

BrightStar® Independent Franchise Association
A Chapter of the American Association of Franchisees & Dealers
CHAPTER BYLAWS

The following Bylaws have been approved by the Board of Directors of the **BrightStar® Independent Franchisee Association**, an affiliated chapter of the American Association of Franchisees and Dealers (hereafter the BIFA or the “Association”) and are effective as of **April 19, 2017**.

Article 1: Name and Purposes

Section 1.1 Name. This Association shall be known as the *BrightStar® Independent Franchisee Association*, an Affiliated Chapter of the American Association of Franchisees & Dealers (“AAFD”).

Section 1.2 Purposes. The purposes of the Association shall be consistent with the purposes of the AAFD, as stated in its Declaration of Trust and Bylaws, and additionally as follows:

1.2.1 Mission Statement:

OUR MISSION STATEMENT: To strengthen, promote and protect the value and profitability of the BrightStar® franchised brands.

OUR GOAL: To foster a spirit of cooperation and channel proactive energies to resolve common problems and develop better approaches to operating our businesses.

1.2.2 The Association may coordinate its activities with those of the AAFD and other AAFD entities that have an interest in the same or related issues concerning franchising.

1.2.3 The primary objective of the Association is to foster good communications and a positive business relationship among the franchisees and the franchisor.

Article 2: Membership

Section 2.1 Members. Any member of the AAFD, who also is a BrightStar® licensee or franchisee (“*BrightStar® franchisee*”), is eligible for membership in the Chapter. The membership of the Chapter shall consist of those eligible Association members whose current Association dues have been paid. Members who own multiple brands, multiple franchises of the same brand, or multiple territories are considered Multi-Unit Owners and shall have such rights and pay such dues as are provided in these Bylaws or as determined by the Board of Directors as provided in these Bylaws.

Section 2.2 Dues and Assessments. Association members shall pay annual dues in such amounts, and under such terms and conditions, as may be determined by the Board of Directors from time to time, subject to the approval of the Board of Directors of the AAFD. Additionally, the Board of Directors may adopt and impose special assessments on the members by a two-thirds vote of the Directors with a majority vote approval of the membership through a special election called by the President or Directors under these bylaws.

Section 2.3 Termination of Membership. Membership in the Association is subject to termination upon any of the following circumstances.

Section 2.3.1 Delinquent Dues Payment. Any member of the Association whose annual dues or assessments are more than 90 days past due shall cease to be a member of the Association.

Section 2.3.2 Eligibility Requirements. Any person who ceases to fulfill all of the eligibility requirements set forth in Section 2.1 hereof shall thereby cease to be a member of the Association.

Section 2.3.3 Censure or Termination. Membership in the Association shall be censured, suspended or terminated by the Board of Directors for the following causes, provided written notice shall have been given thirty (30) days before the date of termination to allow for cure or appeal of any infraction or condition justifying board action:

- (1) Actions or conduct deemed to be detrimental to the best interests of the Association, or for actions that adversely reflect upon the Association or the *BIFA* business as determined by a two-thirds (2/3) vote of the duly elected Board of Directors of the Association.
- (2) Failure to pay dues as provided in Article VII.
- (3) Gross violation of the Code of Ethics and/or Standards of Professional Responsibility as determined by the Board of Ethics as they may exist from time to time.

Section 2.3.4. Process. A member may only be terminated or censured by the Association following specific charges being stated by the Board of Directors, and following a hearing to determine the truth of such charges. The Board of Directors shall give written notice to said member regarding the date, time and place of a hearing before the Board of Directors to determine whatever action is being considered. Notice shall be given at least thirty (30) days prior to such, together with a copy of the charges or reasons upon which the proceedings are based.

Section 2.3.5. Notice of Censure or Termination. Written notice of the Board's action shall be given to the censured, suspended or terminated member by registered mail together with a refund of any dues paid beyond the current fiscal year.

Section 2.4 Member Action. No member, employee, committee, or special task force shall have the power to make expenditures, incur expenses, create obligations, make official statements or promises on behalf of the Association, or commit in any manner the Association to act on policy, unless authorized to do so by the Board of Directors of the Association.

Section 2.5 Voting Rights. All members have one vote for each director or issue for which the member is eligible to vote. Multi-unit owners who have paid dues for additional units or territories shall have an additional 1/3 vote for each such additional unit or territory for which dues paid. Members who own multiple BrightStar brands have the option of joining the Association separately for each brand, paying full dues and having full voting rights for each such membership. Cumulative voting is allowed as provided by California law.

Article 3: Association Meetings

Section 3.1 Annual Meeting.

3.1.1 The membership of the Association shall hold an Annual Meeting during each calendar year. The Annual Meeting will be held in conjunction with BrightStar Brands franchise system annual meeting, or such other date as established by the Board of Directors upon 60 days' notice to the members of the Association. Members of the Association may participate in the Association Annual Meeting without registering for the BrightStar Brands franchise system Annual Meeting, and without paying any fee for such

ancillary meeting. The Association President may permit non-members of the Association to attend the Association Annual Meeting, but such nonmembers will not be permitted to participate or vote during the Annual Meeting of the Association.

3.1.2 The agenda of the Annual Meeting shall consist of the election of the Board of Directors and such other matters as the Association President or the Board of Directors deems appropriate.

3.1.3 **Quorum.** At least 66% of the Board of Directors and 20% of the members of the Association present at the Annual Meeting shall constitute a quorum for the transaction of business. Binding action may be taken by a majority of those members present and voting.

Section 3.2 Special Meetings. The Association President may call special meetings of the members of the Association at other times during the year. Additionally, any four Board Members or 10% of the membership may petition to call a Special Meeting of the Memberships. The Association President shall give the membership at least seven (7) days prior written notice of the date, time, place, manner and agenda of any special meeting.

Article 4: Board of Directors

Section 4.1 Powers and Functions.

4.1.1 Powers and Duties. The Board of Directors is vested with the powers and duties necessary for the administration of the activities of the Association. The Board of Directors shall be responsible for establishing policy of the association and shall have authority to authorize programs and expenditures. It may delegate such duties and create such special committees, as it may deem expedient.

4.1.2 Annual Budget. The Board of Directors shall adopt an annual budget. Any expenditure not authorized in the budget shall require Board of Directors approval, except as provided in Section 8.2 below. The Board of Directors shall not authorize commitments, contracts or expenditures that entail the payment during any fiscal year of more money than the amount that is reasonably projected to be available to the Association.

4.1.3 Authority of the Board. The authority of the Board of Directors includes the following:

- (1) The Board of Directors, by a two-thirds (2/3) vote of the duly convened Board, shall have the power to remove a Director for a willful or unexcused absence from two (2) consecutive meetings of the Board of Directors.
- (2) The Board of Directors, by a two-thirds (2/3) vote of the duly convened Board, may at any time suspend or terminate a Director for any conduct or action considered by the Board of Directors to be detrimental to the best interests of the Association or for an incapacity to carry out their elected responsibilities.
- (3) The Board of Directors shall consider the suspension or termination of members.
- (4) The Board of Directors shall consider appointments by the Chair to the respective Chairs of the Standing Committees and the formation of any Special Committees.

Section 4.2 Composition. The Board of Directors shall be composed of the current President plus additional at large members to elect an odd number totaling no less than 7, or more than 19, board members, with approximately an equal number of directors from each BrightStar region as may be

reasonably determined by the existing Board of Directors. All members may place votes for any candidate regardless of what brands are owned by the member. Cumulative voting is allowed as provided in Section 2.5.

Section 4.3 Term: The term of office for a Director shall be one year, beginning with their installation at the Board Meeting at which their appointment is announced, and terminating with the installation of their successor. A Director may serve three consecutive one-year terms, and then must vacate the Board for at least one year before being re-elected to additional terms. New Directors will be installed in office at the Organizing Board meeting following a Director's election and will constitute the date upon which term of office is measured.

Section 4.4 Meetings: The Board of Directors shall meet quarterly or more times during each Association year. The Association President shall give the Board of Directors advance written notice of the date, time, place and agenda of each meeting. The first meeting following the Annual Meeting of the membership shall constitute the Organizing meeting of the Board. At all Board meetings, a majority of the Board of Directors then holding office shall constitute a quorum for the transaction of business. Except as otherwise provided in these Bylaws, binding action may be taken by a majority of the Board of Directors in attendance. Proxy voting shall be permitted.

4.4.1 Board of Directors meetings may be held by telephone conference call.

4.4.2 If a meeting or a telephone conference call is not feasible, the President of the Association may, in lieu of a meeting, cause a matter to be circulated by unanimous written consent by the Board of Directors by mail or e-mail ballot.

4.4.3 The President of the Association may invite guests and representatives of other AAFD Chapters or other Associations with an interest in matters within the jurisdiction of the Association to attend Board of Directors meetings, either on a regular basis or on specific occasions.

Section 4.5 Vacancies. Between Annual Meetings of the Association, the Board of Directors may fill a vacancy of any Board Members until the next Annual election.

Section 4.6 Standing Committees: The President shall appoint the Chairpersons for the following Standing Committees, with the approval of the Board of Directors and subject to the provisions of this Section:

- National Marketing Fund Committee
- Issues and Opportunities Committee
- Vendor Relationships Committee
- Membership Committee
- Nominations Committee

4.6.1 Committee Membership: Members of each Standing Committee shall be appointed by their respective Chairs from the general membership, unless otherwise stipulated by the provisions of this Article, and subject to the approval of the Board of Directors.

4.6.2 National Marketing Fund (NMF) Committee: This committee may audit the BrightStar Brands marketing fund and monitor on going expenses out of this fund.

4.6.3 Issues and Opportunities Committee: This committee will evaluate issues and identify and present opportunities that we as franchisees might raise with our franchisor. They will make recommendations back to the Board as to which issues and opportunities they feel should be the focus for the upcoming year as well as new issues and opportunities that arise that should be added to the agenda throughout the year.

4.6.4 Vendor Relationships Committee: This committee will evaluate existing vendor relationships, conduct vendor surveys, and evaluate new vendor relationships. This committee will also be tasked with handling various other surveys that the Board might assign to this group.

4.6.5 Membership Committee: This committee will be responsible for ongoing membership drives throughout the year.

4.6.6 Nominations Committee: The Nominations Committee shall be governed by the provisions of Section 6 below.

4.7 Reporting: The Chair of each Committee shall report to the Board of Directors regarding any matter requiring action or consideration. The majority of the members of a Committee present at any Committee meeting shall constitute a quorum. No financial obligations shall be incurred by any Committee without being authorized and appropriated by the Board of Directors.

Article 5: Officers

Section 5.1 Officers. The Officers of the Association are the President, one or more Vice President(s), Secretary, and Treasurer. The Officers of the Association shall constitute the Executive Committee of the Association, and may take all actions authorized by these bylaws in order to carry out Association business.

Section 5.1.1. Election of Officers. The officers of the Association will be elected by the Directors at the Organizing meeting of the Directors, or at such other time as there may exist a vacancy; provided that the Vice-President shall fulfill any unexpired term in the event of a vacancy in the presidency. If there is no Vice-President, for any reason, the President will then be elected by the Board of Directors.

Section 5.1.2 President. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall appoint the chairs and the members of all of the Association's committees, divisions, and boards, in accordance with the policies adopted from time to time by the Board of Directors. The Association President also may appoint a Membership Coordinator, a Program Coordinator, and such other coordinators, as the Association President deems necessary.

Section 5.1.3 Vice-President. The Vice President shall preside at all meetings when the Association President is not present, and shall have such other powers and duties as assigned by the Board of Directors. The Vice-President shall ascend to the presidency the following year.

Section 5.1.4 Secretary. The secretary shall serve as the Association's secretary, and shall be responsible for maintaining minutes of Association meetings, and reporting events of importance and interest to Association members at such intervals as may be determined by the Board of Directors. The secretary shall also be responsible for collection, editing, and submitting the periodic newsletter content to the Association membership.

Section 5.1.5 Treasurer. The Treasurer shall track and report on all status and expenditure of the Association dues and monies.

Section 5.2 Terms. The term of the Officers is one Association year commencing upon the adjournment of the next Association Annual Meeting after his or her election.

Article 6: Nomination and Election of Directors

Section 6.1 Nominating Committee.

6.1.1 Empowerment of Nominating Committee: At any time, but not later than sixty (60) days before the Annual Meeting of the Association, the Association President shall appoint a Nominating Committee comprised of at least three members of the Association, no more than one of whom is a present Officer. In appointing members of the Nominating Committee, the Association President need not appoint a board member to serve as Nominating Committee Chair, and shall consider appropriate representation of geographic areas.

6.1.2 Announcement of Members: The Association President shall announce the names and addresses of the members of the Nominating Committee in a publication or notice sent to all members of the Association promptly after the Nominating Committee has been appointed.

6.1.3 Slate of Nominations. The Nominating Committee shall nominate one candidate for each position to be filled by election as provided in these Bylaws. In making nominations, the Nominating Committee shall consider each candidate's activities in the Association, in the AAFD and its Chapters and Divisions, and within the Licensed System. The Nominating Committee also shall consider appropriate representation of geographic areas, brands, gender, office tenure and office size. The Nominating Committee shall determine that each nominee agrees to be nominated and to serve if needed. No later than thirty (30) days before the Annual Meeting, the Nominating Committee shall report the identity of each nominee to the Association President, and shall provide a brief written statement of each nominee's qualifications. The Association President shall promptly announce the names of the nominees in a publication or notice sent to all Association members.

Section 6.2 Additional Nominations by Petition. Following the notice of nominations described in Section 6.1, there shall be a 15 to 30-day period within which other members may petition to be nominated to be elected to any open Board vacancy. One or more additional nominations may be made for any office. The petition must state that the individual nominated has agreed to the nomination. The petition must also include at least one (1) seconding affidavit on a form prescribed by the Board. The petition must be received by the Association President not less than fifteen (15) days prior to the Annual Meeting of the Association.

Section 6.3 Election.

6.3.1. Time of Elections. Elections may be held during the Annual Meeting of the Association, or by such other method as to fairly give the members the opportunity to vote. The date, time, and place of the Annual Meeting shall be published in the notice of the meeting sent by the Association President. If the election is by mail, fax or email, a reasonable effort must be made to give each member an opportunity to vote.

6.3.2. Secret Ballots for Contested Elections. Elections for contested positions shall be by secret written ballot.

6.3.3. Contested Elections. If more than one person is nominated for an office that position shall be voted upon separately. Elections shall be by a majority of the votes cast and, if a majority vote is not initially obtained, a runoff election to choose between the two leading candidates shall be held. Cumulative voting is allowed pursuant California law.

Article 7: Chapters and Sections

7.1 Chapters. The Association may establish regional and/or brand specific chapters of the Association for such purposes and on such terms as deemed appropriate by the Board of Directors.

7.2 Sections. The Association may establish sections of the Association for designated classes of members for the purposes of supporting various business specialties within the BrightStar organization.

7.3 Recognition of Sections & Chapters: In an area where no Section or Chapter exists, a group of Members who meet the qualifications for section or chapter status, may petition the Board of Directors to create a section or chapter. If, in the opinion of the Board of Directors, the petitioning group meets the recognition standards for section or chapter organization as adopted by the Board of Directors, recognition shall be granted by the issuance of a charter to the new section or chapter, which will then become an integral part of the Association.

7.4 Section & Chapter Bylaws: The Bylaws of a section or chapter shall be in a form and style established by the Board of Directors of the Association.

7.5 Membership: Each member of a section or chapter of the Association must qualify for membership under Article 2 of these Bylaws.

7.6 Disbanding of a Section or Chapter: Should a section or chapter of this Association disband, the Board of Directors shall be notified immediately. After all outstanding bills of a disbanding section or chapter have been paid, any balance of funds remaining in the treasury of the disbanded section or chapter shall be turned over to the Association.

7.7 Withdrawal of Recognition: When a section or chapter recurrently fails to live up to the recognition standards, or if it shall neglect or refuse to assist in the enforcement of the Code of Ethics and Standards of Professional Responsibility with respect to the activities of its constituent members, such section or chapter, after due notice and opportunity for hearing, may be terminated from membership in the Association by a two-thirds (2/3) vote of the duly appointed members of the Board of Directors. After all outstanding bills of a terminated section or chapter have been paid, any balance of funds remaining in the treasury of the terminated section or chapter shall be turned over to the Association.

7.8 Inactive Section or Chapters: Any section or chapter which does not hold a meeting for a period of twelve (12) months shall be deemed inactive and shall be subject to withdrawal of recognition. The Board of Directors of the Association, by a two-thirds (2/3) vote of its duly appointed members, may deem a section or chapter inactive. The effective date of that inactive status shall be the day after its last duly noticed meeting date.

Article 8: Amendments

8.1. Amendments. These Bylaws may be amended at any Annual Meeting of the Association by a majority vote of the members of the Association present and voting, provided that the proposed amendment was first approved by the Board of Directors. Notice of an intention to amend these Bylaws must be given to the membership no later than thirty (30) days before the Annual Meeting of the Association.

Article 9: Administrative Matters

Section 9.1 Fiscal Year. The fiscal year of the Association shall be the same as the fiscal year of the AAFD (as of the effective date, May 1 through April 30).

Section 9.2 Compensation. No salary or compensation for services shall be paid to any Officer. The Board of Directors, or the Association President and the Treasurer, may authorize reimbursement of reasonable and documented expenses incurred on behalf of the Association with the prior authorization of the Association President. Such expense reimbursements shall not exceed reasonable travel and a conservative per diem based upon a budget approved by the Board of Directors.

Section 9.3 Parliamentary Authority. The then-current edition of Robert's Rules of Order shall be parliamentary authority governing the Annual Meeting of the Association to the extent that it is not inconsistent with these Bylaws.

Section 9.4 Approval of Expenditures. The President or Treasurer may approve any expenditure that is approved in the Association budget. Any two officers may approve budgeted expenditures in the absence of the President. In the event the expenditure has not been approved in the Association budget, there must be approval of two thirds of the Directors. Approval of any expenditure must be in writing and signed by the approving officer(s) and delivered to the AAFD with payment instructions. Instructions may be delivered in person, by mail, or by fax, duly signed by the authorizing officer(s). Email instructions will be accepted provided that two officers approve the expenditure, and the AAFD shall be held harmless for the payment of any expenditure duly authorized by this section.

Section 9.5 Indemnification. Any Officer or Director of the Association or former Officer or Director of this Association shall be reimbursed against the reasonable expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they or any of them are made parties, or a party, by reason of having been Directors or a Director or Officer of the Corporation, except in relation to matters as to which such Director or Officers or former Director or Officers shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or misconduct in the performance of duty and to such matters as shall be settled by agreement predicated on the existence of such liability.

Article 10: Transitional Provisions

Section 10.1 Effective Date. Upon approval by the Association's Board of Directors and the Membership, these Bylaws shall take effect as of April 19, 2017.

Section 10.2 Initial Nominating Committee.

The Initial Nominating Committee (for the first election, which will be held during 2017) consists of 7 volunteer members of the steering committee formed to initiate the actions needed to create the Association.

Certification of Bylaws

The undersigned, the duly appointed Secretary of the BIFA, does hereby certify that the attached Bylaws of the Association have been adopted by the Board of Directors of the Association on April 19, 2017.

Dated: **April 19, 2017**

By: 
Amy Adaniel, Secretary