



Association of Airport Internal Auditors

Constitution

And

By-Laws

(As of May 2008)

ASSOCIATION OF AIRPORT INTERNAL AUDITORS, INC.

A Non Profit Corporation

Organized under the Laws of the State of Texas

CONSTITUTION AND BY-LAWS

ARTICLE I

NAME, STATEMENT OF PURPOSES AND PRINCIPLE OFFICE

SECTION 1. NAME. The name of this corporation shall be "Association of Airport Internal Auditors, Inc." The official abbreviation of this name shall be "AAIA".

SECTION 2. PURPOSES. The purpose of the Association shall be:

- (A) To establish and develop a systematic interchange of information and experience in auditing the development, maintenance and operation of airports.
- (B) To encourage professional growth of individual members through educational sessions at annual meeting and other workshops.
- (C) To foster, promote and encourage professionalism among airport internal auditors.
- (D) To promote airport operational efficiency by encouraging the airport management to develop and apply modern techniques to airport management.
- (E) To cooperate with other organizations working for the general benefit of aviation.
- (F) To foster recognition and respect as a reputable association within the Air Service Industry.

SECTION 3. Offices. The Association shall maintain an office in the State of Texas. This Office may be the office of the Association's registered agent. The Association may also maintain a general office for the transaction of business at any location designated, from time to time, by the Board of Directors.

ARTICLE II

MEMBERSHIP CLASSIFICATION AND QUALIFICATIONS

SECTION 1. MEMBERSHIP. The membership of the Association shall be open to all persons who are eligible for membership as defined in Article II, Section 2, and who have qualified for membership in the manner prescribed by this Constitution and Bylaws.

The term "Public Airport" as used herein shall mean and include airports that are available for use by other than the owner or operator upon reasonable, uniform and non-discriminatory terms and conditions.

The term "Public Corporation" as used herein shall mean and include municipal corporations, political subdivisions and other governmental agencies having legal authority to own, operate, manage or administer a public airport.

SECTION 2. CLASSES OF MEMBERSHIP. The membership shall be comprised of three classes: Group, Associate, and member Emeritus. All classes of members shall be issued such certificates of membership and membership cards, as may be prescribed by the Board of Directors.

- (1) Group Membership. Group membership in AAIA is open to (A) organizations that are public airports or (B) public or private organizations that have oversight of an entire public airport. The Board of Directors may from time to time prescribe by resolution conditions in respect to group membership.
- (2) Associate Membership. Associate membership in AAIA is open to audit organizations that are actively engaged in the auditing of public airports under the direction of an AAIA Group Member public airport and thereby have a business or professional interest in airports and aviation and are working for the general benefit of airports and aviation but do not qualify for Group Membership. Organizations or individuals must have an AAIA Group Member in good standing as a sponsor to qualify for Associate Membership and must furnish their sponsor airport's name for verification upon application for AAIA membership. Associate Members are non-airport, non-airport oversight organizations or individuals that are actively engaged in the auditing of public airports.
- (3) Member Emeritus. Member Emeritus membership is open to those who at one time were a Group Member but have retired from their profession of internal auditing of public airports.

SECTION 3. NEW MEMBERSHIPS. All memberships in the Association shall be dependent upon application made therefore as prescribed by the Board of Directors. All applications shall be subject to the approval of the Board of Directors. New members shall be classified by the secretary in accordance with their qualifications as heretofore prescribed.

SECTION 4. MEMBERSHIP LISTS. The secretary shall maintain a list of all members by classification.

SECTION 5. DUES AND FEES.

- (1) The dues for each class or classes of membership shall be in accordance with a schedule of such dues, which schedule shall be adopted, and may from time to time be amended by majority vote taken as provided in Sections 7, 8 and 9 of Article II.
- (2) Each group member shall be entitled to designate an individual to represent the member in Association affairs and to whom communications of the Association will be directed. This designation may be changed by written notice to the secretary.
- (3) Registration fees for an annual conference shall be as prescribed by the Board of Directors.

SECTION 6. PAYMENT OF DUES. All dues shall be on an annual calendar year basis and shall be due and payable within thirty days of the due date. Any member failing to pay dues within ninety days of the due date shall forfeit his/her membership and be dropped from the membership list unless, for good cause, granted an extension of time by

the Board of Directors. Dues must be paid in order to vote in the annual business meeting. The Board may adopt penalties, rules and policies establishing standards for such readmission to the Association.

SECTION 7. VOTING PRIVILEGES. Group Members shall be entitled to one vote. All other membership classifications shall not have voting privileges except where, by resolution, a majority of the voting membership, present at any meeting, extends the right to vote upon business before such meeting. Such voting privileges shall not be granted for the election of officers, the amendments of Articles of Incorporation or the amendment of this Constitution and Bylaws.

SECTION 8. ANNUAL AND SPECIAL MEETINGS OF MEMBERS. An annual meeting of the members of the Association shall be held at least once each year at a time and place to be determined by the Board of Directors for the purpose of electing officers and directors and for the transaction of such other business as may come before such annual meeting. A special meeting of the Association may be called by a two-thirds vote of the Board of Directors or by one-fifth of the voting membership of the Association. Notice of any special meeting shall be issued by the Secretary or, in his/her absence, inability or refusal to act, by the President.

No annual or special meeting shall be called upon less than ten days notice in writing to all members.

SECTION 9. QUORUM. Twenty-five voting members or twenty-five percent of the voting membership, whichever is least, present at any regular meeting or any special or called meeting of the Association shall constitute a quorum for the conduct of business.

SECTION 10. NOMINATING COMMITTEE. At least thirty days before the annual meeting of the members, the President shall appoint the chairman and two members of the Nominating Committee. The Chairman and all members of the Nominating Committee shall be members and persons exercising active responsibility for the internal auditing of a public airport and who are engaged in such activity as a gainful occupation.

SECTION 11. RULES FOR NOMINATION. Except as provided in Article III, Section 4, the Nominating Committee shall submit the names of such nominees to the annual meeting, when so requested by the presiding officer. A vote of a majority of the members of the nominating committee shall be binding on all. If a majority of the Nominating Committee shall be unable to agree on one nominee for an office, the Committee shall so report and no name shall be submitted for that office. Any member entitled to vote for the election of officers and directors shall be privileged to make nominations from the floor.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. MANAGEMENT. The business and affairs of the Association shall be managed by its Board of Directors in accordance with the provisions of these bylaws.

SECTION 2. ELECTION OF DIRECTORS. The Board of Directors shall consist of the Officers, Immediate Past President, six Directors, Newsletter Editor and a Conference Chairperson who at the time of their election shall be members who exercise active responsibility for the internal auditing of a public airport and engage in such activity as a gainful occupation and as stated in Article IV, Section 1 of these bylaws. In addition, the Conference Chairperson shall be from the airport hosting the next annual conference and selected by the host airport. The Directors and Newsletter Editor shall be elected by the membership at the annual business meeting of the members in the manner hereinafter provided. Directors and Newsletter Editor, provided they remain qualified as stipulated in Article II, Section 2, shall hold office for the term for which they are elected and until their successors shall have been elected and qualified.

SECTION 3. TERMS OF DIRECTORS, CONFERENCE CHAIRPERSON and NEWSLETTER EDITOR. Directors shall be elected for a term of two years, except for the Conference Chairperson who shall be elected for a term of one year, as defined in Section 2, unless otherwise specified by the membership or for the unexpired term of their predecessors. Directors, other than the Conference Chairperson and the Newsletter Editor, will be limited to two two-year consecutive terms; a Director appointed for less than a two-year term will be limited to the time on the Board during the appointed term and a subsequent, consecutive two-year term. Newsletter Editor shall be elected for a one-year term, as defined in Section 2, unless otherwise specified by the membership or for the unexpired term of their predecessors.

SECTION 4. VACANCIES. Any vacancy occurring on the Board of Directors shall be filled in accordance with qualification provisions of Article II, Section 2. The Board of Directors shall, by majority vote, confirm as the new Director the nominee of the Nominating Committee. Any Director elected by the Board shall be elected to serve the unexpired term of their predecessor.

SECTION 5. MEETINGS. Directors shall have periodical meetings as the Board of Directors may provide by resolution and at such time and place as may be determined by said Board, and shall have such meetings as may be called by or at the request of the President. The President may call special meetings of the Board of Directors and may determine the place and time for such meetings.

Conference calls may be used in lieu of special meetings.

SECTION 6. NOTICE OF MEETINGS. Notice of any regular or special meeting of the Board of Directors shall be given at least ten days prior thereto in writing. Such written notice shall be deemed delivered by sending said notice by mail, fax or other technological means to each Director's business address or other address registered with the Secretary.

SECTION 7. QUORUM AND MANNER OF ACTING. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting. 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 of Directors, except as may be otherwise provided herein. Actions taken at any special meeting will be reported to the membership at the annual conference.

SECTION 8. DUTIES OF THE BOARD OF DIRECTORS. In addition to the duties prescribed to the Board of Directors by Article III, Section 1, the Board shall approve all applications for membership in the Association and shall have final determination of each member's classification. The Board may require from the membership evidence of maintenance of skills and proficiency in such form as the Board may prescribe.

SECTION 9. COMMITTEE ACTION. The Board of Directors may appoint committees or panels and may appoint representatives with titles and delegate authority thereto to perform such duties or tasks as may be determined by the Board.

SECTION 10. EXECUTIVE COMMITTEE. An Executive Committee is hereby created to act for the Board of Directors in the approval of applications for membership, reclassifying or classifying members or upon any business of the Association of an emergency nature or requiring prompt action of the Board. Said committee shall consist of the President, Immediate Past President, Vice President, Secretary and Treasurer. Any three of said members constitutes a quorum of said Executive Committee. The actions of the Executive Committee will be presented to the Board of Directors for ratification.

SECTION 11. BUDGET. The fiscal year of the Association shall be from January 1st of each calendar year through December 31st. The Treasurer shall prepare a proposed annual budget for the forthcoming fiscal year and submit the proposed budget to the Board of Directors, for approval, by January 1. An approved budget will be presented to the membership at the annual conference/business meeting.

ARTICLE IV

OFFICERS

SECTION 1. OFFICERS. The officers of the Association shall consist of a President, Vice President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person, and when so held shall be known as Secretary/Treasurer. No person shall be elected an officer who, at the time of election, is not exercising active responsibility for the internal auditing of a public airport and engaged in such activity as a gainful occupation. All officers shall be members of the Board of Directors.

SECTION 2. ELECTION OF OFFICERS AND TERM OF OFFICE. The officers of the Association shall be elected bi-annually for the next year, beginning September 1 and ending August 31, as defined in Article III, Section 2, by the members at the annual conference/business meeting of the members. Each officer shall hold office until a successor shall have been duly elected and qualified, or until death or resignation.

SECTION 3. REMOVAL. Any Officer or Director elected by the membership or appointed by the Board of Directors may be removed from office by a two-thirds vote of the Board of Directors or by a two-thirds vote of the membership at an annual meeting, whenever the best interest of the Association would be served thereby. Such removal shall be without prejudice to the contract right, if any, of the person so removed. A Director may vote by mail but not by proxy upon any such question.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or other cause may be filled by the Board of Directors to serve until the next annual conference/business meeting of the Association.

SECTION 5. PRESIDENT. The President shall be principal executive officer of the Association and shall supervise all of its affairs and offices. The President shall preside over the annual conference/business meeting and shall coordinate and preside over a mid-year board meeting. The President may sign with the Secretary or any other authorized officer certificates of membership and any contract or other instrument which the Board of Directors have authorized to be executed unless the Board of Directors shall otherwise expressly provide. The President shall appoint all committees each year. The President shall perform such other duties and shall assume and discharge such other responsibilities as the Board of Directors may by resolution from time to time direct.

SECTION 6. VICE PRESIDENT. In the absence of the President from any meeting or conference or in the event of the inability or refusal of the President to act in the performance of official duties, the Vice President shall perform the duties of the President; therefore, during the term of Vice President, the Vice President shall become fully acquainted with and prepared for the office of President. In the absence of the President and the Vice President or in the event of their inability or refusal to act in the performance of their official duties, the Secretary shall perform the duties of the President and when so acting shall have all the powers of and be subject to all restrictions upon the President.

The Vice President shall be responsible for coordinating the annual conference educational program.

SECTION 7. SECRETARY. The secretary shall (a) record the minutes of all meetings (including conference calls) of the Board of Directors, forward those minutes to the President for review and approval and prepare copies for all members to receive at the annual conference/business meeting; (b) see that all notices of meetings of members or the Board of Directors are duly given in accordance with these Bylaws; (c) be custodian of the records and seal of the Association and affix such seal to all documents requiring such affixation; (d) keep a register or list of all members of the Association showing their classification and voting rights; (e) sign, with the President, cards and certificates of membership in the Association; and (f) in general, perform all duties incidental to the office of Secretary by the President or by the Board of Directors or Executive Committee.

SECTION 8. TREASURER. The Treasurer shall: Keep a complete roll of the membership of the Association; invoice and collect membership dues each fiscal year; invoice and collect annual conference registrations; have custody of and be responsible for all funds and securities of the Association; give receipts for any and all moneys due and payable to the Association from any source whatsoever; and shall deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; keep an itemized record of receipts and disbursements for the account of the Association and furnish to the Audit Committee all canceled checks and drafts, a copy of each and every deposit slip, note, invoice, receipted bill, cash receipt and all other papers vouching for the deposit, expenditure or receipt of AAIA funds or evidencing any

indebtedness of monetary obligation of the Association. Such records shall be open for inspection by the membership. Before payment of any bill, the Treasurer shall first obtain approval of the President or other officer as may be directed by the Board of Directors. Before entering upon the duties of the office and within thirty days after election, the Treasurer shall give a bond payable to the Association conditioned that such Treasurer shall faithfully execute the duties of the Treasurer and render a true account at the succeeding annual meeting and at such other times required by the Board of Directors of all moneys received and disbursed. Said account shall be in writing, itemizing receipts and disbursements, listing outstanding obligations and showing the balance of funds on hand belonging to the Association. Premium of all such bonds shall be paid by the Association. Amount of bond to be furnished shall be determined by the Board of Directors.

The Treasurer shall prepare and deliver an annual budget in accordance with Article III, Section 11 of these Bylaws.

SECTION 9. STANDING COMMITTEES, PANELS OR REPRESENTATIVES. In addition to the Officers on the Executive Committee, there shall be a Conference Chairperson, six Directors who may be given specific assignments including Membership Chairperson, Newsletter Editor or Special Projects Chairperson and the Standing Committees, panels or representatives which shall be appointed by the President and subject to the supervision of the President.

SECTION 10. COMPENSATION. None of the Directors or Officers of the Association shall be paid any compensation for their regular services to the Association. However, if approved by the Executive Committee prior to the time the meeting is called, the Officers, Directors and members may be compensated for reasonable and necessary out-of-pocket expenses in attending meetings of the Directors or expenses incurred in the official performance of duties for the Association authorized by the Executive Committee.

However, the four Officers and newsletter Editor shall be provided free registration to the annual conference, along with the Conference chair being given a minimum of two free registrants, subject to the discretion of the Board.

The Board of Directors may employ and compensate an Executive Vice President and other staff or secretarial employees and may provide for the compensation of an Officer, Director, member or other person for special services to the Association.

ARTICLE V

COMMITTEES

SECTION 1. ANNUAL AUDIT COMMITTEE. Prior to the annual conference/ business meeting this committee, appointed by the President, will review the Association's revenue and expenses and will report their findings to the membership at the business meeting.

SECTION 2. NOMINATING COMMITTEE. This committee will act in accordance with Article II, Sections 10 and 11 of these Bylaws.

SECTION 3. STEERING COMMITTEE. The Steering Committee was formed for the purpose of providing overall guidance, to represent the founding members' original concepts and to evaluate whether the Association is meeting the needs of its members, as well as providing a resource to implement AAIA philosophy. The Committee will:

- (1) Evaluate current issues facing airport auditors that may require in-depth research to gain a unified opinion and direction.
- (2) Promote professionalism by encouraging professional growth of individuals through networking and educational workshops held in conjunction with meetings or separate workshops in different regions of the AAIA membership.
- (3) Establish and develop an interchange of information and experience in the development of audits of airports.

The Committee shall appointed by the President according to our Bylaws. The Committee shall be made up of past Officers and Directors who are not currently serving on the Board but are interested in the continuity of the Association. Membership shall be by request and subject to appointment by the President. The Committee shall work closely with the President at all times. The President shall be an ad hoc member of this Committee. The size of the Committee shall be based on need.

SECTION 4. CONTINUING PROFESSIONAL DEVELOPMENT. Person or committee shall maintain records to support National Association of State Boards of Accountancy (NASBA) requirements (for CPE credits) and coordinates with the Conference Chairperson and the President to assure compliance.

ARTICLE VI

CONTRACTS AND FINANCES

SECTION 1. CONTRACTS. The Board of Directors may authorize any officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Any such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks or other orders for the payment of money, notes or other evidences or indebtedness issued, in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall, from time to time, be determined by the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Association, not otherwise employed, shall be deposited, in a timely manner, to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 4. AUDITS. An annual audit of the financial affairs of the Association and any such other audits as the Board of Directors may require shall be conducted in accordance with Article V, Section 1 of these Bylaws.

ARTICLE VII

AMENDMENTS

SECTION 1. AMENDMENTS. These Bylaws may be altered or amended at any annual or special meeting of the membership of the Association by two-thirds vote of the membership present. The Board of Directors may propose an amendment to the Bylaws at any other time and the vote thereon may be taken by letter ballot.

To take a vote upon any proposed amendment to the Bylaws by letter ballot, the Secretary shall mail to each member, at the member's last known post office address, a copy of the proposed amendment with a ballot in suitable form.

Members desiring to vote shall use the ballot forwarded by the Secretary and shall indicate thereon their approval or disapproval of the proposed amendment. Each member shall have thirty days within which to return the ballot. Upon expiration of the thirty days, the President and Secretary shall canvass the ballot and record the vote.

If the proposed amendment shall receive two-thirds of the vote cast by the members, provided that at least twenty-five votes are received, the amendment shall be deemed to have been adopted. Otherwise, it shall be deemed to have been rejected. The Secretary shall announce the result of any mail ballot vote by mail or through the official newsletter of the Association and shall insert such result in the minutes of the Association as having been taken at a meeting of the Association held by correspondence as of the date on which the ballot was canvassed.