

HOBBY MANUFACTURERS ASSOCIATION

BYLAWS

AND

STANDING RESOLUTIONS

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HMA Bylaws & Standing Resolutions

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Bylaws of the Hobby Manufacturers Association

Article I - Name

1. Name. The name of this Association is the Hobby Manufacturers Association (“HMA” or the “Association”). The Association is a 501c6 “not-for profit” trade association incorporated in the state of New Jersey.

Article II - Mission and Object

2.1 Mission. The mission of the Hobby Manufacturers Association is to stimulate the growth of the model hobby industry and to offer unique benefits to members and affiliated companies, including providing industry statistics, and legislative information when appropriate and necessary.

2.2 Objective. HMA’s objective is to promote the general interests of all persons engaged in the buying, distributing, manufacturing, or selling of model hobby merchandise including but not limited to model railroads, die cast models, and radio control hobbies thus providing an arena in which its members can achieve greater individual growth under a collective organization. To achieve this end, HMA will conceive, develop and implement programs to foster the model hobby industry expansion and will pursue enhanced member benefits via economies of scale.

Article III - Definitions

3.1 Hobby. A “hobby” is a self-expressive leisure time pursuit in which a person is involved in doing, making or collecting.

3.2 Model Hobby Industry. The model hobby industry consists of all businesses engaged in any way in the manufacture or distribution of model hobby merchandise, including those businesses engaged in producing materials, publishing, and/or providing services related to the model hobby industry.

Article IV - Membership

4.1 Eligibility. Any individual, firm, or corporation and associated subsidiaries lawfully engaged in the model hobby industry are eligible for HMA membership in accordance with these Bylaws.

4.2 Classification of Members. There shall be two classes of HMA Members: Voting and Non-Voting.

4.3 Voting Members. There shall be the following categories of HMA Voting Members: Manufacturer/Importer and Publisher (Consumer and Trade).

4.4 Non-Voting Members: There shall be the following categories of Non-Voting Members: Distributor, Manufacturer Representative, Retailer, Service Supplier, Affiliate, and Lifetime. Non-voting members are not eligible to serve on the HMA Board of Directors.

4.5 Affiliate Members. Any non-profit organization whose aims, goals and product interest are compatible with those of HMA may be an HMA Affiliate Member.

4.6 Lifetime Membership. Lifetime Membership may be conferred by resolution of the HMA Board of Directors upon any individual

who has made significant contributions to the industry and who has either retired or left the industry.

4.7 Membership Applications. Application for HMA membership (accompanied by one year's dues) shall be made to the HMA Board of Directors.

4.8 Termination of Membership. Membership in HMA shall be terminated by the Board of Directors for non-payment of dues after expiration of a period of sixty (60) days from the due date or by liquidation, dissolution, voluntary withdrawal, or violation of these Bylaws. The right of a member to vote, and all other privileges and interest of a member in HMA shall cease upon the termination of membership.

4.9 Designated Representatives. Each voting member shall appoint and certify to the HMA Secretary of the Board a person from the member's firm to be its HMA Designated Representative who shall represent and act for the member in all HMA affairs.

4.9.1 Where 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.

4.9.2 No individual may be the Designated Representative of more than one member.

Article V – Product Divisions

5.1 Product Divisions. There are, within the association, groups from various industry segments that are united by their mutual involvement with a specific product in the hobby industry. The three charter divisions of the HMA are the International Model Hobby Manufacturers Association (Plastics & Die Cast), Model Railroad Industry Association (MRID), and Radio Control Hobby Trade Association (RC). The fourth Product Division, General Hobby, was recognized by the Board of Directors, July 19, 2006. These groups are represented on the Board of Directors and are formally organized to discuss their specific interests and problems, to communicate information to their division members, and to develop programs and services that relate to the group's specific interest. Such Product Divisions will be encouraged and supported by having access to meeting and telecommunications services, direct communication to the Board of Directors, and representation on the Association's Board of Directors and committees. Divisions may be added by petition of the unique product interest groups to the Board of Directors.

5.2 Organization. The governing body of each product division shall be called a "council". The individual council shall define its own organizational procedures and guidelines that must be approved by a majority of the HMA Board of Directors. The council shall elect officers for a set term as devised by the product division. The product division council may appoint any committees it deems necessary to meet the programmatic needs of its members.

5.3 Board Representation. Each product division shall select members to serve on the Board of Directors per article 9.2 according to nomination and voting procedures each division shall devise.

5.4 Member Selection of Product Division. Each voting member shall select one product division for membership election and voting procedures. This classification can be changed yearly with the renewal of dues.

5.5 Additional Member Selection of Product Division. Subsidiaries and divisions of member companies in different product division categories and who exhibit subsidiaries separately from the parent company at industry trade shows, may join the HMA separately from its parent company and may select its own membership product division annually.

Article VI – Dues

6.1 Fixed by Standing Resolution. Annual dues for all HMA voting and non-voting membership categories shall be fixed from time to time by the newly elected HMA Board of Directors under Standing Resolution #1. Dues will be structured similar to the dues currently being collected for the separate association. The HMA board will make every effort to streamline the operations of the association which will result in dues that are as reasonable as possible. Annual dues for Manufacturers/Importers and Consumer and Trade Publishers shall be based upon the gross sales volume of business transacted in the model hobby industry no matter how or to whom sold. Dues for non-voting membership categories will be shown under Standing Resolution #1. For reporting purposes the volume during the member's most recent fiscal year ending on or before the June 30 immediately preceding the calendar year for which the dues apply will be used. If a member falsely reports the volume of its business in order to reduce the dues payment, such member shall be either (i) expelled from HMA membership or (ii) subject to such other penalty as proposed by the HMA Board of Directors.

6.2 Payment of Dues. Dues for each calendar year shall be payable upon receipt of invoice or by July 1. A member will be delinquent after July 31 in the same calendar year nonpayment of any dues or assessments.

Article VII - Funds

7.1 Association Funds. All funds of the Association must be used for the purposes of the Association and shall not inure to the benefit of any member.

7.2 Product Division Funds. The Board of Directors shall establish a pool of funds annually for the maintenance and operation of the Product Divisions. The funds available from non-HMA show revenues shall be based on the percentage of dues each division represents to the total dues revenue. Excess revenues from HMA shows will be distributed to the divisions based on the proportion of square footage occupied by exhibitors of each division. These funds shall be budgeted annually based on the previous year's dues income. Funds generated by divisions for additional programs will be administered by the division councils. The HMA is entitled to remuneration when the divisional activities utilize HMA resources.

7.3 Members' Equity. The Members' Equity shall equal the net worth of the Association (i.e., the excess of total assets over total liabilities), and shall consist of two components captioned

‘Contingency Reserve’ and ‘Unappropriated Members’ Equity’, respectively, on the Association’s balance sheet.

7.4 Contingency Reserve. A Contingency Reserve of 20% of the administrative budget of the previous year shall be continually maintained.

Article VIII- Meetings

8.1 Annual Meetings. The Annual Meeting of the Association shall be held at such time and place as the Board of Directors may designate. Notice of the time and place of such meeting, and an agenda for such meeting, including proposed amendments of Bylaws or Standing Resolutions, shall be mailed to each member at least sixty days in advance of such meeting.

8.2 Special Meetings. Special Meetings of the Association may be called by the President 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 of the Association 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 Board proposed or enacted changes in the Bylaws or Standing Resolutions, shall be mailed to each member at least fifteen days in advance of such meeting.

8.3 Product Division Meetings. The Board of Directors shall recognize meetings of the different Product Divisions of Members (see Section 5.2), each under its elected division chair. Product Division meetings can be declared “open” or “closed,” in part or entirely, by the Council’s Officers and Directors.

8.4 Quorum. The quorum for the transaction of business at the annual meeting or a special meeting of the Association shall consist of the voting members present.

8.5 Executive Session. The Board of Directors may go into closed door session with a majority vote of those present and may choose to include only voting members.

Article IX – Board of Director Elections

9.1 Eight Member Board. Subject to Article 9.2, Members of the Board of Directors shall consist of eight voting members. All Directors must be employed by a Voting Member. To avoid any appearance of a conflict of interest, no two Directors, at any time, may be affiliated with or share any legal or corporate interests with one another.

9.2 Representation. The eight members of the Board of Directors shall consist of the following: two representatives each from the model railroad product division, the model and die cast product division, the radio control product division, and the general hobby product division.

9.2.1 National Retail Hobby Stores Association. There will be one voting representative to the Board of Directors from the National Retail Hobby Stores Association.. The National Retail Hobby Stores Association will select the representative who will have the same term limits as members of the HMA Board.

9.2.2 Immediate Past President. The immediate past president

of the Board will serve as an ex officio, non-voting member of the Board as long as he/she serves in that capacity.

9.3 Election of Directors. Each division shall establish in their bylaws a mechanism to elect individuals who will represent the division as members of the HMA Board of Directors. The division must identify and elect their Directors at least 15 days prior to the annual meeting.

9.4 Director Term of Office. The typical term of office for each director is three years. The term of office for directors shall begin immediately following the association's annual meeting. Directors shall serve without compensation except for expense allowance specified in these bylaws.

9.5 Limitations of Consecutive Terms of Directors. Directors may serve a maximum of two consecutive three-year terms. Eligibility to serve on the board again is restored following a minimum one-year absence.

9.6 Officers Elected From Board. The Board of Directors shall elect a President, a Vice President, a Secretary, and a Treasurer.

9.7 Vacancies. Vacancies on the Board of Directors or in HMA offices shall be filled for the unexpired term by the Division Councils. A special election shall be called by the Board to fill any officer vacancies.

9.8 Lapse of Membership. If a Director leaves the employ of a voting member, at the discretion of the Board, the Director shall have 30 days from the date of termination of active employment to be employed by a HMA voting member in the same division or to resign his directorship.

9.9 Director Conflict of Interest. Directors of HMA must avoid any conflict of interest that might arise between their duties as directors of the association and its specific programs including trade and consumer shows, and other professional or business responsibilities. If such conflicts exist, directors will a) disclose situations or areas in which it might appear that the Director has conflicting duties to other associations or hobby industry shows; b) invite any further review by HMA of any aspect of these situations or areas that HMA might consider appropriate; and c) take other steps, such as avoiding deliberation or resolution of certain issues or even resigning from the board if necessary to protect against liabilities arising from conflicts of interest.

Article X - Board of Directors

10.1 Management Vested in Board. The management of affairs and business of the Association shall be vested in the Board of Directors.

10.2 Authority. The Board of Directors shall have authority to engage and discharge employees and agents of the Association, fix salaries, suspend or expel members, create committees, conduct trade promotion activities including advertising, publicity and public relations, hold and promote trade shows, meetings and conventions at such time and place as it deems desirable, and do all other things necessary to the conduct of the business of the Association in accordance with these Bylaws.

10.3 Meetings. The President may, when he deems necessary, or the Secretary shall, at the request of five members of the Board, in writing issue a call for a special meeting of the Board. Ten days notice by certified mail 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 waiver of notice. Whenever in the judgment of the President a non-binding mail poll of the Board of Directors is desirable, he may direct that such a poll be taken. Meetings of the Board of Directors may be held by conference telephone call.

10.4 Quorum. A majority of the Board of Directors shall constitute a quorum.

Article XI - Officers

11.1 President. The President shall be the Chief Executive Officer of the Association and shall preside at meetings of the Association and of the Board of Directors. The President shall be an ex-officio member of all committees. The President shall appoint all Standing and Special Committees.

11.2 Vice President. The Vice President shall undertake such duties as may be assigned to him by the President and the Board of Directors. In the absence of, or inability of the President to act, the Vice President shall have all the powers and shall perform all the duties of the President.

11.3 Secretary. The Secretary shall be responsible for the keeping of the minutes of all meetings of the Board of Directors and of the membership. The Secretary shall affirm the presence of a quorum at all meetings of the Board and the membership.

11.4 Treasurer. The Treasurer shall be responsible for all the funds and investments of the Association, shall devise an annual budget, and shall be responsible for ensuring the books and accounts of the Association are audited. The Treasurer shall chair the Planning and Budget Committee.

11.5 Election of Officers. Election of all officers of the Association will occur at the board meeting immediately prior to the Annual Membership Meeting with installation of officers occurring at the conclusion of the Annual Membership Meeting.

11.6 Term of Office for Officers. All officers elected by the Board of Directors shall serve a one year term with a limit of two consecutive terms for that position.

Article XII - Executive Director

12.1 Executive Director. An executive director shall be retained by the Board of Directors as either an employee or agent of the Association and shall perform such duties as are ordinarily performed by such executive and such other duties shall be assigned to the executive director by the President or Board of Directors. The executive director shall have direct voice in the deliberations of the Board of Directors and the right to recommend, but not vote. The executive director shall be responsible to the President and the Board of Directors for the day-to-day management of the

Association in accordance with policy defined by these bylaws and by the Board.

Article XIII - Contracts and Indemnification

13.1 No Personal Liability. No contract entered into by or on behalf of the HMA shall personally obligate any member of the Association or the officers authorizing such contracts or executing the same.

13.2 Indemnification. All Officers and Directors of the Association, individually and as a group, shall be indemnified by the Association against 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 the Association except in matters as to which such Directors or Officers are adjudged to have been guilty of acting in bad faith.

Article XIV - Dissolution & Distribution of Assets

14.1 Dissolution. This Association may be dissolved upon a vote of two-thirds of the Voting Members. Notice of said meeting, stating the purpose, time and place thereof, shall be mailed to each member of the Association at the latest known address at least thirty days prior to the date on which the meeting is to be held.

14.2 Distribution of Assets. Upon final dissolution of the Association and surrender of the organization and name, and after all debts of the Association are fully paid, a distribution shall be made of the remaining funds or property of the Association among such organizations exempt from Federal income taxation under Internal Revenue Code section 501 (c) (6) as may be designated by the Board of Directors.

Article XV - Seal

15.1 Seal. The Association shall have a seal of such design as the Board of Directors may adopt.

Article XVI - Fiscal Year

16.1 Fiscal Year. The fiscal year of the Association shall be established by the Board of Directors.

Article XVII - Order of Business and Rules

17.1 Order of Business. The Order of Business for Annual Meetings of the Association shall be decided by the President.

17.2 Rules. Robert's Rules of Order Revised shall govern in all cases not herein provided for.

Article XVIII - Standing Committees

18.1 Standing Committees. Each Association Standing Committee shall consist of three or more members. Terms of office will be two years with a limit of two consecutive terms. The Standing Committees shall be:

i. Show Committee. The show committee will develop and monitor a show (or shows) that meet the needs of HMA members. The show committee will report to the HMA board of directors with their observations and recommendations for the show(s). The show committee will be composed of two members each from the radio

control, plastics, model railroad and the general hobby divisions and two representatives from NRHSA. The committee will elect the chair. The HMA executive director will serve as an ex-officio, non-voting member. Budgets for any show will be presented to the Planning and Budget Committee for review and comment.

ii. Planning and Budget Committee. The planning and budget committee will draft and recommend to the Board of Directors the annual HMA budget. The committee will also receive and make recommendations on all division requests for: a) activities requiring contractual agreements and b) on additional funding. The committee will be composed of the HMA treasurer and one member from each division who will be selected by the respective division. The HMA treasurer will be the committee chair.

iii. Marketing Committee. The Marketing & Promotion Committee will seek and develop approaches to increase the visibility of the model hobby industry to the general public. The committee will be appointed by the president and approved by the board.

iv. Education Committee. The Education Committee will seek, develop and coordinate approaches that further the model hobby industry through advancement of programs to educate the general public and industry members. The chair of the committee will be appointed by the HMA president. In addition to the chairperson there will be five members representative of the four divisions and an appointee from NRHSA.

v. Safety & Standards Committee – The Safety and Standards committee will review and report on any industry standards of concern to HMA members. The committee will also make recommendations for industry guidelines on safety and standards.

Article XIX - Amendments of Bylaws

19.1 Amendments by Directors. The Bylaws may also be amended at any duly constituted regular or special meeting of the Board of Directors by two-thirds vote of the entire Board of Directors, and such amendment shall be effective immediately. Said amendment may be rescinded at the next or subsequently duly constituted Annual or Special Meeting by a seventy percent vote of the Voting Members present and entitled to vote.

19.2 Amendments by Membership. The Bylaws may be amended by membership initiative. The process will begin when a petition containing such proposed Bylaw changes and a brief statement of the reasons for such changes has been circulated and signed by members constituting no less than ten (10) percent of the total members eligible to vote. Within 45 days of his receipt of the petition, the Executive Director shall mail a ballot to all eligible members containing a brief statement in favor of and opposed (if any) to the proposed Bylaws change, together with the official mail ballot. Within 45 days of the postmark date of such mailing, all official ballots must be mailed back and a majority of all eligible members shall be required to approve the proposed Bylaw change.

Standing Resolutions

#1 Voting Procedures

1. Election of Officers. All elections of officers of the Association will be by simple majority.

2. Election of Board

Candidates by Product

Divisions. Each product division shall nominate and elect their representatives to the HMA Board of Directors through procedures defined in the divisions' bylaws.

#2 Dues

Annual Membership Dues Schedule

A. Dues for Voting Members:

Based on the annual gross sales of each member company:

Sales under \$250,000.....\$ 200

\$250,000 to \$750,000.....\$ 400

\$750,000 to \$3,000,000.....\$ 600

**\$3,000,000 to
\$6,000,000.....\$1,000**

Over \$6,000,000.....\$1,500

Voting Member will include:

1. Manufacturer/Importer – a company which itself manufactures a model hobby product or which repackages a product manufactured by someone else and owns a proprietary right to such product as repackaged and who is the exclusive U.S. supplier of a model hobby product.

2. Publisher –

a) Consumer Publisher – a company whose principal business is the printing, publishing, and distributing of model hobby periodicals, books, videos, or computer media.

b) Trade Publisher – a company whose principal business is the publishing of periodicals and media specifically aimed at the model hobby trade market.

B. Dues for Non-Voting

Members: For-Profit Organizations.....\$200

Non-Voting, For-Profit

Organizations will include:

1. Distributor – a company who buys and sells model hobby merchandise, carries adequate inventories to immediately fill orders, calls on retailers, or distributes merchandise obtained from many sources. A company must have been established as a hobby distributor for at least one year prior to applying for membership.

2. Manufacturer

Representative – a company whose business is, but need not be limited to, representing and selling products of model hobby manufacturers.

3. Retailer/Mail Order/Internet

– a company whose principle business is the sale of merchandise at retail and sells such items as are known as model hobby products or supplies to the consumer.

Dues for Non-Voting

Organizations Non Profit Organizations.....\$0

Non-Voting, Non-Profit

Organizations include:

1. Affiliate - any non-profit organization whose aims, goals, and product interests are compatible with those of the Association may be an affiliate of HMA at no content charge.

2. Lifetime Member – Lifetime Membership may be conferred by resolution of the HMA Board of Directors upon any individual who has made significant contributions to the industry and who has either retired or left the industry.