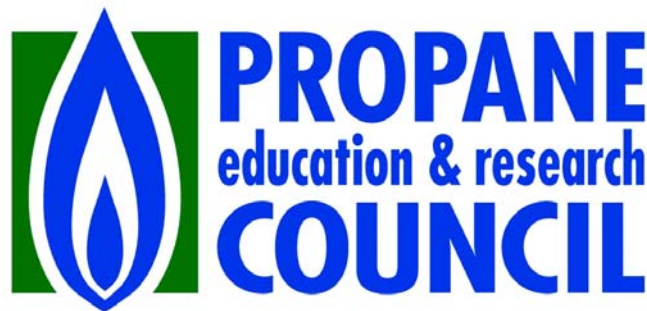


**POLICIES, RULES AND PROCEDURES**  
of the  
**Propane Education and Research Council, Inc.**

Suite 1075  
1140 Connecticut Avenue, NW  
Washington, DC 20036



As Amended Through

April 7, 2016

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**POLICIES, RULES AND PROCEDURES  
OF THE  
PROPANE EDUCATION AND RESEARCH COUNCIL, INC.**

1. **Introduction and Interpretation.** This document sets forth Policies, Rules and Procedures for the Propane Education and Research Council (Council). Nothing herein shall be construed to conflict with the Propane Education and Research Act of 1996 (PERA), Public Law 104-284 (15 USC 6401, *et seq.*), as amended, or the Bylaws of the Propane Education and Research Council, Inc. To resolve any conflict, refer first to PERA and amendments thereto, then to the Bylaws, and finally to this document.
2. **Glossary of Terms.**
  - 2.1. **Administrative expenses** -- Administrative expenses shall not exceed ten percent (10%) of any funds collected in any fiscal year and shall include only those expenses which are reasonable and necessary for operating the Council *15 USC 6404(j)(1)*, plus any reimbursement within the statutory limitation of Council-related costs incurred by the Federal government. *15 USC 6404(j)(2)*
  - 2.2. **Assessment** -- The amount of money payable to the Council on sales of odorized propane pursuant to PERA. The Council has the authority to adjust the assessment rate. The assessment rate is published annually by the Council in its calendar year budget, a copy of which may be obtained on the Council's web site.
  - 2.3. **Foundation** -- An entity organized and incorporated under state law by the retail propane industry within the state or by a regional association which is exempt from tax under Section 501(c) of the Internal Revenue Code. Proof of application for tax exemption under Section 501(c) is sufficient even if such tax status has not yet been granted by the Internal Revenue Service.
  - 2.4. **Marketer** -- A person engaged primarily in the sale of odorized propane to the ultimate consumer or to retail propane dispensers.
  - 2.5. **Owner of Odorized Propane** -- The person who has legal title to propane at time of odorization or at the time of import of odorized propane into the U.S.
    - 2.5.1. This person is responsible for remitting the assessment to the Council.
    - 2.5.2. This person may be, but not limited to, a producer, a wholesaler, or a marketer.
  - 2.6. **Priorities** -- Programs and projects related to research and development, safety, education and training shall be given priority by the Council.
  - 2.7. **Producer** -- The owner of propane at the time it is recovered at a gas processing plant or refinery.
  - 2.8. **Regional association** -- An incorporated propane gas trade association, other than the Gas Processors Association or the National Propane Gas Association, which represents members of the propane gas industry in two or more adjoining states.
  - 2.9. **Retail Propane Dispenser** -- A person who sells odorized propane to the ultimate consumer but is not engaged primarily in the business of such sales (e.g., hardware stores, campgrounds, service stations).
  - 2.10. **Sold and Placed into Commerce** -- The sale of odorized propane destined for the ultimate consumer or to a retail propane dispenser by a producer, wholesaler, or marketer to a

marketer.

- 2.11. **State entity** -- A state or regional foundation, other than the incorporated propane gas trade association, exempt from tax under Section 501(c) of the Internal Revenue Code, or a state PERC.
- 2.12. **State PERC** -- A State propane education and research council created by State law or regulation.
- 2.13. **Wholesaler** -- A party who purchases and sells propane not for their own use. A wholesaler may also be, but is not limited to, a producer or a marketer.

### 3. **Administrative Expense Exclusions.**

- 3.1. **Program and Project Costs.** Program and project costs are excluded from administrative expenses and include funds expended to:
  - 3.1.1. develop, maintain or carry out Council programs and projects or the coordination of these activities with industry trade associations and others *15 USC 6404(f)*;
  - 3.1.2. conduct a referendum on the Council's own initiative or upon a valid petition submitted by the industry *15 USC 6403(b)*;
  - 3.1.3. coordinate a program of assessment rebates with state entities *15 USC 6405(e)*;
  - 3.1.4. compel compliance with an assessment *15 USC 6407*;
  - 3.1.5. determine and impose late payment charges or interest charges *15 USC 6405(c)*;
  - 3.1.6. develop and provide useful information to the executive branch, the Congress or the public regarding:
    - 3.1.6.1. a market survey *15 USC 6408(a)*,
    - 3.1.6.2. restricted activities *15 USC 6408(b)*, or
    - 3.1.6.3. activity reports *15 USC 6404(n) and 6411*;
  - 3.1.7. manage the investment of funds pending disbursement *15 USC 6405*;
  - 3.1.8. pay the costs of legal services to develop, review or maintain documents essential to compliance with the law *15 USC 6404(j)*, or;
  - 3.1.9. ensure compliance with statutory provisions on the use of funds *15 USC 6404(g) and 6407*.
  - 3.1.10. Other costs incurred by the Council directly related to grants, contracts or other agreements, to the extent that the allocation of such costs is consistent with the allowable allocations for federal grants under the federal Office of Management and Budget's Circular A-122, "Cost Principles for Non-Profit Organizations."
- 3.2. **Start-up Costs.** Start-up costs are excluded from administrative expenses and are those non-recurring expenses pre-requisite to operating the Council, such as but not limited to:
  - 3.2.1. the costs of developing the assessment collection mechanism,
  - 3.2.2. the costs incurred by a qualified industry organization on behalf of the Council, including reimbursement for the costs of the initial referendum, and
  - 3.2.3. the costs of legal services and related documentation for incorporation of the Council and the establishment of the Council's tax-exempt status, or similar costs incurred by a

state entity for establishing a state or regional foundation and for which advance payment or reimbursement is sought through the state rebate program.

4. **Disclosure Policy.** The Council shall keep minutes, books, and records that clearly reflect all of the acts and transactions of the Council and make public such information. The President shall comply with, and carry out, the following disclosure policy to ensure that the public has ready access to information about the Council and its actions. *15 USC 6404(l)*
  - 4.1. **Notice of Meetings.** Public notice shall be given of all Council meetings by posting the date, time and location on the Council's Internet web site at least thirty (30) days in advance of the next Council meeting.
  - 4.2. **Written Notices.** Meeting notices also will be sent in writing at least thirty (30) days in advance of the next meeting to the Secretary of Energy and to an industry publication(s) or means reasonably likely to reach propane retail marketers and producers.
  - 4.3. **Minutes of Meetings.** Following approval by the Council of the minutes of the previous meeting, the approved minutes shall be posted on the Council's Internet website within ten (10) business days following the meeting at which the Council approved the minutes.
  - 4.4. **Budget Plan.** The Council shall post on the Council's Internet website the annual budget plan for public review and comment. The budget plan should include the probable cost of all programs, projects and contracts and a recommended rate of assessment sufficient to cover such costs. *15 USC 6404(k)*
  - 4.5. **Access to Council Documents.** The public may have access to any of the documents listed in Section 4.7 of this document by submitting a written request to the President that includes the name and address of the requesting party and the proposed date and time for access. Access to information or documents may be made only during normal business hours. A request for access must be received at least fifteen (15) business days prior to the proposed access date.
  - 4.6. **Copies of Council Documents.** The public may receive copies of any of the documents listed in Section 4.7 of this document by submitting a written request to the President that includes the name and address of the requesting party. Upon receiving a valid request, the President shall send via regular mail, postage prepaid, the documents to the requesting party within fifteen (15) business days of receipt of the request. If an alternative method of delivery is requested by the member of the public, the Council may, at its discretion, request reimbursement in advance for the delivery expenses.
  - 4.7. **Available Documents.** The following information and documents are available to the public upon request.
    - 4.7.1. Books and records that clearly reflect all of the acts and transactions of the Council. *15 USC 6404(l)*. This information will include minutes of previous meetings and the annual budget plan.
    - 4.7.2. The Annual Report identifying and describing all programs and projects undertaken by the Council during the previous year as well as those planned for the coming year and which details the allocation or planned allocation of Council resources for each such program and project. *15 USC 6404(n)*
    - 4.7.3. The Policies, Rules and Procedures document.
    - 4.7.4. The Funding Request Form specifying information required to submit a valid request to the Council for funds.

4.7.5. Copies of the Propane Education and Research Act.

## 5. **Council Meetings.**

- 5.1. **Open Meetings.** All meetings of the Council shall be open to the public and shall be preceded by at least 30 days advance public notice. Provision shall be made to accommodate attendance by the public at all Council meetings, except when the Council is in executive session pursuant to these rules. *15 USC 6404(m)*
- 5.2. **Council Members Participation.** Except as provided in Section 5.3 of these rules, only duly appointed Council members shall participate in the official debate and vote upon matters before the Council.
- 5.2.1. **Participation by Conference Telephone.** Unless otherwise restricted by Delaware General Corporation Law, any one or more Council members may participate in a meeting of the Council, or any committee designated by the Council, by means of conference telephone or similar communications equipment that permits all persons participating in the meeting to hear-each other. Participation in a meeting by such means shall constitute presence in person at the meeting.
- 5.2.2. **Alternates and Proxies.** The use of alternates and voting by proxy shall not be permitted.
- 5.3. **Ex-Officio Capacity.** The President and the attorney to the Council shall serve in an ex-officio capacity to the Council and may participate in Council debate but shall not be entitled to vote on matters before the Council.
- 5.4. **Recognition by Chairman.** At the discretion of the Chairman, time may be set aside during Council meetings when the public may be invited to address the Council.
- 5.5. **Presentations.** Any person other than a Council member requesting time to make a presentation to the Council must advise the President at least ten (10) days in advance of the meeting and provide a written abstract of their presentation.
- 5.6. **Executive Session.** Upon a motion approved by majority vote of the Council, portions of Council meetings may be closed to the public for the purpose of discussing sensitive subjects such as personnel matters and contracts. All decisions of the Council shall be made in open session.

## 6. **Public and Industry Comment.**

- 6.1. **Solicitation of Comments.** To the extent reasonable, the Council shall solicit public and industry comment and recommendations on proposed changes to Council policies, rules and procedures, the annual budget plan, and on any significant plans, programs and projects to be funded by the Council. *15 USC 6404(i)*
- 6.1.1. The Council shall provide at least thirty (30) days for submission of public or industry comments.
- 6.1.2. Solicitation of industry and public comment shall be through notices published on the Council's Internet web site, made available to industry publications, and distributed to industry trade organizations.
- 6.2. **Written Comments Required.** All public or industry comments must be submitted in writing to the President to be considered by the Council in the adoption of final policies, rules and procedures, the annual budget plan, or significant plans, programs, and projects.



## **7. Funding and Grant Policies.**

- 7.1. Contracts and Agreements.** The Council shall enter into contracts or agreements to fund programs and projects which are designed to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, and to inform and educate the public about safety and other issues associated with the use of propane. *15 USC 6404(f)*
- 7.2. Funding Priorities.** In considering funding requests, the Council shall give priority to proposals for research and development, safety, education and training. *15 USC 6404(h)*
- 7.3. Coordination to Avoid Duplication.** In developing programs and projects for Council funding, the Council shall coordinate its activities with the Gas Processors Association and the National Propane Gas Association to provide efficient delivery of services and to avoid unnecessary duplication of activities. *15 USC 6404(f)*
- 7.3.1. Regulatory Matters.** The Council recognizes the leadership role of the Gas Processors Association and the National Propane Gas Association in developing and advocating national regulatory policies and standards on behalf of the propane industry. Projects that propose to directly advocate a substantive modification in a regulatory policy or standard before a governmental agency or recognized standard-setting organization having jurisdiction over the matter shall not be funded over the objection of the appropriate national propane industry association. Nor shall the Council fund regulatory implementation or compliance projects if a national propane industry association advises the Council that the underlying regulation is or may be the subject of a policy action by the association.
- 7.4. Benefit to Agriculture.** Not less than 5 percent of the funds collected through assessments shall be used for programs and projects intended to benefit the agriculture industry in the United States. *15 USC 6404(g)*
- 7.5. Motor Vehicle Fuel.** In no event shall the percentage of funds collected through assessments used for projects relating to the use of propane as an over-the-road motor fuel exceed the percentage of the total market for odorized propane that is used as a motor vehicle fuel, based on the historical average of such use over the previous 3-year period. *15 USC 6404(g)*
- 7.6. Matching Funds.** The Council shall seek every opportunity to maximize the effectiveness of its funds. To this end, the Council may seek matching funds from the grant recipient or a third party for any grants authorized. Matching funds may be in the form of cash or in-kind services or products.
- 7.7. National Scope; Industry-wide Purpose.** Grant funding shall be reserved for programs and projects that are national in scope or that serve a particular industry-wide interest in a region of the country or targeted market sector. Although a state entity may invest rebate funds for programs or projects that benefit the propane industry or reach consumers only in its state, as a general rule, grant funds will not be used to support state-specific programs or projects.

## **8. Funding Request Procedures.**

### **8.1. Project Summaries.**

- 8.1.1. Required Elements.** As may be amended from time to time, the president, in consultation with the advisory committees, shall publish criteria defining an acceptable project summary.

- 8.1.2. **Eligible parties.** Project summaries may be submitted by any person.
- 8.1.3. **Use of Project Summaries by the Council.** Unless otherwise agreed to in advance, the Council retains the right to use information contained in the project summary for any purpose it deems appropriate, including to authorize the development and issuance of a request for proposals for the work described in a project summary.
- 8.2. **Grant Funding Requests.** Grant funding requests may be submitted to the Council for consideration by an advisory committee of the Council, the president or, subject to the following limitations, by any other person: (1) at the request of the Council; (2) at the request of an advisory committee of the Council following the advisory committee's review of a project summary; or, (3) in response to a request for proposals authorized by the Council.
- 8.3. **Funding Request Forms.** All applications for funding shall be submitted to the President following standard Council Funding Request procedures (available on the Council's web site or upon request.) At a minimum, to be valid all applications submitted shall include the following information:
  - 8.3.1. **Applicant.** Complete identification of the applicant, including name, address, phone, fax and e-mail addresses. If the applicant is a subsidiary of another entity, identify the parent.
  - 8.3.2. **Officers.** Identification of officers or owners of the applicant, and the name of the contact person.
  - 8.3.3. **State Entity.** If a state entity is requesting some or all of the funds from the state assessment rebate as provided for in Section 11 of this document, it shall clearly state the amount.
  - 8.3.4. **Summary.** An Executive Summary of the project to be funded.
  - 8.3.5. **Priorities.** A statement of how the project addresses the priorities listed in Section 2.6 of this document.
  - 8.3.6. **Specific Beneficiaries.** A statement of whether the project is intended to benefit the agriculture industry or whether the project relates to the use of propane as an over-the-road motor fuel, and a clear statement of the amount of money to be devoted to these activities.
  - 8.3.7. **Time Line.** A time line for completion of the project.
  - 8.3.8. **Deliverables.** Anticipated results of the project and planned deliverables.
  - 8.3.9. **Detailed Budget.** A complete statement of projected costs and a detailed budget. This budget shall include specific information on direct costs, salaries, overhead, and any subcontractor costs, fees or expenses.
  - 8.3.10. **Matching Funds.** A detailed statement of how much the applicant is contributing toward the costs. This may be in cash or in-kind services. The applicant shall also indicate whether funding has or will be requested or is expected from any other source. The applicant shall identify the source and the amount of expected funding, the status of such funding, and any conditions imposed on the applicant with respect to the use of those funds.
  - 8.3.11. **Amount.** The amount of the Council funding requested.

- 8.3.12. **Cost-Benefit Analysis.** A statement of the benefits to safety, consumer awareness and/or propane consumption to be derived from the program or project being proposed for funding in relation to its costs.
- 8.3.13. **Evaluation Statement.** Identification of the method(s) to be used by the applicant to evaluate the impact of the program or project upon its completion, as well as other measures that may be useful to the Council in its evaluation of the project.
- 8.4. **Acknowledgment of Funding Requests.** The President shall promptly acknowledge in writing the receipt of each funding request and shall identify any information that may be missing or any additional information as the Council may require. The acknowledgment also shall indicate when the proposal will likely be considered for funding by the Council and when the applicant can expect a response.
- 8.5. **Review by Advisory Committees.** Where appropriate, the President shall submit funding requests to an advisory committee established by the Council for evaluation and recommendations, if any, prior to presenting such requests to the Council for consideration.
- 8.6. **Approval by Executive Committee.** The Executive Committee shall have full authority to approve project funding requests between Council meetings, provided that two-thirds of the members of the Executive Committee vote to approve the funding requests. The Chairman shall report all Executive Committee funding decisions at the next meeting of the Council.
- 8.6.1. **Policy Statement – Maximum Amount of Funding.** The amount of funding for any single funding proposal which may be authorized and approved by the Executive Committee is recommended not to exceed, but not restricted to, \$250,000.
- 8.6.2. **Policy Statement – Aggregate Limitation.** It is recommended, but not a limitation, that the Executive Committee not approve project funding which in the aggregate exceeds \$1,000,000 in any fiscal year.
- 8.7. **Approval by President.** Proposals for funding which meet the requirements of PERA and this document and which do not exceed the maximum amount of funding specified in this document may be approved by the President without specific review and approval by the Council.
- 8.7.1. **Maximum Amount of Funding.** The maximum amount of funding for any single funding proposal which may be authorized and approved by the President shall not exceed \$100,000.
- 8.7.2. **Aggregate Limitation.** In no event shall the President approve project funding which in the aggregate exceeds \$500,000 in any fiscal year.
- 8.7.3. **Assessment Rebate Funding Requests.** The cap on the amount of funding shall not apply with respect to approvals by the President of assessment rebate funding requests that essentially replicate projects and programs previously approved by the Council and that are listed by the Council as eligible for approval by the President.
- 8.8. **Quarterly Report.** Unless otherwise directed by the Council, the President shall provide the Council with a quarterly report on all projects that have been approved, both by the Council and by the President.
- 8.9. **Pre-meeting Summaries.** As soon as practicable prior to the next regularly scheduled meeting of the Council, the executive summary of each funding request received since the last meeting will be sent to Council members by the President with an itemization of the total amount of funding requested by all such proposals, a budget status report, and staff recommendations.

- 8.10. **Council Discretion.** Except as otherwise provided in this document, the Council shall decide, by majority vote, which projects shall be considered and/or funded and at what level.
- 8.10.1. **Modification of Terms.** In making its decision, the Council may make approval contingent upon modification of the terms of the proposal.
- 8.10.2. **Oral Presentation.** The Council may, at its discretion, require an applicant to make an oral presentation to the Council.
- 8.11. **Expedited Review.** Procedures may be developed for expedited review of proposals.
- 8.12. **Notification of Council Action.** As soon as practical and in no case more than 10 business days after action is taken by the Council on a funding request, the President shall notify the applicant of the action taken.
- 8.13. **Implementation of Council Funding Decisions.** The President shall implement the decisions of the Council with respect to funding requests.
- 8.13.1. **Contract Terms.** Following Council approval of a funding request and prior to disbursement of funds, the President shall ensure that any terms, conditions or modifications adopted by the Council with respect to that particular funding request are incorporated into the contract to be entered into pursuant to Section 9 of this document.
- 8.13.2. **Disbursement of Funds.** The President shall have authority to disburse funds only in a manner consistent with this document and the terms, if any, specified in the Council's approval of a funding request.

## 9. **Contract Terms.**

- 9.1. **Contracts Required.** Prior to the release of Council grant or rebate funding, all recipients of such funding shall execute a contract with the Council which will include terms governing the receipt and expenditure of funds.
- 9.2. **Product Availability to Industry.** The product of any project funded in whole or in part by a grant or rebate from the Council shall be made available to all members of the propane gas industry on equal terms. In no event may the products be restricted to any group of industry members or may pricing of the product discriminate among distinct groups of industry members.
- 9.3. **Intellectual Property Rights.** In the event any project funded in whole or in part by a grant or rebate from the Council results in the development of distinct intellectual property rights, such as a patent, copyright or trademark, the Council shall have first right of refusal to a level of ownership of said property rights.
- 9.4. **Reports Required of Grantees.** Unless otherwise specifically provided in the grant contract or rebate agreement, grantees and rebate recipients are required to provide progress reports on a specified timeline, a final report and such other reports as may be deemed necessary to enable the President to monitor the use of Council funds.
- 9.5. **Production and Inventory Costs; Sales Risks.** Generally, the Council funds shall be used to cover project development costs. In the case of projects leading to the production of materials which the grantee may produce and distribute (e.g., books, pamphlets, brochures, audio-visuals and multi-media materials), the cost of production, inventory and the risk of sales shall be borne by the grantee who shall be entitled thereby to a reasonable return on the risk. All sales of such materials shall be subject to the provisions of this document.

- 9.6. **Audit Rights of the Council Preserved.** The Council shall have the right to audit the books of a grant or rebate recipient with respect to the expenditure of funds provided by the Council.
- 9.7. **Return of Unused Funds.** Immediately following the completion of a project or program funded by the Council, the grant or rebate recipient shall return any unused funds to the Council.
10. **State Programs.** Compliance with PERA Section 6(e) requirements for coordination with State Programs shall be in accordance with the following policy.
- 10.1. **Assessment Rebate.** The coordination program shall be an assessment rebate of twenty percent.
- 10.1.1. **Calculation.** The assessment rebate shall be calculated based on the gallons of odorized propane sold at retail within the state.
- 10.1.2. **Database.** Until a more complete and accurate database can be identified or developed, the latest API data for sales of propane for residential, commercial, industrial, agricultural and engine fuel uses shall be used for determining each state's share of assessment rebate funds.
- 10.2. **Recipients.** Only one entity per state or region shall be recognized as the Council rebate recipient.
- 10.3. **Rebate Recipients.** All payments of assessment rebates shall be made to a state entity, as defined in Section 2.11 of this document, and established by the propane gas trade association which was existing within that state or region on December 31, 1996, or a successor entity thereto.
- 10.4. **Basis of Rebate Payments.** Assessment rebates shall be paid only upon approval by the Council of a specific program or project. *15 USC 6405(e)*
- 10.5. **Rebate Requests.** Requests for assessment rebates or other grant funds shall be submitted by a state entity following procedures outlined in Section 8 of this document.
- 10.6. **Statutory Requirements.** To be approved by the Council, rebate programs and projects shall meet the requirements and limitations of PERA, as amended. A copy of the law is available upon request to the President. Particular emphasis shall be placed on priority issues.
- 10.7. **Agricultural Benefit or Motor Vehicle Fuel.** If the project or program is intended to benefit the agricultural industry, or if it relates to the use of propane as an over-the-road motor fuel, then the amount of money devoted to these activities should be separately stated and clearly identified.
- 10.8. **Accounting and Reporting Requirements.** The Council will ask each successful recipient to sign an agreement that outlines the accounting responsibilities for the use of funds and reporting requirements.
- 10.9. **Disbursement of Funds.** Upon approval of a project or program submitted by a state entity that will use assessment rebates exclusively, the Council shall disburse the funds in advance. For projects or programs to be funded under Section 10.12 of this document, funds may be disbursed in advance or on a reimbursement basis, depending upon the project, the ability of the state entity to meet expenses in advance, and other factors determined by the Council. All new program concepts should be submitted to and approved by the Council as a rebate request prior to implementation.

- 10.10. **Representation of More than One State.** If an entity represents more than one state, such as in the case of a foundation created by the industry to serve the needs of two or more states, the Council shall require a statement from the foundation or other entity that it represents the interests of each state as declared by the retail propane marketers within those states and that it shall use the funds equitably to benefit members in all such states. The Council reserves the right to seek independent verification of such a representation.
- 10.11. **Advisory to State Entities.** The Council shall make available to the state entities regularly updated advisories regarding the use and availability of funds under the assessment rebate program. Such advisories shall clearly specify:
- 10.11.1.1. the amount of assessment rebate money that the state entity was eligible to receive from the Council during the calendar year;
  - 10.11.1.2. the amount of assessment rebate money that was disbursed by the Council to the state entity during the calendar year; and
  - 10.11.1.3. the amount of assessment rebate money, if any, remaining separately accounted in the state entity's name;
- 10.11.2. **Unused Funds.** All assessment rebate money that is unused by a state entity at the end of each successive calendar year will be carried forward and separately accounted in the state entity's name for one year. At the end of the retention year and following notification of the state entity by registered U.S. mail and expiration of the 90-day period provided for response to such notification, the Council may elect to transfer such funds to general revenues or may continue to maintain the funds separately.
- 10.12. **Deference to State Entities.** It is the intent of the Council to defer to the wishes of state entities with respect to the use of assessment rebate funds to the maximum extent possible, consistent with the Council's statutory and fiduciary obligations.
- 10.12.1. **Prohibited Use of Funds.** Section 8 of PERA prohibits the use of assessment funds to influence legislation or elections.
- 10.12.1.1. To ensure compliance with this section, grant or rebate funds may not be used to hire employees at industry trade associations or other organizations that lobby or engage in political advocacy.
  - 10.12.1.2. Grant or rebate funds may not be used by state entities to pay for those aspects of newsletters, web sites, and other means of communications that report on or advocate industry policy and/or political positions with respect to legislation or elections.
- 10.12.2. **Prohibited Use of Funds – General Business Training.** Rebate funds are to be used for training programs that are specific to the propane industry and may not be used to fund programs that address general business skills (i.e. answering the phones, front office etiquette, employee retention, customer relations).
- 10.12.3. **Prohibited Use of Funds – Reimbursement of Certain Expenses.** Except as provided for in section 10.15.1.5, rebate funds may not be used to pay or reimburse industry members for registration, travel and other costs associated with their attendance at state, regional or national conventions.
- 10.12.4. **Prohibited Use of Funds – State Convention Sponsorship.** Rebate funds may not be used to provide a general sponsorship for state association conventions.

- 10.13. **Funding In Excess of State Rebate.** In the event that a foundation or state PERC, as defined in Section 6(e) of PERA, requests funding for one or more projects, the cost of which exceeds the rebate funds that the foundation or state PERC is eligible to receive, the Council may, at its option, fund the excess from the general funds available.
- 10.13.1. Any state entity may request funding for any project or activity without regard to the state rebates and such requests shall be treated by the Council in the same manner as a funding request received from the general public. In the latter case, for such grants, the party making the request may be asked to match all or a portion of the project costs in order to maximize the effective utilization of Council funds.
- 10.14. **Procedures; Disqualification.** Procedures shall be implemented for processing, accounting and auditing of state rebates, including the method of reporting such activity to the Council. As necessary, under conditions to be determined, the Council may disqualify a recipient for misuse of funds.
- 10.15. **Additional Authorized Uses of Rebate Funds.** State entities may use rebate funds for any program or project approved by the Council, including but not limited to:
- 10.15.1. **Foundation Costs.** Rebate funds may be used to defray reasonable operating costs directly related to a state foundation established under these rules for the purpose of receiving rebate funds. Reasonable operating costs include, but are not limited to –
- 10.15.1.1. audit fees
  - 10.15.1.2. government-imposed business or license fees
  - 10.15.1.3. taxes
  - 10.15.1.4. expenditures to conduct and report the minutes of board of directors,
  - 10.15.1.5. reasonable travel expenses directly related to the attendance of not more than one representative of a state entity at: the annual conference with state executives; national and regional conventions (including, but not limited to Midwest Convention, Western Convention and Southeastern Convention); and, other industry events designated from time to time by the Council.
- 10.15.2. **Project Management Costs.** Although Rebates funds shall not to be used to generally subsidize salaries or wages of trade association personnel, provided that such costs are itemized in a rebate funding request at the time it is submitted to the Council, state entities may use rebate funds to pay reasonable professional fees or wages, and related expenses, to personnel, including trade association staff, for services essential to the conduct of rebate projects, including but not limited to –
- 10.15.2.1. developing project funding requests
  - 10.15.2.2. monitoring or supervising project implementation
  - 10.15.2.3. conducting evaluations
  - 10.15.2.4. preparing and filing of project reports.
- 10.15.3 **Training Programs and Products.** Rebate funds may be used to fund programs and products that are funded by the Council at the national level. Acceptable programs and products include, but are not limited to –
- 10.15.3.1. Propane Emergencies
  - 10.15.3.2. CETP

10.15.3.3. Gas Check®

10.15.3.4. fire safety analysis

10.15.3.5. OSHA/DOT compliance materials

10.15.3.6. materials or programs to assist in compliance with local/state requirements or codes.

Other training programs or projects must be approved by the Council in advance of the expenditure of assessment funds.

## **11. Significant Plans, Programs and Projects.**

**11.1. Definition.** A significant plan, program or project shall be any single proposal for funding which, if approved, would consume at least \$1.5 million of the Council's annual budget; or which would represent a substantial departure from the types of plans, programs or projects previously funded by the Council; or which would constitute a substantial departure from the priorities listed in Section 2.6 of this document.

**11.2. Industry Comment.** In accordance with PERA Section 5(i), the Council shall solicit industry comment and recommendations on any significant plans, programs and projects prior to making a funding decision. *15 USC 6404(i)*

**11.3. Method of Solicitation.** Industry comment and recommendations shall be solicited pursuant to procedures set forth in Section 6.1 of this document.

**12. Collections and Enforcement.** A *Manual on Assessment Procedures* has been approved and published by the Council. This *Manual* contains the basic rules governing assessments and their payment to the Council, together with appropriate reporting forms. A copy is available upon request to the President.

**13. Amendment of this Document.** The Council may, by a majority vote, amend the Policies, Rules and Procedures document.

**14. Advisory Committee.** The Council hereby establishes, pursuant to PERA Section 5(i), an advisory committee whose members shall be persons other than Council members.

**14.1. Working Groups.** The Council may from time to time establish working groups within the Advisory Committee.

**14.2. Advisory Committee, and Working Group Chairmen and Vice-Chairmen.** Each working group shall have a chairman and vice-chairman, whose appointments shall be made by majority vote of the Council, and each of whom shall serve a three year term. The Council President and Chief Executive Officer shall designate from time to time, from among the chairmen of the working groups, the presiding officer for each meeting of the advisory committee.

**14.3. Advisory Committee and Working Group Membership.** The Council chairman shall appoint persons to serve as members of the advisory committee. The Council chairman shall, from among the advisory committee members, appoint persons to serve as members of working groups. The appointments shall be reported and recorded in the minutes of the Council meeting following such appointment.

**14.3.1. Terms.** Advisory committee and working group members shall serve a one-year term, which runs consecutively with the term of the Council chairman (July to June). There is no limit to the number of terms advisory committee or working group member may serve, provided that he or she is re-appointed annually.



- 14.3.2. **Ex Officio Members.** Members of the Council may serve as *ex officio* members of the advisory committee and working groups.
- 14.3.3. **Representative Majorities.** The Council shall ensure that the majority of members on the advisory committee and each working group are owners or employees of companies that pay or remit the assessment on odorized propane, although other persons may serve on the advisory committee and working groups.
- 14.3.4. **Staff of Industry Organizations.** Staff members of industry organizations, including the Council, may serve as members of the advisory committee and working groups.
- 14.3.5. **Public List of Membership.** The membership list for the advisory committee and working groups shall be posted and maintained on the Council's Web site and shall be otherwise made available to the public upon request.
- 14.3.6. **Participation and Resignation.** The importance of the advisory committee's and working groups' work requires the active participation of the members.
  - 14.3.6.1. **Missed Meetings.** If an advisory committee or working group member misses two consecutive meetings (including duly scheduled conference calls), he or she shall be notified by a letter that a subsequent absence shall result in removal from the advisory committee and working group membership.
  - 14.3.6.2. **Presumed Resignation.** If an advisory committee or working group member misses three consecutive meetings, that person shall be considered as having resigned from the advisory committee or working group unless extenuating circumstances are made known to the advisory committee or working group chairmen in advance of the third absence.
- 14.4. **Key Roles.** In addition to responding to specific requests from the Council, the advisory committee and working groups shall assist the Council in four general areas, as follows:
  - 14.4.1. **Funding Recommendations.** The advisory committee and working groups shall review, evaluate and make recommendations on funding requests submitted in their respective mission areas. The advisory committee and working groups shall develop and maintain criteria to guide them in this process. While the advisory committee's and working groups' recommendations carry great weight, the Council alone may approve project funding.
  - 14.4.2. **Performance Evaluation.** The advisory committee and working groups shall have a leading role in evaluating the effectiveness of both completed projects and its overall mission to ensure that the industry receives value for its investments.
  - 14.4.3. **Development of Projects.** The advisory committee and working groups assist the Council with its pro-active duty to develop programs and projects in each mission area. The advisory committee and working groups may recommend that the Council initiate and carry out a project or that a request for proposals be issued to obtain competitive bids from vendors to carry out a project.
  - 14.4.4. **Annual Budget.** The advisory committee and working groups shall assist the Council in preparing its annual budget.
- 14.5. **Confidentiality Agreement.** Prior to participating on the advisory committee or working group, a perspective member must agree in writing, on a form provided by the Council, not to disclose or inappropriately utilize confidential information that may come before the advisory committee.

14.6. **Meetings.** The advisory committee and working groups may establish guidelines or procedures for the orderly conduct of business meetings, including but not limited to—

14.6.1. Holding meetings via telephonic conference call;

14.6.2. Distributing meeting materials exclusively through electronic means, such as email;  
and

14.6.3. Creating subcommittees and task forces to work on specific projects or initiatives.

14.7. **Expenditures.** The advisory committee and working groups are not authorized to expend or obligate Council funds except as provided for, in advance, by the Council.