

**BYLAWS  
OF  
WASHINGTON THOROUGHBRED BREEDERS AND OWNERS  
ASSOCIATION**

Ratified the 7<sup>th</sup> day of July 1998, and amended on the 19<sup>th</sup> day of February 2015.

**ARTICLE I – NAME**

The name of this association shall be: “WASHINGTON THOROUGHBRED BREEDERS AND OWNERS ASSOCIATION”.

**ARTICLE II – OFFICE**

The principal office of this association shall be located at Auburn, King County, Washington.

**ARTICLE III – MEMBERS**

3.1 The following individuals or legal entities (e.g. a corporation, limited liability company, partnership, etc.) shall be eligible to apply for membership in the Washington Thoroughbred Breeders and Owners Association (“WTBOA” or “Association”):

- (a) Owners of Thoroughbred horses;
- (b) Breeders of Thoroughbred horses;
- (c) Individuals or legal entities that demonstrate to the Association an interest in the breeding, racing and/or improving the breed of Thoroughbred horses; or
- (d) Individuals or legal entities that gain a major portion of their or its livelihood or major portion thereof from the breeding, management of, or racing of Thoroughbred horses.

3.2 Applications for membership shall be made in writing and be delivered to the principal office of the Association and shall, at a minimum, state the name of the applicant and place of residence. Application forms for membership have been approved by the Board of Trustees (“Board”) (as defined in Article 4) and will be reviewed by the Board every five (5) years.

Upon payment of the membership fee set forth in Section 3.10 hereof, an employee of the Association, by direction of the Secretary, shall provide said member, if they so request, a Certificate of Membership and a copy of the Bylaws of the Association.

If any applicant is rejected for any purpose an employee of the Association shall return their money by direction of the Secretary. Applications from rejected candidates for membership shall not be received again for a period of six months from such rejection

and the General Manager of the Association shall retain the application of all candidates for the purposes of Association records.

3.3 Any person or legal entity that is or has been convicted of a felony or who is or has had their or its racing license suspended, revoked or curtailed by any authority with jurisdiction to enforce the Rules of Racing in this or in another State or County without reinstatement, shall be ineligible for membership in this Association. If a current member has been convicted of a felony or has had their or its license suspended, revoked or curtailed by any authority with jurisdiction to enforce the Rules of Racing in this or in another State or County without reinstatement, their membership shall automatically cease. Said member shall not have returned to them any money they may have paid to the Association in the form of membership fees or dues.

3.4 Any member who violates the provisions of the Articles of Incorporation or these Bylaws shall have their membership subject to censure, suspension or expulsion. Charges against a member must be made in writing and be delivered to the Secretary who shall immediately furnish a copy to the accused and to the President of the Board. The Board shall investigate the charges on their merits but, the Board shall take no action until the accused and the accuser have been given ample opportunity to be heard, nor shall the Board take any action within ten days of the presentation of the charges to the accused. The Board shall report (1) that the charges are not sustained; or (2) that the charges are sustained and the accused be: (a) censured, (b) suspended for an indefinite period of time or (c) expelled.

Censure or suspension shall require a two-thirds vote of the Board present and voting, and the expulsion of a member shall require three-fourths of the Board present and voting. The Board in such cases shall take no action until at least thirty days have elapsed after the filing of charges. A member suspended for a definite time shall be deemed reinstated at the expiration of that time without action on their part or on the part of the Association. A member expelled for any cause except conviction of a felony shall be eligible for membership after one year from the date of the expulsion, in the same terms and in like manner as original applicants. A member expelled for having their racing license suspended, revoked or curtailed by any authority with jurisdiction to enforce the Rules of Racing shall be eligible for membership upon full reinstatement of their racing license.

3.5 The Annual Meeting of members of the Association shall be held at such place and at such times as shall be determined by the Board for the transaction of such business as may properly come before the meeting. Thirty (30) members of the Association shall constitute a quorum and the vote of the majority of any quorum shall be sufficient to pass any advisory resolution, which the Board shall be free to consider (but not be bound by) in making any business or other decision within its power, which affects the Association. However, if the majority of the entire membership of the Association shall pass any resolution at the Annual Meeting, the Board shall be bound by such resolution.

3.6 Each individual member when entitled to vote shall be entitled to one (1) vote. Legal entities holding an individual membership shall only be entitled to one (1) vote and such legal entities shall be required to notify the Association as to who shall be entitled to cast its vote for election of Trustees, Sales Committee members or at any meeting of members.

Dual members shall consist of married persons, registered domestic partnerships, and legal entities. Dual members, when entitled to vote, shall be entitled to two (2) votes. Legal entities holding a dual membership shall be entitled to two (2) votes and such legal entities shall be required to notify the Association as to who shall be entitled to cast its votes for election of Trustees, Sales Committee members or at any meeting of members.

Individual and dual memberships are entitled to one (1) subscription to the Association's publication: *WASHINGTON THOROUGHBRED*.

3.7 Each member entitled to vote at any meeting shall be given at least twenty (20) days written or printed notice of the place, date and hour of any annual or special meeting of members, which notice, in the case of any special meeting, shall state briefly the business to be transacted thereat. Such notice shall be given to each member by either electronic mail transmission or by leaving the same with such member or at such member's residence or his place of business or by mailing said notice, postage prepaid, and addressed to such members at such member's address or electronic mail address as it appears upon the books of the association. A notice printed in any bulletin, magazine or other publication published by this Association shall be considered as a compliance with this section.

3.8 No member who is in arrears for dues for more than one hundred and twenty days (120) shall be entitled to vote.

3.9 Special meetings of members shall be held at the place prescribed for the annual meeting, unless otherwise ordered by the Board, and such meetings may be called by a majority vote of the Board or upon request in writing signed by twenty percent (20%) of the entire membership of the Association, upon twenty (20) days notice, stating the place, date and hour of such meeting and the business proposed to be transacted thereat.

3.10 From time to time, individual membership fee and magazine subscriptions costs shall be set by the Board. The annual fees shall become due and payable on the 1st day of January of each year. Any member who shall fail to pay their annual dues by April 1 of any year shall no longer be a member.

3.11 Election of Trustees or Directors. The Nominating Committee of the Association shall be an ad hoc committee appointed by the President and comprised of current Board and Sales Committee members who are not up for re-election. The Nominating Committee shall meet no later than June 15 of each year and nominate four (4) or more persons for election to the Board to fill the four (4) positions on the Board,

which are being vacated. The names of these nominees shall be printed in the first issue of the *WASHINGTON THOROUGHBRED* after the June 15<sup>th</sup> meeting. Persons other than those selected by the Nominating Committee can be nominated to the Board by filing with the Secretary and/or the General Manager of the Association a nominating petition with the signatures of ten (10) or more members in good standing. The Secretary and/or General Manager on or before September 10 of each year must receive such nominating petitions. The nominees shall submit resumes for publication in the magazine. Such resumes shall be not more than 75 words in length and contain biographical or other background information outlining the nominee's qualifications for the position of Trustee. All names and resumes of said nominees shall be then printed in the Fall issue of the *WASHINGTON THOROUGHBRED*. Election ballots shall be mailed to each member of the Association on or before October 15 of each year. Members and dual members shall vote for up to four (4) candidates (one vote per candidate), so long as the number does not exceed four (4). All ballots, in order to be counted, must be received by the Association on or before November 15 of each year. The four (4) nominees receiving the largest number of votes will be the Trustees elected to the Board. Beginning in 2006, a new directive to encourage member participation was enacted. Henceforth, the board incumbent with the least number of votes each year will be replaced on the board with the non-incumbent receiving the most votes. If one or more incumbent chooses not to run for reelection or if a non-incumbent receives more votes than an incumbent, this procedure will not apply for that year's voting. Any incumbent that might be removed due to this new policy is eligible to run for the Board the following year. Members of the Board shall take office at the first regular session of the Trustees meeting in their elected term.

#### **ARTICLE IV – DIRECTORS/BOARD OF TRUSTEES**

4.1 All business affairs of the Association including, but not limited to, financial, sales, and planning shall be managed by the board of twelve (12) directors, which board shall be designated and referred to as the Board, and the members thereof as Trustees or Directors. Each Trustee elected or appointed to the Board shall be a member of the Association and actively engaged in the breeding, owning or interested in improving the breed of Thoroughbred horses in the State of Washington at the time of their respective election or appointment. A majority of the Trustees must be residents of Washington State. In accepting a position on the Board, Trustees agree to attend the Annual Meeting, the Awards Banquet, and as many Association functions as possible. Members of the Board are also required to be active participants on the Board, including participating in Standing Committees as directed by the President and volunteering to take on certain assignments to further the mission statement of the Association.

4.2 The members of the Board shall serve for terms of three (3) years, or thereafter until successors are duly elected and qualified, with the terms of four (4) of the Trustees expiring each year.

4.3 Regular meeting of the Board, including an annual meeting to be held in July of each year, shall be held at intervals of approximately thirty (30) days or at the discretion of the President and set by the President.

4.4 Fourteen (14) days written notice of all regular meetings of the Board shall be given to all members thereof by regular, postage prepaid, mailing the same to the residence or other address designated by each member or by electronic mail designated by each member, which notice shall be accompanied by a written agenda and all items to come before said meeting. A reminder notice shall be mailed to all members of the Board not more than seven (7) nor less than five (5) days in advance of each such meeting, which notice shall be accompanied by a supplemental agenda specifying any additional items to come before the meeting.

4.5 Special meetings of the Board may be called by the President of the Association or by a majority of the Board or by the Secretary and one (1) other officer of the Association, at any time upon five (5) days written notice of such meeting to be given each member of the Board, as hereinabove provided for regular meetings, which notice shall specify the purpose for which such special meeting is called, and no action may be taken or proposition, resolution, or question considered at such meeting unless same be specified in the notice thereof.

4.6 All regular and special meetings of the Board shall be held within the State of Washington, and unless otherwise approved by the Board in advance of said meeting, at the principal office of the Association.

4.7 It shall require a simple majority vote of all Trustees present in person or by proxy at any regular or special meeting of the Board to pass any resolution or otherwise approve or disapprove or act upon any matter, proposition or question which is on the agenda or which shall not have been designated on the agenda for said meeting accompanying the notice thereof.

4.8 Seven (7) members of the Board present in person at any regular or special meetings of the Board shall constitute a quorum for the transaction of all business that may properly come before the meeting.

4.9 Any Trustee who is absent for three (3) consecutive meetings, regardless of reason, may, at the option of the Board, have their membership on the Board declared vacant. Should the Board declare that a vacancy exists, it shall then be filled under the provisions of Article IV, Section 11.

4.10 Any notice provided for in these Bylaws of any regular or special meeting of the members, or regular or special meeting of the Trustees, may be waived in writing by the members or Trustees respectively.

4.11 The Board shall elect, by majority vote at any regular meeting, members of the Association in good standing to serve on the Board to fill any vacancies on the Board that may result because of death, resignation, or other event creating a vacancy. Said appointees shall serve only the portion of the unexpired terms of the vacating member.

4.12 All regular and special meetings of the Board shall be closed to the general public and to members of the Association. The Board, however, in its sole and absolute discretion and by a simple majority vote of the Trustees present in person or by proxy at any such regular or special meeting, may allow any member of the Association in good standing who is desirous of such to attend a meeting.

## **ARTICLE V – OFFICERS**

5.1 The Association shall have the following officers who shall be elected in the order named, from the members of the Board, annually: President, First Vice President, Second Vice President, Secretary and Treasurer of the Association. The offices of Secretary and Treasurer may be combined and one person be elected to hold both offices. In addition to the foregoing officers, the Board shall elect one member of the Board to serve as a member of Finance Committee of the Board, of which committee the Treasurer shall be chairperson. The said officers and the members of the Finance Committee shall be responsible to the Board for the performance of the duties of their respective offices, as provided herein, and as from time to time may be assigned by the Board.

5.2 No member of the Board may be elected or reelected to or hold more than one office during any one term, except that the office of Secretary and Treasurer may be combined and one person can be elected to hold both offices.

5.3 In the event of an officer's position becoming temporarily or permanently vacant due to Board elections, or other reasons, then the next officer in line will take over and assume the position until the next regular election of officers. In the event all officer positions become vacant, then the Association's General Manager will take over the duties, but without voting rights.

5.4 Nomination for officers shall take place at the first regular meeting after the annual election of the Board. Individual Board members may place his or her own or another Board member's name in nomination at that time. Election of officers will take place by secret ballot at the second regular meeting following the annual election of the Board. The ballots shall include the right to write-in and elect a non-nominated Board member for any office. Officers will be elected by a majority of Board members voting in person or by proxy at such meeting. If no Board member receives more than 50 percent of the votes for a certain position, there will be a runoff election between the two Board members who received the highest number of votes for such position in the initial election. The member who receives the most votes in that runoff election will be elected to such position. In the case of a tie for the two Board member spots in the runoff election (for instance, one Board member gets three votes and two other Board members each get two votes), all of the Board members who tied as one of the top two votes will be in the runoff election (in the instance above, all three Board members) and the Board member who receives the highest number of votes in the runoff election, even if not a majority, will be elected to the position.

## **ARTICLE VI – DUTIES OF OFFICERS**

6.1 President. The President shall preside at all meetings of the Board and shall preside at all meetings of Association members. Subject to approval, direction, or authorization of the Board, the President shall have the general powers and duties of supervision, management and direction over the business and politics of the Association and care of the property of the Association; execute with the Secretary all authorized contracts, promissory notes and agreements; and perform all acts which are incidental to the Office of the President or authorized or required by law. The President shall be an ex officio member of each committee with no voting power, with the exception of the Executive and Finance Committee, in which the President shall have voting power.

6.2 Vice Presidents. The Vice Presidents shall in their order be vested with all power and perform all the duties of the President in his or her absence or of any Vice Presidents in their respective absences and shall have such other powers and shall perform such other duties as may be assigned to them by the Board. The Second Vice President will be vested with the duties of organizing the Annual Meeting. The President will assist in establishing a standing committee for this meeting to assist the Second Vice President.

6.3 Secretary. The Secretary shall be the Secretary of the Board. The Secretary shall have oversight of the General Manager with respect to giving or causing to be given all required notices of meetings of members and Trustees and committees; shall keep accurate records of the business transacted at such meetings in a book or books to be kept for that purpose; shall perform such other duties as may be assigned to them by the Board or the President. The Secretary will also review the first draft of the meeting minutes before they are sent to the rest of the Board for approval. In the absence of the Treasurer at a Finance Committee meeting, the Secretary shall run the Finance Committee meeting.

6.4 Treasurer. The Treasurer shall have oversight of the General Manager with respect to keeping full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer and the President will have oversight of the General Manager's dispersal of funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and Trustees at the regular meetings of the Board, and whenever they may require it, an account of all the transactions of the General Manager and Treasurer, and of the financial condition of the Association. The Treasurer shall serve as chairperson of the Finance Committee. It shall be the duty of the Treasurer to co-sign all checks written by the WTBOA staff, or direct another member of the Executive Committee to do so. In order to be elected Treasurer, the Board member must have spent a minimum of one (1) year on the Finance

Committee. If no Member running for Treasurer meets such requirement, then this requirement will be void.

6.5 Finance Committee. The Finance Committee shall consist of the President, First Vice President, Second Vice President, Treasurer, Secretary and one member of the Board elected to the Finance Committee. It shall be the duty of the Finance Committee, along with the General Manager, to prepare an annual budget for the Association, showing estimated expenditures and revenue of the Association, which budget shall be submitted to the Board for approval at the next regular meeting following the close of the Association's fiscal year or a special meeting called for that purpose; to assist in the purchasing of supplies and materials and in the disbursements of funds of the Association for authorized purposes; to set up adequate procedures for and to supervise, if performed, an audit of the books of account of the Association and all financial transactions of the Association; and to make recommendation to the Board concerning the finances and investments of the Association.

6.6 Executive Board. The Executive Board shall be comprised of all officers of the Board. The purpose of the Executive Board shall be to appoint and discharge employees and agents of the Association and determine their compensation. It shall also be the responsibility of the Executive Board to make policy decisions for the Association when it is impractical or impossible to put off such decisions until such time that a Board meeting can convene. The Executive Board is under a strict requirement to keep the contents of Executive meetings confidential when it involves the discharge of employees. Information disclosed by an Executive Committee member to a non-Executive Committee individual (whether on the Board, a member or non-member) regarding employee matters would result in expulsion from the Executive Committee if a majority of the remaining Executive Committee members agree that a disclosure occurred. All meetings concerning executive matters will be performed with only Executive Committee members in the room.

6.7 Nominating Committee. There shall be a Nominating Committee appointed by the President for purposes of replacing an Officer, if needed. The duty of the Nominating Committee will be to carry out and perform the necessary functions to replace the Officer.

## **ARTICLE VII – EMPLOYEES**

7.1 The employees of the Association, including their duties and supervision shall be the responsibility of the Executive Board of the Association subject to approval of the Board and to such policies, qualifications, and rules pertaining to employees and personnel matters as the Board may from time to time adopt. The Executive Committee shall have sole power with respect to appointing and discharging employees.

7.2 The Board may provide for the employment of a General Manager of the Association. The General Manager's duties shall be to manage and operate the Association's sales, to assist the Officers of the Association, to manage the Association



office, to handle correspondence, collection of dues, track relationships and other business affairs of the Association, including the activities, programs and efforts of the Association to assist members with problems of breeding, raising, owning and racing of horses and to promote public interest, acceptance, and good will for the industry, the sport and the Association. All such duties shall be performed under the direction and approval of the Board and as the Board from time to time assigns or directs.

## **ARTICLE VIII – MULTIPLE INTEREST OF DIRECTORS AND OFFICERS**

No contract or transaction between the Association and one or more of its Directors and Officers or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors or Officers are Directors or Officers of the Association, or have a financial interest therein, shall be void or voidable solely for such reason, or solely because the Director or Officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because their vote is counted for such purpose, nor shall the Director or Officer be required to account to the Association for any profit or benefit derived by him from such contract or transaction if: (a) the fact of his interest is disclosed or is known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested Director or Officer, or (b) the contract or transaction is fair as to the Association as of the time it is authorized, approved or ratified, by the Board, or a committee thereof.

## **ARTICLE IX – COMMITTEES**

9.1 The function, activities and purposes of the Association shall be implemented, under the direction of the Trustees and offices of the Association, through the following standing committees: (a) Finance Committee (b) Sales Committee and (c) Northwest Race Series Committee, as well as the ad hoc Nominating Committees.

The President shall annually, except for the Finance and Sales Committees, appoint the members of each standing committee, who shall be removable at the will of the President. The committee chairman may appoint additional committee members as they see fit.

The Board shall adopt rules and regulations definitively prescribing the duties of and governing of the organization and procedure for the several standing committees, and may from time to time alter, modify, and amend the same by majority vote of the Board; provided, each committee shall be responsible to the President for the performance of its functions and the conduct of its business, and the President, in turn, to the Board; a written or verbal report of the functions and activities of each of the standing committees shall be given to the Board at each regular meeting and a written report of same shall be given at the annual meeting of the membership.

9.2 Sales Committee. The Sales Committee will derive its authority from and conduct its business subject to the direction of the Board. The Committee shall consist of eight (8) elected members, plus a member appointed by the President of the Association, for a total of nine (9) members. To be eligible for election to the Sales Committee, a person must be a member in good standing of the Association, and fulfill one of the following criteria as a participant in the Association's sales program: purchased a horse at the sale, consigned for sale, sold a horse at the sale, acted as sales agent, or acted as a purchasing agent during one of the four preceding Association sales. Elected members shall serve three (3) year rotating terms. The term of the appointed member will be at the discretion of the Association President. The nominating committee shall be made up of those members of the Sales Committee whose terms have not expired. The nominating committee shall select at least two (2) qualified candidates for each position that is open. Qualified persons not selected by the nominating committee who wish to be nominated may do so by submitting a "Nomination Petition" endorsed by the signatures of at least ten (10) Association members in good standing. The Sales Committee members will be nominated and elected at the same time and in accordance with the same regulations as the election of the Association's Trustees except as stipulated herein. The appointed Sales Committee member need not be a member of the Board but must fulfill the criteria set forth above. The nine (9) members of the Sales Committee shall elect a chairperson who shall be responsible for keeping the Board informed of the committee's activities.

The Sales Committee will work autonomously regarding all things with respect to putting on any horse sale, with the exception that any substantial decisions with regard to the Sale including, but not limited to, changing the date or time of the sale, any substantial change to the catalog, or anything that will substantially impact the financial situation of the Association. Those substantial decisions will be presented to the Board for approval.

9.3 Special Committees. In addition to the aforesaid standing committees, the President or Board may from time to time designate and appoint such special committees, as they may deem expedient, whereupon they shall definitively prescribe such committee's functions, duties, organization, and procedure. Each such special committee shall be responsible and report as in the case of a standing committee. All special committees shall be discharged by the President or the Board, if created by the latter, when its objects or purposes shall have been accomplished, or when it shall have been deemed expedient to do so, and in any event, the term of such special committee shall expire on the date of the annual meeting of the members of the Association next following the designation and appointment of the committee.

9.4 Member Complaints or Inquiries. Any complaints and/or inquiries by members or employees of the Association in which they reasonably believe that a policy, practice, or activity of the Association is in violation of law such complaint shall be directed by said member to the General Manager of the Association in writing outlining in detail the nature of the complaint or inquiry. In the event the General Manager shall be unable to answer said complaint or inquiry to the satisfaction of said member, said complaint or inquiry shall be referred by the General Manager to the appropriate standing

committee of the Board or other standing or special committee having jurisdiction of the subject matters queried by the member, together with a copy of the complaint or inquiry to the President and Vice Presidents of the Association. Said complaint or inquiry shall be handled by the appropriate committee at its next regularly scheduled committee meeting at which time the member will be allowed to attend for the purpose of explaining or elaborating on said complaint or inquiry. Said committee shall then, depending on the relative importance of the matter considered, either take action on its own or recommend an appropriate course of action or other disposition to the Board which shall take action at its next regularly scheduled meeting. The Association will not retaliate against a member or employee who in good faith, has made a complaint against some practice of company, or of another individual or entity with whom the Association employs or has a legal relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

## **ARTICLE X – MEMBERSHIP LEDGER**

A membership ledger containing the names and addresses of the members of the Association shall be kept at the Association's principal office.

## **ARTICLE XI – LIQUIDATION AND DISTRIBUTION**

11.1 In the event of voluntary dissolution of this Association, three (3) persons, members of this Association, shall be appointed liquidating trustees of this Association by the Board. The liquidating shall proceed to wind up the Association, identify its assets, pay its debts, and distribute the residue of the assets to such non-profit organization or organizations selected by the liquidating trustees that are exempt from the payment of income tax under the provisions of the United States Internal Revenue Code.

11.2 No part of the net earnings, income surplus funds or assets of the Association shall inure to the benefit of any members of the Association or of any individual either upon the order of the Association or upon its dissolution.

## **ARTICLE XII – ORDER OF BUSINESS**

The order of business at all meetings as herein provided shall be as follows: (1) Call to order by the President; (2) Approval of minutes of the last meeting; (3) Financial report; (4) Reports of committees; (5) Old Business; (6) New business; and (7) Correspondence.

## **ARTICLE XIII – CONTRACTS AND CHECKS**

All checks or demands for money, notes of the Association, formal contracts or agreements of whatever kind of nature, including the execution and endorsement of negotiable paper and contracts of assignment, transfer, hypothecation, guarantee, pledge, lease, and receipt shall be signed by such officer(s) or employees(s) of the Association as the Board may from time to time designate.

## **ARTICLE XIV – CAPITAL STOCK**

This Association shall have no capital stock.

## **ARTICLE XV – COMPENSATION**

The compensation to paid officers and trustees shall be fixed as the Board may determine.

## **ARTICLE XVI – INDEMNIFICATION OF OFFICERS, TRUSTEES, EMPLOYEES AND AGENTS**

16.1 To the fullest extent permitted by Chapter 24.03 of the Revised code of Washington, the personal liability of a director to the Association shall be eliminated and the Association shall indemnify any person who was or is a party or is threatened to made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal administrative or investigative by reason of the fact that such person is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, penalties, and amounts paid in settlement, actually and reasonably incurred by him or her, in connection with such action, suit, or proceeding, to the full extent allowed by applicable law.

16.2 Reasonable expenses incurred by a director, officer, employee, or agent who is a party to a proceeding may be paid or reimbursed by the Association in advance of the final disposition of such proceeding: (a) upon receipt by the Association of a written undertaking by or on behalf of the director, officer, employee, or agent to repay such amount if it shall ultimately be determined that such person has not met the standard of conduct necessary for indemnification by the Association as authorized by this section; and (b) either after a determination that the information then known to those making the determination (without undertaking further investigation for the purposes thereof) does not establish that indemnification would not be permissible under applicable law; or (c) upon receipt by the Association of a written affirmation by the director, officer, employee, or agent of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association as authorized in this Article and the undertaking required by paragraph (a) of this section shall be an unlimited general obligation of the director, officer, employee, or agent, but need not be secured and may be accepted without reference to financial ability to make the repayment.

16.3 The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association or who is or was serving at the request of the Association as an officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the

Association would have the power to indemnify him against such liability under the provision of this Article.

16.4 Any indemnification of a director in accordance with this Article, including payment or reimbursement of expenses, shall be reported to the Board with the notice of the next Board meeting or prior thereto in a written report containing a brief description of the proceedings involving the director being indemnified and the nature of such indemnification.

## **ARTICLE XVII – AMENDMENTS**

These Bylaws may be amended or added to or revoked, in whole or in part, at any time, at any regular meeting of the Board or special meeting of the Board called for that purpose, by the affirmative vote of a simple majority of the Board present in person or by proxy. The Board is solely in power to amend the Articles of Incorporation.

## **ARTICLE XVIII – PROXY VOTING**

At any meeting of the Board at which a quorum shall be physically present, any Trustee not present shall be allowed to vote by proxy on any issue on which members of the Board may vote upon. Such proxy, to be valid, must (a) be in writing, (b) authorized by the non-present Trustee, (c) designate the Board member who shall be empowered to vote said proxy, including any restrictions or limitations of the proxy's power, (d) be delivered to the President or other presiding Officer prior to the start of such meeting (Xerox, facsimile copies or e-mail shall be allowed) and (e) shall be valid only for the meeting designated in the proxy (a new proxy shall be required for each meeting that a non-present Trustee shall be unable to attend). All rights with regard to voting by proxy as set forth herein shall also apply to any meeting of standing or special committees of the Board, provided that any such proxy to be valid shall be delivered to the committee chairperson, rather than the President, prior to the start of any such committee meeting.