

OPERATING AGREEMENT

ASSOCIATION EDUCATION ALLIANCE, LLC

AEA under which this Operating Agreement (Agreement) is made is organized under the Illinois Limited Liability Company Act. This Agreement is made and entered into the eighth day of June, 2005 and amended the second day of June, 2020 by and among AEA (through its Managers) and the Members as approved in accordance with this agreement and considered a member in good standing. In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Members and AEA (and each person who subsequently becomes a Member) hereby agree as follows:

ARTICLE I: NAME AND MISSION

SECTION 1: Name. The name of the organization shall be the Association Education Alliance, LLC (AEA). AEA is an Illinois limited liability company.

SECTION 2: Mission. The mission of AEA is to identify, evaluate and develop, at an affordable cost, educational, and other related programs for use by Member associations.

ARTICLE II: OBJECTIVES

SECTION 1: Objectives. The objectives of AEA are to:

- (1) advance the educational interest of and promote cooperation among its Member associations;
- (2) acquire and disseminate among its Member associations such information regarding educational opportunities in the field of distribution which will assist the associations in serving their Members; and
- (3) develop affordable educational and other related programs for use by its Member associations.

ARTICLE III: MEMBERSHIP

SECTION 1: Membership Criteria.

- a. Membership in AEA is open to tax-exempt trade associations representing businesses primarily engaged in distribution and who agree to be bound by this Operating Agreement.
- b. Each Member shall designate one individual to serve as its principal contact with AEA.

SECTION 2: Guests. Non-Members may only attend an AEA meeting with the prior approval of the chair. In general, permission will not be granted to individuals or companies that provide/sell services to the Members unless their presence is germane to a specific project being considered by AEA or upon the invitation of AEA.

SECTION 3: Resignation. Any Member may resign by filing a written resignation with the AEA Executive Director. Such resignation does not relieve the Member of the obligation to pay any unpaid charges. Memberships are non-transferable and non-redeemable.

ARTICLE IV: DUES

SECTION 1: Establishment. The annual dues and admission/initiation fee, if any, for Members shall be determined annually by a majority vote of the Members.

SECTION 2: Capital Contribution. New Members will be required to pay a one-time capital contribution, not to exceed \$1,500, for the support of AEA programs.

SECTION 3: Good Standing. A member is in good standing when all required dues/fees are paid in a timeframe agreed upon by the Members.

ARTICLE V: MEMBERSHIP MEETINGS

SECTION 1: Meetings. Meetings of the Members shall be held at least twice a year with the date and location based on a vote of Members.

SECTION 2: Meeting Notice. Written notice of any Member meeting shall distributed to each Member as far in advance as possible, but no later than sixty (60) days prior to the meeting, and meeting agendas provided to each Member not less than thirty (30) days before the date of the meeting.

SECTION 3: Voting. Each Member shall have one vote regardless of the number of representatives it may have in attendance at the meeting. However, all Member representatives may take part in the discussion and otherwise fully participate in a meeting. A majority vote of those Members present and voting at a meeting in which a quorum is present, shall govern.

SECTION 4: Quorum. At any meeting of the Members, a quorum shall consist of no less than fifty percent (50%) of the Members.

SECTION 5: Voting. A proposal may be submitted to the Membership for a vote. On any vote, outside an established meeting, a quorum shall consist of fifty percent (50%) of the Members eligible to vote, and approval shall require a two-thirds majority of the vote. Members shall have ten (10) days from date of ballot distribution to respond.

SECTION 6: Application of Votes. The outcome of any vote shall only be binding on a Member with respect to the activities and governance of AEA and shall in no way bind or impair the ability of an association to act in its own best interest.

SECTION 7: Minutes. The Executive Director is responsible for keeping the minutes of each meeting and shall distribute the minutes of any meeting to all Members within four weeks of that meeting.

ARTICLE VI: GOVERNANCE

SECTION 1: Authority and Responsibility. The governing body of AEA is the Members acting pursuant to a majority vote, or such other vote as may be provided in this Agreement. The Members collectively in general terms supervise, control, and direct the affairs of AEA; determine its policies and positions; ultimately control the disbursement of its funds; and interpret this Agreement. The Members collectively may adopt such rules and regulations for the conduct of AEA's business by the Managers as they deem advisable. Only those powers specifically enumerated in this Agreement or by majority vote

of the Members may be delegated to AEA officers. The costs of operations in general and as to specific projects or undertakings and any revenues of AEA shall be allocated to Members as determined by the Members consistent with economic fairness.

ARTICLE VII: MANAGERS/OFFICERS

SECTION 1: Elected & Appointed Officers. The elected officers of AEA are a Chair, a First Vice Chair, a Second Vice Chair, and a Program Chair. The appointed officer of AEA is the Executive Director. These officers shall be the Managers of AEA and shall be bound by this Agreement. The Members may appoint such other officers with such powers, authorities, and responsibilities as the Members direct.

SECTION 2: Qualifications for Office. Any representative of any Member in good standing is eligible for election to all elected offices. The elected officers will recommend, as necessary, the appointment of the Executive Director, for approval of the Members.

SECTION 3: Nominations and Elections.

- a. Elected officers shall be elected annually by the Members at the last meeting of the Members held in each calendar year.
- b. Contested elections shall be determined by secret ballot, with the ballots counted and the results verified by two inspectors appointed by the chair. Neither inspector shall be a candidate for office.

SECTION 4: Term of Office.

- a. Each elected officer shall take office immediately following their election and shall serve a term of one year or until a successor is duly elected and qualified.
- b. No elected officer who has served two full terms (i.e., two years) shall be eligible for re-election to the same office until at least one year has elapsed.

SECTION 5: Resignations, Removals and Vacancies. Any officer may resign at any time. The Members may remove any officer for cause by an affirmative two-thirds vote of the Members present and voting at any meeting. Any vacancy shall be filled by the Members. In the case of a vacancy in the office of chair, the first vice chair shall automatically become the acting chair until such time as a new chair is elected.

ARTICLE VIII: DUTIES OF MANAGERS/OFFICERS

SECTION 1: Chair. The chair presides at all Membership meetings. At such meetings and at such other times as the chair deems appropriate, he or she may communicate to the Members such matters and make suggestions as may, in his or her opinion, tend to promote the welfare and increase the usefulness of AEA. The chair also serves as the principal spokesperson for AEA.

SECTION 2: First Vice Chair. The first vice chair performs the duties of the chair in the event that the chair is not present or is unable to serve and such other duties as may be assigned by a majority vote of the Members.

SECTION 3: Second Vice Chair. The second vice chair will be responsible for the recordkeeping and financial oversight for AEA, in conjunction with the Executive Director. The second vice chair performs the duties of the first vice chair in the event that the first vice chair is not present or is unable to serve and such other duties as may be assigned by a majority vote of the Members.

SECTION 4: Executive Director. The executive director is responsible for writing and keeping the minutes of meetings of AEA, delivering all notices, and accurately maintaining Member and AEA records. The executive director is also responsible for ensuring all programs are properly organized and managed, keeping and maintaining AEA's financial records; safeguarding AEA's funds, collecting Members' dues and assessments; establishing proper accounting procedures for the handling of AEA's funds; disbursing funds in accordance with the majority decisions of the Members, and providing the Members with a full accounting of all disbursements of AEA funds. The executive director reports on the financial condition of AEA at all meetings.

SECTION 5: Program Chair. The program chair is responsible for assisting with the planning and management of any major AEA program where that role is deemed appropriate. For a major program like the University of Innovative Distribution (UID), the chair may serve a two-year term and serve as the official AEA onsite host.

SECTION 6: Other Officers. The Members may create and appoint such other officers as they deem necessary to the operation of AEA. However, such officers shall not be Managers unless specifically designated by the Members.

SECTION 7: Rights and Duties of Managers

7.1 Management. The business and affairs of AEA shall be managed on a day-to-day basis by its Managers. Except for situations in which the approval of the Members is expressly required by this Agreement, by nonwaivable provisions of applicable law, or otherwise by directive of the Members, the Managers shall have full and complete authority, power and discretion to manage and control the business affairs and properties of AEA, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of AEA's business in accordance with the directives of the Members. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Managers, unless the approval of more than one of the Managers is expressly required by the Members. Unless authorized to do so by or through the Members, no attorney-in-fact, employee or other agent of AEA, only the Managers, shall have any power or authority to bind AEA in any way, to pledge its credit or to render it liable pecuniarily for any purpose.

7.2 Certain Powers of Managers. The Managers shall have power and authority, on behalf of AEA:

- (a) To acquire property from any person as the Managers may determine;
- (b) To purchase liability and other insurance to protect AEA's property and business;
- (c) To hold and own any AEA real and/or personal properties in the name of AEA;
- (d) To invest any AEA funds (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;

- (e) To execute on behalf of AEA all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of AEA property; assignments; bills of sale; leases; partnership agreements; operating (or limited liability company) agreements of other limited liability companies; and any other instruments or documents necessary, in the reasonable opinion of the Managers, to the conduct of the business of AEA;
- (f) To employ accountants, legal counsel, managing agents or other experts to perform services for AEA and to compensate them from AEA funds;
- (g) To enter into any and all other agreements on behalf of AEA, with any other person for any purpose, in such forms as the Managers may approve;
- (h) To execute and file such other instruments, documents and certificates which may from time to time be required by the laws of the State or any other jurisdiction in which AEA shall determine to do business, or any political subdivision or agency thereof, to effectuate, implement, continue and defend the valid existence of AEA;
- (i) To cause AEA to be a party to a reorganization; and
- (j) To do and perform all other acts as may be necessary or appropriate to the conduct of AEA's business.

7.3 Limitations on Authority. Notwithstanding any other provision of this Agreement, the Managers shall not cause or commit AEA to do any of the following without the express written consent of Members:

- (a) Sell or otherwise dispose all or substantially all of AEA's property or any AEA property than in the ordinary course of business;
- (b) Mortgage, pledge, or grant a security interest (collectively, "pledge") in any AEA property;
- (c) Incur or refinance any indebtedness for money borrowed by AEA, whether secured or unsecured and including any indebtedness for money borrowed from a Member;
- (d) Incur any liability or make any single expenditure or series of related expenditures in an amount exceeding any budgeted amount by ten percent (10%);
- (e) Construct any capital improvements, repairs, alterations or changes involving an amount exceeding any budgeted amount by ten percent (10%);
- (f) Lend money to or guaranty or become surety for the obligations of any person;
- (g) Compromise or settle any claim against or inuring to the benefit of AEA involving an amount in controversy in excess of \$1,000; or
- (h) Cause AEA to commence a voluntary case as debtor under the United States Bankruptcy Code.

7.4 Liability for Certain Acts.

- (a) The Managers do not, in any way, guarantee the return of the Members' contributions or a profit from the operations of AEA.
- (b) The Managers shall not be liable to AEA or to any Member for any loss or damage sustained by AEA or any Member (or successor thereto), except to the extent, if any, that the loss or damage shall have been the result of gross negligence, fraud, deceit, willful misconduct, or breach of this Agreement.

7.5 Managers and Members Have No Exclusive Duty to AEA. The Managers and Members shall have no exclusive duty to act on behalf of AEA. Each Manager and Member may have other business interests and may engage in other activities in addition to those relating to AEA. Neither AEA nor any Manager shall have any right, by virtue of this Agreement, to share or participate in any other investments or activities of any other Manager or Member. Neither any Manager nor any Equity Owner shall incur any liability to AEA or to any of the Equity Owners as a result of engaging in any other business or venture.

7.6 Bank Accounts. The Managers may from time to time open bank accounts in the name of AEA, and the Managers shall be the sole signatory thereon, unless the Members determine otherwise.

7.7 Indemnity of the Managers, Employees and Other Agents.

- (a) AEA shall indemnify each Manager and make advances for expenses to the maximum extent permitted under the Illinois Limited Liability Company Act, except to the extent the claim for which indemnification is sought results from an act or omission for which the Manager may be held liable to AEA or a Member under Section 7.4(b). AEA shall indemnify its employees and other agents who are not Managers to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by Members.
- (b) Expenses (including legal fees and expenses) incurred by a Manager in defending any claim, demand, action, suit or proceeding subject to subsection (a) above shall be paid by AEA in advance of the final disposition of such claim, demand, action, suit or proceeding upon receipt of an undertaking (which need not be secured) by or on behalf of the Manager to repay such amount if it shall ultimately be finally determined by a court of competent jurisdiction and not subject to appeal, that the Manager is not entitled to be indemnified by AEA as authorized hereunder.

ARTICLE IX: FINANCE

SECTION 1: Reimbursements. AEA shall not reimburse the expenses nor pay any bills of any officer, except for the agreed fees paid for the services of the Executive Director, without the majority approval of the Members.

SECTION 2: Budget. The officers shall develop and present, and the Members adopt, an annual operating budget, which can be approved in phases, covering all activities of AEA.

SECTION 3: Program Income and Expenses. After payment of all direct costs, any net amount (income or loss) remaining from any AEA program or event which is budgeted and has a registration fee shall be divided among Members based on the number of participants⁽¹⁾ registered under their name. No net proceeds or loss shall be retained by AEA without the approval of the Members.

SECTION 4: Check Signing Authority. In the event that AEA maintains any bank account, all checks, notes, drafts and other instruments for the payment of money by AEA shall require the signature of any one Manager.

SECTION 5: Monies Deposited. Monies received by AEA should be deposited in a AEA account within ten (10) days of receipt.

Section 6: Fiscal Year. The fiscal year of AEA shall be the calendar year.

⁽¹⁾ A Participant is defined as an individual who a.) identified themselves as a member of an AEA Member association, b.) remains registered after the posted registration cancellation date and, c.) is paid in full via self-payment and/or full or partial AEA Member sponsored scholarship.

ARTICLE X: MISCELLANEOUS

SECTION 1: Product Ownership. Any product, program, publication, seminar, service or other activity developed under the auspices of AEA shall be owned jointly by the Members participating in that activity. No ownership rights shall accrue to AEA. Unless broader rights are granted, a Member's ownership rights are limited to uses that further its exempt purpose. Ownership rights may not be transferred without the consent of seventy-five (75%) of the then existing Member owners, *i.e.*, the Members participating in that activity, of the product, program or service in question.

SECTION 2: Program Interruption or Termination. At such time that a major program sponsored by AEA, such as the University of Innovative Distribution, is no longer attracting attendees at the level that makes the program functionally and financially viable, or environmental conditions force a change in program delivery, AEA Members will have the obligation to review and vote on the future of the program, including amended delivery, cancellation or termination. A termination of the program shall require a vote of no less than 50% of membership.

SECTION 3: Dissolution. In the event that AEA is dissolved, disbanded, or ceases to meet during any two consecutive calendar years, any funds in AEA accounts shall be divided equally among all Member associations as of the most recent records of AEA.

ARTICLE XI: AMENDMENTS

This Operating Agreement may be amended or repealed by the affirmative vote of two-thirds of the Members present and voting at any meeting at which a quorum is present.

Revised: June 2008

Revised: June 2014

Revised: June 2020