

Association For Creative Industries

Bylaws

NOVEMBER 2017

ARTICLE I Name and Location

Section 1. Name

The name of this organization shall be the Association For Creative Industries (AFCI), a non-profit corporation incorporated under the laws of the State of Illinois.

Section 2. Location

The principal office of AFCI shall be in such locality as may be determined by the Board of Directors.

ARTICLE II Mission and Objectives

Section 1. Mission

The mission of AFCI shall be to stimulate the sales growth of the creative industry, with particular emphasis on the sales growth of AFCI's membership.

Section 2. Objectives

Specific objectives shall be articulated in the Board of Directors' Governing Policies as defined by the global ends statements.

ARTICLE III Membership and Dues

Section 1. Membership Categories and Qualifications

Any person/company involved in the creative industry is eligible to become an active member of AFCI. The membership shall consist of the following categories:

BUYER: AFCI member whose principal business is purchasing creative merchandise to resell to an end user. This includes acquiring goods for institutions or professional craft producers.

- Independent Retailer
- Multiple Store (Chain) Retailer
- Internet/Catalog Only Retailer
- TV/Media Sales Retailer
- Institutional Buyer
- Professional Craft Producer

SUPPLIER: AFCI member whose principal business is supplying creative merchandise through manufacturing, publishing, distributing, or providing services to member companies.

- Manufacturer
- Distributor
- Publisher (Trade or Consumer)
- Service Provider (Marketing, Product Development, Consultant)

DESIGNER: AFCI Member who conceives, invents, creates or executes decorative crafts or artistic work for licensing or for sale to members of the creative arts industry.

PROFESSIONAL MAKER/DIYer: AFCI member whose principle business is a professional maker/DIYer/crafter with a home-based creative arts industry business that creates finished products or handmade/one-of-a-kind items, gifts or collectibles are produced and sold.

EDUCATOR/DEMONSTRATOR: AFCI member whose principle business is as an educator/demonstrator for a store, studio, private/public school or other educational institution; conducts classes which use products from the creative arts industry; is directly involved in instructing students in using craft materials, products and supplies as part of their education and does not have any buying authority from their employer.

DIGITAL CONTENT CREATOR: AFCI member whose principle business is as a professional digital content creator for a creative arts industry business. Digital Content Creators post original, creative arts industry related news at least once per week to their blog or are paid to pin/post to a website on behalf of a creative arts industry company. Their content extends beyond newsletters, forums and/or personal diaries. A Digital Content Creator must have more than 1,000 page views per month.

MANUFACTURER REPRESENTATIVE: A AFCI member whose primary business is as an individual sales agent or a sales agent firm that represents and sells products offered by current AFCI supplier and distributor members; is paid by commission by their clients; and calls on wholesale and retail accounts within the creative arts industry; and does not manufacture products or carry inventory of the products they sell or represent.

EMERITUS MEMBERSHIP: AFCI membership that recognizes and includes those who have served AFCI and the creative arts industry and are now partially or fully retired; having been employed by a AFCI member for 10 or more years.

START-UP MEMBERSHIP: AFCI member that has been in business for less than two years; has annual sales under \$100,000; and has not been a AFCI member within the past two years. The Start-up category is available for no more than two consecutive years.

- Start-up Buyer
- Start-up Supplier
- Start-up Maker/DIYer

Section 2. Application for Membership

All applicants for membership shall submit an application form accompanied by one year's dues to AFCI's principal office. Should any membership application not meet membership qualifications, it will be forwarded to AFCI staff for review.

Section 3. Classes of Membership

The three classes of membership are Voting, Affiliate and Honorary memberships.

Section 3.1. Voting Members

The membership categories, as defined in Article III, Section 1, shall be voting members.

Section 3.2. Affiliate Membership

Affiliate membership may be conferred upon any non-profit organizations who are directly involved in or have strong influence in the creative industry on a professional basis and will contribute to the mission of AFCI (as defined in the By-laws Article II, section 1*). It is at the discretion of the CEO of AFCI to decide which member benefits will accrue to an affiliate member based on a determination of reciprocity in the relationship between an affiliate and AFCI specifically regarding trade shows and research. Such membership may only be conferred by the Board of Directors. Each Affiliate Member will name two (2) Designated Representatives to act as liaison. The Designated Representatives of an Affiliate Member shall be entitled to a voice, but not

a vote, on issues brought to the membership for vote/election.

Section 3.3. Honorary Members

Honorary members are those persons upon whom membership has been conferred by resolution of the Awards Committee. Honorary members shall be entitled to a voice, but not a vote, on issues brought to the membership for vote/election.

Section 4. Designated Representatives

Each voting member not an individual shall appoint and certify to the AFCI Secretary a person from the member's firm to be its AFCI Designated Representative who shall represent and act for the member in all AFCI affairs. If a member's Designated Representative cannot act, the member may designate an alternate from its firm by a letter authorizing such representation presented to the Secretary in advance of such action. No individual may be the Designated Representative of more than one company.

Section 5. Suspension or Removal

Any member may be suspended or removed for cause. Sufficient cause shall be the violation of the provisions of these Bylaws or any agreement or rule adopted by the Board of Directors, or any other conduct prejudicial to the interest of AFCI. Such suspension or removal shall be by a two-thirds vote of the Board of Directors, provided that a statement of charges shall be forwarded by certified mail to the last recorded address of the member and the Board will not take action until fifteen days after delivery of the statement. Such statement shall be accompanied by a notice of the time and place of the meeting of the Board of Directors at which the charges are to be considered and notice of the member's right to appear, in person or by representative, to present any defense to such actions.

Section 6. Termination of Membership

Termination of membership shall occur as a result of death of an individual member, liquidation, dissolution, or voluntary withdrawal. Membership may be terminated for non-payment of dues or other amounts due AFCI. The right of a member to vote, and all other privileges and interest of a member in AFCI shall cease upon the termination of membership.

Section 7. Annual Dues

The Board of Directors shall establish annual dues for all AFCI voting members. Annual dues for all voting members shall be based upon the guidelines set forth by the Dues and Membership Committee. An annual cost of living increase based on the most recent CPI index will be applied to all dues levels unless directed otherwise by the Board of Directors.

If a member falsely reports the size of its business in order to reduce the dues payment, such member shall be either (1) expelled from AFCI membership or (2) subject to such other penalty as approved by the Board of Directors. No dues shall be refunded to any member whose membership terminates for any reason.

ARTICLE IV Funds and Finance

Section 1. Fiscal Period

The Board of Directors shall prescribe the fiscal period of AFCI.

Section 2. Financial Management

The Board shall adopt policies governing AFCI's financial management, and shall take steps as necessary to assure adherence to such policies. All funds of AFCI must be used for the purposes of AFCI and shall not inure to the benefit of any member.

Section 3. Reserve Guidelines

To protect AFCI against unforeseen events, AFCI shall seek to maintain a reserve of not less than 20% or more than 50% of annual operating revenue based on prior year-end audited results.

Section 4. Spending Limit

The budgeted deficit for any fiscal year shall be limited to no more than 3% of the Unrestricted Net Assets of AFCI reflected in AFCI's statement of financial position at the end of the previous fiscal year unless the Board votes by a two-thirds majority to budget a higher deficit.

Section 5. Audit

On an annual basis, AFCI shall undergo an audit of its books and records in accordance with auditing standards generally accepted in the United States of America.

ARTICLE V Membership Meetings

Section 1. Annual Meeting

The Annual Meeting of AFCI shall be held at such time and place as the Board of Directors may designate. Notice of the time and place of the Annual Meeting, and an agenda shall be sent to each member at least 60 days in advance of such meeting.

Section 2. Special Meetings

Special Meetings of AFCI's membership may be called by the Board Chairman or by the request of one-third of the members of the Board of Directors or by a petition of one third of the Voting Members addressed to the Secretary, who will issue the call thereof. Notice of the time and place of such meeting, and an agenda for such meeting, including descriptions of any changes in the Bylaws proposed by the members who petitioned for such Special Meeting shall be sent to each member at least twenty and not more than sixty days in advance of such meeting.

Section 3. Quorum

Five Percent (5%) in person or by proxy of the voting members shall constitute a quorum for the transaction of business at any meeting of the members, provided that a lesser number may meet and adjourn from time to time or adjourn *sine die*. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the originally scheduled meeting.

Section 4. Voting

In all meetings of the members, each voting member shall have one vote. Unless otherwise specifically provided by these Bylaws, a majority vote of those members present and voting shall govern. Voting may take place by other means as allowed under the laws of the State of Illinois.

The Board of Directors may authorize an action by resolution adopted by the Board, but subject to a poll confirming AFCI member approval.

Section 5. Proxies

Every voting member and Designated Representative of a voting member may authorize another person or persons to act for the member by proxy. Every proxy shall be executed in writing by the voting member or the member's Designated Representative, except that a proxy may be given by a voting member or the Designated Representative by facsimile, telegram, e-mail or its equivalent. A proxy shall not be valid for more than 11 months unless a longer time is expressly provided therein, but in no event shall a proxy be valid after three (3) years from the date of

execution. A proxy shall be revocable at will. A proxy shall be revoked by the death or incapacity of an individual member. The presence at any meeting of any member who has given a proxy shall not revoke the proxy unless the member shall file written notice of revocation with the Secretary prior to the voting of the proxy. A person named in a proxy as the attorney or agent of a member may, if the proxy so provides, substitute another person to act in that person's place, including any other person named as an attorney or agent in the same proxy, provided any such substitution shall not be effective until an instrument effecting it is filed with the Secretary.

ARTICLE VI Officers

Section 1. Elected Officers

The elected officers of this Association shall be the Board Chairman/Chief Governance Officer (CGO), the Vice Chair of the Board and the Secretary, to be elected by the Board of Directors at the regularly scheduled Fall Meeting.

Section 2. Eligibility for Office

Any member of the Board of Directors shall be eligible for nomination and elections to any elective office of AFCL. Directors running for Vice-Chairman may not be further along than in their second to last year of board service when they begin their first term as Vice-Chairman.

Section 3. Nominations and Elections

At its Fall Meeting each year, the Board of Directors shall elect, through written ballot, a Board Chairman/CGO, Vice Chair, and Secretary, each of whom shall serve for the ensuing year. Any person nominated for office shall have given prior consent. Elections shall be by simple majority. In the event of any tie, the candidate with the smallest number of votes shall be eliminated and another ballot conducted until one candidate achieves a majority of votes.

Section 4. Term of Office

Elected officers shall take office immediately following election at the Fall Board Meeting, and shall serve for the ensuing year until a successor is duly elected and qualified.

Section 5. Re-election

Elected officers are eligible for re-election for an additional one-year term. No elected officer, having served two full terms, shall be eligible for re-election to the same office until at least one year has elapsed.

Section 6. Vacancies

Vacancies on the Board of Directors (other than Board Chairman) may be filled for the remainder of the term by the Board of Directors in regular or special session. The appointed members will stand for review by the Nominating Committee at the end of the term. Appointment to a vacant Board term for more than one-half of the full term shall count as a full term.

ARTICLE VII Duties of Officers

Section 1. Board Chairman/Chief Governance Officer (CGO)

The Board Chairman/CGO ensures the fulfillment of the Board's governance obligations presides over meetings of the Board and Membership and shall fulfill other responsibilities as designated. The Board Chairman does not have a vote on the Board of Directors except as a tiebreaker. The Board Chairman shall also serve as an ex-officio member, with the right to vote, on all Board committees except the Nominating Committee.

Section 2. Vice Chair

The Vice Chair will perform the duties of the Board Chairman/CGO in the event of the Board Chairman/CGO's absence or temporary inability to serve. Service as Vice Chair includes the responsibility to prepare to serve as CGO, as the Vice Chair generally will succeed to the office of Board Chairman/CGO. Possible CGO service is a criterion to be used by the Board for such election. The Board of Directors may delegate other duties to the Vice Chair.

Section 3. Secretary

The Secretary shall keep or cause to be kept the corporate records of AFCL, including but not limited to minutes of all meetings of the members and of the Board of Directors, and the governing policies of the Board. The Secretary shall monitor conformance to the Bylaws and adopted policies of the Board and advise the Board Chairman/CGO and Vice Chair of any questions of inconsistency with the Bylaws or adopted policies of the Board. The Secretary shall be responsible for ensuring the proper and legal mailing of notices to the members, and shall fulfill other responsibilities as maybe designated from time to time by the Board.

ARTICLE VIII
The Board of Directors

Section 1. Authority and Responsibility

The governing body of AFCI shall be the Board of Directors, which shall have supervision, control and direction of the affairs of AFCI. The Board may adopt such rules, regulations and policies for the conduct of its business as deemed advisable, and may in the execution of the powers granted delegate certain of its authority and responsibility to the elected officers, board committees and the Chief Executive Officer.

Section 2. Composition

The Board of Directors shall consist of a minimum of eleven (11), a maximum of fifteen (15) members, plus any officers serving as board members beyond their two-term limit. If at any time there shall be fewer than 11 members, then notwithstanding any other provision in these Bylaws the remaining members then in office shall have the authority to fill the vacancies under Section 7. All members of the Board of Directors must be a voting member or be employed by a voting member. No two Directors, at any time, may be employed by the same voting member.

Section 3. Manner of Election in Turn

Directors shall be elected at each Annual Meeting. All Directors shall hold office for a term of three (3) years, or until their successors are duly elected and qualified.

Section 4. Re-election/Term Limitations

Directors may serve a maximum of two consecutive three-year terms, with a three-year hiatus prior to re-eligibility. The member may apply no sooner than thirty-six (36) months following their end of term period.

Section 5. Compensation and Expense Reimbursement.

Directors shall serve without compensation. However, by resolution of the Board, Directors may be reimbursed for reasonable and direct expenses incurred in the carrying out of their duties.

Section 6. Nominations and Election

The call for nominations for directors will be made by the Nominating Committee. The Nominating Committee shall submit to the Board of Directors their recommendations for new Directors. Notice of such nominations by petition and the names of the candidates selected by the Nominating Committee shall be mailed by the Secretary to the voting members pursuant to Article IX. Additional nominations may be made in the form prescribed by the Nominating Committee.

Section 7. Vacancies

Vacancies on the Board of Directors (other than Board Chairman/CGO) may be filled for the remainder of the year by the Board of Directors in regular or special session. New members of the Board may be appointed from the designated alternate candidates named in the most recent nomination cycle.

The Board of Directors may fill vacancies and the appointed members will stand for review by the next Nominating Committee. Appointment to a vacant Board term for more than one-half of the full term shall count as a full term.

Section 8. Lapse of Membership

If a Director leaves the employ of a voting member, the Director shall be considered to have resigned his Board seat six months from the notification date of termination of active employment. If during the six-month period, the resigning Director is re-employed by a voting member, the Director may be requalified by a majority vote of the Board of Directors.

Section 9. Quorum of the Board

The presence of a majority of the eligible voting Directors shall constitute a quorum for the transaction of business, and any such business thus transacted shall be valid provided it is affirmatively passed upon by a majority of those present.

Section 10. Meetings

The Board of Directors shall have no fewer than two (2) regular meetings per year. The Board Chairman may, when deemed necessary, or the Secretary shall, at the written request of five members of the Board, issue a call for a special meeting of the Board. Five days notice shall be required for such special meetings. Members of the Board of Directors may hold meetings without the customary notice, provided a waiver of notice signed by all the members of the Board is executed before or after such meeting, except that attendance at a meeting without protest of lack of notice shall constitute a waiver of notice.

Section 11. Consecutive Absence

Any Board Member who shall have an absence of two consecutive regular meetings of the Board of Directors shall be deemed to have resigned from the Board of Directors and the vacancy shall be filled as provided by these Bylaws.

Section 12. Immediate Past Chairman

The Board Chairman, upon relinquishing office, shall become a non-voting (ex-officio) member of the Board of Directors for a period of one year, unless the term as an elected Director has not expired.

ARTICLE IX
Board Committees

Section 1. Nominating Committee

The Nominating Committee shall be composed of three members and two alternates elected from the incumbent Board of Directors, and three members and two alternates elected from among the voting members. One of the members of the Board of Directors shall be elected to serve as Chair of the Nominating Committee.

The Nominating Committee shall nominate candidates for the office of Director to be elected at the next Annual Meeting. The Nominating Committee shall notify the Secretary in writing, at least 75 days prior to the Annual Meeting, of the names of the candidates. The Secretary shall mail the names of such candidates to the members at least 60 days before the Annual Meeting. The Nominating Committee shall function independently of the AFCI CEO, AFCI staff, Board members, and/or members not serving on the committee. Any information received from external sources will be treated as input but not direction.

Members of the Nominating Committee may serve a maximum of two consecutive one-year terms with a three-year hiatus prior to re-eligibility. Four members of the Nominating Committee, with no less than two members elected from the Board and two members elected from the general membership shall constitute a quorum at Committee meetings.

Section 2. Audit Committee

An Audit Committee of at least three financially knowledgeable Board members together with at least one financially knowledgeable non-Board member shall be appointed by the Board annually. The Audit Committee shall be responsible for engaging an independent certified public accountant to conduct an annual audit of AFCI finances in accordance with auditing standards generally accepted in the United States of America. At the conclusion of the audit, the Audit Committee shall review with the independent auditor the audit related findings and then report the findings, together with the audit, to the Board of Directors.

Section 3. Other Board Committees

In addition to the Nominating Committee and the Audit Committee, the Board may establish, from time to time, such committees as it deems necessary or beneficial to assist it in its governance work. The resolution establishing such committees shall state the purpose, time line and authority of each committee.

ARTICLE X
Category Interest Groups

Section 1. Category Interest Groups

There are, within AFCI, groups from various sectional interests that are united by their mutual involvement with a specific category of products in the creative industry. These groups may wish to organize informally to discuss their specific interests and problems and to communicate information to the Board of Directors relating to the group's specific interest.

Section 2. Meetings

The Board of Directors may provide for meetings of the different Category Interest Groups in accordance with AFCI meeting standards.

ARTICLE XI
Chief Executive Officer

Section 1. Appointment

The Board of Directors shall employ a Chief Executive Officer (CEO). The Board of Directors, in a written contract, shall specify the terms and conditions of employment.

Section 2. Authority and Responsibility

The CEO shall manage and direct all day-to-day and operational activities of AFCI in accordance with these Bylaws and the Board's Governing Policies. The CEO shall be responsible for the employment of additional staff in a manner consistent with the Board's Governing Policies. The CEO may establish operating committees comprised of Board members, his/her staff, AFCI members and/or other interested parties for purposes he/she may deem necessary or beneficial in the performance of his/her duties.

ARTICLE XII
Contracts and Indemnification

Section 1. No Personal Liability.

No contract entered into by or on behalf of the AFCI shall personally obligate any member, elected officer, Director, the CEO or any staff person authorizing such contract or executing the same.

Section 2. Indemnification

The elected officers, Directors, Committee and taskforce members, CEO and staff of AFCI, individually and as a group, shall be indemnified by AFCI to the fullest extent permitted under Illinois law against all claims and liabilities and reasonable expenses, including attorney's fees, actually and necessarily incurred by them in connection with the

defense of any claim, or action, or in connection with an appeal therein, arising out of their actions on behalf of AFCI except in matters as to which such person or persons have been adjudged to have acted in bad faith.

ARTICLE XIII Dissolution

Section 1. Dissolution

AFCI may be dissolved upon a vote of two-thirds of the voting members. Notice of a Special Meeting, stating the purpose, time and place thereof, shall be mailed to each voting member at his/her latest known address at least thirty days prior to the date on which the meeting is to be held.

Section 2. Distribution of Assets

Upon dissolution of AFCI after all liabilities are fully paid or reserved against, a distribution shall be made of the remaining assets among such organizations exempt from Federal income taxation under Internal Revenue Code section 501 (c) (3) as may be designated by the Board of Directors.

ARTICLE XIV Parliamentary Authority

For Membership Meetings, the rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern the conduct of meetings in all cases to which they are applicable and in which they are not inconsistent with Illinois law or these Bylaws or any special rules of order the Board of Directors may adopt. Robert's Rules of Order may be invoked at a meeting of the Board of Directors by the Board Chairman/CGO, or by a majority of those present.

ARTICLE XV Amendment of Bylaws

Section 1. Amendments

These Bylaws may be amended or repealed by a two-thirds vote of the Board of Directors at a meeting duly called and regularly held, notice of such proposed changes having been sent in writing to the Board of Directors seven days before such meeting. These bylaws may also be amended by the voting members pursuant to the provisions of Illinois law.