

# PENNSYLVANIA CUTTING HORSE ASSOCIATION

## BY-LAWS

(May \_\_, 2016)

### ARTICLE 1

#### Name and Purpose of this Association

**Section 1.1** This association shall be known as the Pennsylvania Cutting Horse Association, a Pennsylvania nonprofit corporation (the "Association").

**Section 1.2** The purpose of the Association shall be to promote in all ways interest in the activity and sport of cutting in general and cutting horses.

**Section 1.3** The Association shall have and continuously maintain in the Commonwealth of Pennsylvania a registered office at an address to be designated from time-to-time by the Board of Directors, which may, but need not, be the same as its place of business.

**Section 1.4** All proceedings of the Association shall be in direct accord with the policies and activities of the National Cutting Horse Association.

### ARTICLE 2

#### Membership and Dues

**Section 2.1** Any person having a sincere interest in cutting and being of moral character shall be eligible for consideration for membership in the Association.

**Section 2.2** Payment of the appropriate dues must accompany each application for membership in the Association. Membership is not effective until both 1) payment of dues and 2) a completed, true and accurate application is accepted by the Association ("Member(s)" and/or "Membership").

**Section 2.3** Annual dues in the Pennsylvania Cutting Horse Association will be set yearly by the Board of Directors for individual Senior Membership, which is any Member, nineteen (19) years of age or older who is no longer eligible to show in youth classes ("Senior Member" and/or "Senior Membership") and youth Membership, which is any Member 18 years of age and younger as of January 1<sup>st</sup> ("Youth Member" and/or "Youth Membership"). The defined term "Member" includes both Senior Member and Youth Member.

2.3.1 Each Senior Member is entitled to one (1) vote and Youth Members do not receive any voting privileges.

**Section 2.4** A Member can be reprimanded or suspended at the discretion of the Board of Directors for:

2.4.1 Unsportsmanlike conduct or actions detrimental to the interests of this Association.

2.4.2 Knowingly and willfully violating the rules and regulations of this Association.

**Section 2.5** When any Member of this Association is accused of any violation constituting grounds for expulsion as state above; the Board of Directors shall cause a written notice to be served upon such said accused Member at least ten (10) days prior to any proposed hearing upon said violation. Such notice shall state the person or group accusing the Member, the charges against the accused, and the time and place of the hearing to be held. The Board of Directors shall at this time appoint a committee comprised of three (3) Senior Members of the Association who are presently members of the Board of Directors to hear the charges and the rebuttal at said hearing. This committee shall require the accuser to offer evidence in support of the charges, and shall give equal opportunity to the accused Member to offer evidence to refute such charges. When the accused has presented their evidence, said committee shall retire to deliberate in closed session on the matter at hand. The committee will report their findings and their majority opinion only to the Board of Directors. Said report will include any dissenting opinion from the majority. Upon receipt of said report, the Board of Directors at their next regular meeting or at a special meeting will review the matter and shall have the privilege of withholding a decision until hearing further evidence of witnesses at their discretion. A majority vote of the Board of Directors shall be final and binding in such matter.

**Section 2.6** Any Member suspended by the National Cutting Horse Association shall be automatically suspended by this Association and shall forfeit all rights to any property of the Association and year-end awards.

**Section 2.7** No Member may transfer his or her Membership or any right arising therefrom.

**Section 2.8** The fiscal year-ends December 31<sup>st</sup>.

### **ARTICLE 3 Government**

**Section 3.1** The general management of the affairs of the Association shall be vested in the Board of Directors, who shall be elected as provided in the By-Laws.

**Section 3.2** The officers of this Association shall consist of a President, Vice-President, Treasurer, and Secretary.

**Section 3.3** The Board of Directors shall consist of thirteen (13) Members as follows: the four (4) officers as provided above in Section 3.2; plus eight (8) Senior Members elected from the general Membership; plus the immediate past president of the Association (each individually referred to as a "Director").

**Section 3.4** The President of the Association shall be Chairman of the Board of Directors and serve as a member ex-officio of all committees of the Association.

**Section 3.5** Any Director absent from two (2) consecutive meetings, without just cause, shall be removed from the office and a replacement shall be appointed by the Board of Directors to serve the unexpired term of office.

**Section 3.6** Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent or consents setting forth the action so taken signed by the number of Directors necessary to enact such action is filed with the Secretary of the Association.

#### **ARTICLE 4**

##### **Election of Officers And Directors**

**Section 4.1** Only Senior Members in good standing with the Association who reside in the states of Pennsylvania or New Jersey are eligible for election in the Association. Only one Member from the state of New Jersey shall serve on the Board of Directors at any given time. The officers of the Association must be residents of Pennsylvania.

**Section 4.2** Each year the President shall appoint a nominating committee consisting of five (5) Members of the Association, two (2) of whom shall be current Members of the Board of Directors, and three (3) of whom shall be Senior Members selected from the general Membership. Said committee will meet at its earliest convenience to prepare a slate of officers. The nominating committee will present its nominations to the membership at the third regular quarterly business meeting. The presentation of the nominating committee's slate of officers shall not preclude additional nominations from the floor. The Secretary shall prepare a list of the names of all persons nominated and shall mail same to all Members of the Association within ten (10) days from said third regular business meeting.

**Section 4.3** The above list of names constitutes a written ballot for purposes of election of officers and directors of the Association. Each individual Senior Member shall be entitled to cast one (1) vote for each office to be filled. This ballot must be returned to the chairman of the nominating committee within twenty (20) days of its date. The chairman of the committee will tabulate the votes for each office and present the tabulation along with the actual ballots and envelopes to the general Membership at the fourth quarterly meeting.

**Section 4.4** The official installation of the officers and directors will be effective on January 1<sup>st</sup> of each year and the installation ceremonies will take place at the annual awards banquet each year.

**Section 4.5** Any Member elected as an officer of this Association shall serve for a two (2) year term.

**Section 4.6** Directors shall be elected for a term of two (2) years, with four (4) directors elected each year.

**Section 4.7** Should a vacancy occur among either the officers or directors, then the unexpired term resulting from such vacancy shall be filled by the Board of Directors appointing the next candidate with the highest vote total among the candidates from the most recent

election. If there were no other candidates, then the Board of Directors will appoint an eligible Association Member to serve during the unexpired term.

**Section 4.8** The Pennsylvania Cutting Horse Association will provide officer liability insurance each year for the officers of the Association.

## **ARTICLE 5 Duties of Officers**

**Section 5.1** The President shall preside at all meetings of the Members of the Association and of the Board of Directors, and shall appoint such committees as he, or the Board of Directors, shall consider expedient or necessary.

**Section 5.2** The Vice-President shall perform all the duties of the President in his absence, and in the absence of the President and the Vice-President, the Treasurer shall preside and assume the duties of the President.

**Section 5.3** The Treasurer shall attest all membership certificates; receive and safely keep all monies, rights and properties belonging to the Association; disperse funds under the direction of the Board of Directors; and render an accounting at the regular quarterly meetings.

**Section 5.4** The Secretary shall keep a permanent record of the minutes of all meetings of the Association and the Board of Directors, and handle correspondence pertaining to the business of the Association.

**Section 5.5** All minutes and reports from all meetings of the Pennsylvania Cutting Horse Association are to be turned over to the incoming Secretary.

## **ARTICLE 6 Meetings**

**Section 6.1** All meetings of the Members shall be held at such time and place, either within or outside of the Commonwealth of Pennsylvania, as may be determined from time-to-time by the Board of Directors. Meetings need not be held at the registered office of the Association.

**Section 6.2** There shall be four (4) regular meetings, one each quarter of the calendar year for the Members and the Board of Directors. Written notice of such meeting shall be mailed or sent via e-mail to the last recorded address of each Member at least ten (10) days prior to said meeting. Said notice shall contain the date, time and place of the meeting. To conduct business, a minimum of seven (7) board members must be present to constitute a quorum.

**Section 6.3** The annual awards banquet shall be held at a time and place determined by the Board of Directors.

**Section 6.4** Special meetings of the Association for Members, the Board of Directors or both, may be called at any time by the President of the Association or by any four (4)

members of the Board of Directors provided, however, that the notice requirement as set forth in Article 6, Section 6.2, is complied with.

**Section 6.5** The majority rule shall prevail in all voting matters, and voting shall be in accordance with Article 2, Section 2.3.1. For business being conducted by the Board of Directors, the majority rule shall apply to the number of Directors attending the meeting. Likewise, for business being conducted by the Members of the Association, the majority rule shall be determined by the number of Members present at the meeting.

**Section 6.6** The regular order of business at the meetings shall be:

- 6.6.1 Determination of the Board of Directors present.
- 6.6.2 Reading of minutes of previous meeting.
- 6.6.3 Treasurer's report.
- 6.6.4 Notices and communications.
- 6.6.5 Reports of committees
- 6.6.6 Unfinished business.
- 6.6.7 New business.
- 6.6.8 Remarks.
- 6.6.9 Adjournment.

## **ARTICLE 7 Amendments to By-Laws**

**Section 7.1** The By-Laws of the Association may be amended provided written notice is given to each Member as to the proposed change in the By-Laws. Proposed By-law changes are to be sent to general Membership, and received ten (10) days prior to the general Membership meeting along with the existing By-Laws. The proposed change in the By-Laws must be read at two (2) general Membership or special meetings. A 2/3 vote of approval by the Members attending the meeting is required for the proposed changes to be approved.

## **ARTICLE 8 Rules of Order**

**Section 8.1** All meetings of the Association shall be conducted in accordance with Robert's Rules of Order, as revised or amended.

## ARTICLE 9

### Audit

**Section 9.1** The President of the Association shall during the month of January appoint a committee of three (3) Members from the general Membership to audit the books of the Association from the preceding year. Said committee shall make their report to the President and Board of Directors at the next scheduled director's meeting.

## ARTICLE 10

### Liability of Directors

**Section 10.1** A Director of the Association shall stand in a fiduciary relation to the Association and shall perform his or her duties as a Director, including his or her duties as a Member of any committee of the Board of Directors upon which the Director may serve, in good faith, in a manner the director reasonably believes to be in the best interests of the Association, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (a) one or more officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants or other persons as to matters which the Director reasonably believes to be within the professional or expert competence of such persons; or (c) a committee of the Board of Directors upon which the Director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence. A Director shall not be considered to be acting in good faith if the Director has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

**Section 10.2** In discharging the duties of their respective positions, the Board of Directors, committees of the Board of Directors and individual Directors may, in considering the best interests of the Association, consider the effects of any action upon employees, suppliers and customers of the Association and communities in which offices or other establishments of the Association are located, and all other pertinent factors. The consideration of these factors shall not constitute a violation of Section 10.1 hereof.

**Section 10.3** Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a Director or any failure to take any action shall be presumed to be in the best interests of the Association.

**Section 10.4** A Director of the Association shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless: (a) the Director has breached or failed to perform the duties of his or her office under Sections 10.1 through 10.3 hereof; and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

**Section 10.5** The provisions of Section 10.4 hereof shall not apply to: (a) the responsibility or liability of a Director pursuant to any criminal statute; or (b) the liability of a Director for the payment of taxes pursuant to local, state or federal law.

**Section 10.6** The Pennsylvania Cutting Horse Association will provide directors liability insurance coverage each year for each person on the Board of Directors.

**Section 10.7** Notwithstanding any other provisions of these Bylaws, the approval of Members shall be required to amend, repeal or adopt any provision as part of these Bylaws that is inconsistent with the purpose or intent of Sections 10.1, 10.2, 10.3, 10.4, 10.5 or 10.6 of this Article 10, and, if any such action shall be taken, it shall become effective only on a prospective basis from and after the date of such Member approval. The provisions of this Article 10 were adopted by the Members of the Association on \_\_\_\_\_, 2016.

## ARTICLE 11

### INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

**Section 11.1** The Association shall indemnify any Director or officer, and may indemnify any other employee or agent, who was or is a party to, or is threatened to be made a party to, or who is called as a witness in connection with, any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, 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 domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person 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, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

**Section 11.2** The Association shall indemnify any Director or officer, and may indemnify any other employee or agent, who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor 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 domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court of common pleas of the judicial district embracing the county in which the registered office of the Association is located or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of

all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court of common pleas or such other court shall deem proper.

**Section 11.3** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 11 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. It is the policy of the Association that indemnification of, and advancement of expenses to, Directors and officers of the Association shall be made to the fullest extent permitted by law. To this end, the provisions of this Article 11 shall be deemed to have been amended for the benefit of Directors and officers of the Association effective immediately upon any modification of the Nonprofit Corporation Law of 1988 ("NPCL") or any modification, or adoption of any other law that expands or enlarges the power or obligation of corporations organized under the NPCL to indemnify, or advance expenses to, directors and officers of corporations.

**Section 11.4** The Association shall pay expenses incurred by an officer or Director, and may pay expenses incurred by any other employee or agent, in defending an action, or proceeding referred to in this Article 11 in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Association.

**Section 11.5** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 11 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent of the Association and shall inure to the benefit of the heirs, executors and administrators of such person.

**Section 11.6** The Association shall have the authority to create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner, its indemnification obligations, whether arising under these Bylaws or otherwise. This authority shall include, without limitation, the authority to: (i) deposit funds in trust or in escrow; (ii) establish any form of self-insurance; (iii) secure its indemnity obligation by grant of a security interest, mortgage or other lien on the assets of the Association; or (iv) establish a letter of credit, guaranty or surety arrangement for the benefit of such persons in connection with the anticipated indemnification or advancement of expenses contemplated by this Article 11. The provisions of this Article 11 shall not be deemed to preclude the indemnification of, or advancement of expenses to, any person who is not specified in Section 11.1 or Section 11.2 of this Article 11 but whom the Association has the power or obligation to indemnify, or to advance expenses for, under the provisions of the NPCL or otherwise. The authority granted by this Section 11.6 shall be exercised by the Board of Directors of the Association.

**Section 11.7** The Association shall have the authority to enter into a separate indemnification agreement with any officer, Director, employee or agent of the Association or any subsidiary providing for such indemnification of such person as the Board of Directors shall determine up to the fullest extent permitted by law.



**Section 11.8** As soon as practicable after receipt by any person specified in Section 11.1 or Section 11.2 of this Article 11 of notice of the commencement of any action, suit or proceeding specified in Section 11.1 or Section 11.2 of this Article 11, such person shall, if a claim with respect thereto may be made against the Association under Article 11 of these Bylaws, notify the Association in writing of the commencement or threat thereof; however, the failure so to notify the Association shall not relieve the Association from any liability under Article 11 of these Bylaws unless the Association shall have been prejudiced thereby or from any other liability which it may have to such person other than under Article 11 of these Bylaws. With respect to any such action as to which such person notifies the Association of the commencement or threat thereof, the Association may participate therein at its own expense and, except as otherwise provided herein, to the extent that it desires, the Association, jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel selected by the Association to the reasonable satisfaction of such person. After notice from the Association to such person of its election to assume the defense thereof, the Association shall not be liable to such person under Article 11 of these Bylaws for any legal or other expenses subsequently incurred by such person in connection with the defense thereof other than as otherwise provided herein. Such person shall have the right to employ his or her own counsel in such action, but the fees and expenses of such counsel incurred after notice from the Association of its assumption of the defense thereof shall be at the expense of such person unless: (i) the employment of counsel by such person shall have been authorized by the Association; (ii) such person shall have reasonably concluded that there may be a conflict of interest between the Association and such person in the conduct of the defense of such proceeding; or (iii) the Association shall not in fact have employed counsel to assume the defense of such action. The Association shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Association or as to which such person shall have reasonably concluded that there may be a conflict of interest. If indemnification under Article 11 of these Bylaws or advancement of expenses are not paid or made by the Association, or on its behalf, within 90 days after a written claim for indemnification or a request for an advancement of expenses has been received by the Association, such person may, at any time thereafter, bring suit against the Association to recover the unpaid amount of the claim or the advancement of expenses. The right to indemnification and advancements of expenses provided hereunder shall be enforceable by such person in any court of competent jurisdiction. The burden of proving that indemnification is not appropriate shall be on the Association. Expenses reasonably incurred by such person in connection with successfully establishing the right to indemnification or advancement of expenses, in whole or in part, shall also be indemnified by the Association.

**Section 11.9** 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 is or was serving at the request of the Association as a Director, officer, employee or agent of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article 11.

**Section 11.10** Notwithstanding any other provisions of these Bylaws, the approval of Members shall be required to amend, repeal or adopt any provision as part of these Bylaws that

is inconsistent with the purpose or intent of this Article 11, and, if any such action shall be taken, it shall become effective only on a prospective basis from and after the date of such Member approval. The provisions of this Article 24 were adopted by the Members of the Association on \_\_\_\_\_, 2016.

**Section 11.11** The Pennsylvania Cutting Horse Association will carry a surety/fidelity/dishonesty bond on authorized persons in accordance with the National Cutting Horse Association rules for affiliates.

## **ARTICLE 12**

### **Show and Contest**

**Section 12.1** All Association shows will use the National Cutting Horse Association rules, except when in direct conflict with Association policies and activities.

**Section 12.2** The Board of Directors will select the classes that the Association will approve for year-end awards. This selection of classes will take place before the first Association approved show.

**Section 12.3** To be eligible for non-Youth year-end awards, both the owner and the rider of the horse must be a current Member of the Association and the owner of the horse must have satisfied the requirements for Nomination of Year-end Awards which are set out in the then current Membership Application Form. To be eligible for Youth year-end awards, the Youth rider must be a Member, but the owner of the horse the Youth Member rides does not have to be a Member. No money won will count towards year-end awards until all the heretofore mentioned criteria are met.