

**AMENDED AND RESTATED BYLAWS  
OF  
HOUSTON DRESSAGE SOCIETY, INC.  
A TEXAS NON-PROFIT CORPORATION**

**ARTICLE I  
NAME**

**Section 1.1** Name. The name of this organization shall be the Houston Dressage Society, Inc. (“HDS”).

**ARTICLE II  
REGISTERED OFFICE**

**Section 2.1** Registered Office and Registered Agent. The registered office of HDS required by the laws of the State of Texas to be maintained in the State of Texas shall be the registered office named in the Articles of Incorporation of HDS, or such other office as may be designated from time to time by the Board in the manner provided by law. HDS should maintain a principal office within the State of Texas. The registered office need not be identical to such principal office of HDS. HDS shall have, and continuously maintain, in the State of Texas a registered agent whose office is identical with the registered office, as required by the Texas Non-Profit Corporation Act.

**ARTICLE III  
PURPOSE**

**Section 3.1** Purpose. The purposes for which HDS is organized and to be operated are exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”). In accomplishment of such purposes, the Corporation will:

- (a) promote the practice of dressage training for horse and rider;
- (b) sponsor, host or manage clinics, forums and other educational opportunities to that end;
- (c) sponsor, host or manage dressage competitions;
- (d) encourage the breeding of horses suitable for dressage; and
- (e) perform such other functions as may be necessary or appropriate to fulfill the purposes of HDS.

**Section 3.2** USDF. HDS shall maintain good standing as a group member of the United States Dressage Federation, or its successor organization (“USDF”).

**Section 3.3** Texas Non-Profit Corporation. HDS shall operate as a Texas non-profit corporation.

**Section 3.4** Stock. HDS should not have, nor shall it issue, any shares of stock in any form.

## **ARTICLE IV MEMBERSHIP**

**Section 4.1** Eligibility. Membership in the organization shall be open to all persons actively interested in the objectives of HDS who have paid their dues or assessments as prescribed herein. Membership is nontransferable.

**Section 4.2** Membership Period. Membership period is from December 1 to November 30 each year. Membership becomes effective upon receipt of dues but is not retroactive.

**Section 4.3** Definition of Membership. A member in good standing is defined as an eligible person under Section 4.1 who has paid applicable dues and any other sums owing to HDS. Each member in good standing shall be entitled to one vote on all matters governed by the vote of the general membership and to participate in any and all HDS benefits.

**Section 4.4** Loss of Membership.

(a) The Board, by the vote of at least 75% of Board members present at the time of the vote, assuming a quorum is met (as defined in Section 5.9) (a “Super Majority Vote”), may suspend or terminate a member for cause after appropriate hearing, if requested, as provided in this Section 4.4.

(b) A suspended member is a member who is currently under suspension by the Board in accordance with this Section 4.4. A suspended member may not vote on any HDS matter, run for a Board position or an appointed committee chair or participate in any HDS benefits until such member meets or fulfills the criteria set forth in the written suspension document in accordance with Section 4.4(d).

(c) Members subject to suspension shall be notified in writing, at their last known address, via regular mail and certified mail return receipt requested, detailing the grounds for suspension, and shall have the right to a closed hearing before the Board prior to any vote to suspend the member. The member has ten (10) days from the date of the written notice mailing to request a hearing before the Board.

(d) The Board shall determine the terms of the suspension and reinstatement of the member in writing at the time of suspension by a Super Majority Vote.

**Section 4.5** Classes of Members. Membership shall consist of the following classes:

(a) Individual – An individual membership shall consist of a single individual and entitles the individual to one vote and to all rights and privileges of an HDS member upon payment of dues.

(b) Family – A family membership shall consist of one primary and each additional member of the family unit. The family unit is entitled to one vote and to all rights and privileges of an HDS member upon payment of dues. One family member shall be designated as the primary member, and the newsletter and other correspondence shall be sent to the address of such primary member only.

(c) Junior/Young Rider – A junior/young rider membership shall consist of an individual who, pursuant to United States Equestrian Federation, or any successor organization (“USEF”), is defined as a Junior or Young Rider for the dressage division. The junior/young rider membership entitles the junior/young rider to one vote and to all rights and privileges of an HDS member upon payment of dues.

(d) Honorary Members – The Board may elect Honorary Members in recognition of distinguished service rendered to the sport of dressage and/or to HDS. An Honorary Member shall be elected for one (1) membership year or such other period as determined by the Board. An Honorary Member is entitled to one vote during the period so granted (or if none is specified, for a period of one (1) membership year) and shall be exempt from payment of dues to HDS for that period.

**Section 4.6** Dues. The amount of dues for each class of members shall be determined by the Board. Annual dues are due on December 1 of each year. Annual dues shall include group membership in USDF.

## **ARTICLE V BOARD**

**Section 5.1** Board. The affairs of HDS shall be conducted by a Board of Directors (the “Board”) of not less than eight (8) members which shall include the officers and committee chairs as set forth below in Section 5.2 and Section 5.3 but shall not include the appointed committee chairs as set forth below in Section 5.4. The number of directors may be altered from time to time by resolution duly adopted by a Super Majority Vote of the Board; provided that no decrease in number shall have the effect of shortening the term of any incumbent director. All Board members shall (a) attend scheduled monthly Board meetings in accordance with these Bylaws; (b) submit monthly reports as necessary; (c) at the end of her/his term of office, either by expiration, resignation or removal, transfer all records pertaining to her/his office to the succeeding Board member within thirty (30) days following the end of such term.

**Section 5.2** Officers.

(a) President

1. Prepare the agenda for and preside over all meetings, both general and Board.

2. Appoint and remove appointed committee chairs with the approval of the Board and in accordance with these Bylaws.
3. Is an ex officio member of all appointed committees except the Nominating and Election Committee for which they are not a member.
4. Act as the primary representative of HDS.
5. Attend or appoint someone to attend USDF, USEF, and Region 9 meetings.
6. Oversee the general operation of HDS in accordance with these Bylaws.

(b) Vice President

1. Have all the powers and functions of the President during the absence or disability of the President.
2. Propose and maintain the Bylaws, standing rules, policies and procedures.

(c) Secretary

1. Keep the minutes of all meetings both general and Board and send out notices (of meetings, etc.) to the membership.
2. Maintain the official record of attendance at Board meetings and determine whether a quorum is present.
3. Provide the Newsletter Editor and Webmaster a copy of the minutes of each meeting in a timely manner for publication.
4. Attend to and retain all official correspondence for HDS.
5. Maintain HDS's original books, records (other than financial), contracts and files.
6. Oversee the use of parliamentary procedure in meetings, and bring a copy of Robert's Rules of Order, Newly Revised, to each meeting.

(d) Treasurer

1. Have charge and custody of and be responsible for all funds and securities of HDS, receive and give receipts for moneys due and payable to HDS from any source whatsoever, and deposit all such

moneys in the name of HDS in such banks, trust companies, or other depositories as shall be selected by the Board.

2. Pay all debts of HDS.
3. Render to the Board at each regularly scheduled meeting and other times as directed by the Board, a Treasurer's Report which accounts for all financial transactions and the financial condition of HDS, and shall provide a copy of the Treasurer's Report to the Secretary to file with the minutes.
4. Prepare or provide, in a timely manner, all relevant HDS records and accounts to such accountant or other tax preparer as the Board may designate and shall be responsible for ensuring that HDS timely files all tax returns and supporting documents in compliance with all Internal Revenue Code and State tax provisions.
5. Compose and maintain a list of all HDS assets, their location and estimated value.
6. Maintain all HDS's financial books, records, and tax returns.

### Section 5.3 Committee Chairs.

#### (a) Membership Chair

1. Keep up to date membership and mailing lists and horse and rider lists.
2. Invoice and collect membership fees, send out membership cards, report members to the USDF, and supply required membership information to USDF in accordance with applicable deadlines.
3. Organize and manage membership drives to bring purposes and advantages of membership to potential members.
4. Notify USDF, Newsletter Editor and Webmaster of membership updates.

#### (b) Recognized Show Chair

1. Coordinate and oversee the smooth operation and planning of all USEF/USDF recognized shows.
2. Find, negotiate and finalize all show contracts including, but not limited to, contracts with show managers, show secretaries, judges, facilities and technical delegates.

3. Submit required show recognition forms with USEF, USDF and Southwest Dressage Championships, or any successor organization (“SWDC”).
4. Oversee and enforce all aspects of show contracts.
5. Appoint and oversee all show personnel, e.g. photographer, videographer, farrier, EMT, veterinarian, security, and hospitality coordinator.
6. Work closely with Awards, Volunteer Coordinator, Publication and Sponsorship and Advertising Chairs, and hired show manager and show secretary and coordinate their responsibilities.
7. Prepare and provide to USDF, USEF and SWDC and any other applicable organizations the prize list for each recognized show in accordance with applicable rules.

(c) Schooling Show Chair

1. Provide updated list of schooling shows for Newsletter Editor and Webmaster.
2. Provide mailing list for those shows that have obtained HDS recognition.
3. Provide the HDS high point award packet to each schooling show manager.
4. Collect HDS show recognition fees.
5. Ensure that show ads are forwarded to the Newsletter Editor as requested.
6. Make available to potential schooling show judges the HDS Schooling Show Judges Application.
7. Process applications for and list approved schooling show judges on the website.

(d) Junior /Young Rider Chair

1. Develop educational, social and competitive programs for HDS’s Junior and Young Riders.
2. Work closely to coordinate activities with the Education Chair.
3. Serve as a liaison between HDS and the national and regional Junior and Young Rider Chairpersons of USDF.

4. Organize a Junior/Young rider gathering at a minimum of once a year.
- (e) Sponsorship and Advertising Chair (Ways and Means)
1. Devise and execute ways and means of raising funds for the treasury.
  2. Solicit commercial advertisers and sponsors for the newsletter and all events including, but not limited to, clinics, shows and show programs.
- (f) Awards Chair
1. Develop and conduct the HDS awards system.
  2. Compile horse and rider results for HDS year-end awards.
  3. Order ribbons and trophies for recognized shows and all year-end awards.
  4. Coordinate other HDS sponsored nominations and awards (e.g. Charlotte's Good Sportsmanship Award and perpetual trophy).
- (g) Clinics, Education and Scholarship Chair
1. Plan and coordinate the educational activities of HDS, including, but not limited to, educational workshops and seminars, riding, judging, and instructor clinics, etc. for the purpose of improving the knowledge and skill of riders and horses in dressage fundamentals, techniques, and horsemanship.
  2. Advertise, promote, and administer the HDS scholarship program in accordance with the current guidelines.
  3. Monitor and assure each recipient completes her/his required obligation upon receipt of the scholarship.
  4. Liaison for HDS educational grants (e.g. Bushager Grants).
- (h) Volunteer Coordinator Chair
1. Form and coordinate a committee of volunteers.
  2. Provide educational opportunities to better prepare volunteers.
  3. Develop and implement a volunteer incentive program.

- (i) Publication/Marketing Chair
  - 1. Distribute all recognized show prize lists in a timely manner to meet all deadlines including, but not limited to, competitors, the omnibus and newsletters.
  - 2. Develop and distribute promotional ads for the Omnibus or club-sponsored events.
  - 3. Develop show program for recognized shows.
  - 4. Oversee and coordinate the activities of the Newsletter Editor and Webmaster.
  - 5. Collect, create and send promotional information to various publications and news medias (e.g. Chronicle of the Horse).
  - 6. Promote and market HDS locally and nationally.
- (j) Historian/Recorder
  - 1. Maintain and store HDS historical information, including newsletters.
  - 2. Provide a periodic article of current and historical reference to the Newsletter Editor.
  - 3. Coordinate photographic records of HDS events.
- (k) Special Events Chair
  - 1. Plan and organize general membership meetings.
  - 2. Plan and organize banquets and silent/live auctions.

Section 5.4 Appointed Committee Chairs.

- (a) Nominating Chair
- (b) Election Chair
- (c) Professional Advisor(s)
- (d) Boutique Chair
- (e) Video Librarian
- (f) Webmaster

- (g) Newsletter Editor
- (h) Parliamentarian
- (i) Insurance

Other appointed committee chairs may be appointed by the Board from time to time. Appointed committee chairs shall be non-voting positions.

**Section 5.5** Resignations. Any director, member of a committee or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**Section 5.6** Removal from Office.

(a) Except if otherwise provided for in the Articles of Incorporation, the Board, by a Super Majority Vote, may terminate a member of the Board for cause after appropriate hearing, if requested, as provided in this Section 5.6.

(b) Board members subject to suspension shall be notified in writing, at their last known address, via regular mail and certified mail return receipt requested, detailing the grounds for termination, and shall have the right to a closed hearing before the other Board members prior to any vote to terminate such Board member. The Board member has ten (10) days from the date of the written notice mailing to request a hearing before the other Board members.

**Section 5.7** Terms of Office. Officers and each Board member shall be elected to two (2) year terms with only half of the Board changing in a given year. The rotation shall be President; Vice President; Schooling Show Chair; Junior/Young Rider Chair; Sponsorship and Advertising Chair (Ways and Means); Awards Chair; Historian/Recorder and Special Events Chair during one election and Secretary; Treasurer; Membership Chair; Recognized Show Chair; Clinics, Education and Scholarship Chair; Volunteer Coordinator Chair and Publication/Marketing Chair during the next election year.

**Section 5.8** Vacancies. Any vacancy (including unfilled positions) occurring on the Board may be filled by an affirmative vote of the majority of the directors even though there may be less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of such position. Any directorship to be filled by reason of an increase in the number of directors shall be filled only in accordance with the procedures in ARTICLE VIII.

**Section 5.9** Voting by the Board/Quorum. Unless otherwise provided in the Articles of Incorporation, the greater of two thirds (2/3) of the total number of directors or eight (8) Board members shall constitute a quorum for the transaction of business of the Board. Unless otherwise stated, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board; provided, however, that the President shall not vote on any matters, except that in the event of a tie vote, the President shall cast the deciding vote. In

addition, by way of clarification only, each Board member shall have only one vote regardless of the number of positions held by such Board member.

**Section 5.10** Place of Meeting; Order of Business. The directors may hold their meetings and may have an office and keep the books of HDS, except as otherwise provided by law, in such place or places, within or without the State of Texas, as the Board may from time to time determine by resolution. At all meetings of the Board business shall be transacted in such order as shall from time to time be determined by the President, or by resolution of the Board.

**Section 5.11** Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by the Board. Notice of such regular meetings shall not be required. The Board shall meet at least 8 times during the year. The Board members are expected to attend all meetings. A Board member who does not attend two scheduled meetings without a valid excuse may be removed from the Board and their position declared vacant and he/she shall be replaced by another member pursuant to Section 5.8.

**Section 5.12** Special Meetings. Special meetings of the Board may be called by the President or, on the written request of any two directors, by the Secretary, in each case with at least seven (7) days personal, written, telegraphic, cable or electronic notice to each director. Such notice, or any waiver thereof pursuant to Section 13.5 hereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Articles of Incorporation or these Bylaws.

**Section 5.13** Action Without a Meeting; E-mail Voting. Unless otherwise restricted by the Articles of Incorporation, any action required or permitted to be taken at any meeting of the Board, or any committee designated by the Board, may be taken without a meeting if the Board consents by a Super Majority Vote in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee. If the Board shall pass any action by electronic vote, such vote shall be memorialized in a written consent by the Secretary and shall be considered signed by all the parties, if such consent is supported by electronic files/documents; provided, however, the Secretary shall endeavor to have all electronic votes memorialized in written consents to be signed by the Board.

**Section 5.14** Proxies. Each Board member entitled to vote may authorize another person to act for him by proxy. Proxies for use at any Board meeting shall be filed with the Secretary, or such other officer as the Board may from time to time determine by resolution, before or at the time of the meeting. No proxy shall be valid after one (1) year from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

**Section 5.15** Compensation. No Board members shall receive compensation as a director, as an officer of the Board or as a member of a standing or special committee of the Board, other than reimbursement of the reasonable expenses incurred as the result of carrying on their respective duties.

**Section 5.16** Budgets. Each Board member shall submit and monitor annual budgets, as applicable, relating to their positions. The Board shall approve such annual budgets.

## **ARTICLE VI MEMBERSHIP MEETINGS**

**Section 6.1** Place of Meetings. All meetings of the members shall be held at such place within the State of Texas as shall be specified or fixed in the notices or waivers of notice thereof.

**Section 6.2** Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Articles of Incorporation or these Bylaws, twenty percent (20%) of the members, present in person or represented by proxy, shall constitute a quorum at any meeting of members for the transaction of business and the act of a majority of such members so represented at any meeting of members at which a quorum is present shall constitute the act of the meeting of members. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

**Section 6.3** Annual Meetings. At the election of the Board, HDS may hold an annual meeting of the members, for purposes of the members being informed by the Board as to what events transpired during the prior year and for the transaction of such other business as may properly come before the meeting. Such meeting shall be held at such place, within the State of Texas, on such date, and at such time as the Board shall fix and set forth in the notice of the meeting.

**Section 6.4** Special Meetings. Unless otherwise provided in the Articles of Incorporation, special meetings of the members for any purpose or purposes may be called at any time by the President, the Board, or by ten percent (10%) of the members entitled to cast a vote at such meeting, and shall be called by the President or the Secretary upon the written request therefor, stating the purpose or purposes of the meeting, delivered to the members entitled to vote at such meeting.

**Section 6.5** Record Date. For the purpose of determining members entitled to notice of or to vote at any meeting of members, or entitled to express consent to corporate action in writing without a meeting, or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action.

If the Board does not fix a record date for any meeting of the members, the record date for determining members entitled to notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with Section 13.5 of these Bylaws notice is waived, at the close of business on the day next preceding the day on which the meeting is held. If, in accordance with Section 6.11, corporate action without a meeting of members is to be taken, the record date for determining members entitled to express consent to such corporate action in writing, when no prior action by the Board is

necessary, shall be the day on which the first written consent is expressed. The record date for determining members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

**Section 6.6** Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the President or the Secretary calling the meeting to each member entitled to vote thereat not less than ten (10) nor more than sixty (60) days before the date of the meeting.

**Section 6.7** Membership List. A complete list of members entitled to vote at any meeting of members, arranged in alphabetical order, showing the address of each such member, shall be open to the examination of any member, for any purpose germane to the meeting, at a reasonable time upon reasonable notice, for a period of at least ten (10) days prior to the meeting. The member list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any member who is present.

**Section 6.8** Proxies. Each member entitled to vote at a meeting of members or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of members shall be filed with the Secretary, or such other officer as the Board may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after one (1) year from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

**Section 6.9** Voting, Election, Inspectors. Unless otherwise required by law or provided in the Articles of Incorporation, each member shall have the vote set forth for such member in Section 4.3 and Section 4.5. All voting, except as required by the Articles of Incorporation or where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a majority of the members present in person or by proxy at any meeting a written vote shall be taken.

**Section 6.10** Conduct of Meetings. The meetings of the members shall be presided over by the President, or if the President is not present, by a chairman elected at the meeting. The Secretary of HDS, if present, shall act as secretary of such meetings, or if he is not present, the Vice President shall so act; if neither the Secretary nor the Vice President is present (or if the Vice President is acting as the chairman), then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

**Section 6.11** Action without a Meeting. Unless otherwise provided in the Articles of Incorporation, any action permitted or required by law, the Articles of Incorporation or these Bylaws to be taken at a meeting of members, may be taken without a meeting, and after prior written notice, and after a vote, if a consent in writing, setting forth the action so taken, shall be signed by the members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which members entitled to vote thereon were present and voted.

## **ARTICLE VII ELECTIONS**

**Section 7.1** Nominating Committee. In order to recommend and nominate persons to fill positions on the Board which shall be up for election on any given year, prior to the end of June of such year, the Board shall approve a Nominating Committee consisting of three people: two members of HDS and one member of the Board. Officers of HDS (President, Vice President, Secretary, and Treasurer) shall not serve on the Nominating Committee so long as they hold their office, nor shall any Board member be up for election. The function of the Nominating Committee shall be to recruit for all positions up for election of HDS. The Nominating Committee shall ascertain that the candidate has been a member in good standing, or if not, require that all candidates become a member in good standing at the time of election. The Nominating Committee shall also inform the candidate of the job description of the position for which they are running. The Nominating Committee shall submit their slate of names for publication in the August newsletter

**Section 7.2** General Election Guidelines. The Board shall approve an Election Committee, one of whom shall be designated by the Board to be the Election Judge. Neither any Board member up for election nor any officer shall serve on the Election Committee. The Election Committee shall prepare the ballot in conformity with a format approved by the Board. Ballots shall be distributed to each member by September 1st each year and must be returned to the Election Judge with each member's HDS membership number clearly indicated and be postmarked or electronically dated on or before September 30th of each year; provided, however, if the Board elects to allow for a vote at a membership meeting, annual or otherwise, the ballots may be returned to the Election Committee at such membership meeting. The Elections Committee shall verify and count the votes and report the results to both the President and the Nominating Committee and submit for publication in the November newsletter.

## **ARTICLE VIII PROCEDURE**

**Section 8.1** Parliamentary Procedure. Robert's Rules of Order, Newly Revised, shall be adopted as the authority on all questions of parliamentary procedure not covered in the Articles of Incorporation or in these Bylaws.

**Section 8.2** Standing Rules. The Board shall promulgate standing rules as appropriate and necessary.

## **ARTICLE IX CONTRACTS**

**Section 9.1** Signatories on Contracts. The Board may authorize any director, officer or agent of HDS to enter into any contract or execute and deliver any instrument in the name of and on behalf of HDS. Such authority may be general or confined to specific instances. Any third party may rely upon the signature of any such director, officer or agent of HDS in any such contract or instrument as the act and deed of the HDS duly adopted by resolution of the Board.

**Section 9.2** Signatories on Checks. All checks, drafts or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of HDS shall be signed by such directors, officers or agents of HDS, or any of them, in the manner as shall from time to time be determined by resolution of the Board.

**Section 9.3** Banking Relationships. All funds of HDS shall be deposited from time to time to the credit of HDS in such banks, trust companies, or other depositories as the Board may select.

**Section 9.4** Donations. The Board may accept on behalf of HDS any contribution, gift, donation, bequest, or devise for the general purposes or for any special purpose of HDS.

## **ARTICLE X INDEMNIFICATION AND INSURANCE**

**Section 10.1** Right to Indemnification. HDS shall indemnify and hold harmless any person who is or was a director, officer, committee chair, volunteer, or agent of HDS against any and all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, excises taxes or penalties and amounts to be paid in settlements approved by HDS) reasonably incurred or suffered by such person in connection with or by reason of the fact that he or she is or was or has agreed to be a director, officer, committee chair, volunteer, or agent of HDS and/or to the extent acting as an director, officer, committee chair, volunteer, or agent of HDS, all to the fullest extent required or permitted by applicable law. In addition, HDS shall have the power to indemnify (which indemnification shall include, without limitation, advancing reasonable expenses) to the fullest extent permitted by law such other persons as the Board may determine from time to time. Any amendment to this ARTICLE X shall be prospective and shall not reduce or eliminate the right of any person to indemnification hereunder with respect to any act or failure to act occurring on or prior to the date of any such amendment. Notwithstanding the foregoing, HDS shall not be required to indemnify any person for his or her own gross negligence or willful misconduct. Notwithstanding any other provision of these Bylaws, HDS shall neither indemnify any person nor purchase any insurance in any amount to any extent that would jeopardize or be inconsistent with the qualification of HDS as an organization described in section 501(c)(3) of the Internal Revenue Code or that would result in the imposition of any liability under section 4941 or 4948 of the of the Internal Revenue Code.

**Section 10.2** Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this ARTICLE X shall not be exclusive of any other right which any person may have or hereafter acquire under any law (common or

statutory), provision of the Articles of Incorporation of HDS, Bylaws, agreement, vote of members or disinterested directors or otherwise.

**Section 10.3** Insurance. HDS shall have the power to purchase and maintain at its expense insurance on behalf of the persons listed in Section 10.1 to the fullest extent permitted by applicable law, whether or not HDS would have the power to indemnify such person under this ARTICLE X.

**Section 10.4** Savings Clause. If this ARTICLE X or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then HDS shall nevertheless indemnify and hold harmless each director, officer, volunteer or committee member of HDS, as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this ARTICLE X that shall not have been invalidated and to the fullest extent permitted by applicable law.

**Section 10.5** Definitions. For purposes of this ARTICLE X, reference to "HDS" shall include, in addition to HDS, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger prior to (or, in the case of an entity specifically designated in a resolution of the Board, after) the adoption hereof and which, if its separate existence had continued, would have had the power and authority to indemnify its director, officer, committee chair or member or volunteer, so that any person who is or was a director, officer, committee chair or member or volunteer of such constituent corporation shall stand in the same position under the provisions of this ARTICLE X with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

## **ARTICLE XI CONFLICTS OF INTEREST POLICY**

**Section 11.1** Purpose. The purpose of the conflicts of interest policy is to protect HDS's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of HDS. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

**Section 11.2** Definitions.

(a) Interested Person. Any director, principal officer, or member of a committee with Board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

1. an ownership or investment interest in any entity with which HDS has a transaction or arrangement,

2. a compensation arrangement with HDS or with any entity or individual with which HDS has a transaction or arrangement, or
3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which HDS is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

### Section 11.3 Procedures.

(a) **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.

(b) **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

(c) **Procedures for Addressing the Conflict of Interest.**

1. An interested person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
2. The board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in HDS's best interest and for its own benefit and whether the transaction is fair and reasonable to HDS and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) **Violations of the Conflicts of Interest Policy.**

1. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

2. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 11.4** Records of Proceedings. The minutes of the Board and all Board committees with board-delegated powers shall contain:

- (a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed; and
- (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

**Section 11.5** Compensation Committees.

- (a) A voting member of the Board who receives compensation, directly or indirectly, from HDS for services is precluded from voting on matters pertaining to that member's compensation.
- (b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from HDS for services is precluded from voting on matters pertaining to that member's compensation.

**Section 11.6** Annual Statements. Each director, officer and member of a committee with Board delegated powers shall annually sign a statement which affirms that such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands that HDS is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

**Section 11.7** Periodic Reviews. To ensure that HDS operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted.

**Section 11.8** Use of Outside Experts. In conducting the periodic reviews provided for in Section 11.7, HDS may, but need not, use outside advisors. If outside experts are used their

use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

## **ARTICLE XII AMENDMENTS**

**Section 12.1** Amendment of Articles of Incorporation and Bylaws. The Articles of Incorporation or Bylaws may be adopted, amended or repealed in whole or in part by a Super Majority Vote of the Board. A written copy of the proposed changes must be mailed to each member at least ten (10) days prior to the vote.

## **ARTICLE XIII MISCELLANEOUS**

**Section 13.1** Fiscal Year. The fiscal year of HDS shall be such as established from time to time by the Board.

**Section 13.2** Books and Records to be Kept. HDS shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board, and committees having any authority of the Board, and shall keep a record of the names and addresses of its members entitled to vote. All books and records of HDS may be inspected by any member, or his agent or attorney, for any proper purpose at a reasonable time upon reasonable notice.

**Section 13.3** Reliance upon Books, Reports and Records. Each director and each member of any committee designated by the Board shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or reports made to HDS by any of its officers, or by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board or by any such committee, or in relying in good faith upon other records of HDS.

**Section 13.4** Facsimile and Electronic Signatures. In addition to the provisions for the use of facsimile and electronic signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of HDS may be used whenever and as authorized by the Board.

**Section 13.5** Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation or under the provisions of these Bylaws, said notice shall be deemed to be sufficient if given by personal delivery or by deposit of the same in a post office box in a sealed prepaid wrapper addressed to the person at his address as it appears on the records of HDS, and such notice shall be deemed to have been given on the day of such delivery or mailing, as the case may be; provided, that such notice need not be separate and may be included in any newsletter

Whenever notice is required to be given by law, the Articles of Incorporation or under any of the provisions of these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except

when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the members, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the Articles of Incorporation or these Bylaws.

**Section 13.6** Dissolution. If at any time HDS dissolves, any funds remaining in the treasury after payment of all obligations shall be distributed to USDF; provided, however, if USDF is no longer a non-profit corporation under 501(c)(3) of the Internal Revenue Code (or its successor section), any funds shall be distributed to such other non-profit corporation under 501(c)(3) of the Internal Revenue Code (or its successor section) as the Board or trustee shall deem to be of similar purpose to HDS.