

**INSTITUTE FOR SUPPLY MANAGEMENT
SOUTHEAST MICHIGAN, INC.
BYLAWS**



ISM—Southeast Michigan, Inc.

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Institute for Supply Management
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ARTICLE I

NAME AND LOCATION

SECTION 1: Name. The name of this Association shall be Institute for Supply Management Southeast Michigan, Inc., hereinafter referred to as “ISM Southeast Michigan or the Association), a 501(c) (6) nonprofit organization and existing by virtue of the laws of the State of Michigan.

SECTION 2. Location. The principle office of the Association shall be located in St. Clair Shores, Michigan or in such other localities as may be determined by its Board of Directors.

ARTICLE II

MISSION, PURPOSE, VISION

Our Mission

The mission of ISM Southeast Michigan is to serve our members as an affiliate of the Institute for Supply Management by providing superior opportunities for education, networking, and career enhancement as a means of advancing and promoting the leading edge practices and profession of Purchasing and Supply Management.

Our Purpose

The purposes of our association are:

- (1) To foster and promote ongoing exchange of ideas and cooperation among its members.
- (2) To promote the study, development and application of purchasing, materials management and logistics.
- (3) 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 profession.
- (4) To develop and encourage by all lawful means the practice of high standards of personal and ethical conduct among persons engaged in the profession.

(5) To develop, sponsor, promote and encourage professional certification programs for persons engaged in the profession.

(6) To encourage and cooperate in the institution and development of educational courses, seminars, programs and materials on the subject of purchasing, materials management, logistics and all matters related thereto.

(7) To strive by all lawful means to promote and enhance the profession.

(8) To be affiliated with the Institute of Supply Management, Inc (“ISM”) and other associations or organizations of persons engaged in the profession throughout the United States and all foreign countries.

(9) To cooperate, collaborate and exchange information by lawful means with professional, trade and other associations and organizations of persons engaged in the profession with governmental agencies and the public in general.

(10) To do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but 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 Michigan.

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.

Our Association Vision

We define ourselves as a professional organization dedicated to providing excellent customer service to our members. Our members are our first priority. Our board of directors are our members’ representatives; we are accountable to them. We shall strive to provide educational programs and activities that add value to our members. Our Association will be known as a leader that other affiliates can benchmark.

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.

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 501(c) (6) nonprofit corporation in perpetuity in accordance with the laws of the State of Michigan 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, including without limitation, the provisions here 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 III 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.
- (g) To forward amended Bylaws as approved by the membership to ISM.

ARTICLE IV

MEMBERSHIP

SECTION 1. Regular Membership. Regular membership (voting membership).

(a) Membership definition, eligibility, and requirements shall be identical to the definitions, eligibility, and requirements as defined by the Institute of Supply Management, Inc, (ISM) in its current bylaws at any point in time. In the event that the ISM bylaws are silent, the following items in Article IV; Membership, shall determine Membership definitions, eligibility or requirements.

(b) 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 of 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 Southeast Michigan and ISM Bylaws, as amended from time to time, do not have voting rights.

SECTION 2. Dues-free Members. Dues-free members include:

(a) 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 Board of Directors of the Affiliated Association of which he or she has been a Member. Lifetime members are Regular voting members.

(b) 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.

(c) Honorary Members. A person not qualified for Regular membership but who has rendered distinguished or unusual services to the supply management profession, and who has been elected to the class of membership by vote of the board of Directors of the Association. Election to Honorary Membership shall be for such a period as the Association may designate, up to a three (3) year period. 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 are nonvoting members.

(d) Student Members. An undergraduate or graduate student enrolled fulltime in an accredited community college or four-year college or university may receive all the benefits of membership in ISM, excluding meals, and this Association and be exempted from payments of all dues and fees, provided further that such person carries at all times a minimum of six (6) credit hours per semester, or if a graduate student, a minimum of three (3) credit hours per semester, or the equivalent thereof. Student membership in the Association shall terminate upon completion of studies or failure to satisfy the eligibility requirements of this Section 2(d). Student members are Regular non-voting members. Students attending membership meetings shall pay the guest rate for meals.

(e) 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. Members under this class are Regular voting members.

SECTION 3. Nonvoting Membership. The Association shall have the following membership classes which shall not represent membership in ISM nor entitle any member of such class to vote or hold office in the Association nor to serve on the Board of Directors. However, all members (Regular and nonvoting) are encouraged to serve on the Association committees.

(a) Associate Members. A person who satisfies the eligibility standards of Section 1 of this Article provided that at least one member employed by the same company holds a Regular membership in the Association.

(b) Honorary Members. Members as described in Section 2(c) of this article.

(c) Student Members. Members as described in Section 2(d) of this article.

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

(a) The Membership Activities Committee of the Association shall review all applications for membership in the Association which shall be in writing and on a form prepared by the Committee.

(b) The Membership Activities Committee shall advise the Board of Directors of the Association concerning the eligibility of all applicants for membership in the Association.

(c) Direct Recruits forwarded to ISM Southeast Michigan from ISM shall automatically become members of ISM Southeast Michigan. Applications to transfer membership from another affiliate of ISM to ISM Southeast Michigan shall be automatically approved. Applications to transfer membership from one person to another person within the same company or organization shall also be automatically approved. Otherwise, membership in the Association is non-transferable. The Board of Directors of the Association shall approve or deny all applications sent directly from new candidates to ISM Southeast Michigan for membership in the Association in the Association.

SECTION 5. Denial of Membership. The Association shall have the right to deny membership to any applicant who fails to satisfy the eligibility requirements for any class of membership; provided, however, denial of membership shall occur only after the applicant has been advised of the proposed denial of membership and has been given the opportunity to submit proof in support of his or her eligibility for membership in the Association. An applicant denied Regular membership to the Association shall be given the opportunity to apply for Direct National Membership to ISM.

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 such other matters as may be determined by the Association as sufficient grounds for expulsion. Expulsion of any Regular member for any reason other than nonpayment of dues shall occur only after the expelled member has been advised of the proposed expulsion and the reasons therefore, and has been given an opportunity to submit proof in support of the continued membership in the Association. A Regular member expelled from membership in the Association shall be given the right to appeal to the ISM Affiliate Support Department. A nonvoting member expelled from membership in the Association shall have no right of appeal.

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 dues plus any administration fee. The procedure for an appeal of denial of reinstatement to Regular membership shall be the same as provided in Sections 4 and 5 of this Article. A nonvoting member denied reinstatement shall have no right of appeal.

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. Non-transferability of Membership. Membership in the Association shall be vested in the individual member of the Association and shall not under any circumstances be transferred or assigned to any other person by such member. Membership, however, may be transferred subject to eligibility and admission requirements described in this Article IV and as described in the ISM Policy Manual. In this instance, the individual member is considered the party who pays the membership dues.

ARTICLE V

DUES

SECTION 1. Amount. The amount of annual dues for Regular members and each class of nonvoting 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 for membership in ISM.

SECTION 2. Payment. Dues for Regular and nonvoting members in the Association shall be assessed on January 1 of each year. Members elected to membership in the Association at any time during a calendar year shall be required to pay a proportionate amount of the annual dues in effect at the time of their election to membership, which amount shall be payable commencing on the first of the month in which they are elected to membership in the Association.

SECTION 3. Nonpayment of Dues. A member of the Association whose dues are two months 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 nonpayment of dues may be reinstated upon full payment of all delinquent dues plus payment of an administration fee or similar charge which may be required from time to time by the Association.

SECTION 4. Schedule of Dues. The Association shall cause to be mailed to each member of the Association on or before December 1st of each year a schedule of annual dues payable for each category of membership as of January 1 of the next succeeding calendar year.

ARTICLE VI

MEETINGS OF THE ASSOCIATION MEMBERS

SECTION 1. General Meetings. The general meetings of the Association members shall normally be held on the third Thursday of each month at such place as may be determined by the Board of Directors of the Association. Written notice shall be given to all members at least ten (10) days prior. The annual election meeting shall be held in the Fall of each year at a time and place as determined by the Board of Directors within the same written notices. Monthly general meetings may be suspended by action of the Board of Directors.

SECTION 2. Special Meetings. The President, or in his or her absence the authorized officer, may call a special meeting of the members when necessary. The President or authorized officer will call a special meeting of the Regular membership upon the written request of at least ten percent (10%) of the Regular members specifying the purpose of the meeting. Notice of such special meetings shall be mailed to the

full membership at least ten (10) days prior to the date of the meeting. This notice must state the date, time, place and purpose of the meeting.

SECTION 3. Quorum. A quorum shall consist of at least 10% of Regular members in good standing be present at any membership meeting. A simple majority shall govern voting.

SECTION 4. 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 the Article.

SECTION 5. Parliamentary Rules. At all meetings of the Association, including meetings of the Board of Directors, conduct of the meeting shall be done in accordance with Robert's Rules of Order when not in conflict with these Bylaws. Parliamentary Order shall be maintained by the President, or in the absence of the President, by the Vice President.

ARTICLE VII

OFFICERS

SECTION 1. Officers. The officers of the Association shall be the Immediate Past President, President, Vice President, and Secretary/Treasurer.

SECTION 2. Term of Office. Term of office for all elected officers shall be as follows:
Immediate Past President (Non Elected) - Seccession Plan: President is elected to a two-year term with first year as, President, and the second year as Immediate Past President.

- President (Combined with above, two years).
- Vice President - one year.
- Secretary/Treasurer - one year.

Should the current seated President decide to run for an elected position of the Board of Directors, the current seated President relinquishes by his or her candidacy the position of Immediate Past President. In such an instance the position of Immediate Past President (normally filled by the second year of the President's term) would become vacant. To fill the vacancy, the position of the Immediate Past President would be than automatically extend to the current Immediate Past President for a second one year term as Immediate Past President. Should the current Immediate Past President be unwilling or unable to fill a second year as Immediate Past President, it shall be offered to the preceding Immediate Past President in the order of most recent service, until the position is filled. If no proceeding Immediate Past President is willing or able to serve as Immediate Past President, the position shall remain vacant.

SECTION 3. Number of Terms. No elected officer of the Association may serve more than two (2) consecutive terms in each office. Officers may be re-elected to office after an interim of one year, but may serve consecutive terms in different positions as an Officer or Director.

SECTION 4. Election. An annual election by the Regular membership shall be held at the general meeting in November of each year to elect all elective officers and elective directors. The election shall be by official printed secret ballot. If all candidates are running for office unopposed, the election will be held viva voce during the November member meeting. Regular members not able to attend the annual election may obtain absentee ballots upon request from the Association office. All signed absentee ballots are to be returned to the Association office at least three days prior to the annual election, and are to be given to the Nomination Committee by the Association office for tabulation at the time and place of the Annual Election Meeting. A candidate receiving the greatest number of the votes tabulated at the annual election shall be declared elected.

SECTION 5. Duties of Immediate Past President. The Immediate Past President shall serve as advisor to the President and the board of Directors. In the event of permanent or temporary inability of both the President and Vice President to perform the duties of his or her office resulting from illness, absence or any other cause, the Immediate Past President shall temporarily assume the position of President, and shall call for a special election to fill these officer positions for the balance of the term.

SECTION 6. 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 shall 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. 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 7. Duties of Vice President. The Vice President shall perform such duties as assigned from time to time by the President. In the event of permanent or 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 duties of the office of President until such time as the incumbent is able to resume the duties of the office. If the President is permanently unable to perform the Duties of the President, the Vice President assumes the Presidency of the association in accordance with Article VII, Section 6, Duties of President. In the event that both the President and Vice President are unable to fulfill the duties of the President, the Immediate Past President shall temporarily assume the position of President, and shall call for a special election to fill these officer positions for the balance of the term.

SECTION 7. Duties of Secretary/Treasurer. The Secretary/Treasurer shall oversee the following:

- (a) The custody of all Association funds and securities.
- (b) The maintenance of a full and accurate account of all receipts and disbursements in the books belonging to the Association.
- (c) The deposit of 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.
- (d) The recording and distribution of minutes of the meetings of the Board of Directors and of the Finance Committee. The Secretary/Treasurer shall oversee the disbursement of the funds of the Association by check countersigned by an authorized officer of the Association; shall file appropriate federal, state, and local tax forms of the Association as required by law; shall render to the Board of Directors and members of the Association upon request, but at least annually, a summary of financial transactions and of the financial condition of the Association; and shall perform such other duties in the maintenance of the Association as may be assigned from time to time by the President. In the event that the

Secretary/Treasurer becomes unable to fulfill the duties of the Secretary/Treasurer's office, such duties shall be performed by the President, or his or her designee, for the balance of the term.

ARTICLE VIII

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 designated officers (4) who are elected by the members who automatically serve on the Board plus up to six (6) but no more than nine (9) directors elected at large by the members and additional Directors, appointed by the President with approval of the Board of Directors. (Not withstanding appointments by vacancy in Section V)

SECTION 3. Election. Annual elections shall be held as follows: The candidates receiving the greatest number of votes tabulated at the annual election shall be declared elected. Tie votes that affect the election shall be resolved by a runoff vote.

SECTION 4. Term of Office. Between six (6) and nine (9) Directors shall be elected for a term of three (3) years. Additional directors shall be appointed by the President and shall serve for a period of one (1) year. Should an elected Director decide to run for a position as an Officer of ISM Southeast Michigan before completion of three years, the Director relinquishes by his or her candidacy the Directorship. The position is then available for new candidates to a 3-year term during that same election.

SECTION 5. Vacancies. Should an elected Director be unable to serve to the end of his term, the President shall appoint a Regular member, eligible for office, as an interim Director. The interim Director shall serve until the next regular election. At that time, an interim Director may run for election by the Regular membership for a full three (3) year term.

SECTION 6. Meetings. The Board of Directors shall meet monthly, except that, at the discretion of the President, meetings in July, August and December may be omitted.

SECTION 7. Board Action by Conference Telephone. 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 conference telephone or similar equipment which enables all persons participating in the meeting to hear one another at the same time. Participation by such means shall constitute presence in person at such a meeting. Such participation is limited to those locations where the meeting room includes the availability of such conference calling, etc.

SECTION 8. Quorum and Voting. A quorum shall consist of a simple majority of Board members at any Board meeting, in accordance with Parliamentary Rules as specified in Article VI, Section 5.

ARTICLE IX

COMMITTEES

SECTION 1. Recommended Committees. If instituted, the following committees are recommended as standing committees of the Association. Such committees may be combined under various elected and/or appointed directors as designated by the President upon assumption of the Presidency.

(a) Meeting Arrangements, responsible for securing meeting locations and reviewing contracts for such; planning menus; determining meeting cost per person; and arranging for the set-up of audio-visual equipment, tables, etc.

(b) Membership Activities Committee (MAC), responsible for the recruitment orientation, attendance, and retention of Association members.

(c) Professional Development (Pro D), responsible for arranging pre-dinner seminars and for developing or arranging for programs which will contribute to the useful knowledge and professional qualifications of the members of the Association.

(d) Programs, responsible for arranging for keynote dinner speakers at Association general meetings.

(e) Public Relations, responsible for identifying trends and events that will make news; working to attract media coverage; and for promoting awareness of the Association through newsletters, releases, etc.

(f) Diversity, responsible for developing programs that heighten membership awareness of minority procurement opportunities.

SECTION 2. 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 Board of Directors shall prescribe the duties of any such special committee upon their appointment.

SECTION 3. Nominating Committee. A Nominating Committee of up to five (5) Regular members shall be appointed by the Board of Directors at least ninety (90) days prior to the election. No more than two (2) of these may be current members of the Board of Directors. No member of the Nominating Committee shall be nominated for office, and no name shall go on the ballot without the consent of the nominee. At least one current Nominating Committee member must be present at the election to count the votes. They may choose any regular member, not running for office, to help assist in the count.

SECTION 4. Finance Committee. The Finance Committee shall consist of the President, Immediate Past President, Vice President and Secretary/Treasurer. The Secretary/Treasurer shall preside as chairman with voting rights. This committee must meet two (2) times per year as called by the chairman. This committee shall have audit authority over all Association activities and transactions.

ARTICLE X

ELECTIONS AND APPOINTMENTS

SECTION 1. Voting. On all questions or issues presented for a vote at the annual meeting or any special meeting of the Association membership, each Regular member 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 majority of the votes cast at an annual or special meeting by the Association membership entitled to vote there on (provided that the affirmative votes cast in favor of any such action shall be at least equal to the quorum required by Section 3 of Article VI). Voting shall be by official printed secret ballot. Regular members not able to attend the annual meeting or any special meeting of the Association may obtain absentee ballots from the Association office upon request. All signed absentee ballots are to be returned to the Association office at least three (3) days prior to the scheduled vote, and are to be given to the Nominating Committee by the Association Business Manager for tabulation at the scheduled meeting. Any unsigned ballot will be voided.

SECTION 2. Nomination. The Nominating Committee shall select a suitable number of nominees for each office and directorship to be filled. This list of nominees is to be distributed to the membership at least fourteen (14) days prior to the date of the election. On written petition to the President by any ten (10) Regular members, additional candidates may be added to the list of nominees. Such candidates must be nominated at least five (5) days preceding the election. No written notice of additional candidates to the General Membership is required; however, the final ballot shall include such additions without prejudice.

SECTION 3. Appointments. Any appointments as referred to in these Bylaws require approval of the Board of Directors by majority vote.

ARTICLE XI

EMPLOYEES

SECTION 1. Prohibition of Employees. The Association shall not employ any individual in any capacity.

SECTION 2. Contractual Services. The Association may contract for secretarial or other services. Contractual terms will be approved by the Board of Directors. All contractual services shall be bonded.

SECTION 3. Secretarial Services. Secretarial services shall include 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; the serving or publication of all notices required by law or these Bylaws concerning any meeting or any other matter applicable to the Association; the custody of Association funds and maintenance of accounts as directed by the Secretary/Treasurer; and such other duties in the maintenance of the Association as may be assigned from time to time by the President.

ARTICLE XII

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 next year.

SECTION 2. Appropriations. If desired, provisions concerning expenditures of Association funds and permitted investments may be set forth in accordance with local law requirements.

ARTICLE XIII

CONFLICT OF INTEREST POLICY

(From <http://www.irs.gov/instructions/i1023/ar03.html>)

SECTION 1. Purpose. The purpose of this Conflict of Interest policy is to protect the interests of ISM Southeast Michigan [a 501(c)(6) nonprofit organization] when it contemplates entering into a transaction or arrangement that might benefit the private interest of an officer, director, or member of the Association or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

SECTION 2. Definitions

(a) **Interested Person** Any director, principal officer, or member of a committee with governing board delegated powers, which has a direct or indirect financial interest (as defined below) is an interested person.

(b) **Financial Interest** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which ISM Southeast Michigan has a transaction or arrangement,
- b. A compensation arrangement with ISM Southeast Michigan or with any entity or individual with which ISM Southeast Michigan has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which ISM Southeast Michigan is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

SECTION 3. Procedures

- (a) **Duty to Disclose** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
- (b) **Determining Whether a Conflict of Interest Exists** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- (c) **Procedures for Addressing the Conflict of Interest**
 - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the governing board or committee shall determine whether ISM Southeast Michigan can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in ISM Southeast Michigan's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- (d) **Violations of the Conflicts of Interest Policy**
 - a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
 - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE XIV

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 Regular members of the Association in accordance with the laws of the State of Michigan, 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 Regular members of the Association.

ARTICLE XV

AMENDMENTS

SECTION 1. Amendment. These Bylaws may be amended by a majority vote of the Regular members, in good standing, present at any official meeting of the Regular membership, after due notice.

SECTION 2. Proper Notice. A written notice shall be sent to the members at least ten (10) days before such meeting. This notice is to specifically set forth the purpose of the meeting and state the proposed amendment.

SECTION 3. Determination of Exact Wording. The members present at the meeting have the right to determine the exact wording of the change they decide to incorporate in the Bylaws. They cannot, however, act upon or propose any amendment not included in the written notice submitted to the membership.

ISM STATEMENT OF ANTITRUST POLICY

It shall be the express policy and intention of ISM 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 ISM or any local association affiliated with ISM which in any manner whatsoever shall represent or be deemed a violation of any existing or future law, including the antitrust laws. This statement of policy shall be implemented by the publication of the “ISM Policy Guide for Antitrust Compliance,” which shall be made available to all members of the Association.

ISM POLICY GUIDE FOR ANTITRUST COMPLIANCE

I. Price Discrimination in Cooperative Buying

The Robinson-Patman Act and the Federal Trade Commission Act prohibit discriminatory pricing between purchasers competing at any common level in the distribution chain here any injury to competition may result. Cooperative buying groups generally must have an “open group policy,” namely; group membership must be made available on a nondiscriminatory basis to all potential members in an industry. Failure to maintain this policy will result in discriminatory prices to competitors who are not members of the group. Also, failure to satisfy the statutory defense of cost justification for quantity discounts will likewise result in proscribed price discrimination. Finally, brokerage fees or other payments received by a buying group from a vendor will generate antitrust problems.

II. Membership

A basic assumption about any professional association is that its members derive an economic benefit from membership. Denial of membership to an applicant may therefore constitute a restraint of trade in that such denial of an economic benefit limits the right of the applicant to compete. Thus, membership criteria must be carefully drafted to avoid antitrust problems.

III. Standardization and Certification

A professional association which develops voluntary professional standards may face antitrust problems if the standard favors some and discriminates against others. Similarly, association certification activities which further interests of certain groups, to the exclusion of others, may result in antitrust problems.

IV. Professional Self-Regulation

Professional associations commonly establish codes of ethics for their members with procedures for enforcing them. It is laudable for an association to wish to promote high ethical standards, but antitrust problems may arise if an Association’s attempt to enforce its code of ethics causes economic injury.