligations of Membership

Members are obligated to support the mission, goals and objectives of the Association. Such support includes payment of all dues and properly approved assessments; adherence to all policies and principles of business practice as outlined in the Association’s Bylaws and Code of Ethics & Business Conduct, and to any rule or practice properly adopted by the Association; and restraint from any conduct prejudicial to the interests of the Association.

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Section 4: Classes of Membership

There are two classes of members in the Association: Active members and Associate members.

ACTIVE MEMBERS: All entities directly engaged in the Herbal Products Industry, as defined in Article II above, are eligible to become Active members of this Association. No entity that is eligible to be an Active member may join the Association as an Associate member.

ASSOCIATE MEMBERS: All entities not directly engaged in, but serving the Herbal Products Industry, as defined in Article II above, are eligible to become Associate members of this Association. This membership category includes, but is not limited to: researchers, educators, consultants, attorneys, healthcare professionals and the media.

Section 5: Multiple Memberships

A business entity substantially owned or controlled by an existing member and which is otherwise qualified for its own membership may become an AHPA member, but its powers may be limited by these Bylaws.

Section 6: Members in Good Standing

A member in good standing is an Active or Associate member who has paid all required fees and dues and is not suspended, expelled or resigned.

Section 7: Suspension, Expulsion & Reinstatement of Membership

AUTOMATIC SUSPENSION FOR NON-PAYMENT OF DUES: Any member who is in default in the payment of dues or any mandatory assessment for a period of sixty (60) calendar days after such dues or such assessment becomes payable is automatically suspended from membership. Any member so suspended shall, until reinstated, forfeit all rights and privileges of membership in the Association; provided, however, that suspension shall not relieve a member from the requirement of fulfilling all obligations to the Association theretofore incurred. A suspended member shall be reinstated to good standing upon payment in full of all dues and other amounts owing and payable at the time of suspension and reinstatement.

EXPULSION: Any member may be expelled for just and reasonable cause. Just and reasonable cause shall include any violation of these Bylaws, the *Code of Ethics & Business Conduct*, or any agreement, rule or practice properly adopted by the Association, or any conduct prejudicial to the interests of the Association. Proceedings to expel a member may be initiated only by the action of the Board of Trustees or the Executive Committee. No decision to suspend or expel a member may be made until at least fifteen (15) calendar days after a Statement of Charges has been sent by the Association, by any medium that will certify the receipt of the Statement of Charges, to the last recorded address of the member. A notice of the place and time of the meeting of the Board of Trustees at which the charges will be considered shall accompany the Statement of Charges. The member's representative(s) shall be provided the opportunity to present to the Board any defense to the Statement of Charges before action is taken thereon by the Board. Such expulsion shall be by two-thirds (2/3) vote of the Board of Trustees present at a duly constituted meeting of the Board as defined in Article IX. Expulsion shall not entitle the member to any refunds of any type or in any amount.

In the case of expulsion, the member shall have the right to re-apply for membership in accordance with these Bylaws and upon proof that the previous action that resulted in expulsion has been modified so the member no longer violates AHPA's Bylaws, *Code of Ethics & Business Conduct*, or

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any agreement, rule or practice properly adopted by the Association, or that the member's conduct is no longer prejudicial to the interests of the Association.

Section 8: Resignation of Membership

Any member in good standing may resign from the Association by submitting written notice of such intention to the Association's office. Resignations are effective on the date of the member's notice of resignation or any date specified by the member that is prior to the member's annual renewal date. Resignations shall not entitle the member to any refunds of any type or in any amount. A resignation shall not relieve the member of any obligations to pay any dues, assessments, or other charges that had accrued and were unpaid prior to the effective date of the resignation.

ARTICLE V

Member Voting Rights & Procedures

Section 1: General

AHPA Active members in good standing are authorized by these Bylaws and by the Association's *Code of Ethics & Business Conduct* to vote on the following issues: election of Elected Trustees in conformity with Article IX, Sections 5 and 6; amendments to the member dues structure as described in Article VI, Section 1; mandatory assessments as defined in Article VI, Section 2; amendments to the Bylaws in conformity with Article XVII, and amendments to the Association's *Code of Ethics & Business Conduct*.

Only Active members in good standing shall have a right to vote on each of the specific issues for which members are authorized to vote. Each Active member shall be entitled to only one vote on any issue submitted to a vote of AHPA's members.

Voting shall be conducted by secret ballot. Voting may be conducted at any meeting of the Association or by mail, fax, electronic mail or other appropriate medium vote, as defined by Article V, Section 3. All votes shall be conducted in accordance with these Bylaws and duly adopted policies of the Association.

Whenever any issue is voted on by the Active members it shall be authorized by a simple majority of the votes cast by a quorum of the members, as defined in Article VII, Section 4; except that election of Trustees shall be held in accordance with the Election Policies defined in Article IX, Sections 5 and 6; and except a two-thirds (2/3) majority shall be required to authorize any mandatory assessment as defined in Article VI, Section 2, and any amendments to the Bylaws as defined in Article XVII.

Section 2: Votes Conducted At Member Meetings

When voting is conducted at a meeting of the Association, votes may be cast directly by a member's representative, or by written proxy, or by absentee ballot. All AHPA Active members in good standing shall be provided by mail, fax, electronic mail, or other appropriate medium, not later than thirty (30) days prior to the date of the meeting, with material to adequately describe the issue or issues that are the subject of voting as well as proxy forms and absentee ballots.

Any Active member in good standing may assign its vote by written proxy to any other Active member in good standing by completing a proxy authorization in a manner that is timely and in conformity with AHPA voting policies. The person who is authorized to exercise a proxy may not exercise the proxy unless it is exercised no later than the votes cast directly by members. The Secretary or other person charged with recording the vote shall record both the name of the person

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who authorized the proxy on behalf of the member and the name of the person who exercises the proxy. If the member representative who authorized a proxy personally attends the meeting at which the vote that is the subject of the proxy is scheduled, they may, at their sole discretion, rescind their authorization and cast their vote directly. A duly authorized proxy is only valid for the particular vote for which it was authorized.

When a vote is cast by absentee ballot, it may be returned by the voting member by mail, fax, electronic mail, or any other appropriate medium. Members will be informed of the date on which an absentee ballot must be received in the AHPA office in order to qualify as a duly cast vote, such date to be determined at the sole discretion of AHPA's administrative staff and not to exceed seven (7) days prior to the date of the meeting of the Association at which the actual vote will occur. In the event that an absentee ballot has been received timely by the AHPA office and a representative of the member who has cast that absentee ballot personally attends the meeting at which the vote that is the subject of the absentee ballot is scheduled, the member will not be allowed to cast their vote directly.

Section 3: Votes of the Members Conducted By Mail, Fax, Electronic Mail Or Other Appropriate Medium

Whenever, in the judgment of the Board of Trustees, any question shall arise which it considers should be put to the vote of the Active members, and when it deems it inexpedient to call a special meeting for such purpose, the Board of Trustees may, unless otherwise required by these Bylaws, submit such matter to the membership in writing for vote by mail, fax, electronic mail or other appropriate medium vote. The question thus presented shall be determined according to either a simple majority or a two-thirds (2/3) majority, depending upon the matter that is the subject of the vote and in accordance with the majority requirements established in Section 1 of this Article, of the votes received in writing within 30 calendar days after such submission to the membership. This is provided that in each case, votes of a quorum of the voting members shall be received. Any and all action taken in pursuance of a majority vote in each such case shall be binding upon the Association and upon each member thereof.

ARTICLE VI Dues and Assessments

Section 1: Dues

Annual dues for members will be set by the Board of Trustees with the approval of a simple majority of a quorum of the Active members in good standing at a duly constituted meeting of the Association or by mail, fax, electronic mail or other appropriate medium vote, such voting to be conducted in conformity with Article V.

Dues payments shall be for the fiscal year for which they are billed. Annual dues are payable on a schedule that is in conformity with association policies. Dues shall be based on annual U.S. domestic sales of Herbal Products, as defined by Article II, and as certified annually by each member and according to the current dues schedule. Dues are non-refundable.

Any member who is in excess of sixty (60) days behind in payment of dues is automatically suspended, as defined in Article IV, Section 7 and shall not be entitled to any benefits or rights of membership.

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Section 2: Assessments

Mandatory assessments may be levied by the Association upon its members only upon approval of a two-thirds (2/3) majority of a quorum of the Active members in good standing at a duly constituted meeting of the Association, or by mail, fax, electronic mail or other appropriate medium vote, such voting to be conducted in conformity with Article V.

ARTICLE VII Meetings of Members

Section 1: Annual Member Meeting

There shall be an Annual meeting of the Association, which is a regular meeting of the Association. At the Annual meeting, the Active members shall conduct an election for Elected Trustees, as defined in Article IX, Section 2, receive annual reports of the business of the Association, and transact other business that may come before the meeting.

In order to elect Trustees or to transact any other business that requires a vote of the Active members in good standing at an Annual meeting, a quorum, as defined in Article VII, Section 4, must be present; except that, in the absence of a quorum, the election of Trustees may be adjourned and completed in conformity with the procedures described in Article IX, Section 6.

Section 2: Other Regular Member Meetings

Other regular meetings may be called by the Board of Trustees, at their discretion, as deemed necessary or for the benefit of AHPA. In order to transact any business that requires a vote of the Active members in good standing at a regular meeting, a quorum, as defined in Article VII, Section 4, must be present.

Section 3: Special Member Meetings

Special meetings of the Association may be called by a majority of the Board of Trustees or of the Executive Committee, or upon the written request of forty percent (40%) of the Active members in good standing of the Association, or in conformity with Article IX, Section 8. Special meetings are called to address a specific subject(s), and nothing but that specific subject(s) shall be considered at that meeting. The Board of Trustees may designate the time and place of any Special meeting in conformity with any other requirements of these Bylaws or Association policies.

Section 4: Membership Quorum

Twenty percent (20%) of the Active membership in good standing shall constitute a quorum of the Association's Active members.

At any meeting of the Association all members represented by physical attendance, or by proxy, or by absentee ballot shall be considered to be in attendance at a meeting for purposes of determining the presence of a quorum, such that the number of members in attendance at a meeting shall be the sum of those members represented at the meeting by physical attendance, and by proxy, and by absentee ballot. A quorum need not be present at any meeting in order to transact business but must be met when conducting voting or amendments to the Bylaws.

When a vote is conducted by mail, fax, electronic mail, or other appropriate medium in conformity with Article V, Section 3, all votes received shall be counted toward the presence of a quorum.

Section 5: Notice of Meetings of the Members

Written notice of all meetings of members shall be delivered to each member not less than thirty (30) calendar days before the date of the meeting. Notice shall be delivered by mail, fax, electronic mail or other appropriate medium. Notice of the meeting shall state the place, day and time of the meeting, the general and/or specific purpose(s) for which the meeting is called, and, if any of the purposes of the meeting will require a vote of the Active members in good standing, the Notice shall include a proxy and an absentee ballot for each such Active member. Notice shall be deemed to be delivered at the time the notice is dispersed to the membership.

ARTICLE VIII

Management of the Association

The Association shall be managed by its President, who is an employee of the Association. The Association President shall be responsible for supporting the Board in its policymaking role and for establishing, executing and supervising the Association's annual operating plan and budget, including the hiring, supervision, and remuneration of staff and agents of the Association, within the parameters of the Board-approved budget. In addition, the President of the Association shall sit *ex officio* without vote on both the Board of Trustees and on the Executive Committee.

ARTICLE IX

Board of Trustees

Section 1: Board Governance & Duties

The Association shall be governed by a Board of Trustees who shall be appointed, elected, tenured, or assigned in conformity with these Bylaws. The general oversight of the affairs, business and concerns of the Association shall be vested in the Board of Trustees, whose duties shall be carried out at duly regularly scheduled meetings and at other such times as provided by these Bylaws, except that, between regularly scheduled meetings of the Board, the Executive Committee, as defined in Article X, Section 3, shall be responsible for oversight of the Association.

The Board of Trustees shall have control of the affairs of the Association, with authority to engage, discharge, and fix the salary of the Association President and, in the absence of a President, all other employees and agents of the Association; to admit, suspend or expel members; to formally approve all operating budgets desirable in the conduct of the business of the Association; to establish trade recommendations as amendments to the Association's *Code of Ethics & Business Conduct*; and to establish or recommend additional policies and guidelines that are consistent with the Association's Mission.

All actions before the Board shall be decided by majority vote in the presence of a quorum of the Board, as defined in Section 11 of this Article, at a duly constituted meeting of the Board; or by majority vote in the presence of a quorum of the Executive Committee, as defined in Article X, Section 3, at a duly constituted meeting of the Executive Committee. In all voting discussed in this Section abstentions are not counted as votes cast. The act of the majority of the Trustees at a meeting at which a quorum is present shall be the act of the Board, except as otherwise specified in these Bylaws. Additionally, a Board action may be taken without a meeting, by written vote via mail, fax, electronic mail or other appropriate medium, if all members of the Board consent to such action. Such consent shall have the same force and effect as a unanimous vote of the Board of Trustees and shall be filed with the Association Minutes.

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Trustees shall discharge their duties in accordance with the Association's Bylaws and *Code of Ethics & Business Conduct*, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Association. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In the discharge of any duty imposed or power conferred on Trustees, they may in good faith rely on information, opinions, reports, or statements (including financial statements and other financial data) concerning the Association or another person that was prepared or presented by others.

Section 2: Board Composition

The Board of Trustees shall consist of four classes of Trustees, those that are appointed ("Appointed Trustees"), those that are elected ("Elected Trustees"), those that are tenured ("Tenured Trustees"), and those that are assigned ("Assigned Trustees"). The Elected Trustees shall include two (2) Trustees who are designees of Active members who are "small business members," defined here to mean those Active members that are not excluded by the Restrictions on Membership to the Small Business Committee as such restrictions are stated in the Board approved Charter of that Committee. Trustees of all classes are individual persons for all purposes bearing on service as a Trustee.

Any Active member in good standing may fill a seat on the Board of Trustees by appointment by paying dues within a single fiscal year to the Association in an amount greater than or equal to the highest maximum dues level for the Association's Active members, as established by the Association's current dues. Revenues paid to the Association related to the activities of a Special Committee, as defined in Article XII, Section 1, shall not accrue toward determining the level of dues paid to the Association. Any seat filled in this manner may be filled at any time that the dues payment condition described here has been fully met. Such a Trustee shall be identified as an Appointed Trustee and the Board seat filled by an Appointed Trustee shall be identified as an Appointed seat.

Active members in good standing shall elect Trustees at the Annual meeting of the Association and in conformity with Article V and Article XI, Sections 5 and 6. Trustees elected by the membership shall be identified as Elected Trustees and the Board seat filled by an Elected Trustee shall be identified as an Elected seat.

An individual who has served five (5) complete three- (3-) year terms (not required to be consecutive) as an Elected Trustee for a specific AHPA Active member in good standing or that member's predecessor company, is allowed to continue to serve as a Tenured Trustee for that same AHPA Active member or that member's successor company, as long as that member designates that specific individual to serve in this capacity on the Board. Such a Trustee shall be identified as a Tenured Trustee and a Board seat filled by a Tenured Trustee shall be identified as a Tenured seat.

An Active member in good standing may be selected by the Board (with the exception of an existing Assigned Trustee), at its discretion to fill perceived gaps with regard to representation of all segments of AHPA's Active membership, or to provide other needed expertise not met by the composition of the Board. Trustees selected by the Board shall be identified as Assigned Trustees and the Board seat filled by an Assigned Trustee shall be identified as an Assigned seat.

Except for the different manners of obtaining Board seats and for the specific restrictions and limitations on Tenured and Assigned Trustees as stated in these Bylaws, there shall be no difference in the rights or obligations of any class of Trustee.

Section 3: Board Size

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The number of Elected Trustees as of the completion of an annual election of Trustees shall be the number that is the greater of (i) a minimum of twenty-two (22), or (ii) one and one-half times, rounded up to the nearest whole number, the number of Appointed Trustees as of the date ninety (90) calendar days prior to the annual election of Trustees. The numbers of Appointed Trustees and Tenured Trustees shall be the numbers filled by Active Members in conformity with Section 2 of this Article; there shall be no minimum or maximum number of Appointed Trustees or Tenured Trustees. The number of Assigned Trustees shall not exceed two (2) at any one time.

Section 4: Trustee Eligibility

An Appointed Trustee, a candidate for a seat on the Board as an Elected Trustee, a Tenured Trustee, or an Assigned Trustee may be any designee of any Active member in good standing. All Appointed Trustees, Elected Trustee candidates, Tenured Trustees, and Assigned Trustees must be officially nominated or designated in writing by that Active member as the member's nominee or designee for the Board. Once appointed, elected, tenured, or assigned to the Board of Trustees, that individual will serve his/her term of office unless he/she is removed as prescribed in Article IV, Section 7 and Section 8.

Not more than one (1) representative from any member company shall serve as a Trustee of the Association at any one time. The subsidiaries, subdivisions and entities owned or controlled by one (1) member company will not be permitted to serve as a Trustee if the appointment, election, tenure, or assignment of said subsidiary, subdivision or entity gives those related member companies more than two (2) representatives on the Board between them.

The policies and procedures for qualifying candidates for Elected seats shall be recommended by the Finance and Governance Committee and approved by the Board of Trustees, and such candidates shall be required to submit written applications for their candidacy and other documentation as is required by any such approved policies and procedures. The Finance and Governance Committee shall not unreasonably withhold the certification of candidates and shall treat all candidates equally and fairly.

Section 5: Trustee Election Procedures

A Finance and Governance Committee shall be duly chartered as a standing committee by the Board of Trustees and maintained by the Association. The responsibilities and authority of the Finance and Governance Committee include, but are not necessarily limited to the responsibilities and authority described in this Section.

The policies and procedures for all elections to the Board, including the election of Trustees and the election of Board officers and additional members of the Executive Committee shall be recommended by the Finance and Governance Committee and approved by the Board of Trustees. The Finance and Governance Committee shall certify the number of Board seats available for Elected Trustees at each annual election of Trustees and shall administer all election processes.

Elected Trustees shall be elected only by Active members in good standing at the Annual meeting of the Association. Elected Trustees shall consist of those candidates who had the greatest number of votes until all open Elected seats have been filled.

Section 6: Trustee Election Procedures in the Absence of a Quorum of Active Members

If a quorum is not present at the Annual meeting of the Association, those Active members in attendance, whether physically, by proxy, or by absentee ballot, shall cast their votes for election of Trustees. The election shall then be adjourned for two (2) calendar weeks during which time all Active members who have not yet voted will be informed the election has been adjourned and will

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be encouraged to submit their votes by mail, fax, electronic mail or other appropriate medium. If at the end of this two week period or any other two week period in the election adjournment process a quorum has still not been met the election shall be adjourned for an additional two (2) calendar weeks and the same process shall be repeated, until such time a quorum has been met.

Votes cast for an election of Trustees at a meeting at which a quorum is not present or in any of the two week adjournments described herein shall not be counted until the last day of the two week adjournment in which a quorum has been achieved, on which date the election shall be considered to have been completed.

In the event that a quorum is not present at the Annual meeting of the Association and notwithstanding that certain Trustees, officers, and members of the Executive Committee will have reached the end of their terms as of the date of that meeting, until such time as an election has been completed as described herein, the Board of Trustees, officers, and members of the Executive Committee shall consist of the same Trustees who served as Trustees and in such positions at the beginning of the election process.

Section 7: Trustee Term of Service and Term Limits

Appointed Trustees shall serve for one (1) year effective the date of their appointment and may be re-appointed by fulfilling the obligations as stated in Article IX, Section 2.

Elected Trustees shall serve for a three (3) year term, which ends at the third Annual meeting of the Association following their election, except that, in the event a quorum is not present at the Annual meeting of the Association, the term of any Elected Trustee who has reached the end of his/her term as of the date of that meeting shall be extended until such time as the annual election for Elected Trustees has been completed as described in Section 6 of this Article.

Tenured Trustees shall serve as long as affiliated with and designated by the same Active member in good standing.

Assigned Trustees shall serve for one (1) year from the time of selection by the Board; the same individual may be reselected for additional one (1) year terms at the Board's discretion

Except as otherwise specified in this section, there are no limits placed on service by any Trustee so long as the member company represented by the Trustee is an Active member in good standing as defined in Article IV, Section 6 and so long as the Trustee maintains his/her status as the member's designee and has not been otherwise removed in accordance with Section 8 of this Article or Article IV, Section 7.

Section 8: Removal of Trustees

If a majority of the Board of Trustees in any meeting authorized by the Bylaws determines that a current Trustee is no longer the designee of an Active member company, or if AHPA staff is so notified, then the Trustee shall be removed as the date of such determination or notification.

A Trustee may also be removed and replaced at any time by members with or without cause. Upon receipt of petitions for removal signed by no less than 51% of Active members in good standing, a Special meeting of members shall be called at which the Trustee shall be given the opportunity to be heard and to present evidence. In the presence of a quorum, as defined in Article VII, Section 4, a vote of the Active members in attendance, as defined in Article VII, Section 4, shall then ensue and the Trustee shall be removed if the vote for removal is equal to 51% or more of all Active members voting at the meeting. In the absence of a quorum at the Special meeting described herein, the Trustee may not be removed.

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Additionally, if a Trustee is absent from more than 50% of two consecutive meetings of the Board, he or she is automatically removed as a Trustee subject to reinstatement for cause shown. For purposes of this Section, attendance by appropriate telecommunication medium will not be considered an absence the first time it occurs in any one-year period that begins on the anniversary date of the Trustee's appointment or election, and will be considered an absence any other time it occurs during that period.

Also, if a Trustee fails to attend at least one meeting in person in any one-year period that begins on the anniversary date of the Trustee's appointment or election, he or she is automatically removed as a Trustee subject to reinstatement for cause shown.

Section 9: Trustee Vacancies

A seat on the Board of Trustees becomes vacant when a Trustee resigns, when the Active member represented by a Trustee informs the Association, in writing, that the Trustee is no longer their designee or when a Trustee is removed in accordance with Section 8 of this Article above or for other good cause.

In the case of a vacancy in an Appointed seat, the vacancy may be filled by the Active member that was represented by that Trustee. The Active member may only fill the vacant seat by naming, in writing, another designee who is otherwise qualified.

In the case of a vacancy in an Elected seat, the vacancy may be filled by the Active member that was represented by that Trustee. The Active member may only fill the vacant seat by naming, in writing, another designee who is otherwise qualified. An Elected seat that becomes vacant and filled as prescribed in this Section shall be considered vacant, and therefore subject to election, (i) at the first Annual meeting of members following the vacancy if the vacancy occurs after an Annual meeting of members and before the deadline for declarations of candidacy for election to the Board at the next scheduled Annual meeting, or (ii) at the second Annual meeting of members following the vacancy if the vacancy occurs after the deadline for declarations of candidacy for election to the Board at the next scheduled Annual meeting and before the next scheduled Annual meeting. In either of these options, the deadline for declarations of candidacy for election to the Board shall be the date established by current election policy.

A Tenured Trustee who concludes his/her service on the Board does not create a vacancy.

In the case of a vacancy in an Assigned seat, the Trustee vacancy may be filled by the Board through the selection of another qualified individual meeting the requirements of Article IX, Section 2.

Section 10: Trustee Substitutes at Meetings of the Board

If an Appointed Trustee or an Elected Trustee is unable to attend a meeting of the Board, the member company represented by the Trustee has the option of appointing a substitute for that meeting, which substitute shall bear the full duty and authority of the Trustee, including the right to vote on all matters before the Board, and which substitute shall count toward the presence of a quorum. Member companies represented by Tenured Trustees or Assigned Trustees shall not be permitted to appoint substitutes when the designated Trustee is unable to attend a meeting of the Board.

Attendance of a substitute at a meeting of the Board of Trustees shall not be considered to be attendance by the substituted Trustee, such that the Trustee will be considered absent from the meeting for purposes of Section 8 of this Article.

Section 11: Board of Trustee Quorum

BOARD MEETING: A simple majority of the Board shall constitute a quorum. For purposes of determining the presence of a quorum, any Trustee vacancy that has not been filled in accordance with Section 9 of this Article at the time that a meeting of the Board is called to order shall be excluded when determining the total number of Trustees that currently constitute the Board. A quorum is required to be present either in person or by appropriate telecommunication medium in order to call to order a duly constituted meeting of the Board. A Trustee in attendance by appropriate telecommunication shall have all of the rights and responsibilities as Trustees who are in attendance in person. The Trustees present at a duly constituted meeting at which a quorum is initially present may continue to transact business even if less than a quorum remains. However, no actions may be approved by the Board in the absence of a quorum.

Section 12: Remuneration

Trustees will receive no remuneration whatsoever for their services as Trustees but may be recompensed for expenses incurred with approval by the Board of Trustees.

Section 13: Conflict of Interest

Trustees shall have an affirmative duty to disclose any material conflict or potential conflict of interest in any manner under consideration by the Board. Unless requested otherwise, they must absent themselves from such deliberation or decision.

ARTICLE X

Board Officers and Executive Committee

Section 1: Officer Positions

The officers of the Association shall be a Chair, a Vice Chair, a Secretary and a Treasurer. The Board of Trustees may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill these positions.

CHAIR: The Chair shall preside at the meetings of the Association and of the Board of Trustees and shall be a member *ex officio*, with right to vote, of all committees. She or he shall perform the duties as are necessarily incident to the office of Chair of the Association or as may be prescribed by the Bylaws and Board of Trustees.

VICE CHAIR: When the Chair is absent, is unable to act, or refuses to act, or if the Trustee who was duly elected as the Chair is the subject of a vacancy as defined in Section 4 of this Article, the Vice Chair shall perform the duties of the Chair. When the Vice Chair acts in place of the Chair, the Vice Chair shall have all the powers of and be subject to all the restrictions upon the Chair.

In the absence of the Chair and the Vice Chair at a meeting of the Board, the Trustees present shall choose a Chairperson for the meeting. If both the Chair and Vice Chair are absent, the Board of Trustees shall appoint a member of the Board to act as Chair *pro tem*. The Chair *pro tem* shall have all the powers of and be subject to all the restrictions upon the Chair.

SECRETARY: The Secretary shall act as Corporate Secretary of the Association and shall perform all the statutory and customary duties of the office, including overseeing the maintenance of the membership records, the serving of notices and the keeping of Minutes of all meetings of members and the Board. The Secretary shall also serve as the Board representative on the Finance and Governance Committee.

TREASURER: The Treasurer shall perform all the statutory and customary duties of the office and shall oversee the filing of all required financial reports and returns. A yearly accountant's review of the books of the Association shall occur. The Treasurer, or any person entrusted with the handling of funds or property of the Association, shall, at the discretion of the Board of Trustees, furnish, at the expense of the Association, a fidelity bond approved by the Board, in such sum as the Board shall prescribe. The Treasurer shall report on the financial condition of the Association at its Annual meeting and at meetings of the Board of Trustees, when required.

Section 2: Election of Officers

A regular meeting of the Board of Trustees shall follow the completion of the annual election process. At this meeting, the Board of Trustees shall elect from among themselves, with the exception of any Assigned Trustees, the officers as defined in Article X, Section 1. The election of officers shall be conducted in the following order: first, the Board shall elect the Chair, who shall immediately upon election take on the duties of the Board Chair; second, the Board shall elect the Vice Chair; third, the Board shall elect the Secretary; and fourth, the Board shall elect the Treasurer. Any other officers created in conformity with this Article shall be elected in any order. Officers shall be elected by majority vote of the Board of Trustees. Elected officers shall hold office for a term of one (1) year and may continue to run for office every year. The election of officers shall be conducted by the procedures in Article V, Section 1.

For purposes of serving as an officer, there shall be no distinction between the Appointed, Elected, and Tenured classes of Trustees, as defined in Article IX, Section 2, except that, after the Board has elected the Chair from the Appointed Trustee class, only candidates from the Elected or Tenured

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classes of Trustees shall be eligible to be elected as Vice Chair for that same term so long as at least one candidate from these classes is willing to serve as Vice Chair for that term. Likewise, after the Board has elected the Chair from the Elected or Tenured Trustee classes, only candidates from the Appointed class of Trustees shall be eligible to be elected as Vice Chair for that same term so long as at least one candidate from this class is willing to serve as Vice Chair for that term.

Section 3: Executive Committee

The Board of Trustees shall elect from amongst themselves three (3) additional members who shall serve, along with the officers, as the Association's Executive Committee. Assigned Trustees shall not be eligible to serve as members of the Executive Committee. The Executive Committee shall be responsible for oversight of the Association between regularly scheduled meetings of the Board.

A meeting of the Executive Committee may be called by the Association President, the Chair, or any other two (2) members of the Committee, and may be conducted by any appropriate communication medium. Notice of a meeting of the Committee shall be made to all of the members of the Committee and to the Association President. A quorum of the Executive Committee shall consist of not less than four (4) of its members.

The act of the majority of the Executive Committee at a meeting of the Committee at which a quorum is present shall be the act of the Board of Trustees, except as otherwise specified in these Bylaws. Additionally, an action may be unanimously taken by the Executive Committee without a meeting, by written vote via mail, fax, electronic mail or other appropriate medium, if all members of the Committee consent to such action. Such consent shall have the same force and effect as a unanimous vote of the Board of Trustees and shall be filed with the Association Minutes.

All actions taken by the Executive Committee shall be considered for approval by the Board of Trustees at its next scheduled meeting.

Section 4: Vacancies on the Executive Committee

Any vacancy on the Executive Committee, including officer vacancies, may be filled by the Board of Trustees or by the remaining members of the Executive Committee for the unexpired portion of the Committee member's term. Vacancies may be filled at any meeting of the Board or of the Executive Committee. Any Trustee who fills any office or Executive Committee vacancy shall have all the powers of and be subject to all the restrictions on such position. Assigned Trustees shall not be eligible to fill such vacancies on the Executive Committee.

Notwithstanding the right of member companies to fill a Trustee vacancy in conformity with Article IX, Section 9, neither a Trustee who is a member of the Executive Committee, including Board officers, nor a member company represented by such Trustee shall have the right to fill a vacancy or appoint a substitute to the Executive Committee for any purpose whatsoever.

ARTICLE XI

Indemnification and Exoneration

Section 1: Indemnification

The Association shall indemnify its Trustees, officers and employees for all claims and liabilities, including reasonable expenses and attorney's fees, to which they may be subject by reason of such positions with the Association, to the fullest extent permitted by Maryland law and for organizations which are exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code. Indemnification or reimbursement shall be made only if it is determined the Trustee or employee

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acted in good faith and in the reasonable belief the action that is the basis for such claim or liability was in the best interest of the Association. If this determination is not made in a legal proceeding related to the claim or liability, it shall be made by the Board of Trustees in accordance with the laws of Maryland.

Section 2: Exoneration

To the fullest extent permitted by Maryland law and for organizations which are exempt from Federal income tax under section 501(c)(6) of the Internal Revenue Code, no Trustee, officer or employee of this Association shall be personally liable to the Association or its members for monetary damages except in the case of fraud, embezzlement or any other form of conduct that constitutes a crime under the laws of Maryland and which causes the Association to incur a monetary loss. No amendment of the Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the benefits provided to Trustees, officers and employees under this provision with respect to any act or omission which occurred prior to such amendment or repeal.

Section 3: Insurance

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Association, or who, while a Trustee, officer, employee or agent of the Association is or was serving any other entity at the request of the Association, and in any capacity, against any liability, asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 4: Miscellaneous Provisions

Except to the extent prohibited by law, the indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under the Articles of Incorporation, and Bylaws, agreements, votes of disinterested Trustees or otherwise, both as to action in the Trustee's official capacity and as to actions in any other capacity while holding office, and shall continue as to a person who has ceased to be a Trustee or officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors, or administrators of such persons.

ARTICLE XII Committees

Section 1: Committees

Any committee deemed necessary or desirable by the Board of Trustees shall be appointed by the Board of Trustees. There shall be two categories of committees, Standing Committees and Special Committees, and all committees shall be chartered and managed in conformity with policies established by the Board of Trustees.

Standing Committees are defined as permanent and broad in scope, and exist to address issues that affect a wide representation of the membership. Standing Committees may be funded by general funds or special assessments, as appropriate, and in conformity with these Bylaws and the Association's financial policies.

Special Committees are chartered to address the needs of a specific sub-group of AHPA's members or to deal with a specific issue or group of issues. The budgets for Special Committees are provided from funds generated by the members of the Committees, unless the Board determines general funds

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should be available. A Special Committee's accounts payable may never exceed that Committee's cash on reserve in an AHPA account. All accounting for Special Committees is managed by AHPA.

The Board of Trustees may not assign to any committee any authority that is assigned by these Bylaws to the Board, and committees do not have any such authority. The authority of all committees is limited to making recommendations to the Board of Trustees, such recommendation subject to adoption or rejection by action of the Board, and to carrying out the work of the Association in a manner that is consistent with and within the confines of each committee's Charter as approved by the Board of Trustees. Committees are explicitly prohibited from establishing any policies for the Association or for any segment of the Association. Committees are explicitly prohibited from making statements or representations on behalf of the Association without the explicit approval of the Board of Trustees.

Section 2: Eligibility

Any AHPA member is eligible to serve on any committee, except that membership on the Executive Committee is determined by election as defined in Article X, Section 3, and except that any committee may include a restriction on membership in its Charter subject to approval by the Board of Trustees. The Board of Trustees shall appoint all committee chairpersons. All committee members serve at the pleasure of the Board of Trustees.

ARTICLE XIII

Inspection of Corporate Records

These Bylaws, the membership roster, the books of accounts and the Minutes or proceedings of meetings of the Association, of the Board of Trustees and of the Committees shall be open to inspection no later than (10) days after receipt of a written request, addressed to the Chair or the Secretary of the Association by any member of the Association for any purpose reasonably related to its interests as a member. Such records also shall be made available for the same purpose at any Board of Trustees meeting when requested by at least three (3) Trustees. Inspection may be made in person or by an authorized agent or attorney and inspector includes the right to make extracts at the member's expense.

ARTICLE XIV

Dissolution and Waiver of Interest

Section 1: Dissolution

In the event of dissolution of the Association, all assets of the Association shall be distributed among the members in proportion to the membership dues paid by the members in the preceding three (3) years. Nothing in this Article represents any financial obligation on the Association to the members other than the specific distribution of assets described herein, and there is no obligation on the Association to reimburse members for dues paid for the services that would have been provided by the Association if dissolution had not occurred.

Section 2: Waiver of Interest in Association Property

All real, personal and intellectual property acquired by the Association shall be owned by AHPA. No member shall have any interest in any of the property of the Association. Each member hereby expressly waives the right to require partition of all or part of the Association's property.

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ARTICLE XV Non-Discrimination

The organization's, officers, Trustees, employees and persons served by this Association shall be selected in a non-discriminatory manner with respect to age, sex, race, color, national origin, and political or religious opinion or affiliation.

ARTICLE XVI Antitrust Policy

All members of the Association will abide by an antitrust policy which shall be in conformity with all laws and regulations related to such a policy and which shall be approved by the Board of Trustees.

ARTICLE XVII Amendments to Bylaws

These Bylaws may be amended, repealed or altered, in whole or in part, upon approval of a two-thirds (2/3) majority of a quorum of the Active members in good standing at a duly constituted meeting of the Association or by mail, fax, electronic mail or other appropriate medium vote, such voting to be conducted in conformity with Article V.

ARTICLE XVIII Referenda/Grassroots Initiatives

Active members in good standing may initiate petitions to put an amendment to the Bylaws or other initiatives (other than the removal of a Trustee) before the general membership for vote without the approval of the Board of Trustees. To do so, the member must file with the Board a written petition setting forth the request and the reasons therefore, along with the signatures of twenty percent (20%) of the membership endorsing the petition.

ARTICLE XIX Fiscal Year

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of each year.

ARTICLE XX Miscellaneous Provisions

Section 1: Legal Authorities Governing Construction of Bylaws

The Bylaws shall be construed in accordance with the laws of the State of Maryland. All references in the Bylaws to statutes, regulations or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

Section 2: Legal Construction

If any Bylaw provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision, and the Bylaws shall be construed as if the invalid, illegal or unenforceable provision had not been included in the Bylaws.