

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU"), effective this _____ day of _____, 2014, by and between the National Fire Sprinkler Association, Inc. ("NFSA"), a nonprofit corporation, and its Connecticut Chapter ("the Chapter"), an unincorporated association.

NOW THEREFORE, in furtherance of the mutual promises and consideration contained in this MOU, the parties hereby agree as follows:

I. Grant of Charter

- A. Charter. Subject to approval by the NFSA Board of Directors, NFSA hereby grants a non-exclusive charter to the Chapter to operate as an officially-sanctioned chapter of NFSA, with the authority to conduct activities in the name of the Chapter, subject to the following terms and conditions as contained herein.
- B. Territory. Subject to approval by the NFSA Board of Directors, NFSA hereby grants the Chapter a non-exclusive charter within the state of Connecticut. NFSA reserves the right to conduct activities, sponsor events, recruit members, or perform other functions within the Chapter Territory. In addition, NFSA may modify these boundaries, provided that it gives the Chapter at least sixty (60) days written notice in advance of the effective date of the modification.
- C. Term and Termination. This MOU shall continue in force and effect from the effective date of this MOU until revocation or surrender of the Chapter charter, in accordance with Section VI of this MOU.

II. Membership

- A. Generally. The Chapter agrees to exclusively adopt the categories of and criteria for membership as set forth in Article II of the NFSA bylaws. Further, the Chapter warrants that any NFSA member in good standing shall be eligible to join the Chapter and participate in any and all Chapter activities applicable to his/her category of membership. Except as provided in paragraph B below ("Start-Up Period"), all Chapter members shall also be members in good standing of NFSA.
- B. "Start-Up Period." The Start-Up Period shall be defined as the two-year period following the effective date of this MOU. During the Start-Up Period, the Chapter may accept as members both members and non-members of NFSA. After the Start-Up Period, all Chapter members shall also be members in good standing of NFSA.

Limited Benefits. During the Start-Up Period, individuals or companies that are Chapter members but not NFSA members have limited access to the benefits listed in this paragraph, through their local Regional Managers, which shall terminate upon the conclusion of the Start-Up Period.

- 1. Limited Access to the NFSA Expert of the Day ("EOD")- Chapter members that are not NFSA members may request limited access to the NFSA EOD.
- 2. Access to Applicable NFSA Publications- Chapter members that are not NFSA members may request access to current issues of NFSA membership publications which are normally available to members within their applicable category of membership and subject to other restrictions on distribution.

3. Discounts on Training- Chapter members who are not members of NFSA may request discounts on training courses that are normally available exclusively to members of NFSA.

NFSA reserves the right to create, implement and revise any policies regarding the amount or level of services provided during the Start-Up Period.

III. Obligations of NFSA

NFSA agrees that its obligations shall include the following:

- A. Chapter Tax Exempt Status- Except as provided in this paragraph, NFSA agrees to initially apply for and to apply to maintain tax exempt status for the Chapter through a group exemption, pursuant to section 501(c)(6) of the Internal Revenue Code, provided that: (a) the Chapter provides NFSA with the documentation enumerated in Section IV of this MOU within the time requirements provided in Section IV of this MOU; and (b) NFSA determines that the Chapter has complied with and will continue to comply with the laws, rules and regulations governing the 501(c)(6) exemption and the NFSA group exemption. If NFSA determines that the Chapter has not complied with the laws, rules or regulations governing the 501(c)(6) exemption and/or the NFSA group exemption, NFSA reserves the right to decline to apply for or maintain a tax exempt status for the Chapter through its group exemption, in which case, the Chapter would be required to obtain a separate 501(c)(6) status through the Internal Revenue Service.
- B. Chapter Tax Obligations- Except as provided in this paragraph, NFSA agrees to prepare the Chapter's federal tax returns through a "group return," provided that the Chapter provides NFSA with the documentation enumerated in Section IV of this MOU, within the time requirements provided in Section IV of this MOU. In addition, if NFSA, or a representative of NFSA determines that the Chapter has not provided NFSA with the appropriate financial statements within the requisite time period, NFSA reserves the right to discontinue the preparation of Chapter tax returns.
- C. NFSA Publications- NFSA shall furnish to all Chapter members who are also members of NFSA all NFSA member publications which are normally provided to NFSA members within the applicable member category, subject to other criteria for distribution. In addition, Chapter members who are not members of NFSA may request access to such publications during the Chapter's Start-Up Period (Section II, Paragraph B).
- D. NFSA Programs- NFSA shall permit Chapter members who are also members of NFSA to participate in all NFSA member programs which are normally provided to NFSA members within the applicable member category, subject to other criteria for participation, including but not limited to the payment of program fees. In addition, Chapter members who are not members of NFSA may request access to such programs during the Chapter's Start-Up Period (Section II, Paragraph B).
- E. NFSA Expert of the Day (EOD) Program- NFSA shall permit Chapter members who are also members of NFSA to avail themselves of NFSA's EOD service, subject to other criteria for participation. In addition, Chapter members who are not members of NFSA may request access to such programs during the Chapter's Start-Up Period (Section II, Paragraph B).

IV. Obligations of The Chapter

The Chapter agrees that its obligations shall include, but are not limited to the following:

- A. Governing Documents and Policies- The Chapter warrants that it has adopted the model bylaws provided by NFSA, which correspond with this MOU. The Chapter agrees that any changes in its bylaws will not be inconsistent with any NFSA policies, bylaws, or the NFSA Code of Ethics, including those listed in the Chapter Handbook. The Chapter also warrants that it shall submit any proposed changes to its bylaws to the NFSA Board of Directors for approval.
- B. Maintenance and Provision of Financial and Other Records- The Chapter warrants that it will maintain and provide to NFSA the following records no later than one (1) month following the start of each fiscal year: (a) a list of Chapter members and their companies, (b) a list of Chapter officers and members of the Chapter Board of Directors, (c) a list of Chapter committees and their members, if applicable, (d) a list of Chapter publication schedules (if applicable), and (e) a schedule and description of Chapter meetings, programs and events for the previous calendar year. In addition, the Chapter warrants that it will provide to NFSA, by and through its Controller, the following records no later than the end of the succeeding month following each calendar quarter: (a) a quarterly Balance Sheet, Statement of Activities (Income Statement) and Cash Flow Statement, and (b) copies of the check register, trial balance, monthly bank statements, bank reconciliations and expense receipts for items over twenty dollars (\$20.00). In addition, if applicable, the Chapter shall forward copies of its annual budget to the NFSA Controller upon completion.
- C. Inspection of Records- Upon written request of NFSA, the Chapter shall permit NFSA or an agent of NFSA to review appropriate financial statements and records pertaining to Chapter operations and programming, for the purpose of conducting an audit. The cost of such an audit shall be borne by NFSA.
- D. Chapter Tax Exempt Status- The Chapter warrants that it has provided or will provide NFSA the documentation enumerated in Paragraph (B) of this Section IV, which will allow NFSA to apply to obtain and maintain a tax exempt status for the Chapter through a group exemption, pursuant to section 501(c)(6) of the Internal Revenue Code. In addition, the Chapter warrants that it has provided NFSA with its federal Employer Identification Number ("EIN"). The Chapter also warrants that it has provided and it will provide, no later than one (1) month following the start of each fiscal year, a statement signed by the Chapter president, which declares his/her wish that the Chapter (still) be covered by the NFSA group exemption.
- E. Chapter Tax Obligations- The Chapter warrants that it will provide NFSA, by and through its Controller, and no later than the end of the succeeding month following each calendar quarter, the documentation enumerated in Paragraph (B) of this Section IV, which will allow NFSA to prepare a group return on the Chapter's behalf. In addition, the Chapter agrees that it will utilize an accounting software product, such as QuickBooks, to compile its quarterly financial records.
- F. Insurance- The Chapter may purchase its own insurance policy or policies, or NFSA will work with the Chapter to help facilitate the availability of an insurance policy or policies.
- G. Compliance with Laws- The Chapter warrants that it has complied and will continue to comply with all laws and regulations that may affect the performance of this agreement. The Chapter further acknowledges that it has obtained or will obtain all necessary permits, licenses and approvals necessary for the performance of this MOU and other chapter activities.

V. Intellectual Property and Confidential Information

A. Intellectual Property-

- i. NFSA retains all rights and interests in its legal name, logo, educational materials, publications, trademarks, copyrights, and other proprietary materials (hereinafter referred to as "Intellectual Property"). The Chapter is hereby granted a limited, revocable, non-exclusive license to use such Intellectual Property, subject to the following terms and conditions.
- ii. *NFSA Logo-* When using the NFSA Logo, the Chapter must include the Chapter name within the immediate proximity of the NFSA Logo, in a font at least as prominent as the NFSA Logo. The logo must be used exactly as provided by NFSA, with no changes or alterations of any kind except overall size.
- iii. The Chapter shall not assign or sell the use of NFSA's Intellectual Property without the prior written consent of NFSA in each instance. The Chapter agrees to keep and provide samples to NFSA of the use of such Intellectual Property upon request.
- iv. NFSA reserves the right to terminate the Chapter's license to use any such Intellectual Property, or impose other sanctions upon the Chapter should NFSA find, in its discretion, that the Chapter has not strictly complied with the terms of this MOU or other terms of use.
- v. All rights of usage associated with this license shall terminate immediately upon the surrender or revocation of the Chapter's charter, or upon the termination of this MOU for any reason. The Chapter shall continue to protect NFSA's Intellectual Property should the Chapter's charter be revoked or surrendered or if this MOU is terminated for any reason.

- B. Confidential Information-** The Chapter acknowledges that during the course of its charter, it may have access to NFSA's Confidential Information, including but not limited to membership lists, member information, data, marketing and development plans and financial information. Such information shall remain the property of NFSA at all times. The Chapter shall maintain the confidentiality of all NFSA Confidential Information, and shall not assign, sell, distribute, trade, or transmit such lists, without the prior written consent of NFSA in each instance. All rights to use such Confidential Information shall terminate immediately upon the surrender or revocation of the Chapter's charter, or upon the termination of this MOU for any reason. The Chapter shall continue to protect NFSA's Confidential Information should the Chapter's charter be revoked or surrendered or if this MOU is terminated for any reason.

VI. Relationship of Parties; Indemnification

- A. The parties to this MOU agree that their relationship shall not be construed as one of agency, partnership, or a joint venture. As such, neither party is authorized to act on behalf of the other, nor incur any liability, expense, or other obligation on behalf of the other.
- B. The Chapter agrees to indemnify and hold harmless NFSA and its chapters, affiliates, related entities, members, officers, directors and employees, from any liability, claim, action, demand, judgment, cost or expense, caused by any act or omission by the Chapter and its affiliates, related entities, members, officers, directors or employees.
- C. This section shall survive the revocation or surrender of the Chapter's charter, and the termination of this MOU for any reason.

VII. Revocation and Surrender of Charter

- A. Generally- The charter granted by NFSA to the Chapter shall remain in full force and effect unless revoked by NFSA or surrendered by the Chapter in accordance with the following provisions.
- B. Revocation of Charter- NFSA, by and through its Board of Directors, is authorized to revoke the Chapter charter if it determines that the conduct of the Chapter is in breach of its obligations as specified in this MOU or in the NFSA Chapter Handbook. The revocation process is as follows. NFSA shall provide written notice to the Chapter of its intent to revoke the Chapter's charter. Such notice shall include the grounds for revocation and provide the Chapter with at least sixty (60) days within which to cure such actions. If NFSA, in its sole discretion, determines that the Chapter has not cured such actions within this period, NFSA may carry out its decision to revoke the Chapter's charter, unless the Chapter provides NFSA with a written notice of appeal within sixty (60) days of NFSA's notice of revocation. If a timely notice of appeal is provided to NFSA, the Chapter shall have an opportunity to present to the NFSA Board of Directors the reasons why the Chapter charter should not be revoked. Any decision made by the NFSA Board of Directors following this opportunity shall be final and shall not be subject to additional appeal.
- C. Surrender of Charter- The Chapter may surrender its charter by providing to NFSA written notice of intent to do so at least sixty (60) days in advance of its effective date of surrender.
- D. Rights and Responsibilities upon Revocation or Surrender of Charter- Upon termination of the Chapter through notice of revocation or surrender of charter, the Chapter shall cease to conduct activities or enter into contracts in the name of the Chapter, and shall cease the use of all NFSA Intellectual Property and Confidential Information, as defined in Section V of this MOU. Upon termination of the Chapter's charter, all assets held in the name of the Chapter shall become the property of NFSA. Any financial obligations owed to NFSA by the Chapter prior to the revocation or surrender of the Chapter charter shall remain in effect until paid or resolved.

VIII. Miscellaneous

- A. Entire Agreement- This MOU shall constitute the entire agreement between the parties and supersedes any and all prior written or oral modifications thereof. This MOU may be modified only through a written amendment that is signed by both parties.
- B. Governing Law- The terms of this MOU shall be governed by and construed in conformance with the laws of the State of New York.
- C. Arbitration- The parties expressly agree that any disputes arising out of or related to the terms of this MOU, including but not limited to the validity, construction, interpretation, enforceability or breach of this MOU, are subject to mandatory and binding arbitration. Judgment on the arbitration award may be entered in any court having competent jurisdiction.
- D. Force Majeure- Neither party shall be held liable for its failure to perform its duties under this MOU due to events beyond of its reasonable control, including but not limited to war, fire, labor disputes, Acts of God, or government laws or regulations.

- E. Waiver- A waiver of any individual provision of this MOU shall not be construed as a waiver of any other provision, right or obligation under this MOU.
- F. Severability- Should any provision or term of this MOU, in whole or in part, be deemed invalid by an arbitrator or by a court of competent jurisdiction, the remaining provisions and terms of this MOU shall remain enforceable.
- G. Successors and Assignment- This MOU shall be binding upon and inure to the benefit of both parties, their successors, and assigns, provided that the Chapter shall not assign any of its rights or duties under this MOU without the express written consent of NFSA.

Dated this _____ day of _____, 2014.

For the National Fire Sprinkler Association, Inc.

For the Connecticut Chapter of the National Fire Sprinkler Association, Inc.

Russell P. Fleming, President