



# Bylaws of the National Fluid Power Association

Last revised – October 9, 2014

## Article I – Name

**Section 1.** The name of this corporation shall be the National Fluid Power Association (the “Association”). The Association shall be organized under the laws of the Illinois General Not-For-Profit Corporation Act (the “Act”). The Association shall continuously maintain in the State of Illinois a registered office and a registered agent whose office is identical with that registered office, and may have such other offices in or out of the State of Illinois as the Board of Directors may from time to time determine.

**Section 2.** The term "Fluid Power" refers to all components, packages and systems for the generation, transmission, conditioning, application, and control of hydraulic and pneumatic power.

## Article II – Scope

**Section 1.** This shall be a non-profit trade association whose members, having recognized their mutual trade problems, have joined together to further the objects and purposes in Article III.

**Section 2.** This shall be a trade association whose members are each engaged in the design, manufacture and distribution of hydraulic and/or pneumatic products (components) essential to fluid power systems or who shall have otherwise qualified as hereinafter provided.

## Article III – Purposes and Objects

**Section 1.** The purposes and objects of this association shall be as set forth in the Articles of Incorporation which are as follows:

- (a) To act for and represent, on a worldwide basis, companies active in the U.S. Fluid Power Industry.
- (b) To provide the primary link between companies active in the U.S. Fluid Power Industry and fluid power users, producers and general interests worldwide.
- (c) To engage in any activities which may further the application of fluid power to the machines of industry wherever it can be used to conserve human effort, enhance safety, increase efficiency or lower the cost of production.
- (d) To cooperate with joint industry committees and conferences where such activities are intended to advance the performance and application of fluid power products (components) by means of better materials, improved designs and, where practical, standardization.
- (e) To encourage the organization of committees in all appropriate engineering societies for the purpose of furthering the art and science of applied fluid power.

- (f) To give aid and support to activities for the promotion of engineering meetings, conferences, and seminars aimed at advancing the knowledge and understanding in the field of applied fluid power.
- (g) To represent the members, wherever it may be helpful and constructive, to agencies of the Federal Government, to any other segment of industry, to any user organizations, or to industry committees.
- (h) To undertake any practical and appropriate activity or project designed to further the proper use and application of fluid power products (components) by means of educational programs and material.
- (i) To study intra-industry problems, where practical, and exchange know-how in matters of marketing, manufacturing, finance, or engineering—leading to increased business efficiency and improved products and performance of the industry.
- (j) To promote and conduct intra-association activities encouraging the continued maintenance of the industry of the highest ethical standards.
- (k) To do anything necessary and proper for the accomplishment of any objects herein set forth or which shall be recognized as proper and lawful objectives of trade associations, all of which shall be consistent with the public interest, as well as the interest of this industry and trade.

## Article IV – Membership

**Section 1. Manufacturer Members.** Any firm or corporation or subsidiary or division thereof maintaining offices and manufacturing/assembly facilities in a country that is a member of the North American Free Trade Agreement (“NAFTA”) shall be eligible for Manufacturer Membership in the Association if it meets all three of the following criteria for engineering, manufacturing and sales:

- (a) **Engineering.** For a minimum of two years the company shall have engaged in the design of proprietary products for the fluid power industry. Such products include fluid power components and complementary products such as controls and sensors that become a part of fluid power products. Modifications of products (such as port sizing and mounting mechanics) designed by others or by affiliates or the packaging of components made by others (such as circuit design and the design of power units) shall not be considered as fulfilling this criteria.
- (b) **Manufacturing.** For a minimum of two years the company shall have engaged in the manufacturing of proprietary products for the fluid power industry. Companies whose operations involve assembly rather than manufacturing will satisfy this requirement only if they maintain total design control over the resulting products.
- (c) **Sales.** The company's proprietary manufactured fluid power products are marketed and sold in the United States; or the company's proprietary manufactured complementary products are intended for installation on proprietary fluid power finished products that are, in turn, marketed and sold in the United States.

Prospective and existing Manufacturer Members have an affirmative obligation to verify to the satisfaction of the Association that they meet (or continue to meet) all criteria for membership in the Association as a Manufacturer Member.

**Section 2. International Members.** Any firm or company or subsidiary or division thereof which does not maintain manufacturing or assembly facilities, as described above, in a NAFTA country, but otherwise meets all

of the membership criteria specified under Article IV, Section 1, is eligible for International Membership in the Association.

**Section 3. Supplier Members.** There are two types of Supplier Members:

- (a) **Product Supplier Member.** A firm or company that maintains offices and manufacturing/assembly facilities in a country that is a member of NAFTA and manufactures/assembles:
  - (i) subcomponents (elements of a fluid power component); and/or
  - (ii) materials used to make a fluid power component or its subcomponents; and/or
  - (iii) products that enhance the performance of a fluid power system.
  
- (b) **Service Supplier Member.** A firm or company with offices located in a country that is a member of NAFTA and whose involvement with the fluid power industry is:
  - (i) The publication of trade journals, technical journals or textbooks pertaining to the fluid power industry; and/or
  - (ii) Research and/or technical services for the fluid power industry; and/or
  - (iii) Software and/or programming services for the fluid power industry; and/or
  - (iv) Fabricating, machining and/or remanufacturing fluid power components.

**Section 4. Distributor Members.** Any firm or corporation engaged in the distribution, integration or application of fluid power products for one or more manufacturers eligible for Manufacturer Membership in the Association is eligible for Distributor Membership in the Association.

**Section 5. Educator Members.** Any educational institution, whether public or private, that teaches fluid power to students or performs fluid power research is eligible for Educator Membership in the Association.

**Section 6.** Regulations applying to the election of new members and to the representation, resignation, suspension and expulsion of members shall be established by the Board of Directors. Censure, suspension, expulsion or other discipline of members shall be by a two-thirds majority of the entire Board of Directors, provided that a statement of the charges shall have been mailed by certified mail to the last recorded address of the member at least fifteen (15) days before final action is to be taken. 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 and/or to be represented by counsel and to present any defense to such charges before action is taken by the Board of Directors. In addition, the membership of any member who is in default of payment of dues or assessments for more than 90 days, or otherwise becomes ineligible for membership, shall be terminated automatically unless such termination is delayed by the Board of Directors.

**Section 7. Rights and Duties.**

- (a) All members are eligible to serve on committees and to attend the member meetings and social functions of the Association, but only Manufacturer and Distributor Members (sometimes referred to herein as “voting members”) may vote. Each voting member shall have one (1) vote on matters submitted to a vote of the membership. All member entities shall designate a person, who shall be a full time employee of such member entity, as its official company representative (“OCR”) in the Association. The OCR shall be the only person authorized to vote on behalf of the voting member.

- (b) Only full time employees of voting members may vote, hold office in the Association and serve on the Association's Board of Directors, except as otherwise set forth in these Bylaws.

## **Article V – Member Meetings**

**Section 1.** There will be an Annual Meeting of the members held in conjunction with the Association's Annual Conference, unless otherwise ordered by the Board of Directors, for the election of Officers and Directors, for receiving the annual reports, and for the transaction of such other business as may properly come before it. Notice will be given at least five (5) but no more than sixty (60) days in advance of the Annual Meeting.

**Section 2.** Additional meetings of the Association's members may be called by the Board of Directors. Also, upon the written request of twenty-five (25) percent of the voting members, the Board of Directors shall call a special meeting to consider a specific subject. Notice will be given at least five (5) but no more than sixty (60) days in advance of these meetings.

**Section 3.** Time and location of member meetings and regulations applying to notices, nature of business and the like, shall be as established by the Board of Directors in accordance with the requirements of the Act.

### **Section 4.**

- (a) Ten percent (10%) of the voting members of the Association, represented in person or by proxy, shall constitute a quorum for the transaction of business at any duly called meeting of the members, provided that if less than a quorum is present, a majority of the voting members present may adjourn the meeting to another time without further notice.
- (b) The act of a majority of the voting members present (in person or by proxy) at a duly called meeting at which a quorum is present shall be the act of the members, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.
- (c) The voting members may take action on any item of business by ballot without a meeting in writing by mail, e-mail, or any other electronic means in accordance with the relevant provisions of the Act, as amended from time to time.

## **Article VI – Order of Business**

**Section 1.** Except as otherwise herein provided for, the most current edition of *Robert's Rules of Order* shall govern in all questions of business and parliamentary procedure.

## **Article VII – Board of Directors**

**Section 1.** The management, affairs, business and policies of the Association shall be vested in a Board of Directors consisting of the Chairman of the Board, Vice Chairman, Treasurer, Secretary, the two most recent Past Chairmen (serving ex-officio, with vote) (all as described in Article VIII, below), and twelve (12) additional members to be duly elected by the voting members from among the members at large (the "At-Large Directors"). The twelve at-large director positions will be allocated to Manufacturer, Distributor and Supplier members according to the percentage of overall dues revenue generated from these three membership types. The allocation of at-large director seats may be adjusted each fiscal year, according to a rolling average of dues revenue percentages over the previous three years. Regardless of dues revenue percentage calculations, there will always be no fewer than one at-large director position allocated to distributors and no fewer than one at-large director position allocated to suppliers. Newly-elected Directors shall assume the performance of their

duties on July 1st following their election, and shall continue in office until their successors shall be duly elected and qualified. Notwithstanding anything set forth in these Bylaws to the contrary, the two (2) most recent Past Chairman need not be currently employed by a member entity in order to complete their term in office on the Board.

**Section 2.** The Board of Directors shall oversee the management of the Association, taking action, as necessary and desirable for the conduct of the business of the Association in accordance with these Bylaws.

**Section 3.**

- (a) Regular meetings of the Board of Directors shall be held at least three times each year to transact such business as may properly come before it. The Board of Directors may provide by resolution the time, date and place of all regular meetings of the Board without other notice than such resolution. It shall also meet upon the call of the Chairman or upon the request of four or more members of the Board of Directors. At least fifteen (15) days written notice shall be required for such special meetings.
- (b) The Board of Directors may invite non-voting observers from important constituencies to participate in Board meetings and Board discussions.

**Section 4.** A simple majority of voting Board members then in office shall constitute a quorum, and an affirmative vote of at least two-thirds of the voting members present, but not less than seven (7) affirmative votes, shall be required for the passage of any motion.

**Section 5.** The term in office of At-Large Directors shall be three (3) years, and At-Large Directors may not serve more than two (2) consecutive terms in office. The term in office of the two immediate past Chairmen of the Board shall be one (1) year.

**Section 6.** Any elected Officer or Director who fails to attend a majority of meetings without good reason shall be automatically removed from the Board.

**Section 7.** An Executive Committee consisting of the Chairman of the Board, Vice Chairman, Treasurer, Secretary, Immediate Past Chairman, and Chief Executive Officer of the Association (“CEO”) shall act for the Board in the interim between its three yearly meetings, except as otherwise set forth in these Bylaws or the Act. When matters require the immediate action by the entire Board, the Executive Committee will call for an interim meeting or conference call.

**Section 8.** The CEO shall be invited to attend and participate in all Board meetings (except those held in executive session), but shall have no voting rights and shall not be counted for purposes of determining a quorum.

## **Article VIII – Officers**

**Section 1.** The Officers of the Association shall be Chairman of the Board, Vice Chairman, Treasurer, Secretary, Chief Executive Officer (“CEO”), and such other officers as may be approved by the Board of Directors.

**Section 2.** The Chairman of the Board, Vice Chairman, Treasurer, and Secretary shall be elected at the Annual Meeting from among the voting members at large. They shall hold office for one year, effective July 1st following, and until their successors are duly elected and qualified. They shall serve without compensation. The Chairman may not be elected for two consecutive terms.

**Section 3.** The Chairman of the Board shall: (a) preside at all meetings of the membership at large and of the Board of Directors, (b) work with the CEO to direct the Association towards meeting its objectives, (c) represent the Association to members and external audiences, and (d) perform such other duties usually incumbent upon a Chairman of the Board and not otherwise herein delegated.

**Section 4.** The Vice Chairman shall: (a) assist the Chairman of the Board in furthering the objectives of the Association, (b) perform the duties of the Chairman of the Board in his absence, and (c) chair a committee charged with setting the theme and objectives, identifying education topics, and recruiting speakers for the Association's Annual Conference.

**Section 5.** The Treasurer shall: (a) have charge and custody of and be responsible for all of the Association's funds and securities, (b) receive and give receipts for money due and payable to the Association from any source whatsoever, and (c) deposit all funds of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article XIV of these Bylaws. The Treasurer shall render his or her reports at the Annual Meeting of the Association and whenever called upon by the Board of Directors. The duties of the office, but not the responsibilities, may be assigned in whole or in part to the CEO or his or her designee by action of the Board of Directors.

**Section 6.** The Secretary shall: (a) keep the minutes of the meetings of the members and the Board of Directors, (b) see that all notices are duly given in accordance with the provision of these Bylaws or as required by law, and (c) be custodian of the Association's records and see that books, reports, statements, certificates and all other documents and records required by law are properly kept. The duties of the office, but not the responsibilities, may be assigned in whole or in part to the CEO or his or her designee by action of the Board of Directors.

**Section 7.** The Association's CEO need not be a member of the Association. The office of CEO shall be filled by appointment by the Board of Directors, which shall also establish and determine his or her term of office and compensation.

**Section 8.** The administrative and day-to-day operation of the Association shall be the responsibility of the CEO, who shall be, as determined by the Board of Directors, either a salaried management level employee of the Association or the chief staff officer identified by a third party management firm hired by, and responsible to, the Board of Directors. The CEO shall have the authority to execute agreements, contracts, and other instruments on behalf of the Association in the ordinary course of business or that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed. The CEO may carry out such other duties as may be specified by the Board of Directors. The CEO also shall have the authority, subject to such rules as may be adopted by the Board of Directors, to appoint such agents and hire employees of the Association as he or she shall deem necessary, to prescribe their powers, duties, and compensation, and to delegate authority to them. Such agents and employees shall, subject to any existing contract rights, hold their positions at the discretion of the CEO. The CEO shall attend and participate in all meetings of the Association's Board of Directors and Committees except as otherwise provided by the Bylaws. The CEO in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time. The CEO shall, from time to time as requested by the Board of Directors, make reports of the Association's business and affairs to the Board of Directors.

## **Article IX - Annual Elections**

**Section 1.** Nominations of eligible members to serve as Officers and Directors shall be made by a Nominating Committee and submitted to the membership at large by publication not less than ten (10) days prior to the first

day of the Annual Meeting. The Nominating Committee shall nominate only one person for each vacancy to be filled. The Nominating Committee shall use diligence in selecting qualified candidates so that linkages exist between the Board of Directors and the Distributor and Supplier Councils, and that the principal segments of the Fluid Power Industry are fairly represented: manufacturers of hydraulic, pneumatic and complementary products, as well as companies of small, medium and large size.

**Section 2.** Nominations may also be made by the voting membership at large when submitted in writing to the CEO not later than the day before the election and endorsed with the names of not less than ten percent (10%) of the Association's voting members.

**Section 3.** No member company may be represented in more than one elective office or directorship at a time.

**Section 4.** Vacancies in any office or directorship occurring during the official year may be filled by the Board of Directors until the next Annual Election, when they shall be filled by the vote of the voting members at large for the unexpired term, if any.

**Section 5.** Whenever an excess of names is offered in an election, the election shall be by secret ballot. (Tellers shall be designated by the Chairman of the Board.) The numerical results shall not be made public. Qualified nominees receiving the greatest number of votes for each vacancy shall be declared elected.

**Section 6.** Elective offices and directorships in the Association attach to the individuals so elected as long as they remain eligible, and not to the companies they represent, so long as this provision does not conflict with Section 3 above.

## **Article X - Committees**

**Section 1.** The Nominating Committee will normally be comprised of the Executive Committee unless otherwise appointed by the Board of Directors.

**Section 2.** The Board of Directors shall approve the formation of the standing and special committees necessary to effectively govern the Association. The Board of Directors shall establish rules and procedures, as required to assure the effective operation of these committees.

## **Article XI - Dissolution**

**Section 1.** If it should be deemed advisable in the judgment of the Board of Directors that this Association be dissolved, such proposal shall be submitted to the voting members in writing. Upon adoption of the proposal by two-thirds of the voting members, the Board of Directors shall wind up the affairs of the Association. No member of the Association shall have any individual rights to any part of the assets or any voice in the determination of their disposal.

In the event of the dissolution of the Association, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Association, dispose of all of the remaining assets of the Association (except any assets held by the Association upon condition requiring return, transfer or other conveyance in the event of dissolution, which assets shall be returned, transferred or conveyed in accordance with such requirements) exclusively for the purposes of the Association in such manner, or to such organizations recognized under Sections 501(C)(6) or 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue statute, as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the court of general jurisdiction of the county in which the principal office of the Association is then located, exclusively for such purposes in such

manner, or to such organization or organizations, which are organized and operated exclusively for such purposes, as said court shall determine.

## **Article XII - Amendments**

**Section 1.** These Bylaws may be amended, repealed, or altered, in whole or in part, by two-thirds affirmative vote of the Board of Directors present at any duly authorized meeting of the Board of Directors at which a quorum is present.

## **Article XIII - Statement of Indemnification**

**Section 1.** The Association shall have the power to indemnify any person who is or was a director, officer, employee, or agent of the Association and their heirs, administrators, executors and assigns, and each of them, who is or was serving at the request of the Association as a director, officer, employee, or agent and their heirs, administrators, executors and assigns, and each of them, of another association, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted by law. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association and their heirs, administrators, executors and assigns, and each of them, who is or was serving at the request of the Association as a director, officer, employee, or agent and their heirs, administrators, executors and assigns, and each of them of another association, corporation, partnership, joint venture, trust or other enterprise, against any liability as asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such whether or not the Association would have the power to indemnify him or her against such liability.

## **Article XIV - Finance**

**Section 1.** The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

**Section 2. Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 3. Deposits.** All funds of the Association shall be deposited to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

**Section 4. Bonding.** The Board of Directors shall provide for the bonding of such officers and employees of the Association as it may from time to time determine.

**Section 5. Gifts.** The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

**Section 6. Books and Records.** The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board of Directors, and any committees having the authority of the Board of Directors. The books and accounts of the Association shall be audited annually by accountants selected by the Board of Directors.



**Section 7. Fiscal Year.** The fiscal year of the Association shall begin 1 July of each year and end on 30 June of the following year. The Board of Directors can decide to change the timeframe of the Association's fiscal year with a two-thirds affirmative vote of the total number of voting members of the Board of Directors and with notice that is at least six months prior to the following fiscal year.

## **Article XV - Waiver of Notice**

**Section 1.** Whenever any notice is required to be given under applicable law, the Articles of Incorporation or these Bylaws, waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## **Article XVI - Use of Electronic Communication**

**Section 1.** Unless otherwise prohibited by law, (i) any action to be taken or notice delivered under these bylaws may be taken or transmitted by electronic mail or other electronic means; and (ii) any action or approval required to be written or in writing may be transmitted or received by electronic mail or other electronic means.

## **Article XVII – Meeting by Conference Call**

**Section 1.** Any action to be taken at a meeting (of the voting members, directors, etc.) may be taken through the use of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such a meeting shall constitute presence in person at the meeting of the persons so participating.