

Flag Manufacturers Association of America

Association BYLAWS

a corporation formed under the New Jersey Nonprofit Corporation Act

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ARTICLE I: Organization Name

The name of the association shall be the Flag Manufacturers Association of America, Inc. (hereafter, the “Association”).

ARTICLE II: Principal Place of Business

The principal office of the Association shall be located in the United States at a location agreed upon by the Board of Directors.

ARTICLE III: Purposes and Objectives

SECTION 1: Vision and Mission

The Association is organized and shall be operated exclusively to promote and represent the common business interest of, and improve business conditions among, members of the United States manufactured flag industry, within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986, as amended from time to time (hereafter, the “Code”), by engaging in activities such as the following:

- A. Educating members of the general public about the United States manufactured flag industry and its significance to community, economic, and social development;
- B. Providing a proper, practical, and efficient means of maintaining contacts among members of the United States manufactured flag industry and local, state, and federal government; and
- C. Facilitating the exchange of information within the industry by sponsoring educational seminars, conferences, programs, and assist members in maintaining compliance to existing standards/laws on matters relating to the development and enhancement of the United States manufactured flag industry.

SECTION 2: Assets and Liabilities

The Association shall carry on such activities as are consonant with the purposes set forth in Section 1 above. No part of the net earnings of the Association shall inure to the benefit of any incorporator, Member, Director, or Officer of the Association, or of any other private individual, except that the Association is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. In the event of dissolution of the Association, in accordance with the applicable laws of the State of New Jersey, all assets, after payment of all liabilities and other obligations, shall be delivered as a contribution to a non-profit organization, as selected by a two-thirds majority of the Manufacturer Members of the Association, which is engaged in activities substantially similar to that of the dissolving corporation, and no part of the assets shall inure to the benefit of any member of the Association.

SECTION 3: Status of Organization

It is intended that the Association shall have the status of an organization that is exempt from federal income tax under the Code, as an organization described in Section 501(c)(6) of the Code. Notwithstanding anything to the contrary contained herein, these Bylaws shall be construed, and all authority of the Association shall be limited, accordingly.

ARTICLE IV: Membership

SECTION 1: Membership Categories

Any legally established entity that conforms with the following business classifications may be admitted to membership in the Association:

- A. Manufacturer (Voting). Applicant shall be a business organized under the laws of the United States or any state, territory or insular possession thereof, which is engaged in the production and distribution of United States flags (Harmonized Tariff Schedule 6307.90.98.25) of U.S. origin in compliance with the applicable country of origin and marking requirements of the United States Customs Service (19 CFR Parts 102 and 134) and the Federal Trade Commission (16 CFR Part

303). Consistent with Customs regulation 102.21(e), this definition excludes businesses organized under the laws of the United States or any state, territory or insular possession thereof engaged in the production and distribution of United States flags where the fabric-making process takes place in a foreign country. Legal entity must directly employ a minimum of 25 employees on an average annual basis. Refer to Attachment 1 for the tiers of membership for this category.¹

- B. Supplier (Limited Voting).² Applicant shall be a U.S. business entity with activities that relate to the manufacture and distribution of U.S. flags, but that does not qualify as a Manufacturer Member (as defined above), such as raw material suppliers, component and equipment suppliers, non-retail distributors, importers and service organizations; *excluding, however*, retailer merchants, flag dealers and retail organizations. Refer to Article VI, Section 2 for Board representation within this category.³
- C. Affiliate Members (Non-Voting). Affiliate Members may be conferred by a majority of voting members upon individuals who have an interest in supporting the U. S. flag industry and who would not routinely be eligible for membership (i.e.; individuals either currently serving or retired from the U. S. military, current or retired member of Congress, individuals representing organizations supporting the flag industry, etc). An Affiliate Member shall have all rights and privileges of membership, except the right to vote or hold office.

SECTION 2: Application Process

Application for membership shall be submitted on the membership application form provided by the Association and accompanied by remittance covering membership dues for one year. An applicant shall be accepted for membership provided that it is approved by a majority vote of the Board of Directors present at a regular or special meeting, or a Membership Committee that may

¹ Changes to existing membership categories approved by the Board; 03/15

² Related Industry Membership deleted and replaced by Supplier Membership; 03/15

³ Changes to membership categories approved by the Board; 03/15

be established by the Board. In the event that an applicant is denied membership, such applicant shall have the right to appear before the Board of Directors (or the Membership Committee, if established) to appeal the decision. After such appearance, the Board will review the applicant's application and appeal and the applicant may be admitted to membership by a majority favorable vote of all of the Board of Directors.⁴

SECTION 3: Voting Rights for Manufacturer Members

Each Manufacturer Member of the Association shall be entitled to one vote on all matters that come before the membership. Each Manufacturer Member shall designate an individual who shall act as the primary contact for the manufacturer member company and exercise the voting power of his or her organization. The designation may be changed by the organization at any time upon 30 days notice to the Executive Director⁵ of the Association. The individual designated may appoint an alternate to attend and vote at any meeting, or submit a written proxy, provided that notice of such fact is given to the Executive Director of the Association. (Note: this representation is separate from representation on the Board. Refer to Article VI, Section 2 for Board representation.)⁶

SECTION 4: Resignation

The resignation of a Member may be accepted at any time by the Board of Directors provided written notice has been given to the Executive Director and all dues and obligations to the Association, including dues for the current fiscal year, have been paid in full.

SECTION 5: Termination/Suspension of Membership

For cause, any Member may be suspended or its membership terminated. Sufficient cause for such suspension or termination shall be failure to pay dues and assessments, violation of these Bylaws or rules or practices properly adopted by the Association, or any other conduct prejudicial to the interests of the Association. Such suspension or termination shall be by two-

⁴ Added an appeal process - approved by the Board; 03/15

⁵ "President" replaced by "Executive Director" per Board approval; 03/15

⁶ Representation clarified and approved by the Board; 03/15

thirds vote of the Board of Directors present at a regular or special meeting, provided, however, that a statement of the charges shall have been sent by registered mail to the last recorded address of the Member at least 30⁷ days prior to the scheduled meeting. This statement shall be accompanied by a notice of the time and place of the meeting of the Board of Directors at which the charges shall be considered and the Member shall have the opportunity to appear in person or by its representative and present any defenses to such charges before action is taken thereon. Within 10 business days of the Committee rendering a finding on the complaint, the Chair shall provide written notice of the Board's finding to the Executive Director. An appeal of the Board's decision shall be submitted in writing to the Executive Director within 10 business days of the date of issuance of the Board's decision or finding. All appeals will be heard by the Board, who will be asked to consider the initial complaint and supporting documents. The Board's finding on appeal would be final and binding upon all parties to the complaint and shall be reported in writing to the Executive Director and the respective parties within 10 business days of the issuance of the decision.⁸

SECTION 6: Failure to Maintain Membership Requirements

The Board of Directors shall terminate the membership in the Association of a Member that ceases to meet the requirements for membership as stated in Section 1 of this Article. An Officer of the Association may, on his own initiative, and shall, at the request of any Member, investigate any change in the name, personnel or business of any Member and shall submit a report of his or her investigation to the Board of Directors. If such report recommends the termination of membership, the Member shall be offered an opportunity to personally appear before the Board of Directors (see Section 5 above). After such personal appearance, or failure to appear at the appointed time, the Board of Directors may, by a two-thirds vote of the members of the Board present at a regular or special meeting, terminate the membership of any such Member. The Member has the right to appeal the Board's decision (see Section 5 above).⁹

⁷ Changed to 30 days from 15; 03/15

⁸ Clarified the process for removal and added an appeals processed; approved by the Board 03/15

⁹ Appeal process added and approved by the Board; 03/15

ARTICLE V: Finances and Dues

SECTION 1: Fiscal Year

The fiscal year of the Association shall begin on the first day of January of each year and end on the thirty-first day of December.

SECTION 2: Dues and Assessments

Each Member shall pay dues and assessments in amounts determined annually by the Board of Directors, which shall be sent to the Association's principal office for deposit.

SECTION 3: Non-Payment of Dues

A Member suspended from the Association for nonpayment of dues and/or assessments may, upon a two-thirds vote of the Board of Directors present at a regular or special meeting, be reinstated to membership upon payment to the Association of the dues and/or assessment in arrears.

SECTION 4: Association Funds and Records

The funds of the Association shall be deposited in a general account in the name of the Association subject to withdrawal in such a manner as may be determined by the Board of Directors. Accounting records and books of account shall be maintained at the Association's office. All Association records shall be available for review to any voting member upon 48 hours written notice to the Executive Director. All records covering the Association's general account shall be reviewed or audited by independent auditors as determined by the Board of Directors, and a report of such review or audit shall be delivered to the Board of Directors within 150 days following the conclusion of the Association's fiscal year.

ARTICLE VI: Board of Directors

SECTION 1: Number and Terms of Board Members

The Board of Directors shall consist of no less than three nor more than 21 persons. Any addition or reduction to the current number of Board members must be approved by a majority

vote of the Board of Directors.¹⁰ The term of each elected member of the Board of Directors shall be three (3) years with a maximum Board term of two consecutive three year terms. The Board, by majority vote, may elect to suspend a term limit if deemed necessary due to lack of available candidates.¹¹

SECTION 2: Representation

Representation on the Board is determined by membership level (see Attachment 1):¹²

Platinum Manufacturer (Level 1) - Each Platinum Manufacturer Member Company is entitled to one Board position. The Company shall nominate one individual, who will be affirmed via membership vote. Platinum Member Companies may also designate a non-voting advisory member to participate in Board meetings.

Gold Manufacturer (Level 2) - Gold Manufacturer Members may occupy a maximum of two Board positions at any time. Each Company shall nominate one individual. If there are two or less companies at this level, these individuals will be affirmed via membership vote. If there are more than two companies at this level, two individuals will first be selected by the member companies in this category for subsequent vote and approval by the membership.

Silver Manufacturer (Level 3) - Silver Manufacturer Members may occupy a maximum of one Board position at any time. Each Company shall nominate one individual. If there is only one company at this level, this individual will be affirmed via membership vote. If there is more than one company at this level, one individual will first be selected by the member companies in this category for subsequent vote and approval by the membership.

¹⁰ Added per Board approval; 03/15

¹¹ Added per Board approval; 03/15

¹² All membership levels revised and approved by the Board; 03/15

Gold Supplier (Level 1) - Gold Supplier Members may occupy a maximum of two Board positions at any time. Each Company shall nominate one individual. If there are two or less companies at this level, these individuals will be affirmed via membership vote. If there are more than two companies at this level, two individuals will first be selected by the member companies in this category prior to vote and approval by the membership.

Silver Supplier (Level 2) - There is no Board representation.

Bronze Supplier (Level 3) - There is no Board representation.

SECTION 3:¹³ Board Nominations

Nominations of individuals for the Board from each membership category (as outlined in Section 2) shall be made to the Executive Director no later than 30 days prior to the scheduled date of the annual election, which shall be conducted in the fourth quarter of each year. The slate of candidates for the Board shall be affirmed by a majority of the Manufacturer Members at a scheduled meeting or via electronic vote. Each elected member of the Board of Directors shall assume such office on January 1 of the following year.

SECTION 4:¹⁴ Participation

Upon initial admission to membership in the Association as a Manufacturer Member, such Member may participate in meetings of the membership. Platinum Members may appoint a representative to the Board immediately, for affirmation by the Board. All other members must wait until the next scheduled election to seek representation.

SECTION 5: Designation

A member of the Board of Directors may designate another person actively engaged in the business concern of his or her Member Company to act as his or her alternate when unable to attend.

¹³ Entire section revised and approved by the Board; 03/15

¹⁴ Section revised to reflect seating of new Members based on category; 03/15

SECTION 6: Board Proxy

The individuals elected as members of the Board of Directors are so elected as representatives of the business concern of the Manufacturer Member in whose name the membership stands. If a member of the Board of Directors no longer represents the qualified Manufacturer Member of record of this Association, then such Member may name another person actively engaged in the qualified Member's business to be its representative until the next scheduled election.

SECTION 7: Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any of its meetings. A majority of the Board members present shall be necessary to effect all motions, unless otherwise provided.

SECTION 8: Governance

The Board of Directors shall constitute the governing body of the Association. It shall be vested with full power and authority to carry out the purposes for which this Association is organized and put into effect all resolutions and decisions of the Association. In addition to the general powers over the affairs of the Association, the Board of Directors shall have the express power to exercise general supervision over the receipts and expenditures of the Association, fill any vacancies in any offices of the Association or in the Board of Directors, define the duties of Officers, fix the compensation of employees, agents and independent contractors of the Association, and do all other acts and things which it deems to be in the interest of the Association.

SECTION 9: Meetings

Meetings of the Board of Directors shall be held as directed by the President¹⁵ of the Board, or by motion of the Board of Directors, but there shall be not less than two (2) meetings in any fiscal year.

¹⁵ "President" replaced "Chairman" per approval by the Board; 03/15

SECTION 10: Minutes

Directors may participate in a meeting of the Board of Directors by means of teleconference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this sentence shall constitute presence in person at such meeting. The minutes and actions from the meetings shall be taken by Association staff and disseminated to the Directors within 15 business¹⁶ days following the meeting, and Directors may submit any revisions/additions/deletions within a reasonable time (not to exceed 30 days) following receipt of the minutes. The Board will vote to approve the minutes as amended no later than at the next regularly scheduled meeting. The President has the authority to call for an electronic vote for approval of the minutes prior to the next meeting.¹⁷

SECTION 11: Compensation/Reimbursement

The Directors shall not receive compensation from the Association for performance of their duties as members of the Board of Directors. To the extent determined by the Board of Directors, a Director may receive reimbursement for reasonable expenses incurred in service to the Association.

ARTICLE VII: Committees

SECTION 1: Committee Designation

The Board of Directors may, by resolution passed by a majority of the Board, designate a Committee, consisting of two or more Directors of the Association. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Association.

¹⁶ Timeframe clarified; 03/15

¹⁷ Process for review and approval of minutes documented; 03/15

SECTION 2: Minutes/Reports

Each Committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

ARTICLE VIII: Officers

SECTION 1:¹⁸ Election

The Board of Directors shall elect officers by majority vote of the Board of Directors immediately following the election of the Board during the fourth quarter of each year. Officers must be a member in good standing of FMAA for a minimum of one year and shall hold office for a period of one year, but may be re-elected for an additional term, for a maximum of two consecutive one-year terms. Officers elected at the initial meeting of the Board shall hold office until the first annual meeting of the Association is held (refers to initial start-up of Association). In the event of a tie for an office(s) there will be a runoff between the two candidates.

SECTION 2: Officers

The officers of the Association shall consist of the following:

- A. The President¹⁹ of the Board shall be a Director selected by the Board of Directors by majority vote. The President shall preside at all meetings of the Board of Directors and participate as a Director as set forth in Article VI hereof.
- B. The Vice President²⁰ shall be a Director selected by the Board of Directors by majority vote. He or she shall have all powers and duties as generally are incident to the position of Vice President or as may be assigned to him or her by the President or the Board of Directors. The Vice President shall assume the duties of the President in the event that a vacancy occurs in the office of the President.
- C. The Treasurer shall be a Director selected by the Board of Directors by majority vote. The Treasurer shall review Associate financial statements on a monthly basis and work with the Executive Director to develop an annual operating

¹⁸ Section revised with Board approval to set qualifications and terms; 03/15

¹⁹ "Chairman" replaced by "President" per Board approval; 03/15

²⁰ "Vice Chairman" replaced by "Vice President" per Board approval; 03/15

budget. The Treasurer shall present to the Board any requests for funding that exceeds the current operating budget, and approval shall be granted by a majority vote of the Board. The Treasurer shall have all such further powers and duties as generally are incident to the position of Treasurer or as may be assigned to him or her by the President or the Board of Directors. The Treasurer position may be combined with the Secretary position if approved by a majority of the Board.²¹

- D. The Secretary shall be a Director selected by the Board of Directors by majority vote. The Secretary shall review all draft minutes as prepared by the Executive Director prior to review and approval by the Board.²² The Secretary shall have all such further powers and duties as generally are incident to the position of Secretary or as may be assigned to him or her by the President or the Board of Directors. The Secretary position may be combined with the Treasurer position if approved by a majority of the Board.²³
- E. An Executive Director²⁴ may be hired by the Board of Directors to administer the affairs and activities of the Association and fulfill the duties of chief operating officer of the Association. The Board shall fix his or her compensation and tenure of office and prescribe, and may from time to time alter, his or her powers and duties. The Executive Director is a non-voting member of the Board of Directors.

SECTION 3: Duties and Responsibilities

The duties and responsibilities of the Officers may be further defined by resolution of the Board of Directors.

ARTICLE IX: Meetings of Members

SECTION 1: Annual Meetings

One annual meeting of the Members shall be held at a time and place to be determined by the Board of Directors. Notice of the annual meetings shall be mailed to each Member setting forth

²¹ Practice added per Board approval; 03/15

²² Practice added per Board approval; 03/15

²³ Practice added per Board approval; 03/15

²⁴ "Chairman" replaced by "Executive Director" per Board approval; 03/15

the time and place of such meetings at least two weeks in advance thereof. Meetings may be held within or without the State of New Jersey, at the discretion of the Board of Directors.

SECTION 2: Other Meetings

Other meetings of the Association may be called by the President of the Board, or upon written request by one-third of the Manufacturer Members, provided that notice of all meetings shall be mailed or emailed to each Member setting forth the time and place of such meetings at least two weeks in advance thereof.

SECTION 3: Quorum

A quorum at all meetings of the Association shall be fifty percent of the voting members. If no quorum is present, the presiding officer may adjourn the meeting from time to time until a quorum is present.

ARTICLE X: Bylaws: Right to Alter - Amend - Repeal

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds of the Board of Directors present at any regular or special meeting of the Board, provided that written notice of the proposed alteration, amendment or repeal shall be sent to each member of the Board at least 10 days in advance of the date of said meeting to permit such member to attend. These Bylaws may also be altered, amended or repealed by seventy-five percent of the votes of the Members of the Association provided that written notice of the proposed alteration, amendment or repeal shall be sent to each Member of the Association at least 10 days in advance of the date of said meeting to permit said Member to attend.

ARTICLE XI: Indemnification

No member of the Board of Directors or Officer of the Association shall be personally liable to the Association or its Members for damages for breach of any duty owed to the Association or its Members, provided, however, that this Article shall not relieve a member of the Board of Directors or Officer of the Association from liability based upon an act or omission: (i) in breach of such person's duty of loyalty to the Association or its Members; (ii) not in good faith or involving a knowing violation of law; or (iii) resulting in receipt by such person of improper personal benefit.

The Association shall indemnify a Member of the Board of Directors or officers in accordance with NJSA15A:3-4.