



Proposed Amendments to the Institute Bylaws

***Excerpted from
AIA Convention 2019:
Official Delegate Information Booklet
for the Annual Meeting of the
Institute***

4. Proposed Bylaws Amendments

Bylaws Amendment 19-A

Subject

Titling of Allied Members

Background

The delegates at the 2018 annual meeting of the Institute approved Resolution 18-2, “Titling of Allied Members.” Sponsored by AIA California Council, the resolution had the stated intent of seeking to “streamline the title that [chapter] Allied members may use to publicly demonstrate their engagement and support of the organization.” The Board ratified the resolution in September 2018.

The Institute Bylaws provide that chapters may have Allied members. These are “[i]ndividuals not otherwise eligible for membership in the Institute or the chapter . . . if they have established professional reputations and are registered to practice their professions where such requirements exist or are employed outside of architectural practice but are involved in positions allied to the field of architecture.” (AIA Bylaws, Section 4.141.)

The Bylaws are restrictive in the way that chapter Allied members may describe themselves. With this mind, and guided by language changes suggested in Resolution 18-2, the Board sponsors amendments to the Institute Bylaws as provided below.

Required Vote to Amend Bylaws

Bylaws amendments require approval by an affirmative two-thirds vote of the delegates at the meeting, determined in the manner prescribed in Section 9.011 of the Bylaws.

NOTE: PORTIONS OF THE BYLAWS NOT RELEVANT TO THE CHANGES PROPOSED IN THESE AMENDMENTS HAVE BEEN OMITTED BELOW. ASTERISKS (*) HAVE BEEN USED TO IDENTIFY WHERE TEXT HAS BEEN OMITTED.**

(Note: A complete copy of the current [Bylaws](http://www.aia.org) can be found on www.aia.org, or may be requested by contacting Pam Day, Hon. AIA, at pday@aia.org.)

(see next page)

Motion

The delegates assembled at the 2019 Annual Meeting amend the Institute's Bylaws as follows, and also authorize the Secretary of the Institute to make whatever changes in the numbering of specific sections may be necessary as a result of this amendment:

CHAPTER 4
COMPONENTS AND REGIONS

4.1 CHAPTERS

* * *

4.14 Chapter Composition. Each chapter shall be composed of the Architect and Associate members of the Institute assigned to it, including those on nonresident status, and may include allied and student affiliate members.

* * *

4.143 Privileges of Allied and Student Affiliate Members. Allied members may serve on chapter committees in any capacity, may vote on committees, and may use the phrase, "Allied Member of the [Name of Chapter] Chapter of the American Institute of Architects," "Allied Member of [Name of Chapter]," or "[Name of Chapter] Allied Member" to describe themselves; Student Affiliate members may serve on committees but may not vote or serve as chair. Neither Allied nor Student Affiliate members may hold chapter office, or (except as otherwise expressly provided herein) print or permit to be printed or in any way use the name, title, initials, emblem, seal, symbol or insignia of any chapter or of the Institute, except as otherwise expressly provided in these Bylaws.

* * *

Bylaws Amendment 19-B

Subject Long-term Financial Stability and Flexibility

Background The Institute has enjoyed a long period of good financial health. It has not reported an annual loss from operations since 2002. In accordance with a reserves policy adopted by the Board in the early 2000s, yearly surpluses have been used to build the Institute's reserves. It has thus accumulated \$33.8 million in total net assets since 2000. Additionally, the Institute is in compliance with the minimum reserve requirements established in the reserves policy approved by the Board of Directors.

Another factor that has contributed to the financial health of the organization is requirements in the Institute Bylaws, which preclude the Board of Directors in any given year from authorizing expenditures that would exceed the Institute's total estimated income for the year. A greater expenditure may be authorized only at a duly called meeting of the Institute, by the affirmative vote of not less than two-thirds of all votes accredited to be cast at the meeting.

This has had an unanticipated result. If the Board were to authorize an expenditure from the Institute's reserves in a particular year when its budget is in balance, that would be accounted for as an expense for budget purposes. This would in turn increase the Institute's expenses beyond what is permitted under Section 7.52.

- To illustrate this point, assume that the Institute's operating budget for a given year provides for \$80 million in revenues and \$80 million in expenses.
- Next, assume that the Board authorizes \$1 million in expenditures from the Institute's reserves for that year.
- This would increase the expenses for the year to \$81 million dollars – exceeding budgeted revenues of \$80 million – and would therefore be contrary to Section 7.52.

Thus, without approval by the delegates at a membership meeting, the Board would have little or no ability to use reserves in response to an economic downturn, a natural disaster, or other contingencies. It would similarly be limited in its ability to authorize investment in strategic priorities of the AIA and its members on an expedited basis.

(see next page)

Seeking greater flexibility, but also determined to preserve the Institute's financial health and stability, the Board sponsors amendments to the Bylaws to do these things:

- Based on its authority as the Institute's governing body, the Board has already adopted a reserves policy. The policy requires that total net assets be at least 40 percent of annual budgeted operating revenues, and that unrestricted investments be at least 33 percent of annual budgeted operating revenues. The proposed amendments would require – through the Bylaws themselves – that the Board keep in place a policy requiring the maintenance of minimum financial reserves.
- The amendments would permit the Board to approve expenditures that exceed revenues in a given year – but only up to a limit of 2.5 percent of budgeted revenues for that year. Using 2019 budgeted revenue to illustrate the proposed Bylaws change, the Board could budget expenses of approximately \$2 million more than it receives in revenue in 2020 (assuming that the 2020 budgeted revenue is roughly equivalent to the 2019 budgeted revenue).
- In the event the approved spending caused the Institute to fall out of compliance with its reserves policy, the Board would be required to implement a plan that would return the Institute to compliance within two years.
- The Board would not be permitted to change the minimum required reserves in any year that it approves a budget that has expenses greater than revenues.

Based on these factors, the Board sponsors amendments to the Institute Bylaws as provided below.

Required Vote to Amend Bylaws

Bylaws amendments require approval by an affirmative two-thirds vote of the delegates at the meeting, determined in the manner prescribed in Section 9.011 of the Bylaws.

(Note: A complete copy of the current [Bylaws](http://www.aia.org) can be found on www.aia.org, or may be requested by contacting Pam Day, Hon. AIA, at pday@aia.org.)

(see next page)

Motion

The delegates assembled at the 2019 Annual Meeting amend the Institute's Bylaws as follows, and also authorize the Secretary of the Institute to make whatever changes in the numbering of specific sections may be necessary as a result of this amendment:

CHAPTER 7

PROPERTY, INVESTMENTS, ACCOUNTING AND FUNDS

* * *

7.5 EXPENDITURES AND LIABILITIES

7.51 Annual Budget. After consulting with the Strategic Council, the Board shall annually adopt a general budget, which shall show the anticipated revenue and authorized expenditures for the ensuing fiscal year.

7.52 Financial Reserves. For the purpose of providing long-term financial stability for the Institute, the Board shall adopt a policy requiring the maintenance of minimum financial reserves. The Board may not decrease the minimum financial reserves required by the policy in any year in which budgeted expenses are to exceed budgeted revenues under Section 7.53.

7.523 Expenditure Limitations, the Board.

7.531 If the minimum financial reserves requirements in the policy established under Section 7.52 have been satisfied for a given fiscal year (as calculated from the Institute's most recent audited financial statements), the Board may expend or authorize expenditures in an amount exceeding the total estimated revenues to be received by the Institute in the fiscal year under the next annual budget to be approved by the Board; provided, however, that such amount in any given year shall not exceed 2.5 percent of that year's annual budgeted operating revenue. In the event this causes the Institute to fall out of compliance with its reserves policy, the Board shall develop and implement a plan to return the Institute to compliance within two years after the pertinent expenditures are made.

(see next page)

7.532 If the minimum financial reserves requirements in the policy established under Section 7.52 have not been satisfied for a given fiscal year, ~~The~~ Board shall not expend or authorize expenditures in ~~any that~~ fiscal year of an amount exceeding the total estimated ~~income revenues~~ to be received by the Institute during such year, as shown in the budget for that year, unless directed and authorized so to do at a duly called meeting of the Institute by the affirmative vote of not less than two-thirds of all votes accredited to be cast at the meeting.

7.534 Expenditure Limitations, General. No member, officer, director, committee, jury, department, employee, agent or representative of the Institute shall have any right, authority or power to expend any money of the Institute, to incur any liability for and in its behalf, or to make any commitment that will or may be deemed to bind or involve the Institute in any expense or financial liability, unless such expenditure, liability or commitment has been authorized and budgeted by the Board or by a specific resolution at a duly called meeting of the Institute, except that the Board may provide for the adjustment and reallocation of accounts within the overall approved budget and for increased expenditures balanced by increased revenues.