

NATIONAL ASSOCIATION OF SPORTS COMMISSIONS

BYLAWS

Article I -- Name

The name of this Association shall be the National Association of Sports Commissions, herein after referred to as "Association."

Article II -- Purpose

The purpose of the Association shall be:

- A. To raise the level of professionalism in the sports events and tourism industry through ongoing education, advocacy, resource development and networking.
- B. To foster and promote regional, national and international sports competitions, participation and tourism.
- C. To serve as a vehicle for the systematic exchange of information pertinent to the sports events and tourism industry.
- D. To exert its collective influence and advocate locally, regionally, nationally and internationally in matters that may impact the sports events and tourism industry.
- E. To position the sports events and tourism industry as an important economic generator in member communities.
- F. To educate the public on the sports events and tourism industry and the economic, public relations, health and fitness aspects of sports events, facilities and tourism.
- G. To facilitate the development of talent to serve the sports events and tourism industry.

Article III -- Officers and Board of Directors

- A. The Officers of this Association shall be Chairman, Vice Chairman, Secretary and Treasurer.
- B. The Officers together with the Immediate Past Chairman shall constitute the Executive Committee.

- C. The Board of Directors shall consist of the Officers, the Immediate Past Chairman, twelve (12) individuals representing Destination Members in good standing with the Association, and two (2) individuals representing Industry Partner Members and two (2) individuals representing Rights Holder Members.
- D. The Board of Directors may also include up to two (2) non-voting independent directors. The independent directors will be appointments by the Chairman subject to approval by the Board and will serve a one (1)-year term.

Article IV -- Election/Appointment of Officers and Directors

- A. Officers must be individuals who are representatives of Destination Members of the Association and shall be elected at the Annual Meeting of the Association by a simple majority of the votes cast by the Destination, Industry Partner and Rights Holder Members present and eligible to vote. They shall take office before adjournment of said meeting, and each shall serve a one (1)-year term.
- B. At each Annual Meeting, sufficient individuals who are representatives of Destination Members to fill Destination Board member positions becoming vacant at the meeting shall be elected to the Board of Directors by a simple majority of the votes cast by the Destination, Industry Partner and Rights Holder Members present and eligible to vote. They shall take office before adjournment of said meeting and each shall serve a three (3)-year term.
- C. If any vacancy occurs among the elected Officers or the Board of Directors, the Board shall elect a person who meets the qualifications for the position to fill the vacancy at any regular or special meeting. The Officer or Director so elected by the Board shall serve until the new Board is seated at the beginning of the fiscal year, at which time the membership will elect a Member to serve for the balance, if any, of the unexpired term.
- D. The individuals who represent the Industry Partner Members and the Rights Holder Membership category shall be elected at the Annual Meeting of the Association by a simple majority of the votes cast by the Destination, Industry Partner and Rights Holder Members present and eligible to vote to hold office until the end of their regular term or until their successor is elected. These persons shall serve two (2)-year staggered terms. The election for one (1) Industry Partner Member position and one (1) Rights Holder Membership position will be held in even numbered years and the election for the other positions will be held in odd numbered years.
- E. A Director may be removed by a majority vote of the Board in the event the Director misses three (3) consecutive meetings of the Board or two-thirds (2/3rds) of all meetings of the Board held in any calendar year. In addition, any Director may be removed, with or without cause, at any time by a majority vote of the Board or a majority vote of the Members who elected that Director. A Director elected by Members may be removed by the Members only at a meeting called for removing that Director, or by adding the removal of the Director to the purpose of a scheduled meeting. The meeting notice shall state that the purpose, or one of the purposes, of the meeting is to vote regarding the removal of the Director. At such

meeting, the Director will be removed if a majority of the Members present who would otherwise be eligible to elect the Director vote for removal.

Article V -- Duties of Officers and Directors

- A. The Chairman shall be the principal elected officer of the Association; shall preside at meetings of the Association and the Board; shall bring forward a slate of committee chairs, subject to approval by the Board for all committees except the Nominating Committee and the Executive Committee whose membership is provided by the Bylaws and shall serve as an ex-officio member of all committees, except the Nominating Committee. Such other duties as are necessary and incident to the office, or as may be prescribed by the Board of the membership, shall be performed by the Chairman.
- B. The Vice Chairman shall be the Chairman-Elect and shall preside at meetings in the absence of or at the discretion of the Chairman. The Vice Chair shall be responsible for the oversight of all association events.
- C. The Secretary shall be responsible for:
 - 1. Giving proper notice of all meetings of the Association membership and Board. This responsibility may be delegated by the Secretary to the President & CEO (or other staff of the Association under the supervision of the President & CEO). Any notice may be communicated in person, by telephone, email, or other forms of wire or wireless communication, by facsimile transmission or by mail or private carrier. It is the responsibility of Association Members and Directors to advise the Secretary of change in contact information; the Secretary has no obligation to make efforts to obtain this information.
 - 2. Recording and distributing the proceedings of Association, Executive Committee and Board meetings.
- D. The Treasurer shall be responsible for:
 - 1. Keeping an account of all monies received and expended by the Association, assuring that all expenditures have been properly authorized.
 - 2. Having complete and accurate financial reports for Board meetings and the Annual Business Meeting.
- E. The Immediate Past Chairman shall serve as chairman of the Nominating Committee.
- F. The Board of Directors may promulgate Rules and Regulations governing:
 - 1. Association operations.
 - 2. The activities of special and standing committees.
 - 3. Any function or activity of the Association not presently covered by the Bylaws.
- G. The Board of Directors shall act for the Association between Annual Meetings.
- H. The Board of Directors shall approve the dues for all categories of Membership in the Association.

1. Each Member of the Board shall serve in an oversight capacity to at least one committee.
- I. The Board may suspend, expel or reinstate any Member of the Association in accordance with provisions of the Bylaws.

Article VI – Board of Directors Meetings

- A. The Board of Directors shall meet at least once each calendar year, in a regular meeting to be held immediately prior to the Annual Meeting. Written notice of this meeting is not required, but Directors may receive a courtesy notice by electronic or other means. Special meetings of the Board of Directors may be called upon request of Directors then in office. Notice of special meetings will be sent electronically, no less than five (5) days before the special meeting and is not required to disclose the purpose of the special meeting.
- B. A simple majority of the Board of Directors shall constitute a quorum conducting business.
- C. All voting members of the Board shall have the right to vote on all actions of the Board except that no Director shall be permitted to vote by proxy.
 1. After fully discussing a matter before the Board and with the entire Board available to discuss, the Board may use email and electronic communications for its decisions.
- D. All actions of the Board of Directors shall require an affirmative vote by a simple majority of the Directors present.
- E. All Association members will be notified of each meeting of the Board of Directors, in order that they may have the opportunity to attend Board meetings as "Friends of the Board," except that the Board may exclude non-Board members from its executive sessions.
- F. Minutes of the Board meetings shall be posted in the members only section of the Association's website.
- G. Meetings by Telephone or Electronic means. Members of the Board or any committee thereof may participate in a meeting of the Board or committee by, or conduct the meeting through use of, any means of communication by which all persons participating may simultaneously hear each other during the meeting. Such participation shall constitute presence in person at the meeting.
- H. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Directors or any committee thereof may be taken without a meeting if the action is taken by all Directors. The action shall be evidenced by one or more written consents signed by each Director or committee member entitled to vote with respect to the subject matter thereof describing the action taken, and shall be included in the minutes or filed with the Association's records reflecting action taken. Such consent (which may be signed

in counterparts) shall have the same force and effect as a unanimous vote of the Directors or committee members.

Article VII -- Committees

The Association shall have the following committees, and the Board may, by a majority vote, create other committees and appoint their Chairman and members. Association committees shall serve in a non-operational advisory capacity to the Association and staff. The creation, delegation of authority to or action by a committee shall not operate to relieve the Board or any member of the Board from any responsibility imposed by law or alone constitute compliance by a Director with the applicable standards of conduct. No committee of the Board may:

- (i) Authorize distributions,
 - (ii) Recommend to Members or approve the dissolution, merger or the sale, pledge or transfer of all or substantially all of the Association's assets,
 - (iii) Elect, appoint or remove Directors or fill vacancies on the Board of Directors or on any of its committees or,
 - (iv) Adopt, amend or repeal the Association's Articles of Incorporation or these Bylaws.
- Procedures for meetings of any committee shall be as established by the Board or, in the absence thereof, by the committee itself.

A. Executive Committee

- 1. The Executive Committee shall be composed of the Officers and the Immediate Past Chairman of the Association. The Chairman of the Association shall serve as the chairman of the Executive Committee.
- 2. The Executive Committee shall: Manage the affairs of the Association and act on behalf of the Board between meetings of the Board and serve as the official liaison between the Association and publications, governmental agencies, organizations or individuals on matters affecting the general welfare of the sports events and tourism industry, unless such liaison shall be assigned to an individual or a committee by the Association or its Board.
- 3. Action by the Executive Committee shall be subject to approval by the Board of Directors.
- 4. The Executive Committee members shall be required to travel to and attend two (2) Executive Committee meetings each year. The Association shall be responsible for the travel expenses of the Executive Committee members for traveling to and attending the required two (2) Executive Committee meetings.

B. Nominating Committee

- 1. The Nominating Committee shall be composed of seven (7) members including the Immediate Past Chairman; two (2) of whom are presently serving on the Board of Directors, but not as Officers; one (1) of whom is a representative of Industry Partner Members and one (1) of whom is a representative of Rights Holder Members. The Immediate Past Chairman shall serve as its chairman.
- 2. At least ninety (90) days prior to the Annual Meeting of the Association, the Board of Directors shall appoint the members of the Nominating Committee. The Immediate Past Chairman shall also replace any Nominating Committee member who becomes a viable candidate for office.

3. The Nominating Committee shall recommend one candidate for the Secretary position and confirm the succession of the current Officers to the Treasurer, Vice Chair, Chair and Immediate Past Chair position of the Association. It will also recommend one candidate for each open position of the Board of Directors. The Nominating Committee shall consider prior service on the Board of Directors for nominees to the Executive Committee.
4. The Board of Directors will approve the slate of officers, submitting them for approval by the Association membership at the Annual General Meeting.
5. The Nominating Committee shall disband following the completion of the elections at the Annual Meeting of the Association.

Article VIII -- President & CEO

- A. The Board of Directors may employ organization management and administrative services ("President & CEO") form of services, duties, term and compensation as set by the Board.
- B. The Association's Board must approve the selection of the President & CEO by a two-thirds (2/3rds) majority.

Article IX -- Membership

- A. Categories of Membership
 1. There are three (3) categories of Membership:
 - a. *Destination Members*: An organization located in each city, metropolitan area or urban unit, region, state, nation, commonwealth, territory, or other political subdivision (each, for purposes of the Association's Articles of Incorporation and these Bylaws, a "community") that solicits and services sports events, sports tourism, sports organizations and sports facilities and other types of sports-related activities in that community.
 - b. *Industry Partner Members*: Organizations, to include multi-sports organizations, colleges and universities and firms providing equipment, services, or attractions to the field served by the Association (*i.e.*, sports marketing companies, consulting and/or architectural firms, sports equipment manufacturers, facility management or food service companies, conferences, leagues, and similar organizations).
 - c. *Rights Holders*: Organizations including rights holders, firms or persons that hold rights to events and activities within the purposes and field of activity of the Association.
- B. Membership in the Association shall be vested in Member organizations of the Association in good standing. Each Member organization shall designate, in writing, to the Association's Secretary and staff membership department the name of the principal executive of the Member organization or other individual within the Member organization who will serve as its voting representative. Member organizations are responsible to inform the Association of all changes of the principal executive.
- C. The terms "Members" or "Membership" may be used to designate an organization, its principal executive or both.

- D. Members shall:
1. Have full and sole authority to represent that organization in activities and affairs of the Association, and to make commitments to and agreements with the Association that will be binding on the organization.
 2. Have completed the application process outlined in Article XI, A, B, C.
 3. Be allowed to serve on Association Committees.

Article X -- Dues and Assessments

- A. Membership dues, as approved by the Board of Directors, shall be payable on the first day of January for the ensuing year. Membership dues payments and shall be considered delinquent if not paid by January 31st of the ensuing year. Past due account may be subject to interest charges.
- B. Any Member whose dues are not paid during the prescribed period shall be subject to expulsion by the Board of Directors. It shall be within the discretion of the Board to grant an extension during which payment may be made.
- C. Assessments may be made for special purposes if recommended by the Board of Directors and if approved during the Annual Meeting by an affirmative vote of two-thirds (2/3rds) of the Members present and eligible to vote.

Article XI -- Membership Application and Approval

- A. Applications for Membership shall be made on an application form that has been approved by the Board of Directors. The application shall be accompanied by dues payable.
- B. Applicants shall be provided a copy of the Association's Bylaws and Code of Conduct. The Membership application form shall contain a mandatory consent statement indicating that the applicant:
1. Has read and agrees to abide by the Bylaws and relevant Code of Conduct and consents to receive notice by electronic means, as well as all applicable rules, policies and procedures of the Association.
 2. Agrees that in their dealings with the Association and its Members they will conduct themselves in an ethical manner, in furtherance of the purposes, mission and activities of the Association and will not engage in activity that is detrimental to the interests of the Association.
- C. Applications shall be submitted to and approved by the Association's President & CEO and will be accepted if the Applicant fits the description of the category for which it has applied for and provides at least one (1) professional reference relevant to the category. Should the Applicant belong in a different category, the President & CEO will notify the Applicant in writing and hold action on the application until the Applicant agrees to the change in category.

Article XII -- Resignation, Suspension and Expulsion from Membership

- A. A Member in any category may voluntarily resign from the Membership by submitting a letter of resignation to the Officers, Board of Directors or the Executive Committee. Membership is non-transferrable except by consent of the Board.
- B. A Member in any category may be suspended or expelled by the Board of Directors for:
 - 1. Violation of these Bylaws, Code of Conduct or any applicable rules, policies and procedures of the Association,
 - 2. Violation of the requirements of Membership as specified in these Bylaws or the Application for Membership, or
 - 3. Conduct considered by the Board of Directors to be detrimental to the interests of the Association or otherwise of sufficient gravity to warrant such action.
- C. The Board's decision to suspend or expel a Member is not subject to review of appeal provided the Board acted in a manner that was fair and reasonable and carried out the termination or suspension in good faith.
- D. Any proceeding challenging an expulsion, suspension or termination must be commenced within one (1) year after the Member receives notice of the suspension or expulsion.
- E. A Member who has been expelled or suspended may be liable to the Association for dues, assessments, or fees because of obligations incurred or commitments made by the member prior to the expulsion or suspension. Upon finding of special circumstances or hardship, the Board may in its discretion, approve a pro-rate return of a portion of the Member's annual dues, provided, however, any member suspended or expelled by the Board for conduct warranting such action shall not be entitled to any pro-ration of annual dues.

Article XIII -- Meeting of Members

- A. The Annual Meeting of the Association shall be held at such place and on such dates as shall be decided by the Board of Directors.
- B. Electronic notice shall be given to all Members of the place, date and time of the Annual Meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. For purposes of determining eligibility for notice. Members whose Membership is valid at the close of business on the business day preceding the day on which notice is given are entitled to notice of the meeting. It is the responsibility of the Association Members to advise the Secretary of changes in Member contact information; the Secretary has no obligation to make efforts to obtain updated or to reissue failed notice if such failed notices were properly attempted using the most recent contact information of the Member provide to the Association.

- C. Notice of an Annual or Regular Meeting must include a description of any matter or matters that shall be decided by the Members at such meeting. When giving notice of an annual, regular, or special meeting of members, the Association shall give notice of a matter a Member intends to raise at the meeting if requested in writing to do so by a person or persons entitled to call a special meeting pursuant to Subsection G 2 herein, and such request is received by the Secretary or Chairman of the Association at least ten (10) days before the Association gives notice of the meeting.
- D. List of Members
1. The Association will prepare on a current basis from the date the notice is issued through the time of the meeting a list of Members, if any, who are entitled to vote at the meeting, but not entitled to notice of the meeting. This list shall be part of the list of Members.
 2. Beginning two (2) business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, the list of all current Members shall be available at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held for inspection by any Member for communication with other Members concerning the meeting.
 3. A Member, personally or by or with his representative, is entitled on written demand to inspect and, subject to and at his expense, to copy the list at a reasonable time during the period it is available for inspection, provided the Member has a good faith reason for making the request and will not use the list or any part thereof for any purpose unrelated to Association Membership.
 4. The Association shall make the list of members available at the meeting, and any Member, personally or by or with his representatives, is entitled to inspect the list at any time during the meeting to any adjournment.
- E. If a quorum is present, the affirmative vote of a majority of the votes cast is the act of the Members unless a higher percentage vote is required by these Bylaws. The presence of Membership eligible to vote on Association business shall constitute a quorum for the purpose of conducting business during any meeting of the Members.
- F. Each Member in good standing in the Destination, Industry Partner and Rights Holder Membership category shall have one vote, which may be cast only by the Member, without the right of proxy.
- G. Other Meetings of the Members
1. Regular Meetings. Regular meetings of the Membership may be held in addition to the Annual Meeting, at such time, date and place as established by resolution of the Board of Directors.
 2. Special Meetings. Special meetings of the Membership may be called at any time by the Board of Directors: or within thirty (30) days after the Members holding at least 10% of all votes entitled to be cast on any proposal to be considered at the proposed special meeting, sign, date and deliver to the Association's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. Only those matters that are within the purpose or the purposes described in the meeting notice may be acted upon at a special meeting of

Members. Notice of such special meetings must contain a description of the matter for which the meeting is called and must be sent not less than ten (10) days nor more than sixty (60) days prior to such meeting.

Article XIV -- Voting Rights

- A. At the Annual Meeting, prior to the conduct of meeting business, each Member organization shall designate the individual to cast the vote of the organization.
- B. Destination Members: Destination Members in good standing shall be entitled to one (1) vote on any question placed before the full Membership.
- C. Industry Partner Members: Industry Partner Members in good standing shall be entitled to one (1) vote on any question placed before the full Membership.
- D. Rights Holders: Rights Holder Members in good standing shall be entitled to one (1) vote on any question placed before the full Membership.

Article XV -- Amendments

- A. The Bylaws of the Association may be amended only during an Annual Meeting.
- B. Members wishing to amend the Bylaws must submit proposed amendments in writing, specifying the amendment and particular bylaw(s) to be amended, to the Association's Chairman by sixty (60) days prior to the Annual Meeting during which they are to be considered.
- C. A copy of the proposed Bylaw amendments shall be delivered to members by notice communicated at least thirty (30) days prior to the Annual Meeting during which they are to be considered and must be presented during the Annual Meeting as delivered.
- D. Proposed amendments to the Bylaws shall require an affirmative vote by two-thirds (2/3rds) of the Members present and eligible to vote.

Article XVI -- Parliamentary Authority

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws.

Article XVII -- Fiscal Responsibility

- A. The fiscal year of this Association shall begin July 1 and end June 30 of the following year.
- B. The Board of Directors shall make lawful and adequate provisions for sound fiscal policies and practices of the Association, including the preparation of an annual financial report and adequate fidelity bonding of officers and employees entrusted with the

handling of funds or property of the Association. The annual financial report shall be posted in the Members Only section of the Association's website.

Article XVIII -- Logo

Members in good standing may utilize the Association's logo on a limited basis, including but not limited to use for financial gain and not to represent an endorsement by the Association and limited to reflect its Membership in the organization.

Article XIX -- Liability

Nothing herein shall constitute Members of the Association as partners for any purpose. The Association will not hold any Director personally liable for monetary damages arising out of an act or omission of the Director on behalf of the Association, provided the act or omission was in good faith. The Association cannot and does not represent that it will limit or eliminate the personal liability of any Director for monetary damages arising out of any of the following:

- (i) Acts or omissions that the Director at the time of the breach knew or believed were clearly in conflict with the best interests of the Association.
- (ii) Any liability for unauthorized and/or unlawful distributions
- (iii) Any transaction from which the Director derived an improper personal financial benefit or,
- (iv) Acts of omissions occurring prior to the date this provision became effective.

Notwithstanding these limitations, the Association retains the right to indemnify its agents pursuant to the terms of Article XXII herein.

Article XX -- Standard of Conduct for Directors

- A. Each Director shall sign and abide by these Bylaws and Association Code of Conduct, which requires Directors to discharge his or her duties as a Director, including without limitation their duties as a member of any committee,
 - 1. In good faith,
 - 2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - 3. In a manner the Director reasonably believes to be in the best interests of the Association. A Director is not liable for any action taken as a Director, or any failure to take any action, if the Director performed their duties in compliance with the provisions hereof. A Director shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

- B. In discharging their duties, a Director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by the persons designated below. However, a Director shall not be entitled to the benefits of this provision if the Director has actual knowledge concerning the matter in question that makes such reliance unwarranted. The designated persons on whom a Director is entitled to rely are:

1. One or more Officers or employees of the Association whom the Director reasonably believes to be reliable and competent in the matters presented;
 2. Legal counsel, public accountants, or other person as to matters which the Director reasonably believes to be within such person's professional or expert competence; or
 3. A committee of the Board of Directors of which the Director is not a member if the Director reasonably believes the committee merits confidence.
- C. The provisions of this Article XX are intended to always be consistent with and to incorporate applicable provisions of the North Carolina Nonprofit Corporation Act as in effect and amended from time to time.

Article XXI -- Conflict of Interest Transactions

- A. As used in this Article XXI:
1. A conflict of interest transaction means a transaction with the Association in which a Director of the Association has a direct or indirect interest.
 2. A Director of the Association has an indirect interest in a transaction if:
 - a. Another entity in which the Director has a material financial interest or in which the Director is a general partner is a party to the transaction; or
 - b. Another entity in which the Director is a director, officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the Association.
- B. A conflict of interest transaction is not voidable by the Association solely because of the Director's interest in the transaction if any one of the following is true:
1. The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board, and the Board of Directors or the committee authorized, approved, or ratified the transaction by the affirmative vote of a majority of the Directors on the Board of Directors (or on the committee) who have no direct or indirect interest in the transaction provided that a transaction shall not be authorized, approved, or ratified under this Section by a single Director.
 - a. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this Section.
 - b. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken hereunder if the transaction is otherwise authorized, approved, or ratified as provided herein.
 2. The material facts of the transaction and the Director's interest were disclosed or known to the members of the Association entitled to vote and they authorized, approved, or ratified the transaction by a majority of the votes entitled to be cast.
 - a. Votes cast by or voted under the control of a Director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subparagraph A.2. of this Section, shall not be counted in a vote of members to

- determine whether to authorize, approve, or ratify a conflict of interest transaction hereunder.
- b. A majority of the votes, whether or not present, that are entitled to be cast in a vote on the transaction hereunder constitutes a quorum for the purpose of taking action hereunder.
- 3. The transaction was fair to the Association.
- C. No loan, guaranty, or other form of security shall be made or provided by the Association to or for the benefit of its Directors or Officers.
 - D. The provisions of this Article XXI are intended to always be consistent with and to incorporate applicable provisions of the North Carolina Nonprofit Corporation Act as in effect and amended from time to time.

Article XXII – Indemnification

- A. The Association declares that any person who serves at its request as a Director, Officer, employee or agent of the Association shall, in such capacity, be subject to indemnification under the provisions of this Article in accordance with and to the fullest permitted by the provisions of the North Carolina Nonprofit Corporation Act, as hereafter amended from time to time, and the corresponding provisions of any subsequent law (for purposes of this Article referred to as the "Act" and the indemnification provisions of which are incorporated herein by this reference). Any such person shall be indemnified by or on behalf of the Association against expenses (including attorneys' fees), liability, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person who was or is a party, or is threatened to be made a party, to 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 such service if such person:
 - 1. Conducted himself or herself in good faith,
 - 2. Reasonably believed, in the case of conduct in an official capacity with the Association, that the conduct was in the best interests of the Association and, in all other cases, that the conduct was at least not opposed to the best interests of the Association, and
 - 3. In the case of any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful.
- B. No person shall be entitled to indemnification under Section A. of this Article either:
 - 1. In connection with a proceeding brought by or in the right of the Association in which such person was adjudged liable to the Association or
 - 2. In connection with any other proceeding charging improper personal benefit to such person, whether or not involving action in that person's official capacity, in which such person is ultimately adjudged liable on the basis that the person improperly received personal benefit.
- C. Any indemnification under Section A. of this Article shall be made by the Association only as authorized in each specific case upon a determination that indemnification of the person is permissible under the circumstances because such person met the applicable standard of

conduct set forth in Section A. Such determination shall be made by the Board of Directors by a majority of a quorum of disinterested Directors not at the time parties to the proceeding or, if such a quorum cannot be obtained, in a manner otherwise prescribed by the Act. Notwithstanding the prohibitions on indemnification set forth in Section B. of the Article, indemnification may be made by the Association to the extent that the court in which the subject action or proceeding was brought shall determine upon application that, despite the adjudication of liability or guilt, but in view of all the circumstances of the case, a person referred to in Section A. of this Article is entitled to indemnity for such expenses and other amounts which the court may deem proper.

- D. The Board of Directors may exercise the Association's power to purchase and maintain insurance (including, without limitation, insurance for legal expenses and costs incurred in connection with defending any claim, proceeding or lawsuit) on behalf of any person referred to in Section A. of this Article against any liability asserted against or incurred by such person in the capacity designated or arising out of the person's status as such, whether or not the Association would have the power to indemnify that person against such liability under the provisions of this Article.
- E. The indemnification provided under Section A. of this Article shall continue as to persons who have ceased to serve in the capacity designated with respect to actions in their official capacity while serving as such and shall inure to the benefit of their heirs, executors and administrators.

Article XXIII -- Rescission

Any action of the Association, its Board of Directors or its representatives may be rescinded or changed during the Annual Meeting by an affirmative vote of two-thirds (2/3rds) of the Members present and eligible to vote, provided a quorum is present and further provided that no rights or acts of third parties shall be adversely affected thereby.