

PAC Bylaws

Have you Read Yours Lately?

Public Affairs Council

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ABOUT THE PUBLIC AFFAIRS COUNCIL

WHO WE ARE, WHAT WE DO

The Public Affairs Council is a non-profit, non-partisan, non-political organization committed to advancing the practice of public affairs.

In the space of political action committees, we focus on:

Changes and trends in the area of campaign finance

Strategies for organizations to remain compliant and transparent

Best practices to educate about the PAC and fundraise for the PAC

Effective ways to use PACs to build relationships with candidates

ABOUT THE PUBLIC AFFAIRS COUNCIL

Just Announced: 20+ Public Affairs Council webinars are now free to members in 2018!

That's \$4,500 in added value if you join the Council.

There's never been a better time to be a member of the Public Affairs Council!

www.pac.org/webinars

GET STARTED:

- 1** Share this news with your entire team
- 2** Check out our list of upcoming free webinars and register
- 3** Build these webinars into the 2018 professional development plan for you and your team

ABOUT ME



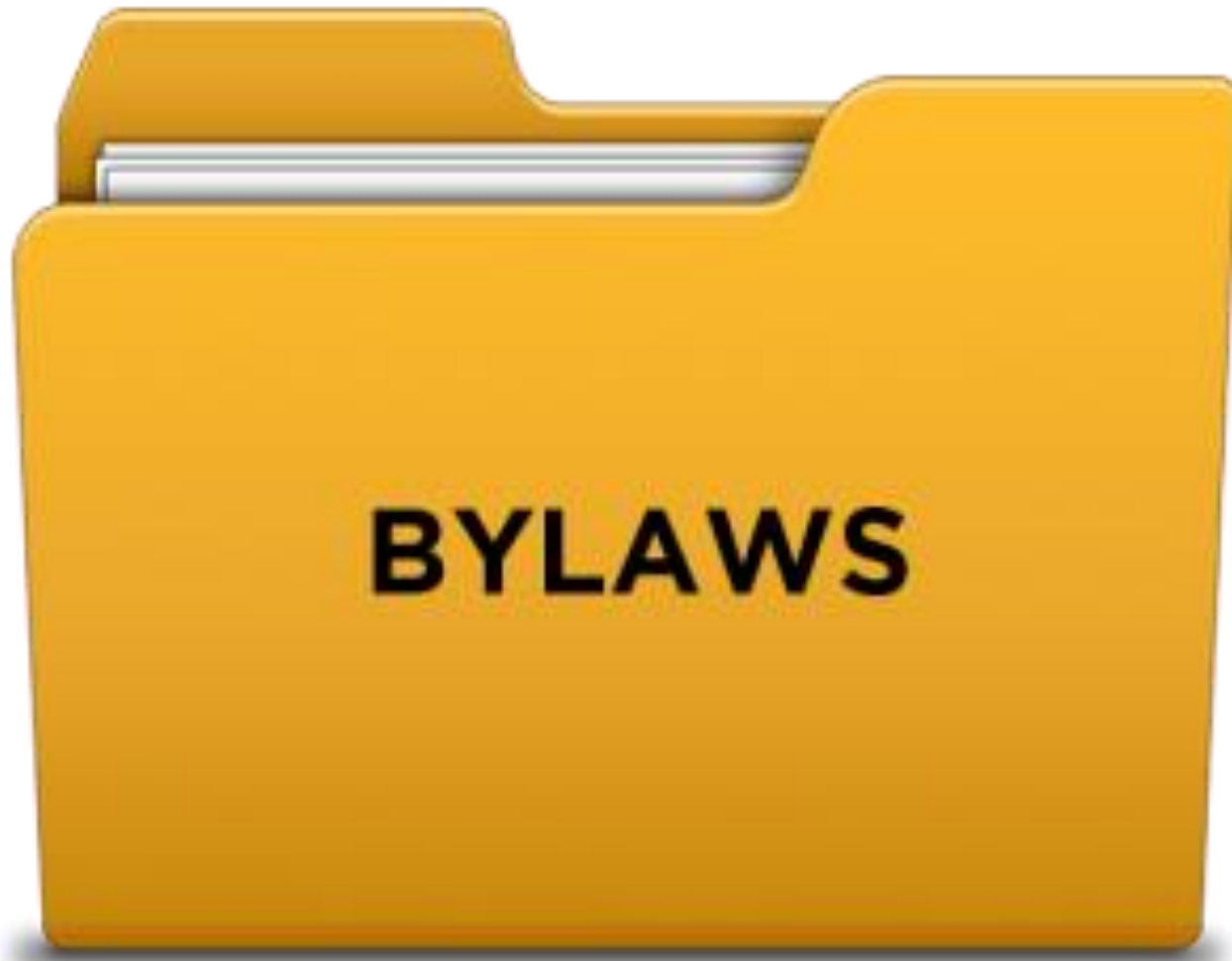
Kristin Brackemyre
Manager, PAC and Advocacy
Practice

Areas of Expertise:

Political Action Committees
Campaign Finance
Grassroots and Advocacy

Experience:

Consumer Technology Association
American Association of Orthopaedic Surgeons
National Association of Health Underwriters





MAKING THE CASE

- Not a legal requirement, but a best practice
- Provides a sound governance structure
- Things can get messy, bylaws are your first line of defense
- Bylaws demonstrate transparency and help secure buy-in
- Tough questions are inevitable, bylaws can help provide necessary cover



WHAT SHOULD YOUR PAC BYLAWS INCLUDE

- Name/Address
- Structure/purpose
- Governance specifics: Board, Officers
- Appointments/tenure
- Reporting
- Meetings
- Oversight
- Membership
- Subcommittees (i.e. contributions committee)
- Solicitations or candidate selection
- Compliance
- Accounting
- Dissolution
- Amendments/revisions to the bylaws



TIP: Don't box yourself in

SAMPLE BYLAWS STRUCTURES:

Sample 1:

Constitution and Bylaws

- Article I — Name
- Article II — Purpose
- Article III — Officers
- Article IV — Membership
- Article V — Contributions Committee
- Article VI — Contributions Procedure
- Article VII — Operations

Sample 2:

Articles of Organization

- Article I — Name, Administrative Office and Address
- Article II — Purpose
- Article III — Powers
- Article IV — Organization
- Article V — Officers
- Article VI — Administration Committee
- Article VII — Solicitations and Donations
- Article VIII — Miscellaneous
 - Section 1. Amendment
 - Section 2. Expenditures
 - Section 3. Audits
 - Section 5. Accounting
 - Section 6. Dissolution

I JUST READ THE BYLAWS

**SO I GUESS YOU COULD SAY IT'S
GETTING PRETTY SERIOUS**

memegenerator.net

PURPOSES AND POWERS:

ARTICLE IV: PURPOSES AND POWERS

Section 1. The purpose of the Committee is to provide the opportunity for individuals interested in the future of the electrical construction industry to contribute to the support of worthy candidates for federal office who believe, and have demonstrated their beliefs in, the principles to which the industry is dedicated. TO further these purposes, the Committee is empowered to solicit, directly or indirectly, and accept voluntary personal contributions and to make expenditures in connection with the attempt to influence any federal office.

Section 2. The Committee and its officers shall possess and may exercise all powers and privileges set forth in these Articles or incidental thereto, together with all powers and privileges necessary or convenient to the conduct, promotion, or attainment of the purpose of the Committee or these Articles.

PURPOSES AND POWERS:

Purposes

The purposes of the PAC are:

1. to promote good citizenship amongst eligible employees of Toyota, through their personal and financial participation in the election of public officials; and
2. to protect and preserve a sound automotive industry by supporting federal candidates, regardless of party affiliation, who have been supportive of Toyota business interests and values.

Powers

Section A. In order to effectuate the foregoing purposes, but not in limitation thereof, the PAC is empowered to:

1. solicit voluntary individual personal contributions to the PAC for distribution by it to further the candidacies of selected federal candidates for elective public office;
2. expend monies and make contributions to further the candidacies of selected federal candidates for elective public office; and
3. do all things necessary and desirable in furtherance of the above purposes consistent with applicable laws, rules and regulations.

Section B. The PAC is not authorized to borrow funds or incur debts other than accounts payable in the ordinary course of business.

MEMBERSHIP:

ARTICLE V: PARTICIPATION

All U.S. citizens are eligible to contribute to the Committee and the Committee is authorized to solicit and accept contributions from any person from who contributions may be lawfully solicited.

CONTRIBUTIONS

Section 8.1 All contributions to the PAC shall be voluntary, and no contributions to the PAC shall be solicited or secured by job discrimination or financial reprisal, or by the threat of job discrimination or financial reprisal, or as a condition of employment by BP Corporation North America Inc. or any of its affiliates.

Participation

Section A. Only certain employees and their families—known as the “*restricted class*”—may be solicited to participate in the PAC. The restricted class consists of U.S. citizens and green card holders who hold executive and administrative positions and their families of Toyota and each of Toyota's affiliates.

Section B. Participation is voluntary and shall be open to the individuals described above.

BOARD MEMBERS AND OFFICERS:

ARTICLE VIII: TRUSTEES

The governing body of the Committee shall be a Board of Trustees composed of three (3) members comprised of the President, the Executive Vice President, and the Secretary-Treasurer of the National Electrical Contractors Association.

The Trustees are empowered to set basic policies with respect to expenditures to be made by the Committee and to direct disbursements to specific candidates. The Trustees shall determine the procedures for collection and distribution of funds to the candidates and political committee that the Committee shall support and the amount of all expenditures and disbursements by the Committee.

ARTICLE IX: OFFICERS

Section 1. The officers of the Committee shall be the Chairman, Vice Chairman, and Treasurer.

Section 2. The Chairman, Vice Chairman, and Treasurer of the Committee shall be the President, Executive Vice President, and Secretary-Treasurer of the National Electrical Contractors Association, Inc., respectively.

BOARD MEMBERS AND OFFICERS:

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 GENERAL. The Board shall have at least ten (10) but no more than fourteen (14) members four (4) of whom shall be the officers of the PAC.

ARTICLE VI: Board of Directors

- Section 1. **Management and Responsibilities.** The governing body of the PAC shall be its Board of Directors, which shall oversee the management of the affairs, property, and funds of the PAC. The PAC Board of Directors shall have the duty and authority to do and perform all acts consistent with these Bylaws.
- Section 2. **Composition.** The PAC Board of Directors shall consist of no fewer than five (5) members, including the Chairman of the PAC Board of Directors and at least four additional members to be appointed by the PAC Chairman to a term of two (2) years. A PAC Director may be reappointed for an unlimited number of terms. A PAC Director may be removed from office, with or without cause, by the NACD Board of Directors. All vacancies on the PAC Board of Directors shall be filled for the unexpired term by the PAC Chairman.

BOARD MEMBERS AND OFFICERS:

Section F. The Board shall have the power to increase or decrease the number of members of the Board at its discretion, taking into account the participation of the Toyota business units eligible for solicitation. In no event shall the Board have the power to eliminate the board seat of the Chairman.

Section G. Except with respect to the Chairman, any vacancy in the Board resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by the person(s) who had the right to appoint the predecessor director for which the vacancy is currently being filled. Any director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office, if applicable.

TREASURER:

Section G. The Treasurer or Assistant Treasurer shall keep the financial and other records of the PAC, shall comply with all applicable legal requirements with respect thereto, and shall perform such other duties related to the PAC's finances and financial record keeping as may be assigned by the Board. The specific duties of the Treasurer shall include, but are not necessarily limited to:

1. advising the Board of the total amount of funds held by the PAC and such other financial information of the PAC as may be appropriate under the circumstances;
2. maintaining all required records regarding contributions and expenditures and filing all necessary reports with appropriate federal authorities;
3. establishing and maintaining one (1) or more bank accounts for the deposit of all contributions received by the PAC;
4. keeping a detailed account of all contributions, the name and mailing address of every person making a contribution in excess of fifty United States dollars (USD \$50.00) and all expenditures made by or on behalf of the PAC; and
5. disbursing funds as directed by the Board or the Chairman, according to Articles VI and X.



CONTRIBUTIONS AND CANDIDATE SELECTION:

CANDIDATE SELECTION

Section 7.1 Candidates to whom the PAC will contribute shall be selected by the Board of Directors, the State Board Subcommittee, the Chairman and the officers as set forth in Sections 4.2 and 5.2 of these By Laws.

Section 7.2 The Board of Directors, the State Board Subcommittee, the Chairman and officers of the PAC shall only authorize contributions or expenditures of the PAC funds for the purpose of furthering the candidacy of individuals for nomination or election to federal, state, judicial or local public office or to political committees or ballot measures.

Section 7.3 All checks, drafts, and orders for the payment of money shall be signed in the name of the PAC by the Treasurer and such other individuals as the PAC officers shall otherwise direct.

CONTRIBUTIONS AND CANDIDATE SELECTION:

Contributions by the PAC

Section A. The PAC shall contribute to federal candidates for seats in the U.S. House of Representatives and the U.S. Senate, as well as federal political committees, as approved by the Board or the Chairman in accordance with Section C of this Article X. Contributions to candidates for President of the United States are not permissible.

Section B. For each two-year election cycle the PAC shall not contribute more than sixty (60) percent of the aggregate contributions for such two-year cycle or less than forty (40) percent of the aggregate contributions for such two-year cycle to candidates of either party measured at the end of each two-year cycle. For purposes of this Section B, contributions to candidates who identify themselves as Independents will be allocated to the party with which such Independent caucuses.

Section C. Upon approval by the Board, the Chairman shall execute a Disbursement Request Form (attached as Appendix B hereto) and shall forward the form to the Treasurer, along with a copy of the minutes of the Board meeting showing approval of the relevant contribution. Notwithstanding anything to the contrary in these Bylaws, in the event of emergency or exigent circumstances, the Chairman shall have the right to make a unilateral determination that such emergency or exigent circumstances exist such that a contribution(s) by the PAC is necessary without approval by the Board. In the event the Chairman makes the determination described in the preceding sentence, (i) except with respect to receiving Board approval for such contribution(s), the Chairman shall approve and the PAC shall make such contribution(s) in accordance with the procedures, terms and conditions described in this Section C, Article X and these Bylaws, and (ii) the Chairman shall provide reasonable notice to the Board that such contribution(s) was made by the PAC (including the amount of such contribution(s) and the name of the designee(s)); provided that the Chairman shall provide such notice no later than five business days after such contribution(s) is made by the PAC.

CONTRIBUTIONS AND CANDIDATE SELECTION:

PROVISIONS TO ENSURE THE VOLUNTARY NATURE OF THE PROGRAM

PayPal Inc. employees in leadership positions, who may or may not serve on the PAC Board, will periodically conduct PAC solicitations. In order to ensure that employee participation is entirely voluntary, the following mandatory safeguards have been established.

1. *“No superior should conduct a one-on-one solicitation of a subordinate.”*

In selecting solicitors, the following criteria must be observed:

- Solicitors should not be in a direct supervisory capacity above the persons solicited.
- Solicitors should not have the authority of making performance or salary evaluations for any employees they are soliciting.

2. *“The solicitor should inform the solicited employee of the political purpose of the fund for which the contribution is solicited.”*

- The purpose of the program is to support candidates for federal, state and local office who understand the interests and concerns of the employees of PayPal Inc.

3. *“The solicitor should inform the employee of the employee’s right to refuse to contribute without reprisal of any kind.”*

- Solicitors are required to emphasize the voluntary nature of the program in all contacts with employees.

4. *The solicitor should inform the employee that “any suggested contribution guidelines are only that – guidelines. More or less than the suggested amount maybe given; and the amount given, or the refusal to give, will not benefit or disadvantage the employee.”*

OTHER ELEMENTS:

- Amendments
- Audits
- Dissolution

ADOPTION AND AMENDMENTS

The articles may be amended from time to time by action of a majority of the PAC Board of Directors and the Executive Committee.

ARTICLE IX

AUDIT

The PAC shall be audited at least annually by one or more certified public accounting firms selected by the PAC officers, as of a date or dates determined by the officers, and the annual audit report or reports of such firm or firms as of such date or dates shall be furnished to the officers and whomever they shall designate.

ADOPTION, AMENDMENTS, AND BY LAWS

Section 12.1 These Restated and Amended Bylaws shall be effective as of March 26, 2009, by action of the Board on that date.

Section 12.2 These Restated and Amended Bylaws may be amended from time to time by action of a majority of the members of the Board of Directors of the PAC at a meeting called for purposes of amendment.

OTHER ELEMENTS:

ARTICLE XV

Dissolution

Section A. The PAC may be dissolved by a unanimous vote of the Board approving such dissolution.

Section B. In the case of dissolution, the Treasurer shall return undistributed funds to the contributors readily identifiable, and any funds which are not identifiable may, prior to dissolution of the PAC, be disbursed by the PAC to candidates for election to federal office in accordance with these Bylaws.

ARTICLE X: Dissolution of the PAC

- Section 1. The PAC may be dissolved by a majority vote of the NACD Board of Directors or the unanimous vote of the PAC Board of Directors.
- Section 2. In the event of dissolution, all remaining assets of the PAC shall be disposed of in accordance with applicable federal and state law after the payment of all debts and expenses of the PAC.

HOW WILL I KNOW...



**WHEN TO DEVELOP OR REVISE MY PAC
BYLAWS?!?!?**

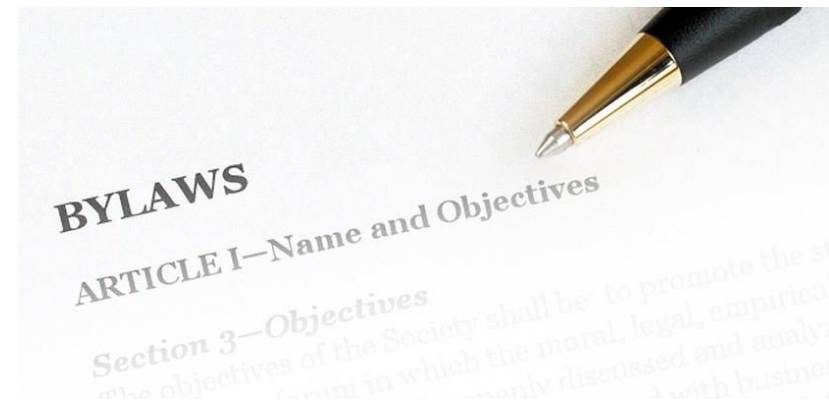
I GOTTA FEELING...



I NEED TO REVISE MY BYLAWS!!

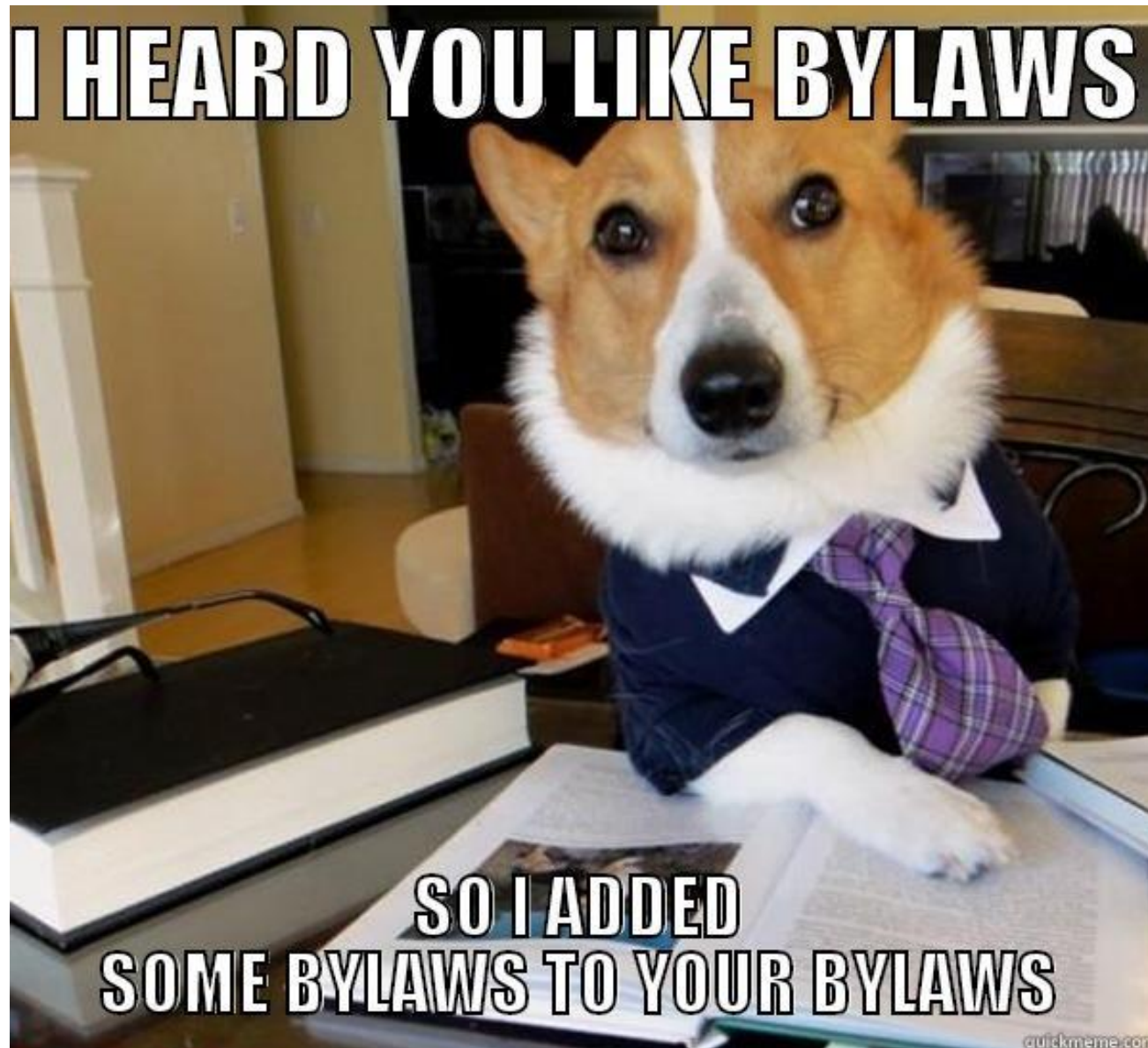
PUT YOUR BEST BYLAWS FORWARD: BEST PRACTICES

- It's never too late to develop bylaws!
- Have a process in place for review
- Ensure bylaws have all necessary provisions
- Consider developing out more specific policies and procedures
- Save room for some flexibility
- Bring your bylaws out of the dark!



PUT YOUR BEST BYLAWS FORWARD: THE PROCESS

- Do you know where your bylaws are?
- Do you ever reference them?
- Do you have a governance or structural issue?
- Crowd source: get examples of what's worked for others
- Gain buy-in from your internal and external stakeholders



THANK YOU!

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