

AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA, INC. BYLAWS

ARTICLE I

ORGANIZATION

SECTION I. OFFICES

THE PRINCIPAL OFFICE OF THE AMERICAN SADDLEBRED HORSE ASSOCIATION OF ARIZONA, INC. (HEREINAFTER REFERRED TO AS THE ASSOCIATION), SHALL BE LOCATED IN SCOTTSDALE, ARIZONA. THE ASSOCIATION MAY HAVE SUCH OTHER OFFICES, EITHER WITHIN OR WITHOUT THE STATE OF ARIZONA, AS THE BOARD OF DIRECTORS MAY DESIGNATE OR AS THE BUSINESS OF THE ASSOCIATION MAY REQUIRE FROM TIME TO TIME.

SECTION II. NAME OF ORGANIZATION

THE NAME OF THE ORGANIZATION SHALL BE THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA, INC. (THE ASSOCIATION).

SECTION III. CORPORATE STANDING

THIS ASSOCIATION IS INCORPORATED UNDER THE LAWS OF THE STATE OF ARIZONA AS A NON-PROFIT CORPORATION AND IS IN GOOD STANDING WITH THE ARIZONA CORPORATION COMMISSION.

SECTION IV. AMERICAN SADDLEBRED HORSE ASSOCIATION CHARTER CLUB

THIS ASSOCIATION IS A CHARTER CLUB OF THE AMERICAN SADDLEBRED HORSE ASSOCIATION AND SHALL ABIDE BY ALL APPLICABLE RULES AND REGULATIONS THEREOF.

ARTICLE II

NONPROFIT PURPOSE

SECTION 1. IRC SECTION 501(c)3 PURPOSE

THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR ONE OR MORE OF THE PURPOSES AS SPECIFIED IN SECTION 501(c)3 OF THE INTERNAL REVENUE CODE, INCLUDING, FOR SUCH PURPOSES, THE MAKING OF DISTRIBUTIONS TO ORGANIZATIONS THAT QUALIFY AS EXEMPT ORGANIZATIONS UNDER SECTION 501(c)3 OF THE INTERNAL REVENUE CODE.

SECTION 2. SPECIFIC OBJECTIVES AND PURPOSES

THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA, AS AN ASHA CHARTER CLUB, SHALL HAVE THE PURPOSE OF EXPANDING THE KNOWLEDGE OF THE AMERICAN SADDLEBRED; EDUCATING THE GENERAL PUBLIC IN THE EXHIBITING, USE, AND HISTORY OF AMERICAN SADDLEBRED HORSES; DEVELOPMENT AND DISSEMINATION OF EDUCATIONAL MATERIAL TO THE GENERAL PUBLIC, INCLUDING, BUT NOT LIMITED TO, MATERIAL RELATING TO PROMOTING THE HUMANE TREATMENT OF AMERICAN SADDLEBRED HORSES; STIMULATING AND PROMOTING INTEREST IN ALL MATTERS PERTAINING TO THE HISTORY, BREEDING, AND EXHIBITING OF THE AMERICAN SADDLEBRED; ENCOURAGING SAFE EQUESTRIAN ACTIVITIES; EDUCATING YOUTH WITH RESPECT TO SAFE AND PROPER HORSEMANSHIP BY PROMOTING YOUTH GROUPS AND THE DISSEMINATION OF EDUCATIONAL MATERIALS AND TEACHING THROUGH PUBLICATIONS, HORSE EXHIBITIONS, HORSE SHOWS, LECTURES, INTERNET, OR OTHER MEANS; AND, OTHER ACTIVITIES AS DETERMINED BY THE BOARD OF DIRECTORS CONSISTENT WITH THE MISSION STATEMENT AND BYLAWS OF THE CORPORATION AND WITHIN THE MEANING OF SECTION 501(c)3 OF THE INTERNAL REVENUE CODE TAX-EXEMPT PURPOSE.

ARTICLE III

MEMBERSHIP

PART I. INDIVIDUAL MEMBERS

SECTION 1. THE ASSOCIATION SHALL HAVE THREE (3) CLASSES OF INDIVIDUAL MEMBERS, TO BE UNDER THE NAME OF INDIVIDUAL. THE DESIGNATION OF SUCH AND THE QUALIFICATION AND RIGHT OF THE MEMBERS OF EACH CLASS SHALL BE AS FOLLOWS:

A. LIFETIME AND HONORARY MEMBERS. UPON PAYMENT OF THE FEE PRESCRIBED BY THE BOARD OF DIRECTORS, AN INDIVIDUAL MAY BECOME A MEMBER FOR LIFE WITH NO ADDITIONAL AMOUNT DUE TO MAINTAIN MEMBERSHIP DURING HIS/HER LIFETIME. A LIFETIME MEMBER UNDER AGE 18 SHALL HAVE THE

RIGHTS OF A JUNIOR MEMBER AND AT AGE 18 ALL THE RIGHTS OF A SENIOR MEMBER. AN HONORARY LIFETIME MEMBERSHIP MAY BE GIVEN AT THE DISCRETION OF THE BOARD OF DIRECTORS.

B. SENIOR MEMBERS. SENIOR MEMBERS ARE THOSE INDIVIDUALS WHO HAVE REACHED THEIR 18TH BIRTHDAY AND PAY THE ANNUAL DUES PRESCRIBED BY THE BOARD OF DIRECTORS. SENIOR MEMBERS ARE ENTITLED TO ONE VOTE.

C. JUNIOR MEMBERS. JUNIOR MEMBERS ARE THOSE INDIVIDUALS WHO ARE AGE 17 AND UNDER. THEY SHALL BE ELIGIBLE TO ATTEND ALL MEETINGS OF THE MEMBERSHIP AND TAKE PART IN ALL JUNIOR PROGRAMS DEVELOPED BY THE ASSOCIATION BUT SHALL HAVE NO VOTING POWER. THEIR ANNUAL DUES SHALL BE PRESCRIBED BY THE BOARD OF DIRECTORS.

SECTION 2. MEMBERS OF THE ASSOCIATION SHALL BE ADMITTED, RETAINED AND EXPELLED IN ACCORDANCE WITH PROCEDURES SET FORTH IN THESE BYLAWS. EACH MEMBER ENTITLED TO VOTE SHALL BE ENTITLED TO ONE VOTE EITHER IN PERSON OR BY PROXY ON EACH MATTER SUBMITTED TO A VOTE OF MEMBERS.

SECTION 3. MEMBERS ENTITLED TO VOTE AT A MEETING OF MEMBERS SHALL INCLUDE ALL SENIOR MEMBERS WHO ARE IN GOOD STANDING AT THE TIME OF SUCH MEETING.

SECTION 4. MEMBERSHIP IN THE ASSOCIATION IS A PRIVILEGE AND NOT A RIGHT AND IS OPEN TO ANY NATURAL PERSON WHO HAS INDICATED HIS OR HER INTEREST IN FURTHERING THE PURPOSES OF THE ASSOCIATION.

SECTION 5. APPLICATION FOR MEMBERSHIP IN THE ASSOCIATION SHALL BE MADE ON A FORM ACCEPTABLE TO THE ASSOCIATION AND SENT TO THE ASSOCIATION OFFICE WITH PAYMENT CHECK OR CREDIT CARD FOR THE ANNUAL MEMBERSHIP FEE PAYABLE TO THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA, INC.

SECTION 6. EXCEPT AS OTHERWISE LIMITED BY THE ARTICLES OF INCORPORATION OR THESE BYLAWS, ALL MEMBERS IN GOOD STANDING SHALL (I) OBEY AND BE BOUND BY ALL BYLAWS, RULES AND REGULATIONS OF THE ASSOCIATION AND DECISIONS OR ACTIONS OF THE BOARD OF DIRECTORS OR EXECUTIVE COMMITTEE, AND (II) SENIOR MEMBERS HAVE THE RIGHT TO HOLD OFFICE AND COMMITTEE ASSIGNMENTS.

SECTION 7. MEMBERSHIP RUNS FROM JANUARY 1 TO DECEMBER 31 OF EACH YEAR. A MEMBER SHALL BE CONSIDERED NOT IN GOOD STANDING IF THE ANNUAL FEE HAS NOT BEEN PAID ON OR BEFORE THE EXPIRATION DATE.

SECTION 8. A MEMBER NOT IN VIOLATION OF THE RULES AND REGULATIONS OF THE ASSOCIATION CAN BE REINSTATED TO GOOD STANDING BY SIMPLY PAYING THE MEMBERSHIP FEE FOR THE CURRENT YEAR.

SECTION 9. THE ANNUAL MEMBERSHIP FEE SHALL BE CONSIDERED PAID ON THE DAY IT IS POSTMARKED, IF MAILED, OR ON THE DATE RECEIVED BY THE ASSOCIATION IF DELIVERED BY MEANS OTHER THAN MAIL.

SECTION 10. APPLICATION FOR MEMBERSHIP WILL BE CONSIDERED AT ANY TIME DURING THE CALENDAR YEAR, BUT NO APPLICANT, REGARDLESS OF WHEN HIS OR HER APPLICATION IS SUBMITTED, MAY BECOME A MEMBER WITHOUT PAYING THE FULL ANNUAL MEMBERSHIP FEE DUE FOR THE ENTIRE YEAR IN WHICH HE OR SHE BECOMES A MEMBER. APPLICATION MUST HAVE A CURRENT MAILING AND EMAIL ADDRESS (IF AVAILABLE). ANY CHANGE IN EITHER MAILING OR EMAIL ADDRESS MUST BE REPORTED TO THE ASSOCIATION IN A TIMELY MANNER.

SECTION 11. MEMBERSHIP SHALL TERMINATE UPON THE OCCURRENCE OF ANY ONE OF THE FOLLOWING: (I) RESIGNATION IN WRITING DELIVERED TO THE ASSOCIATION, (II) DEATH, (III) FAILURE TO PAY THE ANNUAL MEMBERSHIP FEE ON OR BEFORE THE ANNUAL EXPIRATION DATE.

PART II. MEETINGS

SECTION I: QUORUM

A QUORUM OF THE BOARD OF DIRECTORS MUST BE PRESENT TO CONDUCT BUSINESS AT ANY MEETING CONDUCTED PURSUANT TO THESE BYLAWS, INCLUDING THE ANNUAL MEETING AND ALL MEETINGS OF THE BOARD OF DIRECTORS. A SIMPLE MAJORITY OF THE BOARD OF DIRECTORS SHALL CONSTITUTE A QUORUM.

SECTION 2. NOTICE

NOTICE OF ANY MEETING CONDUCTED PURSUANT TO THESE BYLAWS SHALL BE PROVIDED TO EACH MEMBER IN PERSON, BY TELEPHONE OR IN WRITING DELIVERED PERSONALLY, MAILED, EMAILED OR TRANSMITTED VIA FACSIMILE. SUCH NOTICE SHALL STATE THE DATE, TIME AND LOCATION OF THE MEETING, AND IN THE CASE OF THE SPECIAL MEETING, THE PURPOSE OR PURPOSES FOR WHICH MEETING IS CALLED.

SECTION 3. ANNUAL MEETING

THE ANNUAL MEETING OF THE ASSOCIATION SHALL BE HELD EACH YEAR IN JANUARY ON A DATE AND AT A TIME AND LOCATION ESTABLISHED BY THE BOARD OF DIRECTORS. NOTICE OF THE ANNUAL MEETING SHALL BE PROVIDED TO MEMBERS OF THE ASSOCIATION NOT LESS THAN TWENTY DAYS PRIOR TO THE DATE OF THE ANNUAL MEETING.

SECTION 4. REGULAR MEETINGS

REGULAR MEETINGS OF THE BOARD OF DIRECTORS SHALL BE HELD ON THE THIRD TUESDAY OF EACH MONTH AT A TIME AND LOCATION ESTABLISHED BY THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS MAY VOTE BY SIMPLE MAJORITY TO CHANGE THE DATE OF REGULAR MEETINGS, NOTICE OF REGULAR MEETINGS SHALL BE PROVIDED MEMBERS OF THE ASSOCIATION NOT LESS THAN TEN DAYS PRIOR TO THE DATE OF EACH REGULAR MEETING.

SECTION 5. SPECIAL MEETINGS

SPECIAL MEETINGS OF THE BOARD OF DIRECTORS MAY BE CALLED AT THE REQUEST OF THE PRESIDENT OR ANY FIVE (5) DIRECTORS. THE DATE, TIME AND LOCATION OF EACH SPECIAL MEETING SHALL BE ESTABLISHED BY THE PERSON(S) AUTHORIZED UNDER THIS PARAGRAPH TO CALL THE MEETING. NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS SHALL BE PROVIDED TO MEMBERS OF THE ASSOCIATION NOT LESS THAN TEN (10) DAYS PRIOR TO THE DATE OF EACH SPECIAL MEETING. NOTICE OF ANY SPECIAL MEETING, STATING THE TIME, PLACE AND PURPOSES THEREOF, SHALL BE GIVEN AT LEAST TEN (10) DAYS PREVIOUSLY THERETO IN PERSON, BY TELEPHONE OR BY WRITTEN NOTICE DELIVERED PERSONALLY OR ELECTRONICALLY, OR TELEFAXED, TELEGRAMED, MAILED, OR DELIVERED BY OTHER REASONABLE MEANS TO EACH DIRECTOR AT HIS OR HER ADDRESS AS LISTED IN THE RECORDS OF THE ASSOCIATION.

SECTION 6. ORDER OF BUSINESS

ALL MEETINGS CONDUCTED PURSUANT TO THESE BYLAWS SHALL BE CONDUCTED IN ACCORDANCE WITH ROBERT'S RULES OF ORDER. THE ORDER OF BUSINESS SHALL BE AS FOLLOWS: (I) ROLL CALL, A QUORUM OF THE BOARD OF DIRECTORS BEING PRESENT; (II) READING OF THE PREVIOUS MEETING MINUTES AND ACTION TAKEN THEREON; (III) REPORT OF THE TREASURER; (IV) REPORTS OF OTHER OFFICERS; (V) REPORTS OF COMMITTEES; (VI) READING OF CORRESPONDENCE; (VII) UNFINISHED BUSINESS; (VIII) NEW BUSINESS.

SECTION 7. TELEPHONIC MEETINGS

MEETINGS OF THE BOARD OF DIRECTORS MAY BE HELD BY TELEPHONE CONFERENCE OR BY OTHER MEANS OF COMMUNICATION WHEREBY ALL DIRECTORS PARTICIPATING IN THE MEETING CAN HEAR EACH OTHER SIMULTANEOUSLY.

SECTION 8. ANNUAL MEETING

THE ANNUAL MEETING OF MEMBERS SHALL BE HELD FOR THE PURPOSE OF TRANSACTING SUCH BUSINESS AS MAY BE PROPERLY BROUGHT BEFORE THE MEETING AT SUCH PLACE, EITHER WITHIN OR WITHOUT THE STATE OF ARIZONA, ON SUCH DATE AND AT SUCH PLACE AS THE BOARD OF DIRECTORS OR THE EXECUTIVE COMMITTEE MAY DETERMINE.

SECTION 9. SPECIAL MEETING

SPECIAL MEETINGS OF THE MEMBERS MAY BE CALLED BY THE PRESIDENT OR BOARD OF DIRECTORS AND SHALL BE CALLED BY THE PRESIDENT AT THE REQUEST OF TWO FIFTHS (2/5) OF MEMBERS, THEN IN GOOD STANDING. SPECIAL MEETINGS OF MEMBERS MAY BE HELD AT SUCH TIME AND PLACE, EITHER WITHIN OR WITHOUT THE STATE OF ARIZONA, AS MAY BE DESIGNATED IN THE NOTICE THEREOF.

PART III. INSPECTION OF RECORDS

A DIRECTOR SHALL BE ENTITLED TO INSPECT DURING REGULAR BUSINESS HOURS AT THE ASSOCIATION'S MAIN OFFICE ANY OF THE BOOKS, RECORDS, AND OTHER DOCUMENTS OF THE ASSOCIATION, PROVIDED THAT THE DIRECTOR GIVES THE ASSOCIATION WRITTEN NOTICE AT LEAST FIVE (5) BUSINESS DAYS BEFORE THE DATE ON WHICH THE DIRECTOR WISHES TO INSPECT SUCH BOOKS AND RECORDS.

A DIRECTOR MAY COPY ANY SUCH BOOKS, RECORDS AND DOCUMENTS, BUT EXCEPT WITH THE APPROVAL OF THE BOARD OF DIRECTORS MAY NOT DISSEMINATE SUCH COPIES TO ANYONE OTHER THAN HIS/HER ATTORNEY, ACCOUNTANT, OR OTHER EXPERT ADVISOR WHOSE OPINION THE DIRECTOR DEEMS NECESSARY TO ASSIST HIM/HER IN THE DISCHARGE OF HIS/HER FIDUCIARY OBLIGATIONS AS A DIRECTOR.

IN ADDITION TO THE INSPECTION AND COPYING OF THE RECORDS OF CERTAIN NON-PROFIT ORGANIZATIONS PERMITTED TO THE PUBLIC UNDER THE FEDERAL INTERNAL REVENUE CODE AND REGULATIONS, A MEMBER OF THE ASSOCIATION IN GOOD STANDING MAY BE PERMITTED TO INSPECT THE ARTICLES OF INCORPORATION, BYLAWS, FINANCIAL STATEMENTS, MINUTES, THE RECORD OF EXECUTIVE COMPENSATION, AS DISCLOSED ON IRS FORM 990, AND LIST OF THE NAMES AND ADDRESSES OF MEMBERS OF THE ASSOCIATION DURING REGULAR BUSINESS HOURS, UPON AT LEAST FIVE (5) BUSINESS DAYS PRIOR WRITTEN NOTICE OF HIS OR HER REQUEST STATING THE PURPOSE OF THE INSPECTION.

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS MAY IN ITS DISCRETION PERMIT COPYING OF SUCH DOCUMENTS AT THE EXPENSE OF THE INDIVIDUAL REQUESTING COPIES.

PART IV. LITIGATION

NO MEMBER OF THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA OR PARTICIPANT IN ITS PROGRAMS MAY INVOKE THE AID OF THE COURTS OF THE UNITED STATES OR ANY STATE WITHOUT FIRST EXHAUSTING ALL REMEDIES AVAILABLE UNDER THE PROCEDURES PROVIDED IN THESE BYLAWS.

ANY SUCH MEMBER OR PARTICIPANT ALLEGING TO HAVE BEEN AGGRIEVED BY AN ACT OR OMISSION OF THE ASSOCIATION SHALL PETITION THE AMERICAN SADDLEBRED ASSOCIATION TO HEAR A GRIEVANCE AGAINST THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA.

ARTICLE IV

DIRECTORS

PART I. DIRECTORS

SECTION 1. THE BOARD OF DIRECTORS SHALL CONSIST OF A MINIMUM OF SIX (6) TO A MAXIMUM OF EIGHTEEN (18) MEMBERS AND SHALL EXERCISE ALL OF THE POWERS OF THE ASSOCIATION SUBJECT ONLY TO THE RESTRICTIONS IMPOSED BY LAW, BY THE ASSOCIATION'S ARTICLES OF INCORPORATION, AS AMENDED, OR BY THESE BYLAWS. DIRECTORS MUST BE SENIOR MEMBERS OF THE ASSOCIATION IN GOOD STANDING.

SECTION 2. A MAJORITY OF THE NUMBER OF DIRECTORS SHALL CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS AT ANY MEETING OF THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS MAY USE TELECONFERENCE OR OTHER SIMILAR TECHNOLOGY SO LONG AS THE DIRECTOR NOT PHYSICALLY PRESENT CAN HEAR AND ACTIVELY PARTICIPATE IN DISCUSSIONS. IF LESS THAN SUCH MAJORITY IS PRESENT AT A MEETING, A MAJORITY OF THE DIRECTORS PRESENT MAY ADJOURN THE MEETING FROM TIME TO TIME WITHOUT FURTHER NOTICE.

SECTION 3. A REGULAR MEETING OF THE BOARD OF DIRECTORS SHALL BE HELD WITHOUT OTHER NOTICE THAN THIS BYLAW IMMEDIATELY AFTER, AND IN THE SAME PLACE AS, THE ANNUAL MEETING OF MEMBERS. THE BOARD OF DIRECTORS MAY PROVIDE, BY RESOLUTION, THE TIME AND PLACE, EITHER WITHIN OR WITHOUT THE STATE OF ARIZONA, FOR THE HOLDING OF ADDITIONAL REGULAR MEETINGS WITHOUT OTHER NOTICE THAN THIS RESOLUTION. MEETINGS OF THE BOARD OF DIRECTORS SHALL BE CONDUCTED ACCORDING TO ROBERT'S RULE OF ORDER.

SECTION 4. SPECIAL MEETINGS OF THE BOARD OF DIRECTORS MAY BE CALLED AT THE REQUEST OF THE PRESIDENT OR ANY FIVE (5) DIRECTORS. THE PERSON OR PERSONS AUTHORIZED TO CALL SUCH SPECIAL MEETINGS OF THE BOARD OF DIRECTORS MAY FIX ANY PLACE, WITHIN OR WITHOUT THE STATE OF ARIZONA, AS THE PLACE FOR HOLDING ANY SPECIAL MEETING OF THE BOARD OF DIRECTORS CALLED BY THEM. THE DATE, TIME AND LOCATION OF EACH SPECIAL MEETING SHALL BE ESTABLISHED BY THE PERSON(S) AUTHORIZED UNDER THIS PARAGRAPH TO CALL THE MEETING. NOTICE OF SPECIAL MEETINGS OF THE BOARD OF DIRECTORS SHALL BE PROVIDED TO MEMBERS OF THE ASSOCIATION NOT LESS THAN TEN (10) DAYS PRIOR TO THE DATE OF EACH SPECIAL MEETING.

SECTION 5. NOTICE OF ANY SPECIAL MEETING, STATING THE TIME, PLACE AND PURPOSES THEREOF, SHALL BE GIVEN AT LEAST TEN (10) DAYS PREVIOUSLY THERETO IN PERSON, BY TELEPHONE OR BY WRITTEN NOTICE DELIVERED PERSONALLY OR ELECTRONICALLY, OR TELEFAXED, TELEGRAMED, MAILED, OR DELIVERED BY OTHER REASONABLE MEANS TO EACH DIRECTOR AT HIS OR HER ADDRESS AS LISTED IN THE RECORDS OF THE ASSOCIATION.

SECTION 6. ANY DIRECTOR MAY WAIVE NOTICE OF ANY MEETING. THE ATTENDANCE OF A DIRECTOR AT A MEETING SHALL CONSTITUTE A WAIVER OF NOTICE OF SUCH MEETING IF SUCH DIRECTOR ATTENDS THE MEETING FOR THE EXPRESS PURPOSE OF OBJECTING TO THE TRANSACTION OF ANY BUSINESS BECAUSE THE MEETING WAS NOT LAWFULLY CALLED OR CONVENED.

SECTION 7. A DIRECTOR WHO IS ABSENT FROM TWO CONSECUTIVE MEETINGS WITHOUT APPROVAL OF THE BOARD OF DIRECTORS WILL BE CONSIDERED TO HAVE RESIGNED.

SECTION 8. DIRECTORS SHALL SERVE WITHOUT COMPENSATION.

SECTION 9. ANY ACTION REQUIRED OR PERMITTED TO BE TAKEN BY THE BOARD OF DIRECTORS AT A MEETING MAY BE TAKEN WITHOUT A MEETING IF CONSENT IN WRITING SETTING FORTH THE ACTION TAKEN IS SIGNED BY ALL DIRECTORS. ACCEPTABLE FORMS OF WRITING TO INCLUDE DOCUMENTATION AND VOTES VIA EMAIL.

SECTION 10. MEETINGS OF THE BOARD OF DIRECTORS MAY BE HELD BY TELEPHONE CONFERENCE OR OTHER MEANS OF COMMUNICATION WHEREBY ALL DIRECTORS PARTICIPATING IN THE MEETING CAN HEAR EACH OTHER. PARTICIPATION IN A MEETING BY TELEPHONE OR OTHER SIMILAR MEANS SHALL CONSTITUTE PRESENCE IN PERSON AT THE MEETING.

SECTION 11. MEETING MINUTES SHALL BE KEPT OF EACH MEETING CONDUCTED PURSUANT TO THESE BYLAWS, AND SHALL BE TRANSCRIBED WITHIN THIRTY DAYS OF THE DATE OF SUCH MEETING. COPIES OF MEETING MINUTES SHALL BE MADE AVAILABLE TO ANY MEMBER OF THE ASSOCIATION UPON WRITTEN REQUEST.

PART II. ELECTION OF DIRECTORS

SECTION 1. QUALIFICATIONS OF DIRECTORS

DIRECTORS MUST BE SENIOR MEMBERS OF THE ASSOCIATION IN GOOD STANDING WHO ARE ACTIVE IN PROMOTING THE AMERICAN SADDLEBRED HORSE IN ARIZONA. ANY DIRECTOR MAY CHALLENGE AT ANY TIME THE NOMINATION, ELECTION, OR SEAT OF ANY OTHER DIRECTOR UNDER THIS PARAGRAPH, AT WHICH TIME THE NOMINEE, DIRECTOR-ELECT OR DIRECTOR MUST BE AFFIRMED BY A TWO THIRDS MAJORITY VOTE OF THE DISINTERESTED DIRECTORS.

SECTION 2. NUMBER OF DIRECTORS

THE BOARD OF DIRECTORS SHALL CONSIST OF NOT LESS THAN SIX (6) AND NOT MORE THAN EIGHTEEN (18) DIRECTORS. THE ACTUAL NUMBER OF DIRECTORS IN OFFICE AT ANY PARTICULAR TIME SHALL BE DETERMINED BY THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS MAY ELIMINATE A DIRECTORSHIP ONLY IF VACANT.

SECTION 3. TERM OF OFFICE

EACH DIRECTOR SHALL BE ELECTED FOR A TERM OF THREE (3) YEARS. A DIRECTOR WHOSE TERM HAS EXPIRED SHALL NONETHELESS CONTINUE TO SERVE UNTIL HIS/HER SUCCESSOR TAKES OFFICE. THE BOARD OF DIRECTORS SHALL BE DIVIDED INTO CLASSES THAT CONSIST OF FOUR DIRECTORS. TO THE EXTENT POSSIBLE, TERMS SHALL BE STAGGERED SO THAT THE TERMS OF ONLY ONE CLASS OF DIRECTORS EXPIRE EACH YEAR. NO DIRECTOR SHALL SERVE MORE THAN TWO CONSECUTIVE TERMS OR SIX CONSECUTIVE YEARS IN OFFICE, WITHOUT AN INTERVENING PERIOD OF ONE YEAR.

SECTION 4. NOMINATION OF DIRECTORS

NOMINATIONS FOR DIRECTORS TO FILL EXPIRING TERMS SHALL BE MADE BY A NOMINATING COMMITTEE CONSISTING OF ANY THREE SENIOR MEMBERS, TWO OF WHOM SHALL BE SELECTED BY THE BOARD OF DIRECTORS, AND A CHAIRPERSON, WHO SHALL BE APPOINTED BY THE PRESIDENT.

THE NOMINATING COMMITTEE SHALL:

- (I) SELECT A SLATE OF NOMINEES FOR ELECTION AS DIRECTORS TO FILL EXPIRING TERMS;
- (II) OBTAIN THE CONSENT OF EACH NOMINEE TO SERVE, IF ELECTED; AND
- (III) PRESENT THE SLATE OF NOMINEES TO THE BOARD OF DIRECTORS AT THE NOVEMBER MEETING OF THE BOARD OF DIRECTORS.

THE SLATE OF NOMINEES MUST BE APPROVED BY A SIMPLE MAJORITY VOTE OF THE BOARD OF DIRECTORS. THE SLATE OF NOMINEES APPROVED BY THE BOARD OF DIRECTORS SHALL BE MAILED AND/OR EMAILED TO EACH SENIOR MEMBER BY NO LATER THAN NOVEMBER 20, ALONG WITH THE FOLLOWING INSTRUCTIONS FOR PROPOSING ADDITIONAL NOMINATIONS FOR DIRECTORS OF THE ASSOCIATION:

THE BOARD OF DIRECTORS OF THE AMERICAN SADDLEBRED ASSOCIATION OF ARIZONA, INC. (THE "ASSOCIATION") HAS APPROVED THIS SLATE OF NOMINEES FOR ELECTION AS DIRECTORS OF THE ASSOCIATION TO FILL EXPIRING TERMS. ANY SENIOR MEMBER OF THE ASSOCIATION MAY PROPOSE ADDITIONAL NOMINATIONS FOR UP TO FOUR DIRECTORS BY SUBMITTING THE NAME, MAILING ADDRESS, TELEPHONE NUMBER AND EMAIL ADDRESS OF EACH PROPOSED NOMINEE IN WRITING TO THE ASSOCIATION, POSTMARKED BY DECEMBER 1 OF THE CURRENT YEAR. TO BE ELIGIBLE FOR NOMINATION AS A DIRECTOR OF THE ASSOCIATION, EACH PROPOSED NOMINEE MUST BE QUALIFIED TO SERVE AS A DIRECTOR IN ACCORDANCE WITH THE BYLAWS OF THE ASSOCIATION, MUST BE PROPOSED FOR NOMINATION BY AT LEAST TEN SENIOR MEMBERS, AND MUST CONSENT IN WRITING TO SERVE AS A DIRECTOR, IF ELECTED.

ANY ADDITIONAL ELIGIBLE NOMINEES PROPOSED IN ACCORDANCE WITH THESE INSTRUCTIONS WILL BE INCLUDED ON A BALLOT, ALONG WITH THE SLATE OF NOMINEES APPROVED BY THE BOARD OF DIRECTORS, FROM WHICH DIRECTORS WILL BE ELECTED TO FILL EXPIRING TERMS BY PLURALITY VOTE OF THE SENIOR MEMBERS OF THE ASSOCIATION. IF NO ADDITIONAL ELIGIBLE NOMINEES ARE PROPOSED IN ACCORDANCE WITH THESE INSTRUCTIONS, THE SLATE OF NOMINEES APPROVED BY THE BOARD OF DIRECTORS WILL BE CONSIDERED ACCEPTED AND WILL TAKE OFFICE FOR THE SPECIFIED TERMS, AND NO ELECTION WILL BE HELD.

SECTION 5. ELECTION OF DIRECTORS

IF NO ADDITIONAL ELIGIBLE NOMINEES ARE PROPOSED IN ACCORDANCE WITH THESE BYLAWS, THE SLATE OF NOMINEES APPROVED BY THE BOARD OF DIRECTORS SHALL BE CONSIDERED ACCEPTED AND SHALL TAKE OFFICE FOR THE SPECIFIED TERMS, AND NO ELECTION SHALL BE HELD.

IF ANY ADDITIONAL ELIGIBLE NOMINEE IS PROPOSED IN ACCORDANCE WITH THESE BYLAWS, DIRECTORS SHALL BE ELECTED TO FILL EXPIRING TERMS BY PLURALITY VOTE OF THE SENIOR MEMBERS OF THE ASSOCIATION. SUCH ELECTION SHALL BE CONDUCTED AS FOLLOWS:

THE PRESIDENT SHALL HAVE PREPARED BALLOTS CONTAINING THE NAMES OF NOMINEES ARRANGED ALPHABETICALLY, WHICH SHALL BE MAILED TO EACH NEW AND RENEWING SENIOR MEMBER OF THE ASSOCIATION WITH NOTICE OF THE ANNUAL MEETING NO LATER THAN TWENTY DAYS BEFORE THE ANNUAL MEETING. A SMALL BLANK ENVELOPE ALONG WITH A LARGER ENVELOPE IDENTIFIED AS THE "ASAA BALLOT ENVELOPE" SHALL ACCOMPANY EACH BALLOT. THE REVERSE SIDE OF THE LARGER ASAA BALLOT ENVELOPE SHALL HAVE THE SENIOR MEMBER'S NAME TYPED OR PRINTED ON IT, AND SHALL PROVIDE A SPACE FOR THE SENIOR MEMBER'S SIGNATURE. THE FRONT SIDE OF THE LARGER ASAA BALLOT ENVELOPE SHALL BE MARKED "BALLOT ENCLOSED" AND SHALL BE ADDRESSED TO THE ASSOCIATION. THE BALLOT SHALL INSTRUCT THE SENIOR MEMBER TO: (I) SEAL THE MARKED BALLOT IN THE SMALL BLANK ENVELOPE; (II) PLACE THE SMALL

BLANK ENVELOPE IN THE LARGER ASAA BALLOT ENVELOPE; AND (III) SEAL, SIGN AND DATE THE LARGER ASAA BALLOT ENVELOPE BEFORE MAILING. THE BALLOT ALSO SHALL STATE THAT THE BALLOT WILL NOT BE COUNTED UNLESS (I) THE ASSOCIATION RECEIVES THE SENIOR MEMBER'S MEMBERSHIP APPLICATION AND ANNUAL MEMBERSHIP DUES AT OR BEFORE THE ANNUAL MEETING AND (II) THE ASAA BALLOT ENVELOPE IS SEALED, SIGNED AND DATED BY THE SENIOR MEMBER, AND POSTMARKED BY NO LATER THAN SEVEN DAYS BEFORE THE ANNUAL MEETING. BALLOTS RECEIVED BY THE ASSOCIATION IN ACCORDANCE WITH THESE BYLAWS SHALL BE HELD BY THE SECRETARY IN THEIR SEALED, POSTMARKED ASAA BALLOT ENVELOPES UNTIL THE ANNUAL MEETING.

SENIOR MEMBERS WHOSE MAILED BALLOTS ARE NOT RECEIVED BY THE ASSOCIATION IN ACCORDANCE WITH THESE BYLAWS MAY SUBMIT BALLOTS FOR DIRECTORS OF THE ASSOCIATION: (I) IN PERSON AT THE ANNUAL MEETING; OR (II) BY PROXY, BY GIVING THEIR SEALED, SIGNED AND DATED ASAA BALLOT ENVELOPE TO ANOTHER SENIOR MEMBER TO DELIVER IN PERSON TO THE ASSOCIATION AT THE ANNUAL MEETING. MAILED BALLOTS, BALLOTS SUBMITTED IN PERSON AND BALLOTS DELIVERED BY PROXY SHALL BE COUNTED AT THE ANNUAL MEETING, PROVIDED, HOWEVER, THAT NO BALLOT SHALL BE COUNTED UNLESS THE ASSOCIATION HAS RECEIVED THE VOTING SENIOR MEMBER'S MEMBERSHIP APPLICATION AND ANNUAL MEMBERSHIP DUES AT OR BEFORE THE ANNUAL MEETING. THE RESULTS OF THE ELECTION SHALL BE ANNOUNCED AT THE ANNUAL MEETING.

SECTION 6. POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS

ALL PROPERTY AND AFFAIRS OF THE ASSOCIATION SHALL BE MANAGED BY THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS SHALL EXERCISE ALL OF THE POWERS OF THE ASSOCIATION, SUBJECT TO ANY RESTRICTIONS IMPOSED BY LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS. THE BOARD OF DIRECTORS IS AUTHORIZED TO ACT IN THE NAME OF THE ASSOCIATION ONLY WHEN CONVENED IN ACCORDANCE WITH THESE BYLAWS.

SECTION 7. COMPENSATION

NO DIRECTOR OF THE ASSOCIATION SHALL, BY REASON OF HIS/HER OFFICE, BE ENTITLED TO RECEIVE ANY SALARY OR COMPENSATION FROM THE ASSOCIATION, BUT NOTHING HEREIN SHALL BE CONSTRUED TO PREVENT A DIRECTOR FROM RECEIVING COMPENSATION FROM THE ASSOCIATION FOR DUTIES PERFORMED OTHER THAN AS DIRECTOR SO LONG AS SUCH COMPENSATION IS AUTHORIZED BY A SIMPLE MAJORITY VOTE OF THE DISINTERESTED DIRECTORS.

SECTION 8. CHAIRPERSON OF THE BOARD OF DIRECTORS

THE PRESIDENT OF THE ASSOCIATION, BY VIRTUE OF HIS/HER OFFICE, SHALL BE CHAIRPERSON OF THE BOARD OF DIRECTORS.

SECTION 9. VOTING

EACH DIRECTOR SHALL BE ENTITLED TO ONE VOTE ON THE BOARD OF DIRECTORS, AND SUCH VOTE MAY NOT BE MADE BY PROXY.

SECTION 10. ATTENDANCE AT MEETINGS

A TWO-THIRDS MAJORITY VOTE OF THE DISINTERESTED DIRECTORS SHALL BE REQUIRED TO RETAIN A DIRECTOR WHO FAILS TO BE PRESENT AT THREE OR MORE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY SINGLE TWELVE-MONTH PERIOD.

SECTION 11. REMOVAL OF DIRECTORS

ANY DIRECTOR MAY BE REMOVED FROM OFFICE BY A TWO-THIRDS MAJORITY VOTE OF THE DISINTERESTED DIRECTORS, WHEN SUFFICIENT CAUSE EXISTS FOR SUCH REMOVAL. PRIOR TO ANY VOTE FOR REMOVAL UNDER THIS PARAGRAPH, A DIRECTOR SHALL BE PROVIDED WITH REASONABLE NOTICE AND A HEARING AT WHICH THE DIRECTOR SHALL HAVE A REASONABLE OPPORTUNITY TO PRESENT EVIDENCE IN HIS/HER DEFENSE, AND MAY BE REPRESENTED BY COUNSEL.

SECTION 12. DIRECTOR VACANCY

ANY VACANCY OCCURRING ON THE BOARD OF DIRECTORS MAY BE FILLED BY THE AFFIRMATIVE VOTE OF THE MAJORITY OF THE REMAINING DIRECTORS EVEN IF LESS THAN A QUORUM OF THE BOARD OF DIRECTORS. A DIRECTOR ELECTED TO FILL A VACANCY SHALL BE ELECTED FOR THE UNEXPIRED TERM OF HIS PREDECESSOR IN OFFICE.

PART III. NONLIABILITY OF DIRECTORS

THE DIRECTORS SHALL NOT BE PERSONALLY LIABLE FOR THE DEBTS, LIABILITIES, OR OTHER OBLIGATIONS OF THE CORPORATION AS SET FORTH IN THE ARTICLES OF INCORPORATION.

ARTICLE V

OFFICERS

SECTION 1. QUALIFICATIONS OF OFFICERS

ONLY DIRECTORS OF THE ASSOCIATION MAY SERVE AS OFFICERS OF THE ASSOCIATION.

SECTION 2. NUMBER OF OFFICERS

THERE SHALL BE A PRESIDENT, A VICE PRESIDENT, A SECRETARY AND A TREASURER OF THE ASSOCIATION.

SECTION 3. TERM OF OFFICE

EACH OFFICER SHALL BE ELECTED FOR A TERM OF ONE YEAR. AN OFFICER WHOSE TERM HAS EXPIRED SHALL NONETHELESS CONTINUE TO SERVE UNTIL HIS/HER SUCCESSOR TAKES OFFICE.

SECTION 4. ELECTION OF OFFICERS

THE OFFICERS OF THE ASSOCIATION SHALL BE ELECTED BY PLURALITY VOTE OF THE BOARD OF DIRECTORS AT THE FIRST REGULAR MEETING OF THE BOARD OF DIRECTORS FOLLOWING THE ANNUAL MEETING.

SECTION 5. POWERS AND AUTHORITY OF OFFICERS

THE OFFICERS OF THE ASSOCIATION SHALL HAVE THE FOLLOWING POWERS, AUTHORITY AND DUTIES:

A. PRESIDENT

THE PRESIDENT SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE ASSOCIATION AND THE CHAIRPERSON OF THE BOARD OF DIRECTORS. THE PRESIDENT SHALL, WHEN PRESENT, PRESIDE AT MEETINGS OF THE BOARD OF DIRECTORS. THE PRESIDENT SHALL PRESENT AN ANNUAL REPORT OF THE ACTIVITIES OF THE ASSOCIATION AT THE ANNUAL MEETING. THE PRESIDENT SHALL, IN GENERAL, BE RESPONSIBLE FOR ENFORCING OBSERVANCE OF ALL POLICIES ESTABLISHED BY THE BOARD OF DIRECTORS. EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS, THE PRESIDENT MAY APPOINT EXECUTIVE COMMITTEES, CONSISTING OF ANY OFFICER(S) OR OTHER DIRECTOR(S), AND OTHER COMMITTEES, CONSISTING OF ANY SENIOR MEMBER(S), FOR SUCH PURPOSES AS DELEGATED BY THE PRESIDENT. THE PRESIDENT SHALL APPOINT THE CHAIRPERSON OF ANY AND ALL COMMITTEES, INCLUDING EXECUTIVE COMMITTEES AND THE NOMINATING COMMITTEE, AND SHALL SPECIFY THE DUTIES OF EACH CHAIRPERSON. THE PRESIDENT MAY EXECUTE, TOGETHER WITH THE SECRETARY OR ANY OTHER OFFICER DULY AUTHORIZED BY THE BOARD OF DIRECTORS, DEEDS, MORTGAGES, BONDS, CONTRACTS OR OTHER INSTRUMENTS AUTHORIZED BY THE BOARD OF DIRECTORS TO BE EXECUTED, EXCEPT WHERE SUCH EXECUTION IS IN CONFLICT WITH APPLICABLE LAW OR EXPRESSLY HAS BEEN DELEGATED BY THE ARTICLES OF INCORPORATION OF THE ASSOCIATION, THESE BYLAWS OR THE BOARD OF DIRECTORS TO ANOTHER OFFICER OR AGENT OF THE ASSOCIATION. THE PRESIDENT, WITH THE ASSISTANCE OF THE SECRETARY, SHALL PROPERLY COMPLETE, KEEP AND FILE ALL BOOKS, REPORTS, PAPERS, CERTIFICATES AND OTHER RECORDS OF THE ASSOCIATION AS REQUIRED BY LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS. THE PRESIDENT SHALL SEE THAT AN ANNUAL FINANCIAL REVIEW OF THE ASSOCIATION, AS REQUIRED BY THE AMERICAN SADDLEBRED HORSE ASSOCIATION, BE PERFORMED BY AN INDEPENDENT ACCOUNTING FIRM AND THAT THE RESULTS OF SUCH REVIEW BE REPORTED TO THE MEMBERS OF THE ASSOCIATION. THE PRESIDENT SHALL HAVE SUCH OTHER AND FURTHER POWERS AND AUTHORITY AS MAY REASONABLY BE CONSTRUED AS BELONGING TO THE CHIEF EXECUTIVE OFFICER OF ANY ORGANIZATION.

B. VICE PRESIDENT

THE VICE PRESIDENT SHALL, IN THE EVENT OF ANY ABSENCE OR INABILITY OF THE PRESIDENT TO SERVE IN OFFICE, PERFORM THE DUTIES OF THE PRESIDENT, AND WHEN SO ACTING SHALL HAVE ALL THE POWERS AND AUTHORITY AND BE SUBJECT TO THE SAME RESTRICTIONS IMPOSED UPON THE PRESIDENT AS IF THE VICE PRESIDENT HAD BEEN DULY ELECTED PRESIDENT UNDER THESE BYLAWS

C. SECRETARY

THE SECRETARY SHALL BE THE OFFICIAL CUSTODIAN OF RECORDS OF THE ASSOCIATION, AND SHALL ASSIST THE PRESIDENT IN PROPERLY COMPLETING, KEEPING AND FILING ALL BOOKS, REPORTS, PAPERS, CERTIFICATES AND OTHER RECORDS OF THE ASSOCIATION AS REQUIRED BY LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS. THE SECRETARY SHALL PROVIDE NOTICE TO MEMBERS OF THE ASSOCIATION, DIRECTORS AND OFFICERS AS REQUIRED UNDER THESE BYLAWS. THE SECRETARY SHALL ATTEND TO ALL CORRESPONDENCE OF THE ASSOCIATION, SHALL PRESENT SUCH CORRESPONDENCE AT MEETINGS OF THE ASSOCIATION, AND SHALL PERFORM ALL OTHER DUTIES INCIDENT TO THE OFFICE OF SECRETARY OF THE ASSOCIATION.

D. TREASURER

THE TREASURER SHALL BE THE PRINCIPAL ACCOUNTING AND FINANCIAL OFFICER OF THE ASSOCIATION. THE TREASURER SHALL HAVE CHARGE OF ALL MONIES AND SECURITIES OF THE ASSOCIATION, AND SHALL BE SOLELY RESPONSIBLE FOR SUCH MONIES AND SECURITIES. THE TREASURER SHALL RECEIVE AND RETAIN ALL RECEIPTS OF THE ASSOCIATION. THE TREASURER SHALL RECEIVE AND GIVE RECEIPTS FOR MONIES DUE AND PAYABLE TO THE ASSOCIATION, FROM ANY SOURCE, AND SHALL DEPOSIT SUCH MONIES IN THE NAME OF THE ASSOCIATION IN BANKS, TRUST COMPANIES, OR OTHER DEPOSITORIES SELECTED IN ACCORDANCE WITH THESE

BYLAWS. THE TREASURER MUST BE A SIGNATORY ON ALL CHECKS, DRAFTS, OTHER ORDERS OF PAYMENT OF MONEY, NOTES OR OTHER EVIDENCE OF INDEBTEDNESS ISSUED IN THE NAME OF THE ASSOCIATION. THE TREASURER SHALL MAINTAIN THE FINANCIAL RECORDS OF THE ASSOCIATION IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP), USING GENERALLY ACCEPTED ACCOUNTING SOFTWARE SUCH AS QUICKBOOKS OR ANY CURRENT VARIATION THEREOF. THE TREASURER SHALL PREPARE AND PRESENT TO THE BOARD OF DIRECTORS, UPON REQUEST, A WRITTEN ACCOUNT OF THE FINANCES OF THE ASSOCIATION, AND SHALL PERFORM ALL OTHER DUTIES INCIDENT TO THE OFFICE OF TREASURER OF THE ASSOCIATION.

SECTION 6. COMPENSATION

NO OFFICER OF THE ASSOCIATION SHALL, BY REASON OF HIS/HER OFFICE, BE ENTITLED TO RECEIVE ANY SALARY OR COMPENSATION FROM THE ASSOCIATION, BUT NOTHING HEREIN SHALL BE CONSTRUED TO PREVENT AN OFFICER FROM RECEIVING COMPENSATION FROM THE ASSOCIATION FOR DUTIES PERFORMED OTHER THAN AS OFFICER SO LONG AS SUCH COMPENSATION IS AUTHORIZED BY A SIMPLE MAJORITY VOTE OF THE DISINTERESTED DIRECTORS.

SECTION 7. REMOVAL OF OFFICERS

ANY OFFICER MAY BE REMOVED FROM OFFICE BY A TWO-THIRDS MAJORITY VOTE OF THE DISINTERESTED DIRECTORS, WHEN SUFFICIENT CAUSE EXISTS FOR SUCH REMOVAL. PRIOR TO ANY VOTE FOR REMOVAL UNDER THIS PARAGRAPH, AN OFFICER SHALL BE PROVIDED WITH REASONABLE NOTICE AND A HEARING AT WHICH THE OFFICER SHALL HAVE A REASONABLE OPPORTUNITY TO PRESENT EVIDENCE IN HIS/HER DEFENSE, AND MAY BE REPRESENTED BY COUNSEL.

SECTION 8. VACANCIES

VACANCY IN ANY OFFICE SHALL BE FILLED FOR THE BALANCE OF THE UNEXPIRED TERM BY A TWOTHIRDS MAJORITY VOTE OF THE BOARD OF DIRECTORS.

ARTICLE VI

DISCHARGE OF DUTIES

SECTION 1. DISCHARGE OF DUTIES

A DIRECTOR OR OFFICER SHALL DISCHARGE HIS/HER DUTIES TO THE ASSOCIATION: (I) IN GOOD FAITH; (II) WITH THE CARE A REASONABLY PRUDENT PERSON WOULD EXERCISE UNDER SIMILAR CIRCUMSTANCES; AND (III) IN A MANNER HE/SHE REASONABLY BELIEVES TO BE IN THE BEST INTERESTS OF THE ASSOCIATION.

SECTION 2. DUALITY OF INTEREST

ANY DUALITY OF INTEREST ON THE PART OF ANY DIRECTOR OR OFFICER SHALL BE DISCLOSED PROMPTLY TO THE BOARD OF DIRECTORS. A DIRECTOR OR OFFICER HAVING A DUALITY OF INTEREST WITH RESPECT TO A PARTICULAR MATTER SHALL NOT VOTE OR OTHERWISE INFLUENCE THAT MATTER, BUT SHALL BE COUNTED FOR PURPOSES OF DETERMINING A QUORUM FOR ANY MEETING OF THE BOARD OF DIRECTORS AT WHICH THE MATTER IS CONSIDERED OR VOTED UPON. THE MINUTES OF ANY SUCH MEETING SHALL REFLECT THAT A DUALITY OF INTEREST WITH RESPECT TO A PARTICULAR MATTER WAS DISCLOSED BY THE INTERESTED DIRECTOR OR OFFICER UNDER THIS PARAGRAPH, THAT THE INTERESTED DIRECTOR OR OFFICER ABSTAINED FROM VOTING ON THE MATTER AND THAT A QUORUM WAS PRESENT AT THE MEETING WITH THE INCLUSION OF THE INTERESTED DIRECTOR OR OFFICER. EACH DIRECTOR AND OFFICER OF THE ASSOCIATION SHALL BE ADVISED OF HIS/HER OBLIGATIONS UNDER THIS PARAGRAPH UPON TAKING OFFICE.

SECTION 3. GOOD FAITH RELIANCE ON INFORMATION

IN THE DISCHARGE OF ANY DUTIES TO THE ASSOCIATION, A DIRECTOR OR OFFICER IS ENTITLED TO RELY IN GOOD FAITH ON INFORMATION, OPINIONS, REPORTS OR STATEMENTS, INCLUDING FINANCIAL STATEMENTS AND OTHER FINANCIAL DATA, IF PREPARED AND PRESENTED IN ACCORDANCE WITH APPLICABLE LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION AND THESE BYLAWS BY: (I) ANOTHER DIRECTOR OR OFFICER OF THE ASSOCIATION WHOM HE/SHE REASONABLY BELIEVES TO BE RELIABLE AND COMPETENT; (II) LEGAL COUNSEL, A PUBLIC ACCOUNTANT OR OTHER PERSON WHOM HE/SHE REASONABLY BELIEVES TO BE RELIABLE AND COMPETENT, AND TO POSSESS APPROPRIATE EXPERIENCE OR EXPERTISE; OR (III) AN EXECUTIVE COMMITTEE OF WHICH HE/SHE IS NOT A MEMBER, IF HE/SHE REASONABLY BELIEVES THE EXECUTIVE COMMITTEE TO BE RELIABLE AND COMPETENT. A DIRECTOR OR OFFICER IS NOT ACTING IN GOOD FAITH IF HE/SHE HAS KNOWLEDGE MAKING RELIANCE OTHERWISE PERMITTED UNDER THIS PARAGRAPH UNWARRANTED.

SECTION 4. LOANS TO DIRECTORS OR OFFICERS PROHIBITED

NO LOANS SHALL BE MADE BY THE ASSOCIATION TO ANY OF ITS DIRECTORS OR OFFICERS. ANY DIRECTOR OR OFFICER WHO ASSENTS TO OR PARTICIPATES IN THE MAKING OF ANY LOAN IN VIOLATION OF THIS PARAGRAPH SHALL BE PERSONALLY LIABLE TO THE ASSOCIATION FOR THE FULL AMOUNT OF THE LOAN.

SECTION 5. UNLAWFUL DISTRIBUTIONS

ANY DISTRIBUTION MADE IN VIOLATION OF APPLICABLE LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS SHALL BE DEEMED AN UNLAWFUL DISTRIBUTION FOR THE PURPOSES OF THESE BYLAWS.

A. LIABILITY TO ASSOCIATION

ANY DIRECTOR OR OFFICER WHO VOTES IN FAVOR OF OR OTHERWISE ASSENTS TO AN UNLAWFUL DISTRIBUTION SHALL BE PERSONALLY LIABLE TO THE ASSOCIATION FOR THE AMOUNT OF THE DISTRIBUTION IN EXCESS OF THAT PERMITTED BY APPLICABLE LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS.

B. CONTRIBUTION

ANY DIRECTOR OR OFFICER WHO IS LIABLE TO THE ASSOCIATION UNDER THE PRECEDING PARAGRAPH IS ENTITLED TO CONTRIBUTION: (I) FROM EVERY OTHER DIRECTOR OR OFFICER WHO COULD BE LIABLE TO THE ASSOCIATION UNDER THE PRECEDING PARAGRAPH; AND (II) FROM ANY PERSON WHO ACCEPTED THE UNLAWFUL DISTRIBUTION KNOWING THE DISTRIBUTION WAS MADE IN VIOLATION OF APPLICABLE LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS, TO THE EXTENT THE AMOUNT OF THE DISTRIBUTION EXCEEDED THAT PERMITTED UNDER APPLICABLE LAW, THE ARTICLES OF INCORPORATION OF THE ASSOCIATION OR THESE BYLAWS.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. INDEMNIFICATION BY THE ASSOCIATION.

TO THE FULLEST EXTENT PERMITTED BY LAW, AND IN ACCORDANCE WITH THE PROVISIONS OF THE ARIZONA NONPROFIT CORPORATION ACTS AND THIS ARTICLE V, THE ASSOCIATION SHALL INDEMNIFY ANY PERSON AGAINST REASONABLE EXPENSES (AS DEFINED HEREIN) INCURRED BY HIM OR HER IN CONNECTION WITH ANY THREATENED, PENDING OR COMPLETED ACTION, SUIT OR PROCEEDING, WHETHER CIVIL, CRIMINAL, ADMINISTRATIVE, OR INVESTIGATIVE (“PROCEEDING”), TO WHICH HE OR SHE IS OR IS THREATENED TO BE MADE A PARTY, BECAUSE HE OR SHE IS OR WAS A DIRECTOR OR OFFICER OF THE ASSOCIATION, OR IS OR WAS SERVING AT THE REQUEST OF THE ASSOCIATION AS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, OR AGENT OF ANOTHER DOMESTIC OR FOREIGN CORPORATION, PARTNERSHIP, JOINT VENTURE, TRUST, OTHER ENTERPRISE OR EMPLOYEE BENEFIT PLAN IF SUCH PERSON (“PERSON”) WAS DETERMINED, IN THE MANNER PRESCRIBED BY SECTION 4 OF THIS ARTICLE VI, TO HAVE ACTED IN GOOD FAITH AND IN A MANNER HE REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTERESTS OF THE ASSOCIATION, AND REGARDING ANY CRIMINAL PROCEEDING, HAD NO REASONABLE CAUSE TO BELIEVE HIS OR HER CONDUCT WAS UNLAWFUL (“STANDARD OF CONDUCT”), EXCEPT IN RELATION TO MATTERS AS TO WHICH HE OR SHE HAS BEEN ADJUDGED IN THE PROCEEDING TO BE LIABLE FOR NEGLIGENCE OR MISCONDUCT IN THE PERFORMANCE OF DUTY TO THE ASSOCIATION.

SECTION 2. EXPENSES DEFINED.

FOR THE PURPOSES OF THIS ARTICLE VI, THE TERM “EXPENSES” SHALL MEAN ALL COSTS ACTUALLY INCURRED AND DISBURSEMENTS MADE BY A PERSON IN CONNECTION WITH A PROCEEDING, INCLUDING, WITHOUT LIMITATION, AMOUNTS PAID AS A RESULT OF A JUDGMENT, FINE, TAX OR PENALTY, OR IN SETTLEMENT OF ANY PROCEEDING, AND ATTORNEYS’ FEES AND COURT COSTS INCURRED IN CONNECTION THEREWITH.

ARTICLE VIII

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. THE BOARD OF DIRECTORS MAY AUTHORIZE ANY OFFICER OR OFFICERS, AGENT OR AGENTS, TO ENTER INTO ANY CONTRACT OR EXECUTE AND DELIVER ANY INSTRUMENT IN THE NAME OF AND ON BEHALF OF THE ASSOCIATION, AND SUCH AUTHORITY MAY BE GENERAL OR CONFINED TO SPECIFIC INSTANCES.

SECTION 2. NO LOANS SHALL BE CONTRACTED ON BEHALF OF THE ASSOCIATION AND NO EVIDENCES OF INDEBTEDNESS SHALL BE ISSUED IN ITS NAME UNLESS AUTHORIZED BY A RESOLUTION OF THE BOARD OF DIRECTORS. SUCH AUTHORITY MAY BE GENERAL OR CONFINED TO SPECIFIC INSTANCES.

SECTION 3. ALL CHECKS, DRAFTS OR OTHER ORDERS FOR THE PAYMENT OF MONEY, NOTES OR OTHER EVIDENCES OF INDEBTEDNESS ISSUED IN THE NAME OF THE ASSOCIATION SHALL BE SIGNED BY SUCH OFFICER OR OFFICERS, AGENT OR AGENTS OF THE ASSOCIATION AND IN SUCH MANNER AS SHALL FROM TIME TO TIME BE DETERMINED BY RESOLUTION OF THE BOARD OF DIRECTORS.

SECTION 4. ALL FUNDS OF THE ASSOCIATION NOT OTHERWISE EMPLOYED SHALL BE DEPOSITED FROM TIME TO TIME TO THE CREDIT OF THE ASSOCIATION IN SUCH BANKS, TRUST COMPANIES OR OTHER DEPOSITORIES AS THE BOARD OF DIRECTORS MAY SELECT.

ARTICLE IX

FISCAL YEAR

THE FISCAL YEAR OF THE ASSOCIATION SHALL BEGIN ON THE FIRST DAY OF JANUARY AND END ON THE LAST DAY OF DECEMBER OF EACH YEAR.

ARTICLE X

FINANCES

SECTION 1. INDEBTEDNESS

NO LOAN SHALL BE CONTRACTED ON BEHALF OF THE ASSOCIATION. NO EVIDENCE OF INDEBTEDNESS SHALL BE ISSUED IN THE NAME OF THE ASSOCIATION UNLESS AUTHORIZED BY THE BOARD OF DIRECTORS.

SECTION 2. PAYMENTS

ALL CHECKS, DRAFTS, OTHER ORDERS OF PAYMENT OF MONEY, NOTES OR OTHER EVIDENCE OF INDEBTEDNESS ISSUED IN THE NAME OF THE ASSOCIATION SHALL BE SIGNED BY THE TREASURER.

SECTION 3. EXPENSE REIMBURSEMENT

ANY EXPENSE AUTHORIZED BY THE BOARD OF DIRECTORS MAY BE REIMBURSED BY THE ASSOCIATION ONLY UPON PETITION FOR SUCH REIMBURSEMENT.

ARTICLE XI

CORPORATE SEAL

THE BOARD OF DIRECTORS SHALL PROVIDE A CORPORATE SEAL, WHICH SHALL BE CIRCULAR IN FORM AND SHALL HAVE INSCRIBED THEREON THE NAME OF THE ASSOCIATION AND THE STATE OF INCORPORATION AND THE WORDS "CORPORATE SEAL."

ARTICLE XII

STOCK NONEXISTENT

ALL SHARES OF STOCK OF THE ASSOCIATION ISSUED BY IT AT ANY TIME IN THE PAST ARE DEEMED NONEXISTENT, AND NO HOLDER OF ANY SUCH SHARES SHALL HAVE ANY RIGHTS WITH RESPECT THERETO.

ARTICLE XIII

COMMITTEES

THE PRESIDENT MAY APPOINT SUCH COMMITTEES AND THE CHAIRPERSONS THEREOF FOR SUCH TERMS AS THE PRESIDENT DEEMS NECESSARY OR APPROPRIATE TO FURTHER THE PURPOSES OF THE ASSOCIATION. SAID COMMITTEES WILL REPORT TO THE BOARD OF DIRECTORS. THE PRESIDENT WILL REPORT THE NAME OF EACH COMMITTEE AND THE MEMBERS THEREOF TO THE BOARD OF DIRECTORS WITHIN FIFTEEN (15) DAYS OF APPOINTMENT.

ARTICLE XIV

IRC 501(C)(3) TAX EXEMPTION PROVISIONS

SECTION 1. LIMITATIONS ON ACTIVITIES

NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL BE THE CARRYING ON OF PROPAGANDA, OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION (EXCEPT AS OTHERWISE PROVIDED BY SECTION 501(H) OF THE INTERNAL REVENUE CODE), AND THIS CORPORATION SHALL NOT PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTION OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF, OR IN OPPOSITION TO, ANY CANDIDATE FOR PUBLIC OFFICE.

SECTION 2. PROVISION

NOTWITHSTANDING ANY OTHER PROVISIONS OF THESE BYLAWS, THIS CORPORATION SHALL NOT CARRY ON ANY ACTIVITIES NOT PERMITTED TO BE CARRIED ON (A) BY A CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, OR (B) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(C)(2) OF THE INTERNAL REVENUE CODE.

SECTION 3. PROHIBITION AGAINST PRIVATE INUREMENT

NO PART OF THE NET EARNINGS OF THIS CORPORATION SHALL INURE TO THE BENEFIT OF, OR BE DISTRIBUTABLE TO, ITS MEMBERS, DIRECTORS OR TRUSTEES, OFFICERS, OR OTHER PRIVATE PERSONS, EXCEPT THAT THE CORPORATION SHALL BE AUTHORIZED AND EMPOWERED TO PAY REASONABLE COMPENSATION FOR SERVICES RENDERED AND TO MAKE PAYMENTS AND DISTRIBUTIONS IN FURTHERANCE OF THE PURPOSES OF THIS CORPORATION TO INCLUDE THE ANNUAL YOUTH SCHOLARSHIP AWARD.

SECTION 4. DISTRIBUTION OF ASSETS

UPON THE DISSOLUTION OF THIS CORPORATION, ITS ASSETS REMAINING AFTER PAYMENT, OR PROVISION FOR PAYMENT, OF ALL DEBTS AND LIABILITIES OF THIS CORPORATION, SHALL BE DISTRIBUTED FOR ONE OR MORE EXEMPT PURPOSES WITHIN THE MEANING OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE OR CORRESPONDING SECTION OF ANY FUTURE FEDERAL TAX CODE, OR SHALL BE DISTRIBUTED TO THE FEDERAL GOVERNMENT, OR TO A STATE OR LOCAL GOVERNMENT, FOR A PUBLIC PURPOSE. SUCH DISTRIBUTION SHALL BE MADE IN ACCORDANCE WITH ALL APPLICABLE PROVISIONS OF THE LAWS OF THIS STATE AND ACCOMPLISHED WITHIN SIX MONTHS OF THE DISSOLUTION OF THE ASSOCIATION.

SECTION 5. PRIVATE FOUNDATION REQUIREMENTS AND RESTRICTIONS

IN ANY TAXABLE YEAR IN WHICH THIS CORPORATION IS A PRIVATE FOUNDATION AS DESCRIBED IN SECTION 509(A) OF THE INTERNAL REVENUE CODE, THE CORPORATION 1) SHALL DISTRIBUTE ITS INCOME FOR SAID PERIOD AT SUCH TIME AND MANNER AS NOT TO SUBJECT IT TO TAX UNDER SECTION 4942 OF THE INTERNAL REVENUE CODE; 2) SHALL NOT ENGAGE IN ANY ACT OF SELF-DEALING AS DEFINED IN SECTION 4941(D) OF THE INTERNAL REVENUE CODE; 3) SHALL NOT RETAIN ANY EXCESS BUSINESS HOLDINGS AS DEFINED IN SECTION 4943(C) OF THE INTERNAL REVENUE CODE; 4) SHALL NOT MAKE ANY INVESTMENTS IN SUCH MANNER AS TO SUBJECT THE CORPORATION TO TAX UNDER SECTION 4944 OF THE INTERNAL REVENUE CODE; AND 5) SHALL NOT MAKE ANY TAXABLE EXPENDITURES AS DEFINED IN SECTION 4945(D) OF THE INTERNAL REVENUE CODE.

ARTICLE XV

CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

SECTION 1. CONFLICT OF INTEREST

THE PURPOSE OF THIS CONFLICT OF INTEREST POLICY IS TO PROTECT THIS TAX-EXEMPT CORPORATION'S INTEREST WHEN IT IS CONTEMPLATING ENTERING INTO A TRANSACTION OR ARRANGEMENT THAT MIGHT BENEFIT THE PRIVATE INTEREST OF AN OFFICER OR DIRECTOR OF THE CORPORATION OR ANY "DISQUALIFIED PERSON" AS DEFINED IN SECTION 4958(F)(1) OF THE INTERNAL REVENUE CODE AND AS AMPLIFIED BY SECTION 53.4958-3 OF THE IRS REGULATIONS AND WHICH MIGHT RESULT IN A POSSIBLE "EXCESS BENEFIT TRANSACTION" AS DEFINED IN SECTION 4958(C)(1)(A) OF THE INTERNAL REVENUE CODE AND AS AMPLIFIED BY SECTION 53.4958 OF THE IRS REGULATIONS. THIS POLICY IS INTENDED TO SUPPLEMENT BUT NOT REPLACE ANY APPLICABLE STATE AND FEDERAL LAWS GOVERNING CONFLICT OF INTEREST APPLICABLE TO NONPROFIT AND CHARITABLE ORGANIZATIONS.

SECTION 2. DEFINITIONS

A. INTERESTED PERSON. ANY DIRECTOR, PRINCIPAL OFFICER, MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, OR ANY OTHER PERSON WHO IS A "DISQUALIFIED PERSON" AS DEFINED IN SECTION 4958(F)(1) OF THE INTERNAL REVENUE CODE AND AS AMPLIFIED BY SECTION 53.4958-3 OF THE IRS REGULATIONS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST, AS DEFINED BELOW, IS AN INTERESTED PERSON.

B. FINANCIAL INTEREST. A PERSON HAS A FINANCIAL INTEREST IF THE PERSON HAS, DIRECTLY OR INDIRECTLY, THROUGH BUSINESS, INVESTMENT, OR FAMILY:

1. AN OWNERSHIP OR INVESTMENT INTEREST IN ANY ENTITY WITH WHICH THE CORPORATION HAS A TRANSACTION OR ARRANGEMENT;
2. A COMPENSATION ARRANGEMENT WITH THE CORPORATION OR WITH ANY ENTITY OR INDIVIDUAL WITH WHICH THE CORPORATION HAS A TRANSACTION OR ARRANGEMENT; OR
3. A POTENTIAL OWNERSHIP OR INVESTMENT INTEREST IN, OR COMPENSATION ARRANGEMENT WITH, ANY ENTITY OR INDIVIDUAL WITH WHICH THE CORPORATION IS NEGOTIATING A TRANSACTION OR ARRANGEMENT.

C. COMPENSATION. INCLUDES DIRECT AND INDIRECT REMUNERATION AS WELL AS GIFTS OR FAVORS THAT ARE NOT INSUBSTANTIAL.

FINANCIAL INTEREST IS NOT NECESSARILY A CONFLICT OF INTEREST. UNDER SECTION 2, PARAGRAPH B, A PERSON WHO HAS A FINANCIAL INTEREST MAY HAVE A CONFLICT OF INTEREST ONLY IF THE APPROPRIATE GOVERNING BOARD OR COMMITTEE DECIDES THAT A CONFLICT OF INTEREST EXISTS.

SECTION 3. CONFLICT OF INTEREST AVOIDANCE PROCEDURES

A. DUTY TO DISCLOSE. IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH GOVERNING BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT.

B. DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS. AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE GOVERNING BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON. THE REMAINING BOARD OR COMMITTEE MEMBERS SHALL DECIDE IF A CONFLICT OF INTEREST EXISTS.

C. PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST. AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE GOVERNING BOARD OR COMMITTEE MEETING, BUT AFTER THE PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT INVOLVING THE POSSIBLE CONFLICT OF INTEREST. THE CHAIRPERSON OF THE GOVERNING BOARD OR COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT. AFTER EXERCISING DUE DILIGENCE, THE GOVERNING BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN WITH REASONABLE EFFORTS A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST.

IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY POSSIBLE UNDER CIRCUMSTANCES NOT PRODUCING A CONFLICT OF INTEREST, THE GOVERNING BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST, FOR ITS OWN BENEFIT, AND WHETHER IT IS FAIR AND REASONABLE. IN CONFORMITY WITH THE ABOVE DETERMINATION, IT SHALL MAKE ITS DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT.

D. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY. IF THE GOVERNING BOARD OR COMMITTEE HAS REASONABLE CAUSE TO BELIEVE A MEMBER HAS FAILED TO DISCLOSE ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, IT SHALL INFORM THE MEMBER OF THE BASIS FOR SUCH BELIEF AND AFFORD THE MEMBER AN OPPORTUNITY TO EXPLAIN THE ALLEGED FAILURE TO DISCLOSE. IF, AFTER HEARING THE MEMBER'S RESPONSE AND AFTER MAKING FURTHER INVESTIGATION AS WARRANTED BY THE CIRCUMSTANCES, THE GOVERNING BOARD OR COMMITTEE DETERMINES THE MEMBER HAS FAILED TO DISCLOSE AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST, IT SHALL TAKE APPROPRIATE DISCIPLINARY AND CORRECTIVE ACTION.

SECTION 4. RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS

THE MINUTES OF MEETINGS OF THE GOVERNING BOARD AND ALL COMMITTEES WITH BOARD DELEGATED POWERS SHALL CONTAIN:

- A.** THE NAMES OF THE PERSONS WHO DISCLOSED OR OTHERWISE WERE FOUND TO HAVE A FINANCIAL INTEREST IN CONNECTION WITH AN ACTUAL OR POSSIBLE CONFLICT OF INTEREST, THE NATURE OF THE FINANCIAL INTEREST, ANY ACTION TAKEN TO DETERMINE WHETHER A CONFLICT OF INTEREST WAS PRESENT, AND THE GOVERNING BOARD'S OR COMMITTEE'S DECISION AS TO WHETHER A CONFLICT OF INTEREST IN FACT EXISTED.
- B.** THE NAMES OF THE PERSONS WHO WERE PRESENT FOR DISCUSSIONS AND VOTES RELATING TO THE TRANSACTION OR ARRANGEMENT, THE CONTENT OF THE DISCUSSION, INCLUDING ANY ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT, AND A RECORD OF ANY VOTES TAKEN IN CONNECTION WITH THE PROCEEDINGS.

SECTION 5. COMPENSATION APPROVAL POLICIES

A VOTING MEMBER OF THE GOVERNING BOARD WHO RECEIVES COMPENSATION, DIRECTLY OR INDIRECTLY, FROM THE CORPORATION FOR SERVICES IS PRECLUDED FROM VOTING ON MATTERS PERTAINING TO THAT MEMBER'S COMPENSATION.

A VOTING MEMBER OF ANY COMMITTEE WHOSE JURISDICTION INCLUDES COMPENSATION MATTERS AND WHO RECEIVES COMPENSATION, DIRECTLY OR INDIRECTLY, FROM THE CORPORATION FOR SERVICES IS PRECLUDED FROM VOTING ON MATTERS PERTAINING TO THAT MEMBER'S COMPENSATION.

NO VOTING MEMBER OF THE GOVERNING BOARD OR ANY COMMITTEE WHOSE JURISDICTION INCLUDES COMPENSATION MATTERS AND WHO RECEIVES COMPENSATION, DIRECTLY OR INDIRECTLY, FROM THE CORPORATION, EITHER INDIVIDUALLY OR COLLECTIVELY, IS PROHIBITED FROM PROVIDING INFORMATION TO ANY COMMITTEE REGARDING COMPENSATION.

WHEN APPROVING COMPENSATION FOR DIRECTORS, OFFICERS AND EMPLOYEES, CONTRACTORS, AND ANY OTHER COMPENSATION CONTRACT OR ARRANGEMENT, IN ADDITION TO COMPLYING WITH THE CONFLICT OF INTEREST REQUIREMENTS AND POLICIES CONTAINED IN THE PRECEDING AND FOLLOWING SECTIONS OF THIS ARTICLE AS WELL AS THE PRECEDING PARAGRAPHS OF THIS SECTION OF THIS ARTICLE, THE BOARD OR A DULY CONSTITUTED COMPENSATION COMMITTEE OF THE BOARD SHALL ALSO COMPLY WITH THE FOLLOWING ADDITIONAL REQUIREMENTS AND PROCEDURES:

A. THE TERMS OF COMPENSATION SHALL BE APPROVED BY THE BOARD OR COMPENSATION COMMITTEE PRIOR TO THE FIRST PAYMENT OF COMPENSATION.

B. ALL MEMBERS OF THE BOARD OR COMPENSATION COMMITTEE WHO APPROVE COMPENSATION ARRANGEMENTS MUST NOT HAVE A CONFLICT OF INTEREST WITH RESPECT TO THE COMPENSATION ARRANGEMENT AS SPECIFIED IN IRS REGULATION SECTION 53.4958-6(C)(III), WHICH GENERALLY REQUIRES THAT EACH BOARD MEMBER OR COMMITTEE MEMBER APPROVING A COMPENSATION ARRANGEMENT BETWEEN THIS ORGANIZATION AND A "DISQUALIFIED PERSON" (AS DEFINED IN SECTION 4958(F)(1) OF THE INTERNAL REVENUE CODE AND AS AMPLIFIED BY SECTION 53.4958-3 OF THE IRS REGULATIONS):

1. IS NOT THE PERSON WHO IS THE SUBJECT OF THE COMPENSATION ARRANGEMENT, OR A FAMILY MEMBER OF SUCH PERSON;
2. IS NOT IN AN EMPLOYMENT RELATIONSHIP SUBJECT TO THE DIRECTION OR CONTROL OF THE PERSON WHO IS THE SUBJECT OF THE COMPENSATION ARRANGEMENT;
3. DOES NOT RECEIVE COMPENSATION OR OTHER PAYMENTS SUBJECT TO APPROVAL BY THE PERSON WHO IS THE SUBJECT OF THE COMPENSATION ARRANGEMENT;
4. HAS NO MATERIAL FINANCIAL INTEREST AFFECTED BY THE COMPENSATION ARRANGEMENT; AND
5. DOES NOT APPROVE A TRANSACTION PROVIDING ECONOMIC BENEFITS TO THE PERSON WHO IS THE SUBJECT OF THE COMPENSATION ARRANGEMENT, WHO IN TURN HAS APPROVED OR WILL APPROVE A TRANSACTION PROVIDING BENEFITS TO THE BOARD OR COMMITTEE MEMBER.

C. THE BOARD OR COMPENSATION COMMITTEE SHALL OBTAIN AND RELY UPON APPROPRIATE DATA AS TO COMPARABILITY PRIOR TO APPROVING THE TERMS OF COMPENSATION. APPROPRIATE DATA MAY INCLUDE THE FOLLOWING:

- (1) COMPENSATION LEVELS PAID BY SIMILARLY SITUATED ORGANIZATIONS, BOTH TAXABLE AND TAX-EXEMPT, FOR FUNCTIONALLY COMPARABLE POSITIONS. "SIMILARLY SITUATED" ORGANIZATIONS ARE THOSE OF A SIMILAR SIZE, PURPOSE, AND WITH SIMILAR RESOURCES;
- (2) THE AVAILABILITY OF SIMILAR SERVICES IN THE GEOGRAPHIC AREA OF THIS ORGANIZATION;
- (3) CURRENT COMPENSATION SURVEYS COMPILED BY INDEPENDENT FIRMS;
- (4) ACTUAL WRITTEN OFFERS FROM SIMILAR INSTITUTIONS COMPETING FOR THE SERVICES OF THE PERSON WHO IS THE SUBJECT OF THE COMPENSATION ARRANGEMENT;

AS ALLOWED BY IRS REGULATION 4958-6, IF THIS ORGANIZATION HAS AVERAGE ANNUAL GROSS RECEIPTS (INCLUDING CONTRIBUTIONS) FOR ITS THREE PRIOR TAX YEARS OF LESS THAN \$1 MILLION, THE BOARD OR COMPENSATION COMMITTEE WILL HAVE OBTAINED AND RELIED UPON APPROPRIATE DATA AS TO COMPARABILITY IF IT OBTAINS AND RELIES UPON DATA ON COMPENSATION PAID BY THREE COMPARABLE ORGANIZATIONS IN THE SAME OR SIMILAR COMMUNITIES FOR SIMILAR SERVICES.

D. THE TERMS OF COMPENSATION AND THE BASIS FOR APPROVING THEM SHALL BE RECORDED IN WRITTEN MINUTES OF THE MEETING OF THE BOARD OR COMPENSATION COMMITTEE THAT APPROVED THE COMPENSATION. SUCH DOCUMENTATION SHALL INCLUDE:

- (1) THE TERMS OF THE COMPENSATION ARRANGEMENT AND THE DATE IT WAS APPROVED;
- (2) THE MEMBERS OF THE BOARD OR COMPENSATION COMMITTEE WHO WERE PRESENT DURING DEBATE ON THE TRANSACTION, THOSE WHO VOTED ON IT, AND THE VOTES CAST BY EACH BOARD OR COMMITTEE MEMBER;
- (3) THE COMPARABILITY DATA OBTAINED AND RELIED UPON AND HOW THE DATA WAS OBTAINED;
- (4) IF THE BOARD OR COMPENSATION COMMITTEE DETERMINES THAT REASONABLE COMPENSATION FOR A SPECIFIC POSITION IN THIS ORGANIZATION OR FOR PROVIDING SERVICES UNDER ANY OTHER COMPENSATION ARRANGEMENT WITH THIS ORGANIZATION IS HIGHER OR LOWER THAN THE RANGE

OF COMPARABILITY DATA OBTAINED, THE BOARD OR COMMITTEE SHALL RECORD IN THE MINUTES OF THE MEETING THE BASIS FOR ITS DETERMINATION;

(5) IF THE BOARD OR COMMITTEE MAKES ADJUSTMENTS TO COMPARABILITY DATA DUE TO GEOGRAPHIC AREA OR OTHER SPECIFIC CONDITIONS, THESE ADJUSTMENTS AND THE REASONS FOR THEM SHALL BE RECORDED IN THE MINUTES OF THE BOARD OR COMMITTEE MEETING;

(6) ANY ACTIONS TAKEN WITH RESPECT TO DETERMINING IF A BOARD OR COMMITTEE MEMBER HAD A CONFLICT OF INTEREST WITH RESPECT TO THE COMPENSATION ARRANGEMENT, AND IF SO, ACTIONS TAKEN TO MAKE SURE THE MEMBER WITH THE CONFLICT OF INTEREST DID NOT AFFECT OR PARTICIPATE IN THE APPROVAL OF THE TRANSACTION (FOR EXAMPLE, A NOTATION IN THE RECORDS THAT AFTER A FINDING OF CONFLICT OF INTEREST BY A MEMBER, THE MEMBER WITH THE CONFLICT OF INTEREST WAS ASKED TO, AND DID, LEAVE THE MEETING PRIOR TO A DISCUSSION OF THE COMPENSATION ARRANGEMENT AND A TAKING OF THE VOTES TO APPROVE THE ARRANGEMENT);

(7) THE MINUTES OF BOARD OR COMMITTEE MEETINGS AT WHICH COMPENSATION ARRANGEMENTS ARE APPROVED MUST BE PREPARED BEFORE THE LATER OF THE DATE OF THE NEXT BOARD OR COMMITTEE MEETING OR 60 DAYS AFTER THE FINAL ACTIONS OF THE BOARD OR COMMITTEE ARE TAKEN WITH RESPECT TO THE APPROVAL OF THE COMPENSATION ARRANGEMENTS. THE MINUTES MUST BE REVIEWED AND APPROVED BY THE BOARD AND COMMITTEE AS REASONABLE, ACCURATE, AND COMPLETE WITHIN A REASONABLE PERIOD THEREAFTER, NORMALLY PRIOR TO OR AT THE NEXT BOARD OR COMMITTEE MEETING FOLLOWING FINAL ACTION ON THE ARRANGEMENT BY THE BOARD OR COMMITTEE.

SECTION 6. ANNUAL STATEMENTS

EACH DIRECTOR, PRINCIPAL OFFICER, AND MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS SUCH PERSON:

- A. HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY;
- B. HAS READ AND UNDERSTANDS THE POLICY;
- C. HAS AGREED TO COMPLY WITH THE POLICY; AND
- D. UNDERSTANDS THE CORPORATION IS CHARITABLE AND IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES.

SECTION 7. PERIODIC REVIEWS

TO ENSURE THE CORPORATION OPERATES IN A MANNER CONSISTENT WITH CHARITABLE PURPOSES AND DOES NOT ENGAGE IN ACTIVITIES THAT COULD JEOPARDIZE ITS TAX-EXEMPT STATUS, PERIODIC REVIEWS SHALL BE CONDUCTED.

THE PERIODIC REVIEWS SHALL, AT A MINIMUM, INCLUDE THE FOLLOWING SUBJECTS:

- A. WHETHER COMPENSATION ARRANGEMENTS AND BENEFITS ARE REASONABLE, BASED ON COMPETENT SURVEY INFORMATION, AND THE RESULT OF ARM'S-LENGTH BARGAINING.
- B. WHETHER PARTNERSHIPS, JOINT VENTURES, AND ARRANGEMENTS WITH MANAGEMENT ORGANIZATIONS CONFORM TO THE CORPORATION'S WRITTEN POLICIES, ARE PROPERLY RECORDED, REFLECT REASONABLE INVESTMENT OR PAYMENTS FOR GOODS AND SERVICES, FURTHER CHARITABLE PURPOSES, AND DO NOT RESULT IN INUREMENT, IMPERMISSIBLE PRIVATE BENEFIT, OR IN AN EXCESS BENEFIT TRANSACTION.

SECTION 8. USE OF OUTSIDE EXPERTS

WHEN CONDUCTING THE PERIODIC REVIEWS AS PROVIDED FOR IN SECTION 7, THE CORPORATION MAY, BUT NEED NOT, USE OUTSIDE ADVISORS. IF OUTSIDE EXPERTS ARE USED, THEIR USE SHALL NOT RELIEVE THE GOVERNING BOARD OF ITS RESPONSIBILITY FOR ENSURING PERIODIC REVIEWS ARE CONDUCTED.

ARTICLE XVI AMENDMENTS

THE BOARD OF DIRECTORS SHALL HAVE THE POWER TO MAKE BYLAWS NOT INCONSISTENT WITH LAW OR THE ARTICLES OF INCORPORATION OF THE ASSOCIATION AND SHALL HAVE THE POWER TO ALTER, AMEND OR REPEAL THE SAME. THE BYLAWS MAY BE AMENDED BY THE MEMBERS AT ANY MEETING OF THE MEMBERSHIP BY TWO THIRDS (2/3) MAJORITY VOTE, PROVIDED WRITTEN NOTICE, INCLUDING THE TEXT OR PROPOSED AMENDMENT, SHALL BE GIVEN TO ALL MEMBERS AT LEAST THIRTY (30) DAYS PRECEDING SAID MEETING.

ARTICLE XVII CONSTRUCTION AND TERMS

IF THERE IS ANY CONFLICT BETWEEN THE PROVISIONS OF THESE BYLAWS AND THE ARTICLES OF INCORPORATION OF THIS CORPORATION, THE PROVISIONS OF THE ARTICLES OF INCORPORATION SHALL GOVERN. SHOULD ANY OF THE PROVISIONS OR PORTIONS OF THESE BYLAWS BE HELD UNENFORCEABLE OR INVALID FOR ANY REASON, THE REMAINING PROVISIONS AND PORTIONS OF THESE BYLAWS SHALL BE UNAFFECTED BY SUCH HOLDING. ALL REFERENCES IN THESE BYLAWS TO THE ARTICLES OF INCORPORATION SHALL BE TO THE ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION, CERTIFICATE OF INCORPORATION, ORGANIZATIONAL CHARTER, CORPORATE CHARTER, OR OTHER FOUNDING DOCUMENT OF THIS CORPORATION FILED WITH AN OFFICE OF THIS STATE AND USED TO ESTABLISH THE LEGAL EXISTENCE OF THIS CORPORATION.