



BYLAWS

DirectEmployers Association, Inc.

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ARTICLE I - Name, Purposes, Powers and Related Matters

Section 1.1. Name. The name of DirectEmployers Association, Inc. (hereinafter in these Bylaws referred to as the “Association” or “DirectEmployers Association”) and its purposes, shall be as set forth in the Certificate of Incorporation and these Bylaws.

Section 1.2. Purposes. DirectEmployers Association is organized and operated exclusively for not-for-profit purposes, and its activities shall be conducted in such a manner to conform with the Indiana Nonprofit Corporation Act of 1991 (hereinafter referred to as "the Act") and Section 501(c)(6) of the Internal Revenue Code. The Association is devoted to improving recruiting conditions for employers and job seekers as well as directly and indirectly providing benefits to the entire human resources community. The Association, in operation as a non-for-profit entity, ensures that no part of its net earnings shall inure to the private benefit or gain of any Member (hereinafter referred to collectively as the “Membership”, individually as a "Member"), any member of the Board of Directors (hereinafter referred to collectively as the “Board”, individually as a "Director" and any group less than the entire Board as “Directors”), Officer, employee or other private person as specifically stated in ARTICLE X – Prohibition Against Inurement of these Bylaws. The purposes for which DirectEmployers Association is formed are as follows:

- (1) Create a network of employers, through a non-profit association, to promote the advancement of practical and effective equal employment opportunity and affirmative action online programs.
- (2) Share among a cooperative group of employers information about new or changing employment-related technology and how they can use the technology to assist them in employment advertising and recruiting.
- (3) Negotiate and administer contracts with commercial vendors for the delivery of employment advertising and recruiting information to individuals, affinity groups, such as minorities, seniors, and veterans, and other electronic delivery system vendors when appropriate.
- (4) Act as liaison between Members and local, state and federal agencies to create and administer an effective, efficient national labor exchange.
- (5) Provide information and educational opportunities to Members for the purpose of keeping them informed of new or changing employment-related local, state, and federal statutes.

- (6) Act as liaison between Members and veterans' organizations to promote employment opportunities for our nation's veterans returning to civilian status from active military duty.
- (7) Represent Members in working with The National Association of State Workforce Agencies (NASWA) to execute state data-sharing agreements and promote cooperation in the efficient movement and exchange of labor resources and talent between states.
- (8) Provide compliance assistance through the JobCentral National Labor Exchange initiative which is formed through exclusive partnership with NASWA.
- (9) Provide educational and promotional materials to veterans' organizations to keep Disabled Veterans Outreach Program Specialists (DVOP) and Local Veterans Employment Representatives (LVER) in field locations informed of employment opportunities with Members.
- (10) Negotiate and administer agreements for electronic media services: employment advertising, recruiting and communication services and provide administrative services for the Membership.
- (11) Keep Members informed as to employment-related state of the art technology and to share this information with human resource professionals who are responsible for the employment process.
- (12) Provide in-person, teleconference, and online networking opportunities for Members to share ideas, best practices and research in the recruiting industry.
- (13) Negotiate and administer contracts and other agreements for industry-related research projects.
- (14) Maintain and preserve ownership of procured URLs that benefit the Membership (including, but not limited to: directemployers.com, directemployers.org, jobcentral.com, jobcentral.org and vetcentral.us).
- (15) Use technology in a manner which acknowledges, values and respects diversity and reflects the rich array of cultures represented in a broad global workforce.
- (16) Create a network of employers to promote labor market efficiency and economic development.

Section 1.3. Powers. The powers of DirectEmployers Association, its Board, Officers, Committees, Councils and Members and all matters concerning the conduct and regulation of the affairs of DirectEmployers Association, and the manner in which the Officers and agents by whom its purposes may be accomplished, shall be governed by such provisions in regard

thereto, if any, as are set forth in the Certificate of Incorporation and these Bylaws.

Section 1.4. Related Matters. All references in these Bylaws to the Certificate of Incorporation shall be construed to mean the Certificate of Incorporation as from time to time amended.

ARTICLE II - Membership

Section 2.1. Membership Eligibility. The Membership of DirectEmployers Association shall consist of two (2) classes of membership. Of these two (2) classes only Full-privilege Members have voting rights. The two (2) membership classes are Associate Member and Full-privilege Member. An Associate Member is any person(s) who has served as the Executive Director, on the Board, as an Officer of the Association, and/or an original contact for a Charter Member organization who, by petition, requests said membership class and said petition request is approved by the Board of the Association. An Associate Member is not eligible for a position on the Board of Directors nor holding Office for the Association. Full-privilege Members are those persons who have signed the Association's Certificate of Incorporation as an incorporator(s) together with all organizations which are hereafter received into the Membership as hereinafter provided:

- (1) Employers in industrial, corporate, institutional, healthcare, governmental and educational organizations shall be qualified for full-privilege DirectEmployers Association Membership. Such eligible organizations may become Members upon their completion of a membership application, which is approved by the Executive Director, and upon payment of the first year's membership dues. Membership shall become effective upon the receipt of a Certificate of Membership or another authorized notice of acceptance of application.
- (2) Companies which own, operate or manage for-profit employment related websites or services shall not be eligible for membership without the expressed written consent of the DirectEmployers Association Board. If granted membership status, representatives of such companies are not eligible to participate as a member of the Board or in other management capacities within the Association.

Section 2.2. Membership Certificates. Each Full-privilege Member of DirectEmployers Association shall be entitled to a certificate signed by the Executive Director and attested by the Secretary certifying the membership held by the organization and such other information as may be required by law. The form of such certificate shall be prescribed by the Board and shall not be transferable.

Section 2.3. Duration of Membership; Resignation. Membership in DirectEmployers Association may terminate by voluntary withdrawal as herein provided, or as otherwise provided in these Bylaws. All rights and privileges of a Member in DirectEmployers Association

shall cease on the termination of membership. Any Member may voluntarily withdraw from membership by giving written notice of such intention to the President or Executive Director. Such notice shall be presented to the Board at the next succeeding meeting of the Board. Withdrawal of a Member shall be effective upon fulfillment of all obligations of such Member to the date of such meeting. Upon termination of the membership, the Member shall not be reimbursed but shall forfeit its annual membership dues. The membership of an Associate Member may be terminated by vote of the Board.

Section 2.4. Suspension and Termination of a Member's Voting Rights. Any Full-privilege Member's voting rights may be suspended or terminated, for cause. Sufficient cause for suspension or termination of a Member's voting rights shall be violation of these Bylaws, nonpayment of dues, violation of any lawful rule or practice duly adopted by DirectEmployers Association, or any other conduct prejudicial to the interests of DirectEmployers Association. Proceedings for suspensions or expulsion of a voting Member may be instituted by a petition to the Board in writing signed by any three (3) Members, or by the Board on its own motion. The affirmative vote of a majority of the Board shall be required in order for a Full-privilege Member to be suspended or expelled. A statement of the charges on which such action is based shall be mailed by registered mail to the last recorded address of the Member at least fifteen (15) days before final action is taken thereon. This statement shall be accompanied by a notice of the time and place of the meeting of the Board at which the charges shall be considered and the Member shall have the opportunity to appear in person or by its representative and present any defense to such charges before action is taken thereon. Upon termination of the voting rights of a Full-privilege Member or expulsion of that a Full-privilege Member said Member shall not be reimbursed but shall forfeit its annual membership dues.

Section 2.5. Dues, Fees, and Assessments. The amount of any membership dues, and assessments applicable to membership in DirectEmployers Association or to any class of such membership and the time and manner of payment thereof shall be determined by the Board. The annual dues of Full-privilege Members shall be payable each year on such anniversary date as established by the Board. An invoice for renewal of annual membership dues shall be sent to each Member upon expiration of each Member's DirectEmployers Association membership. Failure of a Member to pay the aforementioned invoiced membership dues shall result in an administrative termination of said membership to DirectEmployers Association. There shall be no membership dues assessed to Associate Members.

Section 2.6. Member Compensation. No Member shall receive compensation for services as a Member as such; provided, however, any Member may, subject to policies adopted by the Board and the availability of funds, be reimbursed for necessary expenses, including travel expenses, reasonably incurred in the performance of his/her duties as a Member.

ARTICLE III - Meetings of Members

Section 3.1. Annual Meetings. The site of the annual meeting shall be determined by the Board. The purposes for which the annual meeting shall be held shall include a meeting of the Board of Directors where an election of the President Elect shall be held, introduction of the newly elected Board of Directors for the ensuing year, the fixing of the number of members of the Board of Directors for the ensuing year, the receipt of reports of Officers and Directors and for such other purposes as may be prescribed by law, by the Certificate of Incorporation, and by these Bylaws and as are specified by the Board. If such annual meeting is not held in the time herein provided, a special meeting may be held in place thereof, and any business transacted or elections held at such a meeting shall have the same effect as if transacted or held at the annual meeting.

Section 3.2. Special Meetings. Special meetings of the Members may be called by the Executive Director, the President, by a majority of the Board, and/or by a petition in writing of at least one-tenth (1/10th) of the voting Members.

Section 3.3. Notice of Meetings. Written notice stating the place, day and hour of any meeting of Members and, in the case of special meetings or when otherwise required by law, the purpose of which any such meeting is called, shall be delivered or mailed by the Secretary of DirectEmployers Association to each voting Member of record, at such address as appears upon the records of DirectEmployers Association and at least ten (10) days before the date of such meeting.

Section 3.4. Waiver of Notice. Notice of any meeting may be waived by any voting Member in writing filed with the Secretary of DirectEmployers Association. Attendance at any meeting in person or by proxy shall constitute a waiver of notice of such meeting.

Section 3.5. Voting Rights. Each Full-privilege Member in good standing shall be entitled to one (1) vote, exercisable in person or by proxy, for each membership standing in his or its name on the books of DirectEmployers Association on each matter submitted to the Membership for a vote at each meeting of the Membership or the election of the Board of Directors. There are special circumstances, as provided for in Section 4.20 of these Bylaws, where a Full-privilege Member may have more than one (1) vote.

Section 3.6. Voting by Proxy. A Member entitled to vote at any meeting of Members may vote either in person or by proxy executed in writing by the Member or a duly authorized attorney-in-fact of such Member. (For purposes of this Section, a proxy granted by telegram or facsimile transmission by a Member shall be deemed "executed in writing by the Member.") No proxy shall be voted at any meeting of Members unless the same shall be filed with the Secretary of the meeting at the commencement thereof.

Section 3.7. Quorum. Except as otherwise provided in the Articles of Incorporation or these Bylaws a quorum shall consist of a majority of the Members, represented in person, by teleconference, or by proxy.

Section 3.8. Voting List. The Secretary of DirectEmployers Association shall at all times keep at the principal office of DirectEmployers Association a complete and accurate list of all Members entitled to vote by the Articles of Incorporation. Such list may be inspected by any Member(s) for any proper purpose at any reasonable time.

Section 3.9. Conduct of Meetings. Meetings of Members, including the order of business, shall be conducted in accordance with Roberts' Rules of Order, Revised, except insofar as the Articles of Incorporation, these Bylaws, or any rule adopted by the Board of Directors or Members may otherwise provide. The Members may, by unanimous consent, waive the requirements of this Section, but such waiver shall not preclude any Member from invoking the requirements of this Section at any subsequent meeting.

Section 3.10. Action by Consent. Any action required to be taken at a meeting of Members, or any action which may be taken at a meeting of Members, may be taken without a meeting but with the same effect as a valid, affirmative, in favor vote at a meeting, if, prior to such action, a consent in writing, setting for the action so taken, shall be signed by a majority of Members entitled to vote with respect thereto, and such consent is submitted to the Secretary prior to any deadlines established for said action. A Member who does not consent to such an action must notify, in writing, the Secretary of his or her opposition to said action prior to any deadlines established for said action. If a Member fails consent or notify the Secretary of his or her opposition to a proposed action, to which his or her consent has been requested, the Board will consider said failure to respond as consent to said action.

ARTICLE IV - Board of Directors

Section 4.1. Duties; Qualifications; Term. The business and affairs of DirectEmployers Association shall be managed by the Board. Each member of the Board of Directors must be an employee, agent or other designated representative of a Full-privilege Member of DirectEmployers Association (except as specified in Section 4.20 of these Bylaws). Members of the Board shall be designated as Vice Presidents of the Association. Subject to law, the Certificate of Incorporation and the other provision of these Bylaws, and unless a different term shall have been determined by the Members, each Director shall serve for a term two (2) years or until his/her successor is duly chosen and qualified. Directors may only be elected to three (3) successive terms.

Section 4.2. Directors Powers. Except for those powers conferred upon the Members of DirectEmployers Association by law, by the Certificate of Incorporation or by these Bylaws, the Board shall have and may exercise all of the powers of DirectEmployers Association, including but not limited to the management and control of the property, the election and compensation of its agents and employees, the adoption of regulations, the establishment of committees and/or councils and the delegation to such persons, committees, or councils the setting and collection of its dues, the receipt and disbursement of funds of DirectEmployers Association, preparation of audited accounts of DirectEmployers Association's affairs, printing and

circulation of documents and publication of writings, maintenance of correspondence and communications with other associations interested in similar professional activities provided such correspondence and communication is carried out in accordance with applicable provisions of law, and the devising and execution of such other measures as may be proper and expedient to promote the objectives of DirectEmployers Association and to best protect the interests and welfare of its Members.

Section 4.3. Number and Election. The number of Directors on the Board of the Association shall be fixed at fifteen (15); this number excludes the Board positions held by the Past President and the President Elect. The terms of these Directors are staggered. An election for the Board of Directors shall be held at least thirty (30) days prior to the next annual meeting. The Board of Directors elected shall preside over the next Board meeting. If an election for the Board of Directors is not held at the time designated in these Bylaws, the Directors then in office shall hold over until their successors shall be elected and qualified, or until their resignation, removal or death. The number of Directors of the Association representing direct-hire companies shall always exceed ninety percent (90%) of the total number of Directors. Third-party recruiters shall be afforded a maximum of one (1) Board position.

Section 4.4. Vacancies. Any vacancy among the Directors caused by death, resignation, removal or otherwise may be filled by a majority vote of the remaining members of the Board; except, that in the event the vacancy is created by an increase in the number of Directors by amendment of these Bylaws, the election of the additional Director or Directors shall be by a vote of the Members of DirectEmployers Association. The term of office of a Director chosen to fill a vacancy shall expire when the term of the person whose vacancy he/she filled would have expired.

Section 4.5. Removal. Any Director may be removed, with or without cause, by the Board whenever a majority of such Board shall vote in favor of such removal.

Section 4.6. Board of Directors Annual Meetings. Unless otherwise agreed upon, the Board shall meet before or immediately following the annual meeting of the Members, at the place where such meeting of Members was held, for the purpose of electing a President Elect of DirectEmployers Association and consideration of any other business which may be brought before the meeting. Written notice of said annual meeting shall be given to each Director at such address as appears upon the records of the DirectEmployers Association and at least ten (10) days before the date of said annual meeting. Said notice requirement is consistent with the notice requirement for Members set forth in ARTICLE III - Meetings of Members (specifically Section 3.3). This notice requirement may be waived by the Board at any time.

Section 4.7. Other Meetings. Regular meetings of the Board may be held pursuant to a resolution of the Board of such effect, and shall be held whenever convenient for the Board. No notice shall be necessary for any regular meeting. Special meetings of the Board may be held upon the call of the Executive Director, the President or of any three (3) members of the Board and upon forty-eight (48) hours notice specifying the time, place and general purposes of the meeting, given to each Director either personally or by mail, electronic mail, telegram, facsimile

transmission or telephone. Notice of a special meeting may be waived in writing, by mail, electronic mail, telegram or by facsimile transmission before the time of the meeting, at the time of the meeting, or after the time of the meeting. Attendance at any special meeting shall constitute waiver of notice of such meeting.

Section 4.8. Quorum. The presence of a majority of the entire Board, either in person, by teleconference or by proxy, shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies, and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 4.9. Action by Consent. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if prior to such action a written consent to such action is signed by all members of the Board and such consent is filed with the minutes of proceedings of the Board of Directors.

Section 4.10. Director Nominating Committee. The Board shall appoint a Director Nominating Committee of three (3) Members of DirectEmployers Association whose duty it shall be to nominate Full-privilege Members as candidates for Directors to be elected. Membership on the Director Nominating Committee shall not disqualify a Member from being a nominee. Nominations for Directors may also be made by any Full-privilege Member in good standing, provided that such nominations are submitted to the Director Nominating Committee in writing at least thirty (30) days prior to the election for the Board of Directors. The Director Nominating Committee shall present a slate of candidates of at least the number of vacancies which are to be filled. The Director Nominating Committee shall report to the Secretary, in writing, at least fifteen (15) days before the date of the election for the Board of Directors the names of all candidates to be nominated and the Secretary, except as otherwise provided, shall e-mail a copy of the said list to the last recorded e-mail address of each Full-privilege Member, together with a notice of the election for the Board of Directors. The above-described methods of nomination shall be exclusive.

Section 4.11. President Nominating Committee. The President shall in each year appoint a President Nominating Committee. The aforementioned Committee shall consist of at least the following persons: the President, Executive Director and one (1) Director. Membership on the President Nominating Committee shall not disqualify a Member from being a nominee.

Section 4.12. Finance Committee. The Finance Committee will be responsible to the President and Board of Directors for the development of the financial policy of DirectEmployers Association, review and evaluation of accounting procedures systems and records, investment decisions, budget approval, periodic review and analysis of operating expenses and any other activity directly relevant to establishing and maintenance of generally accepted sound fiscal operation of a non-profit association. This Committee will, with the recommendations of the Treasurer, review all budgets and approve all proposals for expenditures exceeding pre-approved limits. The Members of this Committee will include at least the following: the President, the Executive Director, and the Treasurer.

Section 4.13. Executive Committee. There shall be an Executive Committee of DirectEmployers Association, which shall consist of the President, President Elect, Past President, Executive Director, and at least one (1) Director, selected from the Board of DirectEmployers Association, by a resolution, adopted by a majority of the entire Board. During intervals between meetings of the Board, the Executive Committee shall have and exercise all of the authority of the Board in the management of the Association. The Executive Committee shall cause minutes of its proceedings to be kept and filed with the minutes of the proceedings of the Board. The Executive Director or President shall serve as Chairman of the Executive Committee.

Section 4.14. Other Committees and/or Councils. The Executive Director, President, or the Board may from time to time create and appoint standing and special committees and/or councils to undertake studies, make recommendations and carry on functions for the purpose of efficiently accomplishing the purposes of DirectEmployers Association. Said other committees and/or councils shall internally elect a Chairman to serve as the contact for and leadership of the other committee and/or councils for which he or she is elected Chairman and serves thereon.

Section 4.15. Conduct of Meetings. Any committee or council, may, subject to the approval of the President, Executive Director, and/or the Board, make further rules for the conduct of its business. However, unless otherwise provided by vote of the Board or in such rules, its business shall be conducted as nearly as may be in the same manner as is provided in these Bylaws for the Board.

Section 4.16. Vacancies. Any vacancies which occur on the Director Nominating Committee, Officer Nominating Committee, Finance Committee, and/or Executive Committee shall be filled by the Board. The Chairman of any other committee or council may fill any vacancy, which arises on the other said committees or councils.

Section 4.17. Authority of Committees and Councils. The Board shall have the power to revise or amend any decision of any committee or council.

Section 4.18. Reports of Committees and Councils. Every committee and/or council shall submit, at each annual meeting, a written report describing its activities in the period since its last report. Such reports shall be filed with the Secretary and be made available to the Members of DirectEmployers Association.

Section 4.19. Board of Directors Compensation. No Director shall receive any compensation for his/her services as a member of the Board as such, provided, however, that any Director may, subject to policies adopted by the Board and the availability of funds, be reimbursed for necessary expenses, including travel expenses, reasonably incurred by him/her in the performance of his/her duties as a Director. This provision is not applicable to the Executive Director who is not a member of the Board; however, the Executive Director, who is a contract employee of DirectEmployers Association, shall attend all meetings of the Board.

Section 4.20. Special Circumstances Regarding Membership to the Board of Directors. As previously stated the Association is composed of Associate Members and Full-privilege Members (hereinafter referred to as a Full Member). Some of these Full Member companies hold positions on the Board of Directors of the Association. A position on the Association's Board of Directors is held by a Full Member company and not by the employee, agent or other designated representative (hereinafter representative) of the Full Member company who physically fills said Board position. However, there are special circumstances that may arise during the term of a Board position, held by a Full Member company, that may require a Board position be held by an individual and not a Full Member company. The following is a non-exclusive list of said special circumstances that could occur:

- (1) If a representative of a Full Member company, who physically fills a Board position for the Association, has his/her relationship with said Full Member company terminated he/she, at the pleasure of the Board, shall remain as a member of the Board for the remainder of his/her term if he/she agrees to remain on the Board and the Full Member company from which said representative's relationship was terminated does not designate a replacement for said representative. This is true regardless of where the representative procures a business or employment relationship (with the exception of a business or employment relationship with any traditional job board, which would exclude said representative from membership of the Board).
- (2) If the representative described in paragraph (1) above becomes a representative of another Full Member company, that does not at that time have a Board position, during the remainder of his/her term as a Board Member, the Full Member company that he/she currently represents, at the pleasure of the Board, shall have a Board position for the remaining board term of said representative. The exception to this paragraph is if said representative or the newly represented Full Member company does not desire to participate on the Board, or the Full Member company from which said representative's relationship was terminated designates a replacement for the Board for said representative.
- (3) If the aforementioned representative, described in paragraph (1) above, of a Full Member company becomes a representative of another Full Member company, which at that time does have a Board position, during the remainder of his/her term as a Board Member said Full Member company, at the pleasure of the Board, shall have two (2) voting Board positions for the remaining Board position term of their new employee, agent or other designated representative. The exception to this paragraph is if said representative does not desire to participate on the Board, or the currently represented Full Member company does not desire to have two (2) representatives on the Board, or the Full Member company from which said representative's relationship was terminated designates a replacement for the Board for said representative.

It should be noted, as described in paragraphs (1), (2) and (3) above, that a Full Member company who loses its representative to the Board, shall be allowed to appoint a new representative, if said Full Member company desires to do so. The Board may ask the representative (as described in paragraph (1), (2) and (3) above) to remain in his/her Board position until said Full Member company has designated his/her replacement. If said Full Member Company does not wish to appoint an employee, agent or otherwise designated representative to the Board said Full Member's Board Position shall be terminated by an order of the Executive Committee.

It should also be noted that the Executive Committee has the authority, by a majority vote, to take any measures necessary to ensure a minimum number of Board members is maintained, that the number of Board members does not exceed the maximum number set, and to ensure the integrity of the Board.

ARTICLE V - Offices

Section 5.1. Offices and Qualifications. The Offices of DirectEmployers Association shall consist of an Executive Director, a President, a President Elect, a Past President, multiple Vice Presidents, a Secretary and a Treasurer. The President Elect shall be elected by the Board of Directors. Any two (2) or more offices may be held by the same person except that the duties of President and Secretary shall not be performed by the same person. Each Officer, with the exception of the Executive Director and the Secretary/Treasurer (who shall both be contract employees of DirectEmployers Association), must be, at the time of his/her nomination and subsequent election, an employee, agent or other designated representative of a Full-privilege Member of DirectEmployers Association.

Section 5.2. Terms of Office. Each Officer of DirectEmployers Association shall be elected by the Board of Directors at its annual meeting and shall hold office for a term of one (1) year and until his/her successor shall be duly elected and qualified, or until resignation, removal or death. Termination of an Officer's employment and/or agency or representative status with a Full-privilege Member of DirectEmployers Association shall not end that Officer's term; said Officer may fulfill the term of the office he/she holds with the Association.

Section 5.3. Vacancies. Whenever any vacancies occur in any of the offices of DirectEmployers Association for any reason, the same may be filled by the Board of Directors at any meeting thereof, and any Officer so elected shall hold office until the expiration of the term of the Officer causing the vacancy and until his successor shall be duly elected and qualified.

Section 5.4. Removal. Any Officer of DirectEmployers Association may be removed, with or without cause, by the Board whenever a majority of such Board shall vote in favor of such removal.

Section 5.5. Officer Compensation. No Officer shall receive any compensation for his/her services as an Officer of DirectEmployers Association, provided, however, that any Officer may, subject to policies adopted by the Board of Directors and availability of funds, be reimbursed for necessary expenses, including travel expenses, reasonably incurred by him/her in the performance of his/her duties as an Officer.

ARTICLE VI - Powers and Duties of Officers

Section 6.1. Executive Director. The management and day-to-day operations of DirectEmployers Association shall be under the direction of an individual with the title, Executive Director. The Executive Director shall, under the direction of the Board, perform all of the duties of the Chief Executive Officer of the Association. The Executive Director shall be empowered by the Board to make day-to-day association operation decisions without consultation, direction, or approval of the Board or the Executive Committee. The Executive Director shall be a contract employee of DirectEmployers Association, be compensated as such, and shall attend all meetings of the Board.

Section 6.2. President. Subject to the general control of the Board, the President shall preside at all meetings of the Board of Directors. The President shall be a voting member of the Board of Directors. If a vote by the Board of Directors results in a tie (hereinafter referred to as deadlock) the President may exercise the right to cast a second vote to break said deadlock. The President does not have to exercise this right and may allow the deadlock to stand.

Section 6.3. President Elect. This position is filled by the next elected President of the Association. The President Elect shall be a voting member of the Board of Directors.

Section 6.4. Past President. This position is filled by the outgoing President of the Association who has been replaced by the President Elect. The Past President shall be a voting member of the Board of Directors.

Section 6.5. Vice President. There shall be multiple Vice Presidents of the Association. These offices will be filled by the members of the Board. The number of Vice Presidents will be equal to the number of Board members, not holding another office within the Association, and shall be filled only by members of the Board.

Section 6.6. Secretary. The Secretary shall attend all meetings of the Membership and of the Board, and keep, or cause to be kept, a true and complete record of the proceedings of such meetings, and he/she shall perform a like duty, when required, for all committees and/or councils appointed by the Board. If required, he/she shall attest the execution by DirectEmployers Association of deeds, leases, agreements and other official documents. He/she shall attend to the giving and serving of all notices of DirectEmployers Association required by these Bylaws, shall have custody of the books (except books of account) and records of DirectEmployers Association, and in general shall perform all duties pertaining to the office of

Secretary and such other duties as these Bylaws or the Board may prescribe. The Association is benefited if legal counsel employed to represent DirectEmployers Association holds this office; therefore, this office shall be held by legal counsel who is under contract to represent the Association. The person fulfilling the duties of the office of Secretary shall also fulfill the duties of the office of Treasurer.

Section 6.7. Treasurer. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of DirectEmployers Association. He/She shall have charge and custody of, and be responsible for, all funds, notes, securities and other valuables, which may from time to time come into the possession of DirectEmployers Association. He/she shall deposit, or cause to be deposited, all funds of DirectEmployers Association with such depositories as the Board shall designate. He/she shall furnish at meetings of the Board, or whenever requested, a statement of the financial condition of DirectEmployers Association and, in general, shall perform all duties pertaining to the office of Treasurer. The Association is benefited if legal counsel employed to represent DirectEmployers Association holds this office; therefore, this office shall be held by legal counsel who is under contract to represent the Association. The person fulfilling the duties of the office of Treasurer shall also fulfill the duties of the office of Secretary.

ARTICLE VII - Limitation of Liability

Section 7.1. LIMITATION OF LIABILITY. DIRECTEMPLOYERS ASSOCIATION'S LIABILITY TO ITS MEMBERS, AND VISE VERSA, IS LIMITED PURSUANT TO THE ACT, THE ARTICLES OF INCORPORATION AND THE FOLLOWING:

- (1) THE BOARD OF DIRECTORS, PRESIDENT, EXECUTIVE DIRECTOR, OR ANY OTHER OFFICER OR EMPLOYEE OF DIRECTEMPLOYERS ASSOCIATION SHALL HAVE NO POWER TO BIND MEMBER ORGANIZATIONS, INDIVIDUAL EMPLOYEES OF MEMBER ORGANIZATIONS, OR INDIVIDUALS OF DIRECTEMPLOYERS ASSOCIATION PERSONALLY OR TO CALL UPON THEM FOR THE PAYMENT OF ANY SUM OF MONEY OR ANY ASSESSMENTS WHATEVER OTHER THAN SUCH SUMS AS THEY MAY AT ANY TIME PERSONALLY AGREE IN WRITING TO PAY TO DIRECTEMPLOYERS ASSOCIATION.**
- (2) ALL PERSONS OR CORPORATIONS EXTENDING CREDIT TO, CONTRACTING WITH, OR HAVING ANY CLAIM AGAINST DIRECTEMPLOYERS ASSOCIATION OR THE BOARD OF DIRECTORS SHALL LOOK ONLY TO THE FUNDS OR PROPERTY OF DIRECTEMPLOYERS ASSOCIATION FOR THE PAYMENT OF ANY SUCH CONTRACT OR CLAIM OR FOR THE PAYMENT OF DEBT, DAMAGE OR JUDGMENT OR DECREE OR FROM ANY MONEY THAT MAY OTHERWISE BECOME DUE OR PAYABLE TO THEM FROM DIRECTEMPLOYERS ASSOCIATION OR THE BOARD OF DIRECTORS AND NEITHER THE MEMBERS OF DIRECTEMPLOYERS ASSOCIATION,**

THE DIRECTORS OR THE OFFICERS PRESENT OR FUTURE SHALL BE PERSONALLY LIABLE THEREFOR.

- (3) THE RELATIONSHIP BETWEEN DIRECTEMPLOYERS ASSOCIATION AND ITS MEMBERS IS GOVERNED BY THE ACT AND THE COMMON LAW OF INDIANA. A MEMBER OF DIRECTEMPLOYERS ASSOCIATION MERELY HAS A RIGHT TO THE JOINT USE AND ENJOYMENT OF THE CORPORATION PROPERTY SO LONG AS THAT MEMBER CONTINUES TO MAINTAIN A MEMBERSHIP WITH THE ASSOCIATION. UNDER THESE BYLAWS AND THE TERMS OF MEMBERSHIP DIRECTEMPLOYERS ASSOCIATION, ITS AGENTS OR CONTRACTORS, NOR ANY MEMBER WILL BE LIABLE TO THE OTHER OR ANY OTHER PARTY OR ANY OTHER PERSON FOR LOST PROFITS, FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY ARISING IN ANY WAY OUT OF THE USE OF THE DirectEmployers NAME OR ASSOCIATED SERVICES, MEMBERSHIP TO THE ASSOCIATION, OR THE TERMINATION THEREOF, INCLUDING, WITHOUT LIMITATION, ANY SUCH DAMAGE FOR LOSS OF PROFITS, LOSS OF REVENUES OR GOODWILL ALLEGEDLY CAUSED BY LOST DATA, ERROR, OMISSIONS, DELETIONS, DEFECTS, DELAY IN OPERATION OR TRANSMISSION, COMMUNICATION LINE FAILURE, INTERRUPTION, NON-DELIVERS, MISTAKEN DELIVERIES, BREACH OF CONTRACT, TORTUOUS BEHAVIOR, NEGLIGENCE, OR UNDER ANY OTHER CAUSE OF ACTION, WHETHER OR NOT SUCH PARTY, WHO IS ALLEGEDLY DAMAGED, HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH ALLEGED DAMAGE, AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED IN THESE BYLAWS OR THE TERMS OF MEMBERSHIP. IN ANY EVENT, LIABILITY OF DIRECTEMPLOYERS ASSOCIATION, ITS AGENTS OR CONTRACTORS, TO A MEMBER, OR VICE VERSA, SHALL BE STRICKLY LIMITED TO THE AMOUNT PAID BY OR ON BEHALF OF THE MEMBER TO DIRECTEMPLOYERS ASSOCIATION IN THE PRECEEDING TWELVE (12) MONTHS PRORATED FROM THE DATE THAT SUCH LIABILITY WAS ESTABLISHED.**

ARTICLE VIII - Rights to Indemnification/Advancement of Expenses

Section 8.1. Definitions For Purposes of Article VIII.

- (1) The term "Director" means an individual who is or was a member of the Board or has served on the Executive Committee of DirectEmployers Association or an individual who, while a member of the Board of DirectEmployers Association, is or was serving at DIRECTEMPLOYERS Association's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, whether for profit or not.**

The term "Director" includes, unless the context requires otherwise, the estate or personal representative of a Director.

- (2) The term "expenses" includes all direct and indirect costs (including, without limitation, legal counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, all other disbursement or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification under Article VIII, applicable law or otherwise.
- (3) The term "liability" means the obligation to pay judgment, settlement, penalty, fine, excise tax or reasonable expenses incurred with respect to a proceeding.
- (4) The term "Full-privilege Member" means any organization who has contributed the required membership dues to DirectEmployers Association in order to have voting rights within DIRECTEMPLOYERS Association and to participate in DirectEmployers Association's cooperative group of employers using all available technology to manage, operate and own directemployers.com, a Career Portal on the Internet, and delivering employment advertising and recruiting information to other electronic delivery systems vendors when appropriate.
- (5) The term "party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.
- (6) The term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.
- (7) The term "organization" includes a foreign or domestic corporation, partnership, joint venture, trust, unincorporated association, proprietorship or other enterprise, whether for profit or not.

Section 8.2. Indemnification and Advancement of Expenses. DirectEmployers Association shall indemnify every Director or Member of DirectEmployers Association made a party to a proceeding because such individual is or was a Director or Member, as a matter of right, against all liability incurred by an individual or other organization in connection with the proceeding; provided that it is determined in the specific case that indemnification of an individual or other organization is permissible in the circumstances because the individual or organization has met the standard of conduct for indemnification specified in the Act. DirectEmployers Association shall pay for or reimburse the reasonable expenses incurred by a Director or Member of DirectEmployers Association in connection with any such proceeding in advance of final disposition thereof in accordance with the procedures and subject to the conditions specified in the Act. DirectEmployers Association shall indemnify a Director or Member of DirectEmployers Association who is wholly successful, on the merits or otherwise, in the defense of any such

proceeding, as a matter of right, against reasonable expenses incurred by the individual or organization in connection with the proceeding without the requirement of a determination as set forth in the first sentence of this Section. Upon demand by a Director or Member of DirectEmployers Association for indemnification or advancement of expenses, as the case may be, DirectEmployers Association shall expeditiously determine whether the Director or Member is entitled thereto in accordance with this Section and the procedures specified in the Act. Every individual who is or was an Officer of DirectEmployers Association shall be indemnified, and shall be entitled to an advancement of expenses, to the same extent as if such individual is or was a Director or Member of DirectEmployers Association. The indemnification provided under this Section shall be applicable to any proceeding arising from acts or omissions DirectEmployers Association occurring before or after the adoption of this Section.

Section 8.3. Other Rights Not Affected. Nothing contained in Article VIII shall limit or preclude the exercise or be deemed exclusive of any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any individual who is or was a Director, Officer, employee, agent or Member of DirectEmployers Association, or the ability of DirectEmployers Association to otherwise indemnify or advance expenses to any such individual or organization. It is the intent of Article VIII to provide indemnification to Directors, Officers and Members to the fullest extent now or hereafter permitted by law consistent with the terms and conditions of Article VIII. Therefore, indemnification shall be provided in accordance with Article VIII irrespective of the nature of the legal or equitable theory upon which a claim is made, including without limitation negligence, breach of duty, mismanagement, corporate wastes, breach of contract, breach of warranty, strict liability, violation of Federal, State or Local securities laws or violation of any other Federal, State or Local laws.

ARTICLE IX - Contracts, Checks, Deposits, Accounting Period Funds, and Audits

Section 9.1. Contracts. The Board may authorize any Officer or Officers, agent or agents of DirectEmployers Association, in addition to the officers so authorized by these Bylaws to enter into any contract or to execute and deliver any instrument in the name and on behalf of DirectEmployers Association, and such authority may be general or confined to specific instances. All contracts shall contain the "Limitation of Liability" provision as outlined in Article VII, Section 7.1. Failure to include this provision does not change, modify, or limit the limitation of liability provided herein.

Section 9.2. Checks, Drafts or Orders for Payment. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of DirectEmployers Association shall be signed by such Officer or Officers, agent or agents of DirectEmployers Association and in such manner as shall be from time to time determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by the Treasurer and countersigned by one (1) other Member of DirectEmployers Association appointed by the President.

Section 9.3. Deposits. All funds of DirectEmployers Association shall be deposited from time to time to the credit of DirectEmployers Association in such banks, trust companies or other depositories as the Executive Committee may select.

Section 9.4. Annual Accounting Period. DirectEmployers Association shall keep books, reports and file returns based on an annual accounting period called a tax year. The Association's tax year is a period of twelve (12) consecutive months beginning January 1 and ending December 31 of each year.

Section 9.5. Audits. The accounts of the Association shall be audited on an annual basis at the end of each calendar year by an independent auditor selected and approved by the Finance Committee. The audit results will be summarized by the Finance Committee and reviewed with the Board of Directors at the regularly scheduled Board Meeting.

ARTICLE X - Prohibition Against Inurement

Section 10.1. DISTRIBUTIONS OF ASSETS. NO PART OF THE ASSETS OR INCOME OF DIRECTEMPLOYERS ASSOCIATION SHALL BE DISTRIBUTED OR INURE TO THE BENEFITS OF ANY MEMBER, DIRECTOR, OFFICER OR REPRESENTATIVE OF DIRECTEMPLOYERS ASSOCIATION OR ANY PRIVATE INDIVIDUAL OR COMPANY. HOWEVER, REASONABLE COMPENSATION MAY BE PAID FOR SERVICES RENDERED TO OR FOR DIRECTEMPLOYERS ASSOCIATION.

Section 10.2. TRANSFER OF ASSETS. DIRECTEMPLOYERS ASSOCIATION OR ANY OF ITS ASSETS MAY NOT BE SOLD OR OTHERWISE TRANSFERRED TO ANY INDIVIDUAL OR COMPANY. IN THE EVENT OF DISSOLUTION OF DIRECTEMPLOYERS ASSOCIATION, NO MEMBER, DIRECTOR, OFFICER OR REPRESENTATIVE OF THE ASSOCIATION OR ANY PRIVATE INDIVIDUAL OR COMPANY SHALL BE ENTITLED TO SHARE IN THE DISTRIBUTION OF THE ASSETS OF DIRECTEMPLOYERS ASSOCIATION, BUT SUCH ASSETS SHALL BE DONATED, TRANSFERRED, DELIVERED AND CONVEYED TO ONE OR MORE ORGANIZATIONS ENGAGED IN SIMILAR ACTIVITIES WHICH HAVE QUALIFIED UNDER SECTION 501(C) OR CORRESPONDING PROVISION OF THE INTERNAL REVENUE CODE.

ARTICLE XI - Miscellaneous

Section 11.1. Definitions For Purposes of Article XI. For the purposes of this provision "creative works" includes patentable inventions, non-patentable proprietary information, including but not limited to computer programs and secret processes, and publishable works, including but not limited to books, articles, programmed learning materials, tests, photographs, maps, motion pictures, graphic art, and computer programs.

Section 11.2. Corporate Seal. DirectEmployers Association shall have a corporate seal.

Section 11.3. Execution of Contracts and Other Documents. Unless otherwise ordered by the Board, all written contracts and other documents entered into by DirectEmployers Association shall be executed on behalf of DirectEmployers Association by the President or Executive Director, and, if required, attested by the Secretary.

Section 11.4. Fiscal Year. The fiscal year of DirectEmployers Association shall begin on January 1 of each year and end on the immediately following December 31.

Section 11.5. Intellectual Property Policy. DirectEmployers Association shall have all rights, title and interest, including but not limited to copyright, patent, trademark and/or service mark to any creative works produced by any Member, alliance partner, Officer, Director, employee or agent of DirectEmployers Association on behalf of DirectEmployers Association or as part of his/her services provided to DirectEmployers Association.

Section 11.6. Copyright Policy. Except for public domain material, all material displayed on the online services is copyrighted. Members may reproduce copyrighted materials displayed on the online services solely for their own personal use, and not for use by others and shall preserve any copyright or other proprietary rights notices contained in or associated with such information, and may not redistribute such materials to others, whether or not for charge or consideration.

Section 11.7. Third Party Ad/Information. DirectEmployers Association Members may not place employment ads or any other information in the DirectEmployers Association database for, or on behalf of, any third party without the prior written consent of DirectEmployers Association, whether or not for charge or other consideration.

Section 11.8. Governing Law Venue. Any cause or action involving DirectEmployers Association, the Association's Board, Officers, Executive Director, Employees, and/or Membership shall be construed and controlled by the laws of the State of Indiana, and each party to said cause of action further consents to jurisdiction by the State and/or Federal courts sitting in the State of Indiana. Process may be served on any party to the cause of action by U.S. Mail, postage prepaid, certified or registered, return receipt requested, or by such other method as is authorized by law.

ARTICLE XII - Interest of Directors

Section 12.1. Conflict. A conflict of interest transaction is a transaction with the Association in which a Director of the Association has a direct or indirect interest. A conflict of interest transaction is not voidable by the Association solely because of the Director's interest in the transaction if any one (1) of the following is true:

- (1) The material facts of the transaction and the Director's interest were disclosed or known to the Board or the Executive Committee of the Board and the Board or

the Executive Committee authorized, approved, or ratified the transaction.

- (2) The material facts of the transaction and the Director's interest were disclosed or known to the members entitled to vote and they authorized, approved, or ratified the transaction.
- (3) The transaction was fair to the Association.

Section 12.2. Purpose. For purposes of Article XII, a Director of the Association has an indirect interest in a transaction if:

- (1) another entity in which the director has a material financial interest or in which the Director is a general partner is a party to the transaction; or
- (2) another entity of which the Director is a director, officer, or trustee is a party to the transaction and the transaction is, or is required to be, considered by the Board of the Association.

Section 12.3. Authorization. For purposes of Article XII, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board (or on the Executive Committee) who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum shall be deemed present for the purpose of taking action under this Article. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under Article XII, if the transaction is otherwise authorized, approved, or ratified as provided herein.

ARTICLE XIII - Amendments

Section 13.1. Authority. These Bylaws may be amended, altered or repealed by the affirmative vote of a majority of all members of the Board at any regular or special meeting provided:

- (1) That such amendment(s), alteration(s) or repealer(s) shall have been offered at a previous meeting of the Board, and/or
- (2) that information concerning the proposed amendment(s), alteration(s) or repealer(s) shall have been given by notice, either e-mail or hard copy, to the members of the Board of prior to the meeting at which such amendment(s), alteration(s) or repealer(s) are to be considered.

- (3) Any Full-privilege Member of DirectEmployers Association may, at a regular or special meeting of DirectEmployers Association, offer an amendment(s), alteration(s) or repealer(s) of any section of these Bylaws; provided that a motion setting forth the proposed action shall have been delivered to the Secretary of DirectEmployers Association not less than thirty (30) days prior to the meeting at which such amendment(s), alteration(s) or repealer(s) are to be considered and the Secretary shall have provided notice of said motion to all members of the Board of DirectEmployers Association prior to the meeting.

Section 13.2. Endorsement. Any changes, alterations or repeals of any section of these Bylaws made by the Board are subject to reversal by a vote of the majority of the Full-privilege Members of DirectEmployers Association at a regular or special meeting called for that purpose.

Section 13.3. Notification. Whenever these Bylaws have been amended, altered or repealed, the Secretary shall notify all Full-privilege Members by e-mailing an electronic file or by mailing an electronic copy of these Bylaws, as amended, altered or repealed, to their last recorded e-mail address.