

BY-LAWS OF
THE INDIANA STANDARDBRED ASSOCIATION

ARTICLE I

Founded in 1927 as The Indiana Trotting and Pacing Horse Association with the Articles of Incorporation registered with the Secretary of State of Indiana, the Association hereby adopts a change in name and a significant restructuring of its bylaws. These changes are being made on the occasion of its merger with the Standardbred Owners and Breeders of Indiana and to better meet the needs and wishes of the harness horse people of Indiana and to more favorably position the Association to represent the harness horse industry in matters involving the legislature, the Horse Racing Commission, pari-mutuel race track management and other matters directly involving members' interests.

NAME

The name of this association is THE INDIANA STANDARDBRED ASSOCIATION.

ARTICLE II
PURPOSE

The purpose of the Indiana Standardbred Association is to promote and increase interest in harness horses and harness racing; to establish and promote cooperation between county, state and pari-mutuel racetrack operators, breeders, owners, trainers, drivers and grooms; to sponsor and promote Standardbred racing, breeding, training, and development programs in the State of Indiana, and to represent breeders, owners, drivers, trainers, and grooms in negotiations with racetrack operators and to take other actions in the furtherance of the Standardbred racing industry in Indiana.

ARTICLE III
MEMBERS

Section 1. Qualifications. Any person of good moral standing who is interested in promoting the purpose of the Association shall be eligible for membership. The word "person" shall include corporations, associations, syndicates, and other business entities, as well as youth and individuals of both sexes.

Section 2. Applications. Prospective members shall make application in writing to the Secretary, showing the necessary qualifications for membership. Corporations, associations, syndicates, and other business entities shall state in the application the name and address of the person authorized to represent it before the Association. Applicants shall be admitted into the membership upon approval of the Board of Directors and payment of dues.

Section 3. Dues. Membership dues shall become payable March 1 of each year. In the case of Association dues paid during the year 2009 the term of membership shall be extended until February 28, 2009. Dues shall then be payable on or before March 1 of the membership year and shall expire on last day of February of the following year. Said annual dues shall be paid into the General Fund of the Association to be used to defray the expenses of the Association and as otherwise directed by the Board of Directors. A member whose dues are paid on or before October 1 is eligible to vote in the next election of the Board of Directors even though such election may occur in the following year.

Section 4. Meetings The annual meeting and/or a Banquet of the members shall be held within the State of Indiana annually with the exact time and place to be determined by the Board of Directors. Special meetings of the members shall be called by the President or by a majority of the Board of Directors or by the written request of fifty (50) members.

Section 5. Notice of Meetings A written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose for which such meeting is called, shall be mailed by the Secretary to each of the members of record at such address as appears upon the record of the Association at least ten (10) days before the meeting. **Notification of such meetings may be made by electronic communication with the written permission of the member.** It shall be each member's responsibility to furnish the Association with his current mailing address and/or e-mail address to which all issues of the Association's Official Publication or such other notifications shall be delivered. All notices required to be served on members, except in the case of disciplinary action as provided for in this Article, shall have been deemed served by mailing, **or electronic conveyance, if permitted,** of the Official Publication containing the notice to the addresses of the members on file with the Association; and thereafter no member shall have the right to claim he did not receive notice.

Section 6. Voting by Membership Each paid-up member shall have the right to cast one (1) vote on all matters upon which members are entitled to vote. A corporation association syndicate or other business entity shall cast its vote by the representative stated in its application.

Section 7. Withdrawals and Expulsion. Any member may withdraw from the Association by presenting a statement of resignation to the Secretary. Any member may be expelled for violation of the By-Laws of the Association or other causes prejudicial to the purposes of the Association if confirmed by a two-thirds vote of the Board of Directors at any duly constituted meeting. The annual dues of such member will not be reimbursed in the event of withdrawal or expulsion.

ARTICLE IV **BOARD OF DIRECTORS**

Section 1. Composition The management, control and direction of the property and business of the Association shall be vested in a Board of Directors composed of fifteen (15) **Directors shall be nominated and elected** The management, control and direction of the property and business of the Association shall be vested in a Board of Directors composed of fifteen (15) individuals **whom shall be elected from an inclusive selection of affiliations to the Standardbred industry. To be qualified to run or serve as a Director, a person must be a resident of the State of Indiana. An effort shall be made to nominate members residing in representative sections of the state. An effort shall be made to include equal numbers of owners, breeders, trainers, drivers and other persons considered to be an asset to the Standardbred horse community.** Six (6) Board members shall be elected from geographical districts and three (9) shall be elected at-large from the State of Indiana. To be qualified to run or serve as a Director, a person must be a resident of the State of Indiana. The Board of Directors is the sole judge of residency qualifications. Once elected, a Director may relocate his principal residence in a district other than, from which he was elected. As long as the Director remains a resident of Indiana he shall not forfeit his office. **Persons or their spouse serving on a board or commission whose composition is appointed or determined by the Governor, the Executive Director or any Commissioner or supervisor of the Indiana Horse Racing Commission shall not hold office as a Director during the period of service on such board or commission.**

The geographical districts are as follows:

Northern District: Two (2) Directors who are members in good standing of the Association shall be elected from any of the following counties: Lake, Porter, LaPorte, St. Joseph, Elkhart, LaGrange, Steuben, Newton, Jasper, Starke, Marshall, Pulaski, Fulton, Kosciusko, Noble, DeKalb, Pulaski, Fulton, Whitley, Allen, Benton, White, Carroll, Cass, Miami, Wabash, Huntington, Wells, Adams, Howard, Grant or Blackford.

Central District: Two (2) Directors who are members in good standing of the Association shall be elected from any of the following counties: Warren, Tippecanoe, Clinton, Tipton, Madison, Delaware, Jay, Vermillion, Fountain, Montgomery, Boone, Hamilton, Henry, Randolph, Wayne, Parke, Putnam, Hendricks, Marion, Hancock, Vigo, Clay, Owen, Morgan, Johnson, Shelby, Rush, Fayette, or Union.

Southern District: Two (2) Directors who are members in good standing of the Association shall be elected from any of the following counties: Sullivan, Greene, Monroe, Brown, Bartholomew, Decatur, Franklin, Knox, Daviess, Martin, Lawrence, Jackson, Jennings, Ripley, Dearborn, Ohio, Gibson, Pike, Dubois, Orange, Washington, Scott, Jefferson, Switzerland, Posey, Vanderburgh, Warrick, Spencer, Perry, Crawford, Harrison, Floyd or Clark.

At Large: Nine (9) Directors who are members in good standing of the Association shall be elected from the State of Indiana.

In the event two (2) or more candidates for Director shall receive the same number of votes in an election, the remaining elected Board of Directors shall, as soon as practical, cause a run off election to be held between the candidates receiving an equal number of votes. Distribution, opening and counting of the ballots for a run off election shall be done according to the same procedure as that used for the general election of Directors.

Section 2. Qualifications. All members of the Board of Directors of the Association shall be residents of Indiana and shall be members of the Association in good standing and shall have paid all dues required for membership.

Section 3. Election and Term Directors of the Association shall be elected by mailed in ballots cast by eligible members of the Association, and shall be elected for a term of three (3) years, and shall hold office until their successors are duly elected and qualified. The “election” of directors shall be the day upon which the ballots are counted, which day shall be the second (2nd) Tuesday in November. The Board of Directors shall designate the place where the ballots are to be counted and the persons who shall count the ballots. Directors’ terms shall be staggered, five (5) Directors being elected each year. Directors shall not be eligible to serve more than two (2) consecutive elected three (3) year terms. Ballots and tally sheets of election shall be open for review by any paid-up member. A Director’s term begins on January 1st of the year following the Director’s election.

Section 4. Vacancies. Any vacancies occurring on the Board of Directors caused by death, resignation, increase in the number of Directors, or otherwise, shall be filled by the majority vote of the remaining members of the Board until the next election at which time **such vacancy shall be filled by a member from a similar circumstance** in which the vacancy occurred. In the event that all Directors shall be removed or resign, or all their offices become vacant for other cause, the members, in a special meeting, may elect new Directors to serve until the next election and until their successors are chosen and have qualified.

Section 5. Meetings. The Board of Directors shall hold regular meetings. Any paid-up

member of the organization may attend Board of Directors meetings. The Board may hold executive sessions not open to the membership. The Board shall hold no fewer than four (4) meetings each year.

Section 6. Notice. All members of the Board of Directors shall be notified of an upcoming meeting, either verbally or in writing, by the Chairman or Secretary at least forty-eight (48) hours before any special meeting. Such notice shall state the time and place of such special meeting. No notice shall be necessary for the regularly scheduled meetings of the Board of Directors.

Section 7. Quorum. A majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of any business except for the filling of vacancies, which shall require a majority vote of the existing Directors. The act of a majority of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Powers and Duties. The Board of Directors and Officers shall be the governing body of this Association and shall have the management and control of the affairs and funds of the Association.

The Board may designate, by resolution adopted by a majority of the whole Board, three (3) or more of its members to constitute an Executive Committee, which committee shall have the authority to act on behalf of the Board of Directors to the extent of the authority granted. Voting within the Board will be by roll call vote unless it is requested and approved by a majority of the Board to have a written secret ballot.

Section 9. Resignation and Removal. Any Director may resign at any time by delivering to the Secretary of the Association his written resignation, and if the same is not sooner accepted, such resignation shall be considered as having been accepted and as having been effective ten (10) days after date. Any Director or officer may be removed at any time by two-thirds (2/3) majority of the Board, for cause, or if they have not attended at least two-thirds (2/3) of the regularly scheduled meetings during any twelve (12) months period or if they have missed three (3) consecutive scheduled board meetings.

Section 10. Conflicts of Interest Policy Required The Board of Directors shall prepare a Conflicts of Interest Policy in Affidavit form to be signed by each Director and Employee as provided for herein. The Board of Directors may, from time to time, amend or modify said policy by two-thirds (2/3) vote of all Directors. Modifications or amendments shall become effective when adopted by the Board of Directors. Upon modification or amendment, each Director or Employee shall sign and file with the Board the modified or amended policy, in affidavit form. Directors and Employees shall file the modified or amended policy within the time allowed for signing and filing the initial policy. Failure to do so shall result in immediate disqualification and removal of the Director or immediate termination of the Employee.

Section 11. Signing of "Affidavit of Compliance for Conflicts of Interest" Mandatory

(a) All Directors or Employees must, prior to assuming their duties as Director or Employee, sign and file with the Board of Directors an Affidavit of Compliance for Conflicts of Interest. Failure to sign and file the Affidavit by a Director Elect prior to the commencement of the Director Elect's term shall disqualify the Director Elect from serving as a Director. Signing and filing the Affidavit is a specific condition precedent to employment of any Employee.

(b) Individuals serving as Directors upon the date of the adoption of Section 11 (this Section) of the By-Laws shall have until the end of the Director's meeting at which this By-Law is adopted to sign and file the Affidavit. Failure to sign and file the Affidavit within the time allowed shall automatically disqualify the individual from continuing to serve as a Director. The "meeting at which this By-Law is adopted" shall be the meeting at which the results of the vote of the membership taken pursuant to Article VIII, Section 1, is announced and recorded in the minutes of the meeting.

Employees of the ISA at the time this By-Law is adopted shall, if present at the meeting at which this By-Law is adopted, sign and file the Affidavit prior to the end of the meeting. Employees or Directors not present shall have three (3) business days after the day of the meeting at which this By-Law is adopted to sign and file the Affidavit.

Failure to sign and file the Affidavit within the time allowed will result in automatic and immediate termination of the Employee, which termination shall be considered "for cause", or in the case of a Director, automatic forfeiture of the Director's seat.

(c) The Affidavit is deemed "filed" when it is tendered to the Board of Directors in fully executed and notarized form at an open meeting of the Board or, if submission is not required to be made at a Board of Directors' meeting, when the original is received fully executed and notarized at the Principal Offices of the ISA, during normal business hours.

Section 12. Removal of Director or Termination of Employee for Violation of Conflicts of Interest Policy Any Director found by the Board to have violated any requirement contained in the Conflicts of Interest Policy shall, upon such finding, immediately forfeit his or her Director's seat. Any Employee found by the Board to have violated any requirement contained in the Conflicts of Interest Policy shall be immediately terminated and such termination shall be considered "for cause".

Section 13. Board of Directors to Establish Policies and Procedures to Determine Violations of Conflicts of Interest Policy Upon approval of Article IV, Sections 10, 11, 12, and 13 of the By-Laws, pursuant to Article VIII, Section 1, the Board of Directors shall adopt written Policies and Procedures governing the administration and enforcement of Article IV, Sections 10, 11, 12, and 13 of the By-Laws. Policies and procedures shall provide adequate due process safeguards to Employees and Directors accused of violating the Conflicts of Interest Policy and shall at the same time provide for prompt and appropriate action by the Board in event a Director or Employee is found to have violated the Conflicts of Interest Policy. The Board's Policies and Procedures shall be adopted by simple majority vote of Directors present at a meeting and may be amended at any regular or special meeting by simple majority vote of the Directors present.

ARTICLE V **OFFICERS**

Section 1. Election and Qualifications. Following their election and qualification, the Board of Directors shall meet and elect, at such times as their terms shall expire and vacancies occur, a President, two (2) Vice-Presidents, and a Secretary-Treasurer, and shall appoint such assistants or combine any offices as may from time to time be deemed proper. Such officers and assistants shall hold office for a period of one (1) year and until their respective successors are chosen and have qualified. The election of Officers shall not be conducted until thirty (30) days after announcing the results of the election of directors.

Section 2. Vacancies. Any vacancy occurring in any office by reason of death, resignation, or otherwise, shall be filled by the Board of Directors, and such appointed officer shall hold office until their successors are chosen and have been qualified.

Section 3. President. The President shall have general charge and management of the property and affairs of the Association. He shall preside at all Association meetings. He shall secure from an independent certified accountant or firm an annual financial report of the condition of the Association, which report shall be prepared prior to the Annual Meeting of the members and a copy of same shall be made available for examination at the annual meeting, and shall perform other duties as the Board may direct. The President shall be elected from the membership of the Board.

Section 4. Vice-Presidents. The Vice-Presidents shall perform all duties incumbent upon the President during the absence or inability of the President to perform his duties or any of them, and perform such other duties as the President or the Board of Directors may prescribe. One Vice-President shall be designated 1st Vice-President and the other 2nd Vice-President and shall substitute for the President in that order.

Section 5. Secretary-Treasurer. The Secretary shall maintain a record of the proceedings of all meetings of the members and a record of all membership transactions of the Association. Such records shall be open at all times to the inspection of the officers and members of the Board of Directors. The Secretary shall maintain a list of the members, their names and addresses and shall sign all certificates of membership. The Treasurer shall have the custody of all funds and securities of the Association, and shall keep or cause to be kept necessary books and records showing the financial condition of the Association. The Treasurer shall be responsible for the preparation and filing of all tax returns and reports required by any governmental agencies, shall see that all funds of the Association are drawn upon only in the manner authorized by the Board of Directors and by the proper officers of the Association, and shall perform such other duties as the Board may direct.

In the event of the resignation or removal of the Treasurer of the Association, a financial review of the books and records and financial affairs of the Association shall be made immediately. The Secretary and Treasurer shall at all times be bonded in an amount sufficient to cover the Association funds with a bond company acceptable to the Board of Directors; said bond to be paid by the Association. The office of Secretary-Treasurer may be combined or filled by two (2) individuals. The Secretary and/or Treasurer need not be a member of the Board of Directors.

Section 6. Delegation of Duties. Any of the duties herein prescribed to be performed by one or more of the officers of the Association may be delegated by the Board of Directors of the Association to other officers or directors.

ARTICLE VI **STANDING COMMITTEES**

Section 1. Nominating Committee On or before August 15th of each year the Board of Directors shall appoint a nominating committee of three (3) members whose duty it is to nominate candidates who meet all of the qualifications for office as set forth in Article IV, Section 2. The Chairman of the nominating Committee shall notify the Secretary in writing, at least seventy (70) days before the election, the names of such candidates, and Sixty (60) days before the election the Secretary shall notify the membership by mail of the candidates nominated by the committee and offer an opportunity for nominations from the membership. Any nomination from the membership must be

accompanied by a petition of support signed by at least fifty (50) members of the Association. All such nominations must be received by the Secretary within twenty-one (21) days of the date of the Secretary's notice letter. The Secretary shall then mail a ballot to each member listing all nominated candidates for director. The ballots must be postmarked five (5) days prior to the deadline for the ballots to be received by the ISA office.

Section 2. Finance Committee. The Board of Directors shall appoint from its membership a Finance Committee composed of four (4) Members whose duty it shall be to monitor the financial matters of the Association and shall report and make recommendation to the Board regarding major expenditures, investments and sources of income. The Treasurer shall be an ex-officio member of the Finance Committee.

Section 3. Membership Committee. The Board of Directors shall appoint from its members a membership committee composed of three (3) members whose duty it shall be to plan and carry out activities which will increase and enhance the membership of the Association.

Section 4. Breeders Committee. The Board of Directors shall appoint from its membership a breeders committee composed of three (3) members whose duty it shall be to work with the sales companies, stallion owners, and breeders to create co-operation, communication etc. to put the Indiana breeding programs at the highest level possible.

ARTICLE VII **FISCAL YEAR**

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December.

ARTICLE VIII **AMENDMENTS**

Section 1. By-Laws. A notice of any proposed change in the By-Laws shall be mailed to all dues paid members not less than thirty (30) days prior to the date of the meeting at which said by-law changes shall be considered. A ballot shall be enclosed for voting for or against said change. The voted ballot must be post-marked at least ten (10) days prior to the meeting at which the change will be considered or it shall not be counted. No change in the by-laws shall be enacted without a two-thirds (2/3) majority of the votes cast.

Section 2. Articles of Incorporation. The Board of Directors shall have the power to make, alter, amend, or change the Articles of Incorporation and the By-Laws of the Association to the extent that might be permitted or required by the laws of the State of Indiana, and as deemed desirable to enable the accomplishment of the purposes of the Association.

ARTICLE IX **INDEMNIFICATION**

Section 1. Indemnification by the Indiana Standardbred Association (hereinafter referred to as "Association"). To the extent not inconsistent with applicable law, every person (and the heirs and personal representatives of such person) who is or was a member, director or officer of the Association shall be indemnified by the Association against all liability and reasonable expense that may be incurred by her or him in connection with or resulting from any claim, action, suit, or

proceeding (a) if such person is wholly successful with respect thereof or, (b) if not wholly successful, then if such person is determined to have acted in good faith, in what he or she reasonably believed to be in the best interests of the Association (or, in any case not involving the person's official capacity with the Association, in what he or she reasonably believed to be not opposed to the best interests of the Association) and, in addition, with respect to any criminal action or proceeding, is determined to have had reasonable cause to believe that the conduct was lawful (or no reasonable cause to believe that the conduct was unlawful). The termination of any claim, action, suit, or proceeding, by judgment, settlement (whether with or without court approval), or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that person did not meet the standards of conduct set forth in this Article.

Section 2. Definitions

(a) As used in this Article, the terms "claim, action, suit, or proceeding" shall include any threatened, pending, or completed claim, action, suit, or proceeding and all appeals thereof (whether brought by or in the right of this Association, any other association or otherwise), civil, criminal, administrative, or investigative, whether formal or informal, in which a person (or her or his heirs or personal representatives) may become involved, as a party or otherwise:

- (i) By reason of her or his being or having been a director or officer or member of the Association or of any association where he or she served as such at the request of the Association, or
- (ii) By reason of her or his acting or having acted in any capacity in a corporation, partnership, joint venture, association, trust or other organization or entity where he or she served as such at the request of the Association, or
- (iii) By reason of any action taken or not taken by her or him in any such capacity, whether or not he or she continues in such capacity at the time such liability or expense shall have been incurred.

(b) As used in this Article, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines, or penalties against, and amounts paid in settlement by or on behalf of, a person.

(c) As used in this Article, the term "wholly successful" shall mean (i) termination of any action, suit, or proceeding against the person in question without any finding of liability or guilt against her or him, (ii) approval by a court, with knowledge of the indemnity herein provided, of a settlement of any action, suit or proceeding, or (iii) the expiration of a reasonable period of time after the making of any claim or threat of any action, suit, or proceeding without the institution of the same, without any payment or promise made to induce a settlement.

Section 3. Entitlement to Indemnification. Every person claiming indemnification hereunder (other than one who has been wholly successful with respect to any claim, action, suit, or proceeding) shall be entitled to indemnification (a) if counsel of the Association or other disinterested person or persons, in either case selected by the Board of Directors, whether or not a disinterested quorum exists (such counselor person or persons being hereinafter called the "referee"), shall deliver to the Association a written finding that such person has met the standards of conduct set forth in the

preceding Section 1 of this Article and (b) if the Board of Directors, acting upon such written finding, so determines. The person claiming indemnification shall, if requested, appear before the referee and answer questions which the referee deems relevant and shall be given ample opportunity to present to the referee evidence upon which he or she relies for indemnification. The Association shall, at the request of the referee, make available facts, opinions or other evidence in any way relevant to the referee's findings that are within the possession or control of the Association.

Section 4. Relationship to Other Rights. The right of indemnification provided in this Article shall be in addition to any rights which any person may otherwise be entitled.

Section 5. Extent of Indemnification. Irrespective of the provisions of this Article, the Board of Directors may, at any time and from time to time, approve indemnification of directors, officers, or other persons to the fullest extent permitted by applicable law, or, if not permitted, then to any extent not prohibited by such law, whether on account of past or future transactions. These rights shall continue as to an individual who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors, administrators and legal representatives of such individual, provided the indemnified person's conduct was in good faith.

Section 6. Advancement of Expenses Expenses incurred with respect to any claim, action, suit, or proceeding may be advanced by the Association (by action of the Board of Directors, whether or not a disinterested quorum exists) prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount unless he or she is entitled to indemnification.

Section 7. Purchase of Insurance. The Board of Directors is authorized and empowered to purchase insurance covering the Association's liabilities and obligations under this Article and insurance protecting the Association's directors or officers, or other persons.