



## **By-Laws**

**North American Peruvian Horse Association**

**Revised: August 20, 2018**

## **ARTICLE 1 - NAME**

### **1.1 Name.**

Pursuant to its Articles of Incorporation, the name of this association shall be the North American Peruvian Horse Association (NAPHA).

## **ARTICLE 2 - OBJECTIVES**

### **2.1 Objectives.**

The objectives of NAPHA shall be:

1. To encourage the breeding of Peruvian Horses.
2. To establish and maintain one registry for horses of pure blood Peruvian Horses (the Pure Bred Registry").
3. To establish and maintain one registry for horses with one purebred Peruvian Horse parent (the "Part Blood Registry").
4. To establish and maintain a Stud Book for the Peruvian Horse.
5. To establish a breed standard for the Peruvian Horse.
6. To aid and encourage the training, exhibiting, and showing of the Peruvian Horse; and to establish and standardize rules for judging the horse in competitive events.
7. To promote and encourage popular interest in the unique qualities of the Peruvian Horse.
8. To foster and promote the interest of youth in Peruvian Horses and encourage their participation in all phases of NAPHA activities.
9. To promote, foster and support the establishment, continuance and activities of NAPHA Recognized Regional Clubs.
10. To promote and encourage good relations between NAPHA and Associations of Peruvian Horses in other parts of the world.

## **ARTICLE 3 - FISCAL YEAR**

### **3.1 Fiscal Year.**

The fiscal year of NAPHA shall end with December 31st of each year and shall commence with January 1st of each year.

## **ARTICLE 4 - MEMBERSHIP**

### **4.1 Categories.**

Membership in NAPHA shall consist of Owner Members, Aficionado Members, Junior Members and Board Members.

### **4.2 Membership Rights.**

The rights, privileges, preferences, restrictions and conditions of each class of membership are set forth in these By-Laws and in the rules and policies adopted by the Board of Directors pursuant to these By-Laws.

### **4.3 Owner Members.**

An Owner Member must be either (1) an individual at least 18 years of age who is an owner or part owner of at least one living, NAPHA registered purebred Peruvian Horse, or (2) an entity (corporation, partnership or limited liability company) that is an owner of at least one living, NAPHA registered purebred Peruvian Horse. An Owner Member that is an entity shall designate one individual at least 18 years of age to act as its authorized representative in all matters pertaining to NAPHA.

### **4.4 Aficionado Members.**

Aficionado membership is available to any person interested in the Peruvian Horse and the activities of NAPHA and who is not the owner of a registered purebred Peruvian Horse.

### **4.5 Junior Members.**

Junior Membership is available to all individuals seventeen (17) years of age and younger.

#### **4.6 Board Members.**

Board members will be those Owner Members elected or appointed to the Board of Directors for the term of their tenure.

#### **4.7 Precondition of Membership.**

As a precondition and requirement of membership in NAPHA, all Members by their act of application and as consideration for acceptance of membership shall agree to accept NAPHA's By-Laws, all Rules and Regulations promulgated by NAPHA including but not limited to NAPHA grievance procedures including mandatory subsequent mediation conducted through Judicial Arbitration Mediation Services (JAMS), for any and all claims against NAPHA and its Directors, Regional Advisory Council Members, employees, and volunteers, based on any matters arising out of or connected with the business and activities of NAPHA. Any claims NAPHA has against its members will likewise be subject to the grievance procedures, including mandatory subsequent mediation conducted through Judicial Arbitration Mediation Services (JAMS).

Ammended: 8/20/2018

### **ARTICLE 5 - GOVERNING STRUCTURE**

#### **5.1 Structure.**

NAPHA shall be governed by a Board of Directors. NAPHA shall have the following Officers: President, First Vice-President, Second Vice-President, Secretary and Treasurer. No member of the Board of Directors or Regional Advisory Council will be compensated for such service. Officers shall not be compensated for their service as an Officer.

#### **5.2 Board of Directors.**

Subject to the terms of these By-Laws and the restrictions of the law, the activities and affairs of NAPHA shall be conducted and all corporate powers shall be exercised by the Board of Directors. The Board of Directors shall consist of seven (7) Owner Members. Each Director must maintain his Owner membership in good standing for his complete term of office.

### **5.3 Board Duties.**

The duties and powers of the Board of Directors shall include but not be limited to the following:

5.3.1 Establish a budget and manage the finances and business of NAPHA.

5.3.2 Establish dues, fees and other sources of income.

5.3.3 Employ an Executive Director and/or staff to handle the day to day business of NAPHA.

5.3.4 Employ a Registrar, an organization and/or staff to facilitate the registration of horses.

5.3.5 Approve the Registration Committee Rules and Regulations.

5.3.6 Act as the "court of appeal" in cases involving a dispute between a Member and the organization and/or any of its committees. To overturn a decision of the Registration Committee, at least five of the seven Board Members must vote to overturn.

5.3.7 Establish rules and regulations for elections and conduct elections for NAPHA.

5.3.8 Establish organizational policy and procedure decisions for NAPHA.

### **5.4 Officers.**

The President, First Vice President, Second Vice President, Secretary and Treasurer, for NAPHA shall be appointed by and from the Board of Directors and must be Owner Members in good standing. Officers will include the following:

#### **5.4.1 President.**

Subject to the supervision of the Board of Directors, the President shall be the Chief Executive Officer of NAPHA and shall have general supervision, direction and control of NAPHA and its employees, contractors and/or subcontractors. He/she shall preside at all meetings of the General Membership, and the Board of Directors, (unless he/she appoints another person to preside,) shall be an ex-officio Member of all standing committees, including the Registration Committee, and

shall have the general powers and duties normally vested in a President. The President sets the agenda for board meetings and for general membership meetings. He/ she shall be the Co-Chair of the Regional Advisory Council and shall officiate over that body's meetings in the absence of the Chair.

#### **5.4.2 First Vice-President.**

In the absence or disability of the President, the First Vice-President shall perform the duties of the President and when so acting shall have all the powers and be subject to all the restrictions of the President. The First Vice- President shall have such other powers and perform such other duties as from time to time, as may be prescribed for him by the Board of Directors or the President.

#### **5.4.3 Second Vice-President.**

In the absence or disability of the President and/or the First Vice- Present, the Second Vice-President shall perform all the duties of the President, and/or the First Vice-President, and when so acting shall have all of the powers and be subject to all the restrictions of the President and/or the First Vice-President. The Second Vice-President shall have such other powers and duties as from time to time may be prescribed for him by the Board of Directors or the President.

#### **5.4.4 Secretary.**

It shall be the duty of the Secretary, personally or through an Acting Secretary appointed by the Secretary, to keep accurate records of all proceedings of both regular and special meetings of the General Membership, the Regional Advisory Council, and the Board of Directors meetings. The Secretary shall give or cause to be given notice of all meetings of the General Membership, the Regional Advisory Council, and the Board of Directors as required by these By-Laws. The Secretary will be responsible to see that a summary of meetings be forwarded to the membership in the most expeditious and cost effective manner. A Permanent Book of Minutes shall be kept and shall be made available for inspection by any Owner Member subject to the provisions of Article 18.

#### **5.4.5 Treasurer.**

The Treasurer shall oversee the collection of all money due NAPHA and payment

of funds of NAPHA under the direction and control of the Board of Directors. The Treasurer shall keep an accurate record of such funds, using standard accounting procedures to record all income and expenditures. He/she shall issue or cause to be issued an Annual Financial Statement to the Membership.

### **5.5 Regional Areas.**

The Board of Directors shall divide the geographic area served by NAPHA into various regional areas. The number of regional representatives, the configuration of regions, and the manner in which regions shall be combined or split as necessitated by demographic changes shall be established by the Board of Directors. Regions shall be designated with a view towards providing a reasonably equitable geographic and proportional representation relative to the distribution and population of Owner Members. Evaluation and updating of regions will be done once every three years.

### **5.6 Regional Advisory Council.**

The Regional Advisory Council shall consist of elected Representatives from the various regions established by NAPHA. In addition, the Presidents of Regional Clubs (as defined in Article 8 below) whose membership exceeds the minimum number of voting members to be determined by the Board of Directors will be non-voting members of the Regional Advisory Council except as noted in Article 8. The members of the Board of Directors will be ex-officio members of the Regional Advisory Council. The Chairperson of the Regional Advisory Council shall be elected by the members of the Regional Advisory Council from one of its elected members. Each Regional Advisory Council member (including the non-voting Club Presidents) must maintain his Owner membership in good standing for his complete term of office.

### **5.7 Regional Advisory Council Duties.**

The duties of the Regional Advisory Council shall consist of the following:

5.7.1 Recommend the potential locations and dates of the National Show for approval by the Board of Directors.

5.7.2 Recommend a list of judges for the National Show from which the Board of Directors will choose the judge(s) for the National Show

5.7.3 Nominate potential Committee Chairpersons and Committee Members to the Board of Directors for approval.

5.7.4 Make recommendations to the Board of Directors on proposed By-Law amendments.

5.7.5 Recommend Show rules and judging criteria for approval by the Board of Directors.

5.7.6 If properly submitted in writing, a majority of the Regional Council may require an item be placed on the agenda of the Board of Directors meeting.

### **5.8 Replacement of Regional Representative.**

If a Regional Representative resigns or cannot complete his/her term on the Regional Advisory Council, the Board of Directors will appoint an

Owner Member from that region to serve the remaining portion of the term.

## **ARTICLE 6 - ELECTIONS**

### **6.1 Regional Advisory Council Members.**

6.1.1 Regional Representatives: Regional Representatives to the Regional Advisory Council shall be nominated from and elected by the Owner Members within each respective region.

6.1.2 One Regional Representative to the Regional Advisory Council shall be elected from each region for a three-year term.

6.1.3 No Regional Representative shall serve more than two consecutive three-year terms without a break of at least one three-year term unless a replacement cannot be found in his/her region. Term limits will not begin for an individual Regional Representative until that Representative has begun his or her first full three-year term.



## **6.2 Board of Directors: Elected/Appointed**

### **6.2.1 Elections.**

NAPHA Owner Members shall elect five Elected Directors to the NAPHA Board of Directors from nominations made by the general membership. Nomination of candidates shall be made by members in good standing and submitted to the NAPHA Secretary or Board Designee.

**6.2.2 Appointed Directors.** The Board of Directors shall nominate and select two appointed directors with a majority vote of the Board of Directors. Appointed Directors must be Owner Members in good standing.

### **6.3 Terms of Elected Directors.**

Five of the Board Members shall be elected as Elected Directors by the membership from the general membership. These Elected Directors shall be elected each year, for a three year term, so that their terms on the Board of Directors are staggered.

### **6.4 Terms of At-Large Directors.**

Two of the Board Members shall be appointed Directors. Appointed Directors will be selected so that their terms on the Board are staggered.

### **6.5 Term Limits.**

No Board Member shall serve more than two consecutive three-year terms without a break of at least one three-year term. Terms limits will not begin for an individual Director until that Director has begun his or her first full three-year term. Notwithstanding the above, no Board Member shall serve on the Board for more than eight consecutive years.

### **6.6 Replacement of Directors.**

If a member of the Board of Directors resigns or cannot serve out the full term, his replacement shall be elected as follows:

**6.6.1 Appointed Directors:** by nomination and majority vote of the full Board of Directors.

6.6.2 Regional Elected Director: by a majority of the NAPHA Board from a candidate from the general membership.

## **6.7 Record Date.**

6.7.1 For the purposes of establishing the members entitled to receive notice of any meeting, entitled to vote at any meeting, entitled to vote by written ballot, or entitled to exercise any right in any lawful action, the Board of Directors may, in advance, fix a record date. Any record date fixed by the Board of Directors shall be in compliance with the provisions of these By-Laws.

6.7.2 If not otherwise fixed by the Board of Directors or these By-Laws, the record date for determining members entitled to receive notice of any meeting, entitled to vote at any meeting, entitled to vote by written ballot or entitled to exercise any right in any lawful action, including being eligible for nomination to serve on the NAPHA Board of Directors, shall be June 1st of the corresponding year.

Ammended: 9/13/2017

6.7.3 For purposes of this Section 6.7, a person holding a membership at the close of business on the record date shall be a member of record.

## **6.8 Proxies.**

No proxies for voting by members shall be permitted and each member must vote personally.

## **ARTICLE 7 - COMMITTEES**

### **7.1 Board Authority.**

Subject to any restrictions under the law, the Board of Directors may appoint or authorize the appointment of committees with such authority and power as said Board of Directors may deem for the best interest of NAPHA.

## **ARTICLE 8 - RECOGNIZED REGIONAL CLUBS**

### **8.1 Establishment.**

NAPHA shall assist interested Owner Members in the establishment of and promotion of recognized Regional Clubs. NAPHA shall encourage membership

and participation in all the activities of such recognized Regional Clubs. Regional Clubs do not have to serve an area co-extensive with regions established by the Board of Directors pursuant to Section 5.5, and there may be more than one

Regional Club in each region. Regional Clubs that wish to become recognized with NAPHA must:

8.1.1 Apply for recognition and submit by-laws for approval by the Board of Directors.

8.1.2 Have a minimum number of five members who are Owner Members of NAPHA. The Minimum number of Owner Members for Regional Clubs may be increased or decreased as NAPHA grows or changes. The minimum number of Owner Members of NAPHA required for the President of the Regional Club to be recognized as a non voting member of the Regional Advisory Council will be determined by the Board of Directors of NAPHA.

8.1.3 Receive NAPHA approval for all shows sponsored by the Regional Club.

8.1.4 NAPHA and any Recognized Regional Club must agree that neither shall be responsible nor liable for any of the activities of the other, nor for the debts, obligations and/or legal responsibilities of the other, and in this regard, each does indemnify and hold harmless the other from any such liabilities, obligations and/or responsibilities.

8.1.5 The Board of Directors shall have the power in its discretion to reject any application for recognition.

## **8.2 Relationship to NAPHA.**

No other type of official relationship besides recognition may exist between NAPHA and a Regional Club. In the event that a Regional Club wishes to drop its recognition by NAPHA, the recognition will be dropped immediately upon the taking of an affirmative vote of the club's Owner Members and written notice to NAPHA. The Board of Directors may terminate recognition of a Regional Club upon the affirmative vote of not less than five members of the Board of Directors.

## **ARTICLE 9 - REGISTRATION OF HORSES**

### **9.1 Registration Committee.**

NAPHA shall establish a Registration Committee consisting of five members, at least one of which must be a member of the Board of Directors, appointed by the Board of Directors. Each member's term shall be for three years.

Terms will be staggered so that one term expires each year. When a term expires, the Registration Committee shall nominate a successor by a majority vote. A majority of the seven Directors of NAPHA must agree to a replacement for the Registration Committee member whose term has expired. Notwithstanding the foregoing, no Registration Committee member may serve more than two (2) consecutive terms. As with other committees, the Committee Rules and Regulations must be approved by a simple majority of the Board of Directors of NAPHA.

### **9.2 Duties of Committee.**

The Committee, along with the Board of Directors, will be charged with overseeing the establishment and maintenance of a Registry for pure blood Peruvian Horses under rules and regulations established and promulgated by the Registration Committee and approved by the Board of Directors. A separate Registry for Part-Blood Peruvian Horses and an International and/or Historical Registry may be established with the understanding that no horse from a non-pure blood Registry, regardless of percentage of pure Peruvian Paso blood, will ever be registered in the purebred Registry. The Part-Blood Registry will also be under the oversight of the Registration Committee.

### **9.3 Rules and Regulations.**

The Registration Committee will have authority to recommend changes to the Rules. and Regulations for Registration in both the purebred and part- blood registries of NAPHA. Said recommendations to change rules must be approved by a minimum vote of five out of seven members of the Board of Directors. For the Board of Directors to over-ride any decision on a Registration Rule made by the Registration Committee, it will require an affirmative vote of five of the seven Directors. The Registration Committee, in conjunction with the Board of Directors,

shall be responsible to ensure that the NAPHA rules and regulations for the registration of horses are enforced to maintain the highest level of accuracy in the registration of the Peruvian horse in North America. The Registration Committee and the Board of Directors shall work together to monitor, review and adjudicate disputes concerning the accuracy of registrations, the transfer of registrations, the issuance of registration papers and the conduct of members with regard to registration of Peruvian horses with NAPHA. The Registration Committee shall be empowered to investigate violations of NAPHA rules and regulations for registration of horses and recommend sanctions for violations. Any such recommended sanctions shall be ratified by at least five of the members of the Board of Directors.

#### **9.4 Registrar and Staff.**

The Registration Committee will recommend to the Board of Directors, a person or persons to be hired or appointed as Registrar and staff or organization to facilitate the registration of horses.

#### **9.5 Fees Authorized.**

The Registration Committee shall recommend the fee structure for registration procedures and other sources of income related to the registration process to be approved by majority vote of the Board of Directors.

## **ARTICLE 10 - ETHICAL PRACTICE REVIEW BOARD**

### **10.1 Duties of Ethical Practice Review Board.**

NAPHA will have an Ethical Practice Review Board whose purpose shall be to interpret and enforce the ethical and sportsmanship rules promulgated and adopted by NAPHA. Its deliberations shall include, but are not limited to, consideration of whether an offense was intentional and whether it continued after either formal or informal warning. The Review Board shall be the Board of Directors.

## **ARTICLE 11 - ANNUAL NATIONAL SHOW**

### **11.1 Annual Event**

NAPHA shall each year if possible hold a National Show, to be known as the U.S National Peruvian Horse Show, the exact date and location shall be determined by the Board of Directors of NAPHA. The Regional Advisory Council may make recommendations on both to the Board. The Champions of this show will be known as the U.S. National Champions.

## **ARTICLE 12 - MEETINGS**

### **12.1 Annual Membership Meeting.**

The Annual General Membership Meeting of NAPHA shall be held at a time and place selected by the Board of Directors. The Board of Directors shall mail by first class (or 3rd class if 500 or more voting members to be notified) with the U.S. Postal Service written notice of such meeting at least forty five

(45) calendar days prior to the date of such meeting.

### **12.2 Special Meetings of Members.**

Special Meetings of the General Membership of NAPHA for any purpose or purposes whatsoever may be called at any time by the President or by a majority of the Board of Directors, or by a majority of the Regional Advisory Council, or by two-thirds (2/3) of the Owner Members.

### **12.3 Notices of Membership Meetings.**

Notices of General Membership Meetings, except as above provided in Section 12.1, shall be given in writing by first class (or 3rd class if 500 or more voting members to be notified) mail with the U.S. Postal Service at least thirty (30) days before the meeting date to all voting members by the Secretary.

### **12.4 Board Meetings.**

The Board of Directors shall meet annually at such times and places as the Board of Directors shall determine. 13

### **12.5 Special Board Meetings.**

Special Meetings of the Board of Directors may be called at any time by the President of NAPHA or by a majority of the Board of Directors. Notice of such Special Meeting shall be given in writing and postmarked at least fourteen (14) days before the announced date, unless written waiver is granted by all Board Members.

### **12.6 Quorum.**

A majority of the Board, one of whom must be the President or the First Vice President or the Second Vice President, shall constitute a quorum at any meeting of the Board of Directors. When a majority of Board Members are present at a Board of Directors Meeting which has not been properly noticed, and all the Board Members, including any who did not attend the meeting, sign consents to said meeting, the transactions at such meeting are as valid as if made at a meeting regularly called or noticed.

### **12.7 Special Meetings of Regional Advisory Council.**

A Special Meeting of the Regional Advisory Council may be called at any time by the Chairperson or Co-Chairperson of the Regional Advisory Council of NAPHA or by a majority of the voting Members of the Regional Advisory Council. Notice of such Special Meeting shall be given to all Regional Advisory Council Members in writing and postmarked at least fourteen (14) days before the announced date, unless written waiver is granted by all voting Council Members.

### **12.8 Quorum.**

A majority of the voting Regional Advisory Council shall constitute a quorum for conducting business at any meeting of the Regional Advisory Council.

When a majority of voting Council Members are present at a meeting of the Regional Advisory Council, which has not been properly noticed, and all the voting Council Members, including any who did not attend the meeting, sign consents to said meeting, the transactions at such meeting are as valid as if made at a meeting regularly called or noticed.

### **12.9 Action without Meeting.**

Subject to the applicable provisions of General Corporation Law, any action which, under any provision of the General Corporation Law, may be taken at any Annual or Special Meeting of the Board of Directors or the Regional Advisory Council, may be taken without a meeting, provided proper prior notice is given, if a consent in writing, setting forth the action so taken, shall be signed by not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all entitled to vote thereon were present and voted.

### **12.10 Use of Telephone Conference.**

Board of Directors members and Regional Advisory Council members may participate in their respective meetings by conference telephone, electronic video screen communication, or other communications equipment, provided that the chairman or secretary of the meeting:

- 1) Verifies the identity of any director or other person entitled to participate who is communicating by telephone, electronic video screen, or other communication equipment and that person's right to participate in the meeting; and
- 2) verifies that all statements, questions, actions, and votes made by telephone, electronic video screen, or other communications equipment were made by that person and not by someone not permitted to participate as a Director or Regional Advisory Council member, as applicable. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting if all the following are true:
  - 1) Each person participating in the meeting can communicate with all of the other attendees concurrently.
  - 2) Each person is provided the means of participating in all matters before the meeting, including the capacity to propose, or interpose an objection, to a specific action to be taken at such meeting.



## **ARTICLE 13 - PUBLICATIONS**

### **13.1 Magazine/Newsletter.**

NAPHA is authorized to publish a magazine and/or periodic newsletter to further the aims of NAPHA and to accept advertising to defray the costs. NAPHA is further authorized to advertise and promote NAPHA and its activities with funds so appropriated by the Board of Directors.

## **ARTICLE 14 - MISCELLANEOUS**

### **14.1 The Corporate Seal**

The Corporate Seal of NAPHA shall be circular in form and shall contain the name of NAPHA and the words "Corporate Seal, California". Said seal may be used by causing it to be impressed or affixed.

14.1.1 Said Seal shall not be utilized or replicated in any manner without the permission of NAPHA via a permissive inquiry with the Board of Directors.

### **14.2 Resignation.**

Any person may resign their membership at any time. Such resignation shall be in writing and shall take effect at the time specified therein. There shall be no refund of any dues upon a resignation by a Member.

### **14.3. Removal of Directors for Cause.**

Any member of the Board of Directors or Regional Advisory Council may be removed for cause by a majority vote of the entire Board of Directors other than the Member to be removed for cause. As used in this section, "cause" shall mean material failure to discharge the responsibilities of the office to which he/she has been elected and/or any of the following:

14.3.1 Upon final judgment (following any appeals allowed) by NAPHA's Ethical Practice Review Board of conduct improper or prejudicial to the interests of NAPHA

14.3.2 Failure at any time to meet the qualifications for Directors set forth in the By-Laws.

14.3.3 Conviction of any felony offense or any conviction for cruelty and/or inhumane treatment of animals.

14.3.4 Failure to attend at least 66% of the meetings in one calendar year.

#### **14.4. Cancellation of Registration.**

Any person or persons who shall willfully register or attempt to register or record a false pedigree or fraudulently register or attempt to register a horse, may be barred from making further registrations and the registrations of such false pedigree shall be cancelled. NAPHA shall have one year from the date of actual knowledge by the President or a majority of the Board

of Directors of a violation of this section to take any action authorized hereunder. Any person violating this section shall be liable to NAPHA for all damages suffered by NAPHA as a result of such violations, which damages shall include but not be limited to financial compensation to be determined by the Board of Directors for the expense of correcting NAPHA's registration records for each violation of this section.

#### **14.5. Robert's Rules.**

Robert's Rules of Order will be adhered to at any and all meetings of NAPHA except that the President can vote.

### **ARTICLE 15 - INDEMNIFICATION**

#### **15.1 Extent.**

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code Section 7237(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any

"proceeding," as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

## **15.2 Board Determination.**

On written request to the Board by any person seeking indemnification under Corporations Code Section 7237(b) or Section 7237(c), the Board shall promptly decide under Corporations Code Section 7237(b) or Section 7237 (c) whether the applicable standard of conduct has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification, because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the Board shall promptly call a meeting of the members. At that meeting, the members shall determine by a majority of those voting whether the applicable standard of conduct has been met under Corporations Code Section 7237(e) and, if so, the members present at the meeting in person shall authorize indemnification.

## **15.3 Advancement of Expenses.**

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 15.1 through 15.3 of these bylaws in defending any proceeding covered by those Sections shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the corporation for those expenses.

## **15.4 Insurance for Claims.**

This corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

## **15.5 Other Coverage.**

The indemnification provided in this Article 15 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the

Articles of Incorporation, these By-Laws, vote of the Regional Advisory Council Members or disinterested Directors, the California General Not For Profit Corporation Act, or otherwise, both as to action in 17 his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, Officer, Regional Advisory Council Member, Employee, Agent, or one serving at NAPHA's request and shall inure to the benefit of the heirs and personal representatives of such person.

## **ARTICLE 16 - DISTRIBUTION OF ASSETS**

### **16.1 No Personal Benefit.**

No part of the receipts or earnings of this Corporation shall directly or indirectly inure to the benefit of any member. It is an express condition on which all persons have been or may hereafter be admitted to membership in this Corporation that no property or funds of the Corporation shall at any time be paid over or distributed directly or indirectly to or for the benefit of the members of the Corporation. In the event of the liquidation, dissolution, or winding up of the Corporation, all property and assets of the Corporation of every kind and nature remaining after payment of its debts shall be held and distributed by the then existing Board of Directors for the purposes and in aid of the objects for which the Corporation is organized, as set forth in its Articles of Incorporation, in such manner as they shall deem appropriate.

## **ARTICLE 17 - AMENDMENTS**

### **17.1 Proposal.**

Amendments to the By-Laws may be proposed by:

- (a) Owner Members
- (b) Board of Directors Members

### **17.2 Member Proposed Amendments.**

Owner Members have the right to initiate and vote on any By-Law change. To initiate an Owner Member change, a petition signed by twenty-five percent (25%) of the Owner Members must be submitted to the Board of Directors for review and

the voting process pursuant to 17.5. An affirmative vote of 2/3 of the Owner Member votes cast would be required to pass any Owner Member initiated change.

### **17.3 Board Proposed Amendments.**

The Board of Directors may initiate and pass By-Law amendments at any meeting of the Board of Directors by the affirmative vote of a majority of five of the seven Directors, without the approval of the general members except as described in 17.4, provided that the substance and analysis of the proposed amendment shall have been stated in the notice of such meeting.

### **17.4 Membership Ratification.**

In addition the General Membership must approve by an affirmative vote of more than 2/3 of the member votes cast any By- Law amendment that would:

- 1) change the number of members of the Board of Directors
- 2) extend the term of Directors beyond the term for which he or she was elected
- 3) increase quorum requirements
- 4) repeal, restrict, create or expand proxy rights
- 5) change the voting rights of owner members

### **17.5 Procedure.**

All proposed amendments must be submitted, in writing, to the Board of Directors. Each proposal must include a thorough analysis of the proposed amendment, including the following:

- The proposed wording for the amendments
- A listing of all articles of the By-Laws and rules that will be affected by the proposed amendment
- A discussion of the justification for the proposed amendment

At its discretion, the Board of Directors may retain legal counsel for review to determine that the proposed amendment does not conflict with the laws of the State of California or expose NAPHA to legal or financial liability. If there are no such

conflicts created by the proposed amendment, the Board of Directors will initiate and administer the appropriate voting process.

#### **17.6 Records of Amendments.**

Whenever a By-Law amendment is adopted, it shall be incorporated into the By-Laws, and the By-Laws will be republished and distributed to the Membership. The Secretary shall maintain a record of all previous and superseded By-Laws in a chronological file.

#### **17.7 No Retroactive Amendments.**

No By-Law amendment shall be retroactive.

### **ARTICLE 18 - CORPORATE RECORDS**

#### **18.1 Maintenance of Corporate Records.**

This corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Written minutes of the proceedings of its members, board, and committees of the board; and
- c) A record of each member's name, address, and class of membership.

#### **18.2 Membership Records.**

Unless the corporation provides a reasonable alternative as provided below, any member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

- (a) Inspect and copy the records containing members' names, addresses, and voting rights during usual business hours on five days' prior written demand on the corporation, which must state the purpose for which the inspection rights are requested; or
- (b) Obtain from the secretary of the corporation, on written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of members who are entitled to vote for directors as of the most recent record date for which that list

has been compiled, or as of the date, after the date of demand, specified by the member. The demand shall state the purpose for which the list is required. The secretary shall make this list available to the member on or before the later of ten days after the demand is received or the date specified in the demand as the date of which the list is to be compiled.

### **18.3 Alternative Response.**

The corporation may, within ten business days after receiving a demand under this Article, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons the proposed alternative does not meet the proper purpose of the demand.

### **18.4 Denial of Inspection Request.**

If the corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member, or if it provides a reasonable alternative under this Article, it may deny the member access to the membership list.

### **18.5 Copy of Records.**

Any inspection and copying under this Article may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. This right of inspection extends to the records of any subsidiary of the corporation.

### **18.6 Demand for Inspection.**

On written demand to the corporation, any member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the members, the Board of Directors, and committees of the Board at any reasonable time for a purpose reasonably related to the member's interest as a member. Any such inspection and copying may be made in person or by the member's agent or attorney. The right of inspection extends to the records of any subsidiary of the corporation.

### **18.7 Records at Principal Office.**

This corporation shall keep at its principal office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the members at all reasonable times during office hours. If the corporation has no business office in California, the secretary shall, on the written request of any member, furnish to that member a copy of the articles of incorporation and bylaws, as amended to the current date.

### **18.8 Directors' Right of Inspection.**

Every director shall have the absolute right at any reasonable time to inspect the corporation's books, records, documents of every kind, physical

properties, and the records of each subsidiary. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of do