

**INDEPENDENT POOL AND SPA
SERVICE ASSOCIATION, INC.**

REGIONAL BOARD OF DIRECTORS

**Governance Policy Manual
Adopted
February 2, 2024**

This Independent Pool and Spa Service Association, Inc. (hereinafter “IPSSA”) Policy Manual is a collection of the policies and procedures of IPSSA. It is intended for use by IPSSA BORD members, leaders, and staff. These policies also apply to any and all subsidiaries of IPSSA.

In addition to the policies set forth in this Policy Manual, the provisions of IPSSA Bylaws and the Standing Rules shall also be considered IPSSA policy and are subject to change.

Periodically, revisions, additions, and/or deletions to the Policy Manual are approved by the BORD. When this occurs, certain materials in this Manual may be outdated until its next publication. When in doubt, contact IPSSA staff with questions about IPSSA policy.

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Article 1: General Policies

Section 1: Corporate Structure

IPSSA is organized around a basic structure of self-sustaining subordinate parts. At the very base of the structure is the membership level. There are various categories of members, described below, however, only Regular Members are entitled to vote. Regular Members are organized into Chapters, which are the basic structural units of the IPSSA organization. Chapters are organized into geographical Regions, and representatives from the geographical Regions sit on the Board of Regional Directors (the "BORD"), which is the governing body of IPSSA.

The BORD shall have the authority to adopt Standing Rules, Policy Manuals, Sick Route Rules, and such other rules as they deem necessary to govern their affairs, provided that such rules do not contradict the bylaws. In addition, the BORD shall adopt a Code of Ethics which may be amended or revised from time to time, and which shall take precedence over all IPSSA rules except the IPSSA bylaws. The IPSSA bylaws, Code of Ethics, Standing Rules, Policy Manual, and such other rules as may be adopted by the BORD, from time to time, shall be hereinafter sometimes collectively referred to as the "IPSSA Governing Rules." In the event of any conflict between any of the various IPSSA Governing Rules, the bylaws shall prevail over all other rules, the Code of Ethics shall prevail over all rules except the bylaws, the IPSSA Standing Rules shall prevail over all other rules except the bylaws and the Code of Ethics, and the IPSSA Policies and Procedures shall prevail over all rules other than the IPSSA bylaws, Code of Ethics, or IPSSA Standing Rules. The Regions and Chapters shall have the authority to adopt Standing Rules to assist in governing such Region or Chapter. As between the various levels of IPSSA, the IPSSA Governing Rules shall prevail over all other Standing Rules, and the Regional Standing Rules shall prevail over the Chapter Standing Rules.

Article 2: Members and Partners

Section 1: Members

Eligibility for membership as a Regular Member requires that an individual:

1. Employed or Self-Employed Requirement.
 - (a) Must be a self-employed independent pool and/or spa technician;
 - (b) Must be self-employed and his/her major vocation is derived in the pool and spa service and repair industry.
2. Agree to and participate in sick route coverage pursuant to such member's chapter's Standing Rules.
3. Meet such additional requirements as may be established from time to time by the BORD for Regular Members, including any such requirements set forth in the IPSSA Governing Rules; and
4. Meet such additional requirements as may be established from time to time by the Chapter and/or Region to which each such person seeks to belong, including any such requirements set forth in the Governing Rules of such applicable Chapter and/or

Region and meet the requirements of the Code of Ethics as adopted from time to time by the BORD.

Any individual who is and at all times remains dedicated to the purposes of IPSSA and who meets the above requirements shall be eligible for membership and shall become a member on approval of the membership application by the Chapter to which the applicant would belong and the payment of such dues and fees as the BORD, Region and/or Chapter may from time to time fix, including but not limited to, the administrative fee membership dues established from time to time by the BORD, and the membership fees established from time to time by the applicable Region and/or Chapter. Regular membership in IPSSA is limited to individuals, however, individuals who are incorporated or operate in a partnership form may become Regular Members, so long as each principal of a partnership or corporation becomes a Regular Member of IPSSA, and provided further, that the entities to which such members belong otherwise meet the requirements of Regular Membership set forth above. The principals of such partnerships or corporations shall not be counted as employees. Regular Members must continue to meet the eligibility requirements for membership throughout the time that they are members.

Section 2: Employee Partners

Employee Participant.

1. Eligibility for membership as an Employee Participant requires that an individual be and remain an employee of a Regular Member, be sponsored for membership by a Regular Member, and meet all the requirements for Regular Membership set forth in Section 4.1 hereof, except those set forth in paragraphs a. 1 and a. 4. of Section 4.1.
2. Any person who is and at all times remains dedicated to the purposes of IPSSA and who meets the above requirements shall be eligible for membership and shall become an Employee Participant upon the payment of any such dues and fees as the BORD, Region and/or Chapter may from time-to-time fix.
3. If under the Standing Rules of a Chapter the Employee Participant is required to participate in the sick route coverage, then such Employee Participant must also be approved by the general membership of the Chapter before such person can become an Employee Participant.
4. Employee Participants must continue to meet the eligibility requirements for membership throughout the time they are members. Termination or suspension of the Regular Member under which an Employee Participant has qualified for Employee Participantship, shall result in the termination or suspension of the Employee Participant as well.
5. Notwithstanding anything to the contrary contained herein, the term "**employee**" shall not include:
 - a. Any individual who is a Regular Member of IPSSA.
 - b. Any person or entity that is an independent contractor, provided that, such independent contractor,
 - (1) carries their own commercial general liability insurance in an amount equal to that required to be carried by Regular Members (the "**commercial liability insurance**"),

- (2) provides the Regular Member with a current valid certificate of insurance evidencing such commercial general liability insurance, and
 - (3) provides the Regular Member with an additional insured endorsement naming IPSSA an additional insured under such independent contractor's commercial liability insurance policy.
6. The definition of "**employee**" set forth herein is to be used solely for purposes of determining whether membership requirements have been satisfied under these bylaws and is not intended to have any impact on the determination of whether an individual is an employee or independent contractor or for any other purpose whatsoever.
7. An employee shall not be misrepresented to IPSSA as a sub-contractor for the purpose of circumventing any provisions of the IPSSA Bylaws, IPSSA Standing Rules, or Chapter Standing Rules. If an employee is misrepresented as a subcontractor, then the Regular Member and the Employee Participant will face immediate expulsion.
8. Employee Participants shall have no voting rights in IPSSA, nor any other rights not specifically conferred by these bylaws.
9. Employee Participants may attend meetings, unless their sponsoring Employer objects to them doing so. There shall be no mandatory Chapter meeting requirement for Employee Participants.
10. Employees who attend meetings, may offer verbal input and serve on committees of the Chapter in the discretion of the Chapter.
11. Employee Participants shall not be counted towards the quorum required for voting members.
12. Sick route participation requirements for Employee Participants shall be set by each individual Chapter.

Section 3: Industry Partner

Industry Partner is available for vendors and suppliers whose commercial business is to serve and support pool and spa service professionals; who are dedicated to IPSSA purposes; who abide in applicable laws, regulations and IPSSA bylaws, rules and policies; and who abide in the decisions of duly constituted committees and BORD of the Association. Such membership may be granted in the reasonable discretion of the BORD or its designate. Any vendor who is and at all times remains dedicated to the purposes of IPSSA and who meets the above requirements shall be eligible for membership on payment of such dues and fees as the BORD may from time to time fix.

The BORD or its designate has the discretion to review Industry Partner membership at any time. Renewal or non-renewal shall be based on the good faith determination by the BORD, committee, or person authorized by the BORD to make such determination, whether the member has failed in a material degree to observe the rules of conduct of IPSSA or has engaged in conduct materially prejudicial to the purposes and interests of IPSSA. Industry Partner must continue to meet the eligibility requirements for membership throughout each one year term.

Section 4: Affiliate Partner

Affiliate members must be in the pool and/or spa industry. They must be self-employed with the pool and/or spa industry as their major vocation. Affiliate members shall abide

by applicable laws, regulations, IPSSA bylaws, rules, and policies, and abide in the decisions of duly constituted committees and BORD of the association. Any person who is and at all times remains dedicated to the purposes of IPSSA and its code of ethics shall pay dues and fees as the BORD may fix from time to time. Membership may be subject to proximity/boundary restrictions as the BORD may establish. This membership classification shall have no voting rights.

Section 5: Honorary Partner

From time-to-time, individuals that have been a member of IPSSA for more than 40-year, may be nominated for honorary membership in recognition of service to the pool service industry. The chapter will approve all such nominations by a majority vote of the membership. This membership classification shall have no voting rights.

Section 6: Other Persons Associated with IPSSA

IPSSA may refer to Participants or other persons or entities associated with it as "members" even though such persons or entities are not voting members as set forth in the IPSSA bylaws, and no such reference shall result in anyone being considered a member within the meaning of section 5056 of the California Corporations Code unless that person shall have previously qualified for such a voting membership.

Section 7: Discipline of Members

Suspension of a member shall mean the temporary loss of membership privileges for a period to be specified at the time of the suspension. Expulsion of a member shall mean the permanent loss of membership privileges. Expulsion is intended to be used for repeated and/or the most egregious forms of conduct warranting the permanent expulsion of such person from membership in IPSSA.

A member may be suspended or expelled based on the good faith determination by the BORD or person authorized by the BORD to make such determination, that the member has failed in a material degree to observe IPSSA's rules of conduct or has engaged in conduct materially prejudicial to the purposes and interests of IPSSA. The determination of suspension or expulsion shall generally occur at the Chapter level with approval by the BORD or its designate.

Upon rendering its decision with regard to any member, each Chapter shall concurrently therewith notify such member of his or her right to seek an appeal of the determination by the BORD. A decision by the BORD is final.

A person whose membership is suspended shall not be a member during the period of suspension, and shall not be entitled to any benefits.

Part 1: Procedure for Expulsion or Suspension

If grounds appear to exist for suspension or expulsion of a member, the procedure set forth below shall be followed:

1. The Member shall be given 15 days prior notice of the proposed discipline and the reasons for the proposed suspension or expulsion by the Chapter or BORD. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be sent by first-class, registered mail, or electronic mail to the member's last address as shown on IPSSA's records.

2. The member shall be given an opportunity to be heard, in writing, at least five days before the effective date of the proposed expulsion or suspension. The hearing shall be held, or the written statement considered, by the BORD or its designate (hereinafter the "Deciding Body").

3. The Deciding Body shall decide if the member should be expelled, suspended, or sanctioned in some other way. Subject to the appeal rights set forth below, the decision of the Deciding Body shall be final.

4. The decision of the Deciding Body shall become final upon the running of the thirty (30) day period after the Deciding Body's decision. The suspension, expulsion and/or termination shall become effective on the first day of the month following the decision becoming final.

5. Any action challenging an expulsion, suspension, or termination of membership, including a claim alleging defective notice, must be commenced within one year after the date of the expulsion, suspension, or termination, and can only be made if a claim has first been presented to the BORD within the time periods set forth above.

6. No civil action under this section shall be commenced by or on behalf of any members without first exhausting the remedies provided herein.

Article 3: National Board of Directors

Section 1: Board Composition

The composition of the Board ("BORD") shall be as set forth in the Bylaws of IPSSA.

Section 2: President

The president of the Corporation (the "President") shall preside at meetings of the BORD and exercise and perform such other powers and duties as may from time to time be assigned to him or her by the BORD or prescribed by these Bylaws.

Section 3: Secretary

The secretary of the Corporation (the "Secretary") shall designate and maintain the official repository of all official records of the Corporation and attend to the following:

Part 1: Bylaws

The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.

Part 2: Minute Book

The Secretary shall keep or cause to be kept a minute book as dictated by IPSSA procedure set by the BORD.

Part 3: Notices

The Secretary shall give, or cause to be given, notice of all meetings of the BORD in accordance with IPSSA Bylaws.

Part 4: Corporate Records

Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, IPSSA Bylaws and the minute book.

Part 5: Corporate Seal and Other Duties

The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the BORD or IPSSA Bylaws.

Section 4: Chief Financial Officer

The treasurer/Chief Financial Officer of the Corporation (the "Treasurer") shall attend to the following:

Part 1: Books of Account

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

Part 2: Financial Reports

The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

Part 3: Deposit and Disbursement of Money and Valuables

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the BORD; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the BORD; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the BORD or IPSSA Bylaws.

Part 4: Bond

If required by the BORD, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the BORD for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

Section 5: Executive Director Evaluation

At the discretion of the BORD, an evaluation of the Executive Director will be performed by members of the BORD or other persons selected by the BORD. The result of the evaluation will be shared with the BORD for review.

Article 4: Committees

Section 1: General Policies

The BORD will establish committees and select committee Chairs as necessary, with a majority vote approval required. All committee Chairs will maintain minutes for all committee meetings.

Section 2: Functions

Committees will conduct investigations, hold hearings, make recommendations to the BORD, and carry out such activities as may be delegated to them by the BORD. They will report their progress and results of their assigned activities to the BORD. Each committee Chair is directly accountable to the BORD for coordination, performance, or assistance.

Section 3: Composition

Members in good standing are eligible as committee members.

Section 4: Quorum

At all committee meetings, including the Executive Committee, a majority will constitute a quorum. No quorum requirement is provided for subcommittee meetings.

Section 5: Appointment

The BORD shall select the chair of each committee. The chair of the committee shall appoint committee members based on member interest and committee staffing requirements.

Section 6: Meetings

Committees shall each meet as necessary or as specified in the Bylaws. The chair of each committee shall prepare a brief written synopsis of committee activities and submit the synopsis to the Secretary or President at least one week prior to the next BORD meeting.

Section 7:

Education Committee provides advice to the BORD on the strategic directions and development of the educational activities of IPSSA and public awareness to the community. Oversees the IPSSA ED FUND and approves applications.

Finance Committee provides financial oversight of the association and provides advice and counsel to the Board of Regions Directors on financial matters.

Executive Committee consists of the elected officers of the corporation and the executive director as an ex officio member — that has the authority to make decisions on behalf of the full board. Reviews contracts on an annual basis.

Marketing and Outreach Committee designs and implements strategies for promoting IPSSA by continuously strengthening its brand and developing web, social media, and print materials. MCC's objective will be to execute a comprehensive marketing and communications strategy which clearly presents IPSSA's mission and its services.

Membership Program Committee promotes and facilitates the recruitment and continuity of IPSSA members

Article 5: Chapters

Section 1: Standing Rules

The basic rules governing Chapters shall be set forth in the IPSSA Standing Rules adopted by the BORD for that purpose, as such may be amended from time to time. Additionally, it is intended that Chapters adopt their own Standing Rules, provided, such rules and regulations do not conflict with the IPSSA Governing Rules.

Section 2: Governing Body

Each Chapter shall be governed and all corporate powers exercised by or under the direction of its respective Board of Officers, as set forth by the IPSSA Standing Rules.

Section 3: Quorum

Thirty percent (30%) of the voting power (Regular Members) shall constitute a quorum for the transaction of business at any Chapter meeting. Subject to the preceding sentence, the Regular Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if the action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

Section 4: Duty to Report

Each Chapter shall make a timely annual report of financial accounting to IPSSA's National Office or Executive Director. Failure to report timely may result in BORD discipline, the suspension of a Chapter, or dissolution of a Chapter.

Article 6: Regions

Section 1: Regional Board

Each Region shall be governed by a Regional Board, comprised of two representatives from each Chapter in that Region. The Regional Board shall manage and govern the regional affairs of that Region. The Region shall be subordinate only to the BORD.

Section 2: Number and Qualification of Representatives

The members of the Regional Board shall consist of two representatives from each Chapter in the Region and one representative of the BORD. The number of Chapter representatives shall increase or decrease as the number of Chapters in that Region increases or decreases. The representatives from each Chapter will consist of the Chapter President and an appointee designated by the Chapter pursuant to the Chapter's Standing Rules.

All decisions for the Region will be made by a majority vote of these representatives, and the chair of such meeting of representatives shall be one of the BORD and shall not have a vote. The Region shall have the discretion to allow Chapter Presidents to send a substitute representative if necessary, pursuant to Regional Standing Rules.

Section 3: Election and Term

Each Chapter shall hold an election for President of that Chapter and the person so elected shall become a member of the Regional Board and one of the two representatives on the Regional Board from that Chapter.

The second representative from that Chapter to serve on the Regional Board shall be appointed by the Chapter pursuant to the Chapter's Standing Rules. Such representative shall serve until a successor has been elected and installed. Each representative, including a representative elected to fill a vacancy shall hold office until expiration of the term for which elected and until a successor has been elected and installed.

Section 4: Officer Duties

A member of the Regional Board shall be elected by the members of such Regional Board to serve as a Regional Director of that Region on the BORD for a term of two years. A Secretary, Treasurer, or Secretary/Treasurer for the Region shall be elected from among the representatives for the same term. A Secretary, Treasurer or Secretary/Treasurer may succeed themselves. A Regional Director shall represent the Region at all BORD meetings. A Regional Director may appoint another representative from among the members of the Region to represent the Region at BORD meetings in his/her absence, but that appointed representative shall not have a right to vote according to California corporate law. The Regional Director may appoint a member representative as head of a committee. The Secretary shall keep a roll of the members and an attendance log.

Section 5: Standing Rules

The basic rules governing Regions shall be set forth in the IPSSA Standing Rules adopted by the BORD for that purpose, as such may be amended from time to time.

Article 7: Elections

Are designated by each region and should be held in the fall.

Article 8: BORD Meetings

Section 1: Audio and Video Recordings of Meetings

It is the policy of IPSSA that no audio, video or other form of recording of any meeting (including but not limited to informal meetings and gatherings, task forces, committees and subcommittee meetings) of the corporation be permitted other than as may be authorized by the BORD, in its sole discretion, by a majority vote of the BORD. In the event that a recording of a meeting is authorized, said recording shall be destroyed upon approval of the minutes of the meeting or one hundred (100) days, whichever is sooner, unless prohibited by law, court order, or written directive of the BORD.

Section 2: Agenda

The agenda for any BORD meeting shall become fixed ten (10) days before any meeting. Any items that a member of the BORD wishes to have discussed at a meeting of the BORD must be submitted to the BORD no later than ten (10) days prior to such scheduled meeting. Any items not submitted on a timely basis may, in the discretion of the BORD, be tabled until the next regularly scheduled meeting.

Article 9: Corporate Records

Section 1: Minute Book

The Corporation shall keep a minute book in written form which shall contain a record of all actions by the BORD or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the BORD or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from BORD actions.

Section 2: Books and Records of Account

The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 3: Articles of Incorporation and Bylaws

The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 4: Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information

returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 5: Annual Report; Statement of Certain Transactions

The BORD shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- a) The assets and liabilities of the Corporation as of the end of the fiscal year;
- b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;
- d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
 - (1) Any Director or Officer of the Corporation, its parent, or its subsidiary;
 - (2) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

Section 6: Directors' Rights of Inspection

Every Director shall have the right at any reasonable time to inspect the books, records, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of such books and records.

Section 7: Corporate Seal

The corporate seal, if any, shall be in such form as may be approved from time to time by the BORD. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Article 10: Conflicts of Interest (Moved from IPSSA P&P)

Section 1: Purpose

The purpose of the conflicts of interest policy is to protect IPSSA's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of IPSSA 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 conflicts of interest.

Section 2: Definitions

Most people think of a conflict of interest as referring to a financial conflict of interest. In fact, conflicts of interest can relate to financial matters, personal and family matters, and business interests. A conflict of interest occurs when an individual (or an entity) serving in a leadership capacity has material interests that may not be fully aligned with those of IPSSA. Examples of conflicts of interest include, among many others, the following:

- a. The IPSSA Leader has an ownership or investment interest in any entity with which IPSSA has a transaction or arrangement,
- b. The IPSSA Leader has a compensation arrangement with IPSSA or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. The IPSSA Leader is a potential owner or investor in, or compensation arrangement with (for example, a referral fee, finder's fee or commission), any entity or individual with which IPSSA is negotiating a transaction or arrangement.
- d. The IPSSA Leader serves on an IPSSA committee that is evaluating or considering taking action against a competitor or rival of that Leader.
- e. The IPSSA Leader also serves as a paid or volunteer leader of an entity that, to a material extent, competes against IPSSA.
- f. The IPSSA Leader receives complimentary or discounted hotel rooms or services from a IPSSA vendor.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. The mere fact that a IPSSA Leader is affiliated with other organizations, civic groups or businesses is alone not sufficient to amount to a conflict of interest. In fact, in most cases those affiliations are valuable.

The fact that a conflict of interest exists is not necessarily problematic. Oftentimes, a conflict of interest is insubstantial. For example, a IPSSA Leader that participates in establishing a new educational program that is likely result in educational benefits to members of that Leader's business staff is an insubstantial conflict of interest. Another example of an insubstantial conflict of interest is when an IPSSA Leader owns a small (less than 5%) amount of stock in a vendor doing business with IPSSA, provided the Leader receives no compensation as a result of the transaction. Further, a conflict may be significant, but not of concern to the BORD; in which case the BORD will take into consideration the statements and positions of that BORD member and assign the weight that each BORD member deems appropriate given the circumstances. A person

who has interests conflicting with those of IPSSA may continue to serve as a Leader of IPSSA to the extent that the conflict is fully disclosed and the BORD authorizes that service.

Section 3: Procedures

1. Duty to Disclose

In connection with any actual, potential or apparent conflict of interest, an interested person must disclose the existence of the conflict and be given the opportunity to disclose all material facts to the directors and members of committees with governing BORD delegated powers considering the proposed transaction or arrangement. Conflict of Interest Disclosure forms shall be submitted to the IPSSA office and reviewed by the Executive Director and President. In the event that the Executive Director and/or President makes a good faith determination that a material conflict of interest exists, that conflict of interest shall be forwarded to the Executive Committee for review. In the event that the Executive Committee determines that a material conflict of interest exists, the matter shall be agendaized for discussion and possible action by the BORD during its next meeting.

The duty to disclose conflicts of interest is ongoing. Should a conflict of interest arise after a Conflict of Interest Disclose form has been submitted, the IPSSA Leader shall disclose those conflicts of interest in writing as soon as possible thereafter.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the conflict and all material facts, and after any discussion with the interested person, he/she shall leave the BORD meeting while that conflict is discussed, and a decision made concerning how it will be handled.

As noted above, the BORD (excluding the person with the disclosed conflict) shall decide if a material conflict of interest exists and determine any measures to be employed to address the conflict. Said measures may include, among other things, (1) removal of the member for duration of the discussion, (2) allowing the member to attend the discussion, but prohibiting the member from participating in discussion or voting, or (3) allowing the member to fully participate in discussions and vote on such matters (with the understanding that BORD members will assign credibility to the member with the potential conflict of interest to the extent that each BORD member deems appropriate). The BORD may take into consideration the risk that a potential or apparent conflict of interest may result in harm to the reputation of IPSSA, or otherwise leave an appearance of impropriety.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing BORD 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 President of the governing BORD or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - b. After exercising due diligence, the governing BORD or committee shall determine whether IPSSA 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.
 - c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing BORD or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in IPSSA's best interest 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.
4. Violations of the Conflicts of Interest Policy
- a. If the governing BORD 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 BORD or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4: Compensation

1. A voting member of the governing BORD who receives compensation, directly or indirectly, from IPSSA for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from IPSSA for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the governing BORD or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from IPSSA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 5: Loans to Directors

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer.

Article 11: Indemnification of Directors, Officers, Employees, and Agents

Section 1: Definitions

For purpose of this Article:

“Agent”

means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of the corporation, or was a Director, Officer, employee, or agent of the corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;

“Proceeding”

means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

“Expenses”

includes, without limitation, all attorneys’ fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or relationship as Agent and all attorneys’ fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this Article.

Section 2: Applicability of Article 8

Successful Defense by Agent

To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim.

Settlement or Unsuccessful Defense by Agent

If an Agent either settles any proceeding referred to in this Article, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of Section 3 through Section 6 shall determine whether the Agent is entitled to indemnification.

Section 3: Actions Brought by Persons Other than the Corporation

This Section 3 applies to any proceeding other than an action “by or on behalf of the corporation” as defined in Section 4. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Section 3 as “Third Party proceedings.”

Part 1: Scope of Indemnification in Third Party Proceedings

Subject to the required findings to be made pursuant to Section 3, Part 2, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

Part 2: Required Standard of Conduct for Indemnification in Third Party Proceedings

Any indemnification granted to an Agent in Section 11.2 above is conditioned on the following. The BORD must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 4: Action Brought By or On Behalf Of the Corporation

This Section 4 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding “by or on behalf of the Corporation”).

Part 1: Scope of Indemnification in Proceeding By or On Behalf Of the Corporation

Subject to the required findings to be made pursuant to Section 4 Part 2, and except as provided in Section 4 Parts 3 and 4, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

Part 2: Required Standard of Conduct for Indemnification in Proceeding By or On Behalf Of the Corporation

Any indemnification granted to an Agent in Section 4 is conditioned on the following. The BORD must determine, in the manner provided in Section 5, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Part 3: Claims Settled Out of Court

If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

Part 4: Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Section 2 for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- a) The determination of good faith conduct required by Section 4 Part 2 must be made in the manner provided for in Section 5; and
- b) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 5: Determination of Agent's Good Faith Conduct

The indemnification granted to an Agent in Section 3 and Section 4 is conditioned on the findings required by those Sections being made by:

- a) the BORD by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- b) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 6: Limitations

No indemnification or advance shall be made under this Article 11, except as provided in Section 2 Part 1 or Section 5(b), in any circumstances when it appears:

- a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 7: Advance of Expenses

Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article.

Section 8: Contractual Rights of Non-Directors and Non-Officers

Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

Section 9: Insurance

The BORD shall adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article.

Article 12: Whistleblowers

This Whistleblower Policy of IPSSA: (1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of IPSSA; (2) specifies that IPSSA will protect the person from retaliation; and (3) identifies where such information can be reported.

Section 1: Encouragement of Reporting

IPSSA encourages complaints, reports or inquiries about illegal practices or serious violations of IPSSA's policies, including illegal or improper conduct by IPSSA itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies. Other subjects on which IPSSA has existing complaint mechanisms should be addressed under those mechanisms, such as raising matters of alleged discrimination or harassment via IPSSA's human resources channels, unless those channels are themselves implicated in the wrongdoing. This policy is not intended to provide a means of appeal from outcomes in those other mechanisms.

Section 2: Protection from Retaliation

IPSSA prohibits retaliation by or on behalf of IPSSA against staff or volunteers for making good faith complaints, reports, or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. IPSSA reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports, or inquiries or who otherwise abuse this policy.

Section 3: Where to Report

Complaints, reports, or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports, or inquiries. They should be directed to IPSSA's Executive Director, Human Resources, or President of the BORD; if all of those persons are implicated in the complaint, report, or inquiry, it should be directed to other IPSSA officers or IPSSA's legal counsel. IPSSA or a third party designated by IPSSA will conduct a prompt, discreet, and objective review or investigation. Staff and volunteers must recognize that IPSSA may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

Article 13: Harassment

IPSSA does not tolerate harassment of BORD members, staff, or other affiliated persons of any kind. Offensive conduct based on any classification protected by federal, state, and local laws and ordinances is a violation of this policy. Any BORD or staff member who feels they have been subject to harassment from a member should consult with IPSSA's President or the Executive Director. If a BORD member knows or has reason to know that any BORD member or other persons in connection with any IPSSA activity or event that is related in any way related to IPSSA, such involvement is required to be documented in accordance with IPSSA policies and procedures.

The BORD may adopt written rules and procedures and is authorized to take action it deems appropriate to administer and enforce this policy.

Section 1: Definitions

Harassment Defined. Harassment under this policy is unwelcome verbal, visual, or physical conduct creating an intimidating or offensive environment that interferes with performance. Harassment can be verbal (including slurs, jokes, insults, epithets, gestures or teasing), graphic (including offensive posters, symbols, cartoons, drawings, computer displays, or e-mails) or physical conduct (including physically threatening another, blocking someone's way, etc.) that denigrates or shows hostility or aversion towards an individual because of any protected characteristic. Such conduct violates this policy, even if it is lawful. Because it is difficult to define unlawful harassment, BORD members are expected to behave at all times in a professional and respectful manner.

Sexual Harassment Defined. Sexual harassment under this policy can include all of the above actions as well as other unwelcome conduct such as unwelcome or unsolicited sexual advances, requests for sexual favors, conversations regarding sexual activities, and other verbal or physical conduct of a sexual nature.

Examples of conduct that violates this policy include, but are not limited to:

- Unwelcome sexual advances, flirtations, advances, leering, whistling, touching, pinching, assault, blocking normal movement
- Requests for sexual favors or demands for sexual favors in exchange for favorable treatment
- Obscene or vulgar gestures, posters, or comments
- Propositions or suggestive or insulting comments of a sexual nature
- Derogatory cartoons, posters, and drawings
- Sexually explicit texts, instant messages, e-mails, voicemails, or other methods of communication
- Uninvited touching of a sexual nature
- Conduct or comments consistently targeted at only one sex, even if the content is not sexual

- Teasing or other conduct directed toward a person because of the person's sex

All such conduct is unacceptable in IPSSA and in any related settings, such as workshops, meetings, conferences, and social functions, regardless of who engages in the conduct.

Section 2: Reporting and Investigation

Reporting. If a BORD member believes, knows, or has reason to know, that this policy has been violated, they are required to promptly bring the matter to the immediate attention of IPSSA's President or Executive Director, and file a written report regardless of the seriousness or credibility of the violation, and regardless of whether the alleged victim of the harassment wishes to file a formal complaint or not. The reason for this requirement is that once IPSSA or any constituent of IPSSA knows or has reason to know that a violation of this Harassment Policy has occurred, IPSSA must take reasonable steps to protect its members and guests from harassment, and to ensure the safety and well-being of its members. The member reporting the harassment shall be invited to file a formal complaint and be provided with the appropriate forms to make such a complaint.

Investigation. After receiving the formal complaint, IPSSA shall promptly call or constitute a special ad hoc committee, which will then review the complaint and commence (or direct the commencement of) an investigation. The investigation may be conducted by the Special Ad hoc Committee or a professional and non-partisan investigator, in the sole discretion of the Special Ad hoc Committee, provided that the person or persons conducting the investigation shall be reasonably independent and impartial. The Special Ad hoc Committee members shall include not less than three (3) persons designated by the current President and ratified by the Executive Committee. The Special Ad hoc Committee shall endeavor to ensure that the investigation is conducted in as confidential a manner as is reasonably possible/practical. The extent of the investigation shall be determined in the discretion of the Special Ad hoc Committee in consultation with the investigator.

Section 3: Action

Action. Upon conclusion of the investigation, the results of the investigation findings will be reported to the President and BORD. The BORD will review the investigation results and take prompt and appropriate corrective measures against any person who has engaged in conduct in violation of this policy. Such action can include, but is not limited to:

- Dismissal of the complaint based on lack of cause or evidence
- Formal reprimand and documentation
- Mandatory harassment or sexual harassment training
- Exclusion from particular events
- Suspension
- Probation

- Expulsion

If a formal complaint was filed, the complaining party and accused shall be provided written notice of the action taken pursuant to this policy. The details and reports of the investigation shall be provided to the complainant and accused to the extent directed by the BORD in its sole discretion.

Article 14: Antitrust Policy and Compliance

Section 1: Compliance Laws

IPSSA ANTITRUST LAW COMPLIANCE POLICY: It is the policy of the Independent Pool and Spa Service Association (IPSSA) and its members strictly to comply with laws and regulations applicable to their activities, including federal and state antitrust laws. It is further the policy of IPSSA to assist its members and volunteers in complying with federal and state antitrust laws. IPSSA members and leaders are expected to adhere to antitrust laws conscientiously. IPSSA will neither knowingly permit nor condone anti-competitive behavior, whether willful or inadvertent, in connection with any IPSSA activity.

ANTITRUST LAWS: The antitrust laws seek to preserve a free competitive economy. As a general rule, competitors may not restrain competition among themselves through understandings or agreements as to the price, the production or the distribution of their products, or other agreements that unreasonably restrict competitive capabilities or opportunities of their competitors, their suppliers or their customers. The antitrust laws also prohibit monopolization and attempts to monopolize, unfair methods of competition, unfair or deceptive acts or practices, most discrimination in prices between different purchasers in the sale of a commodity, exclusive dealing arrangements, most tying sales and requirements contracts, some joint ventures/mergers/consolidations, and similar activities.

A more complete discussion of the antitrust laws (Sherman Act, Federal Trade Commission Act, the Clayton Act, the Robinson-Patman Act, and California's Cartwright Act) is available upon request from IPSSA. However, antitrust laws are often unclear in terms of applicability to any given conduct. Whether or not an antitrust violation exists depends purely on the specific conduct and facts involved in each instance. Notwithstanding the nebulous nature of the antitrust law, penalties for violating them, both civil and criminal, are severe. Certain activities can result in felony criminal convictions with penalties of up to three (3) years in prison and \$100K fines for individuals and \$1,000K fines for corporations per offense. Also, treble damages are available to private persons enforcing the antitrust laws.

Industry Partners and leaders, in particular, have compelling reasons to understand and comply with antitrust laws because antitrust violation commonly consist of two elements: 1) **concerted action** with produces 2) an **unreasonable restraint of competition**. Since IPSSA's activities involve meetings and activities of competitors

(IPSSA members), the *concerted action* element can generally be established without difficulty. The only other element necessary to prove a basic antitrust violation is to show that the action amounts to an *unreasonable restraint of competition*. So, agreements or activities of association members that are anti-competitive or have an anti-competitive effect, whether conducted as association business or not, could result in serious antitrust consequences.

Section 2: Member Responsibilities

MEMBER RESPONSIBILITIES: IPSSA programs are carefully designed and monitored on an ongoing basis to ensure compliance with antitrust law. Every IPSSA member, whether organizational or individual, has a duty and responsibility under the law to avoid and prevent antitrust violations. Every IPSSA member needs to understand basic antitrust laws, to recognize areas of potential antitrust risk, and to overtly object to and refuse to participate in any activity that poses antitrust risk until that risk is properly assessed and cleared by legal counsel or other qualified advisor.

Section 3: Areas of Risk

AREAS OF RISK: It is not possible to provide a complete or specific list of activities that amount to an antitrust violation. However, it is helpful to identify areas of risk, where close attention can be paid to the possible anti-competitive nature of the agreements or activity involved. Some areas of risk include discussions of the following:

- Controlling or influencing current or future prices (for purchase or sale), controlling or influencing price increases or decreases, or stabilization or standardization of prices. Note: Discussion of prices established by third parties not influenced or controlled by the discussing parties is generally not, standing alone, anti-competitive or illegal.
- What constitutes a “fair” profit level
- Procedures for establishing selling prices, cash discounts, credit terms
- Control of sales levels, inventory levels or timing of sales
- Allocation or division of markets or geographical divisions of markets among competitors
- Agreements, recommendations or suggestions that members refuse to deal with certain other persons or firms (boycott)
- Whether or not the pricing practices of any competitor/industry member are unethical, or constitute an unfair trade practice
- Agreements limiting or restricting advertising

Again, some discussions relating to activities identified above will not amount to antitrust violations. However, discussions relating to them require thorough prior antitrust analysis and guidance in the discussion.

Section 4: IPSSA Meetings

IPSSA MEETINGS: To avoid even the appearance of impropriety, as well as to avoid inadvertent violation of antitrust laws, all IPSSA board and committee meetings will be conducted in accordance with the following rules:

1. A written agenda will be prepared and distributed in advance of each meeting. Agendized issues with potential antitrust implications will be reviewed and discussed by the chairman, executive director and legal counsel, if deemed appropriate. Additions to the agenda having potential antitrust implications should be postponed, or discussions of such matters held with legal counsel or other qualified advisor present.
2. Accurate, detailed meeting minutes of every meeting will be prepared and reviewed. Audio, video or other recordings of meetings will not be permitted. Minutes will be approved at the next meeting.
3. In the event of concern regarding potential antitrust implications of a discussion, discussion must be discontinued pending resolution of the matter through the executive director or legal counsel, if necessary.
4. In the event that any member has a concern about potential antitrust implications of discussion during a meeting, he or she shall interrupt discussion and state that concern immediately. If discussion is not terminated and the concern resolved, the concerned member should state that he or she is leaving the meeting for that leave.
5. Conversations involving discussion of matters in violation of this policy will not be tolerated at IPSSA meeting and violating parties may be ejected from the meeting by the chairman.

These antitrust policies and guidelines have been prepared for general reference only. It is intended to inform IPSSA leaders and members of basic antitrust principles to assist them in acting responsibly in the conduct of IPSSA and members business activities. It must not be considered as a substitute for competent legal advice. It is recommended that interested persons confer with competent legal counsel concerning this and other significant legal issues.