

SEPAC, Inc.

BY-LAWS

These By-Laws formulate the operational guidelines of SEPAC, Inc., and, in conjunction with the articles of the Certificate of Incorporation, constitute the governing documents of the Corporation.

Article I. Name, Address, and Calendars

- Section 1.01** The legal name of the Corporation shall be “SEPAC, Inc.”
- Section 1.02** The Corporation shall be incorporated within and in accordance with the laws of the State of Delaware.
- Section 1.03** The official address of the Corporation shall be Post Office Box 12878, Wilmington, Delaware 19850-2878, or as designated by the Board of Directors.
- Section 1.04** The fiscal year of the Corporation shall commence on January 1 and end on December 31.
- Section 1.05** The membership year of the Corporation shall commence on January 1 and end on December 31.
- Section 1.06** The terms of elected positions shall commence on January 1 and end on the December 31 at the end of the length of the term.

Article II. Purpose

- Section 2.01** The Corporation is organized exclusively for the purposes set forth in the Corporation’s Certificate of Incorporation, and more specifically to promote the open interchange of information concerning the healthcare resource and materials management profession, provide an arena for personal professional growth of members, and enhance the professional level of healthcare resource and materials management in general.
- Section 2.02** In furtherance of the purposes set forth above, the Corporation shall have all of the powers created by law, as long as they are consistent with the Corporation’s Certificate of Incorporation and By-Laws.

Article III. Objectives

- Section 3.01** The Corporation will conduct meetings, educational programs, workshops and exhibitions for the interchange and acquisition of professional and technical knowledge, as well as for networking with peers.
- Section 3.02** The Corporation will promote and conduct the study of the principles governing the science and techniques of healthcare resource and materials management through education, research programs, discussion, publications, and other appropriate means.
- Section 3.03** The Corporation will encourage and participate in the dissemination of data covering all related activities and functions in healthcare resource and materials management.
- Section 3.04** The Corporation will encourage, assist, and provide all members with the opportunity to achieve and maintain professional certifications, as well as to increase their effectiveness in healthcare resource and materials management.

Article IV. Membership

- Section 4.01** Membership in the Corporation is divided into two categories:
- (a) Healthcare Members. Individuals eligible for Healthcare Membership in the Corporation shall be those who are either directly or administratively involved in the field of healthcare resource and materials management including, but not restricted to, members of hospital councils and other related medical care agencies. Healthcare Membership is not open to individuals whose primary purpose is marketing or sales to healthcare organizations.
 - (b) Vendor Members. Individuals eligible for Vendor Membership in the Corporation shall be those whose primary purpose is marketing or sales to healthcare organizations. Vendor Membership is not open to those who are either directly or administratively involved in the field of healthcare resource and materials management including, but not restricted to, members of hospital councils and other related medical care agencies.
- Section 4.02** It shall be the duty of all members to abide by the By-Laws of the Corporation and to further its objectives. Any member whose conduct shall be detrimental to the best interest of the Corporation or who shall willfully violate its By-Laws, rules or regulations, may be suspended or expelled by action of the Board of Directors, after affording the member in question an opportunity for a hearing before the Board of Directors. If the member in question is a Director, then they shall have no vote on any matters relating to their possible suspension or expulsion, and they shall not be permitted to participate in or attend any deliberations of the Board

of Directors. No refund of fees will be made, nor will the expulsion excuse the member from any financial obligations owed to the Corporation. Expelled members may not be granted membership in the Corporation at a later date without approval of the Board of Directors.

Section 4.03 A member is defined as an individual who whose account is in good financial standing with SEPAC, Inc. Membership expires when an individual no longer meets the above criteria.

Section 4.04 The membership list shall not be distributed, sold or leased to any entity, other than AHRMM based on reporting requirements, without the prior approval of the Board of Directors. If a Director is affiliated with the entity requesting the membership list, then that Director may not participate in the vote for approval, and that Director does not count towards the need to establish a quorum..

Article V. Meetings

Section 5.01 Meetings of the Corporation shall be divided into two categories:

- (a) Educational Meetings. Educational meetings shall be primarily focused on providing education through lecture, seminar, discussion, or any other appropriate method which advances the educational mission of the Corporation.
- (b) Networking Events. Networking events shall be primarily focused on providing opportunities for people interested in the field of healthcare materials management to interact with their mentors, protégés, peers and colleagues.

Section 5.02 Anyone with in an interest in healthcare materials management is welcome to attend any of the meetings outlined in Section 5.01 so long as they pay the posted rate for admission to the meeting.

Section 5.03 The annual business meeting of the Corporation will be held on the third Tuesday of October.

Section 5.04 The Board of Directors of the Corporation will meet as necessary to conduct the business of the Corporation, but not less than twice per year. One of these meetings will be at the annual business meeting. Any of the Directors will have the authority to call a meeting of the Board of Directors as necessary.

Section 5.05 Except for any proposal to alter, amend or repeal the By-Laws or to adopt new By-Laws, neither the business to be transacted at, nor the purpose of any meeting of the membership or the Board of Directors, or any event of the Corporation needs to be specified in the notice of the meeting.

Article VI. Board of Directors

Section 6.01 The property and affairs of the Corporation shall be managed by the Board of Directors of the Corporation. The Board of Directors shall have and is vested with all the unlimited powers and authorities, except as it may be expressly limited by law, the Articles of Incorporation or these By-Laws, to supervise, control, direct and manage the property, affairs and activities of the Corporation, to determine the policies of the Corporation, to do or cause to be done any and all lawful things for and on behalf of the Corporation, to exercise or cause to be exercised any or all of its powers, privileges, or franchises, and to seek the effectuation of its objects and purposes; provided, however, that (i) the Board of Directors shall not authorize or permit the Corporation to engage in any activity not permitted to be transacted by the Articles of Incorporation or by a not-for-profit corporation organized under the laws of the State of Delaware; and (ii) none of the powers of the Corporation shall be exercised to carry on activities, otherwise than as an insubstantial part of its activities, which are not in themselves in furtherance of the purposes of the Corporation.

Section 6.02 The Board of Directors of the Corporation shall consist of three Directors comprised of the following:

- (a) the President of the Corporation;
- (b) the Secretary of the Corporation;
- (c) the Treasurer of the Corporation.

Section 6.03 Directors shall be elected for a two year term. There is no limit to the number of terms a Director may serve.

Section 6.04 In the event of the resignation or removal of a Director, the Board of Directors will appoint a member in good standing to complete the term within thirty days of the vacancy.

Section 6.05 Each Director will be entitled to one vote.

Section 6.06 A quorum for the Board of Directors is defined as three Directors. If there is less than a quorum present, a majority of the Directors present may adjourn the meeting from time to time and place to place and cause notice of each such adjourned meeting to be given to all absent Directors.

Section 6.07 The act of the majority of the Directors present at a meeting of the Board of Directors at which a quorum is present shall be the act of the Board of Directors unless a greater number is required under the Articles of Incorporation, these By-Laws, or under any applicable laws of the State of Delaware.

Section 6.08 One or more persons may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meetings.

Section 6.09 Any action required by law to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors and filed with the Secretary of the Corporation.

Section 6.10 Admissions, fees and other charges associated with attendance at the meetings and events of the Corporation are waived for Directors, with the exception of any penalty fees charged for failure to cancel a registration.

Article VII. Officers

Section 7.01 The officers of the Corporation are the President, Secretary and Treasurer.

Section 7.02 President

- (a) The President shall be a Healthcare Member in good standing elected by the membership in accordance with Article VIII.
- (b) The President shall be the Chief Executive Officer for the Corporation and shall preside over all regular, special and Board of Directors meetings of the Corporation. They shall give leadership and guidance in fulfilling the objectives of the Corporation.

Section 7.03 Secretary

- (a) The Secretary shall be a member in good standing elected by the membership in accordance with Article VIII.
- (b) The Secretary is responsible for taking the minutes at all regular, special, and Board of Directors meetings. The Secretary will determine if a quorum is present at Board of Directors meetings.
- (c) The Secretary shall be responsible for soliciting and receiving nominations for election each year.

Section 7.04 Treasurer

- (a) The Treasurer shall be a member in good standing.

- (b) The Treasurer shall be the Chief Financial Officer for the Corporation. The Treasurer will collect monies, pay bills, make deposits, and maintain the Corporation's book of accounts, showing a complete and accurate accounting of all funds and property of the Corporation.
- (c) The Treasurer shall negotiate contracts for goods and services with vendors, including meeting and event venues. The Treasurer may sign contracts on behalf of the Corporation.
- (d) The Treasurer shall prepare a report of the financial state of the Corporation for each Board of Directors meeting and the annual business meeting.
- (e) The Treasurer is responsible for any required governmental filings for the Corporation.
- (f) The Treasurer is responsible for determining if a member is in good standing, providing the Secretary with a list of members in good standing, and notifying the Secretary if a member's standing should change.

Section 7.05 Officers are expected to attend the annual meeting the Association for Healthcare Resource & Materials Management (AHRMM) whenever possible. The Corporation may provide financial support to offset travel expenses for officers to attend the annual meeting when the officer's employing institution is unable to completely fund their attendance; however, the Corporation will not reimburse for lost time from work.

Article VIII. Committees

Section 8.01 There will be three standing committees of the Corporation:

- (a) Membership Committee. The Membership Committee is charged with developing and managing programs designed to increase and retain participation in the Corporation by qualified individuals.
- (b) Education Committee. The Education Committee is charged with developing and managing the educational content presented at educational meetings. All educational content must be presented by qualified speakers/instructors and must meet the requirements established by the Corporation to qualify for appropriate continuing education units (CEUs).
- (c) Sponsorship Committee. The Sponsorship Committee is charged with soliciting sponsorships from appropriate sources to assist in offsetting the costs of meetings and events.

- Section 8.02** Each standing committee shall be chaired by a member in good standing elected by the membership in accordance with Article IX.
- Section 8.03** Committee Chairs shall be elected for a one year term. There is no limit to the number of terms a Committee Chair may serve.
- Section 8.04** Committee Chairs shall be empowered to select committee members for their committees, and shall direct the activities of their committees as necessary to satisfy the charge of their committees. Committee Chairs are authorized to spend funds within the confines of their committee's budget approved by the Treasurer.
- Section 8.05** Committee Chairs as well as committee members who have provided substantive contributions to the work of a committee shall be entitled to free entry to any Networking Events occurring during their tenure with a committee so long as they are members in good standing and they register for the event in accordance with the established registration procedure for the event.
- Section 8.06** The Board of Directors may choose to convene other committees on a temporary or permanent basis as necessary to ensure the continued operation of the Corporation. The Board of Directors shall initially appoint a member in good standing to chair other committees; however, if a committee created by the Board of Directors exists for more than one year, then the Committee Chair will be elected during the next election held in accordance with Article IX.

Article IX. Elections

- Section 9.01** Nominations for the ballots will be solicited in September and must be submitted to the Secretary of the Corporation no later than the end of the annual business meeting in October. Any member in good standing may nominate themselves or any other member in good standing for any elected position on the ballot. No nominee will be placed on the ballot unless they are a member in good standing.
- Section 9.02** An election will be held after the October meeting each year to fill positions with terms ending the following December 31.
- Section 9.03** Each member in good standing shall be issued and entitled to cast one ballot. Ballots must be submitted before the deadline established by the Secretary. The deadline must be no less than two weeks from the issuance of the ballot.
- Section 9.04** All properly submitted ballots will be counted by the sitting Board of Directors.

Section 9.05 A plurality of votes is required to be elected. In the event of a tie the sitting Board of Directors will select the winner of the election.

Article X. Finances and Records

Section 10.01 For the purposes of this Article, records are defined as any document or transaction relating to the business of the Corporation. This includes bank statements, receipts, invoices, payment records and reimbursement forms, membership rosters, meeting attendance lists, minutes, and other documents which directly impact the business of the Corporation.

Section 10.02 The Corporation will use a recognized software package designed for financial tracking for the maintenance of its financial transactions. All supporting documentation will be imaged into Portable Document Format (PDF) files and stored electronically in an organized fashion designed to facilitate retrieval and timely destruction. Once imaged, paper files will be promptly destroyed. The software package, its data files and the supporting documentation files will be backed-up on a regular schedule (no less than weekly) and the back-up stored in a safe location a minimum of one mile from the computer on which the original files reside.

Section 10.03 All records will be retained for seven calendar years past the calendar year of the transaction. For example, a transaction occurring on any date in 2008 would be eligible for destruction on January 1, 2016. Records which have reached their destruction eligibility date will be promptly reviewed by the Treasurer and, unless there is a substantive reason not to (e.g. pending litigation or government audit), will be deleted from the computer on which the original file resides and any and all backups which contain the file.

Section 10.04 The exceptions to the retention schedule in Section 10.03 are any "Request for Taxpayer Identification Number and Certification" forms (IRS Form W-9) and any "Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding" forms (IRS Form W-8BEN), as well as any documents or forms critical to the establishment, existence, or dissolution of the Corporation. The electronic images of these documents and forms will be retained for seven calendar years past the calendar year in which the organization is dissolved.

Article XI. Limitation of Liability and Indemnification

Section 11.01 Definitions for purposes of this Article:

- (a) "Indemnitee" shall mean each Director or Officer of the Corporation who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding by reason of

the fact that he or she is or was a Director or Officer of the Corporation or is or was serving in any capacity at the request or for the benefit of the Corporation as a Director, Officer, employee, agent, partner or fiduciary of, or in any other capacity for, another corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise; and

- (b) "Proceeding" shall mean any threatened, pending or completed action, suit or proceeding (including without limitation an action, suit or proceeding by or in the right of the Corporation), whether civil, criminal, administrative or investigative.

Section 11.02 No Officer or Director of the Corporation shall be personally liable for monetary damages as such for any action taken or any failure to take any action unless: (a) the Officer or Director has breached or failed to perform the duties of his or her office, and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the provisions of this paragraph shall not apply to the responsibility or liability of an Officer or Director pursuant to any criminal statute, or to the liability of an Officer or Director for the payment of taxes pursuant to local, state or federal law.

Section 11.03 Each Indemnitee shall be indemnified and held harmless by the Corporation for all actions taken by him or her and for all failures to take action (regardless of the date of any such action or failure to take action) to the fullest extent permitted by law against all expense, liability, and loss (including without limitation attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding. No indemnification pursuant to this paragraph shall be made, however, in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 11.04 The right to indemnification provided in this Article shall include the right to have the expenses incurred by the Indemnitee in defending any Proceeding paid by the Corporation in advance of the final disposition of the Proceeding to the fullest extent permitted by law; provided that, if the law continues so to require, the payment of such expenses incurred by the Indemnitee in advance of the final disposition of the Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this paragraph, or otherwise.

Section 11.05 Indemnification pursuant to this Article shall continue as to an Indemnitee who has ceased to be Director or Officer and shall inure to the benefit of his or her heirs, executors, and administrators.

Section 11.06 The Corporation may, by action of its Board of Directors and to the extent provided in such action, indemnify employees and other persons as though they were Indemnitees. To the extent that an employee or agent of the Corporation has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue or matter therein, the Corporation shall indemnify such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 11.07 The rights to indemnification and to the advancement of expenses provided in this Article shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Corporation's Articles of Incorporation or By-Laws, agreements, vote of Members or Directors, or otherwise.

Section 11.08 The Corporation may purchase and maintain insurance, at its expense, for the benefit of any person on behalf of whom insurance is permitted to be purchased by law against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person under the law. The Corporation may also purchase and maintain insurance to insure its indemnification obligations whether arising hereunder or otherwise.

Section 11.09 The Corporation may create a fund of any nature, which may, but need not be, under the control of a trustee or otherwise may secure in any manner its indemnification obligations, whether arising hereunder, under the Articles of Incorporation, by agreement, vote of members or Directors, or otherwise.

Article XII. Conflict of Interest

Section 12.01 The purpose of the conflict of interest Article is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This article is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 12.02 The following Definitions apply to the language of Article XII:

- (a) Interested Person: Any director, principal officer, or member of a committee with governing board delegated powers, who 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:
 - (i) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
 - (ii) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation 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 Section 12.04, 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 12.03 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.

Section 12.04 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.

Section 12.05 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 the Corporation 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 the Corporation'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.

Section 12.06 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.

Section 12.07 The minutes of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 12.08 A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

Section 12.09 A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

Section 12.10 No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Section 12.11 Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 12.12 To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 12.13 When conducting the periodic reviews as provided for in Section 12.12, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article XIII. Decorum

Section 13.01 The rules contained in the current edition of Robert's Rules of Order, Newly Revised shall govern the Corporation in all cases to which they are applicable, and to the extent that they are not in conflict with these By-Laws, or any other special rules of order which the Corporation may adopt.

Article XIV. Amendments

Section 14.01 These By-Laws may be amended by the affirmative vote of a majority of the Board of Directors present at a regular or special meeting so long as the intent to amend the By-Laws was announced in the meeting notice and the meeting notice was provided to all members of the Board of Directors at least ten days prior to the meeting.

Adopted January 15, 2009

Amended February 21, 2012

Amended April 15, 2014