

BY-LAWS

of the

NEBRASKA THOROUGHBRED BREEDERS' ASSOCIATION, INC.

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BY-LAWS
of the
NEBRASKA THOROUGHBRED BREEDERS'
ASSOCIATION, INC.

ARTICLE ONE
ORGANIZATION

- 1) The name of this organization shall be NEBRASKA THOROUGHBRED BREEDERS' ASSOCIATION, INC.
- 2) The organization may, by a majority vote of the membership in attendance at a duly called meeting, change its name.

ARTICLE TWO
MISSION

- 1) This organization shall promote agriculture through the breeding, marketing, and use of thoroughbreds in the State of Nebraska.
- 2) This organization shall maintain a registration system for thoroughbred horses in the State of Nebraska for so long as this corporation is designated to maintain such registration system by the Nebraska State Racing Commission.
- 3) This organization may, as needed, represent the interests of horsemen and horsewomen in the state of Nebraska.

ARTICLE THREE
MEMBERSHIP

- 1) This organization shall have two classes of membership: regular members and associate members. Only persons may be members. Organizations are not

eligible for membership. Membership shall be evidenced by the records of the Association in such a manner as may be determined by the Board of Directors.

- 2) The eligibility and rights of regular members are defined in subsections (a) and (b) of this section. In all subsections, "Nebraska-bred horse" means a horse meeting the requirements of state statute 2-1213 that is currently registered with this organization as a Nebraska-bred.
 - a) All persons who meet the eligibility requirements prescribed in this subsection are eligible for regular membership. Before regular membership is approved, or within sixty days after regular membership was granted, the Board of Directors may request documentation to verify that a person is or was eligible for regular membership at the time the application was submitted.
 1. For purposes of this section of this Article, a Qualifying Nebraska-bred horse is defined as any horse that meets at least one of the following conditions:
 - a. A registered Nebraska-bred that has run a race at a racetrack recognized by Equibase within the last five (5) years
 - b. A registered Nebraska-bred that is three years old or younger
 2. Any resident or non-resident of Nebraska shall be eligible for regular membership in this organization if that individual owned at least a fifty-one (51) percent ownership interest in the mare that birthed a Qualifying Nebraska-bred horse. Ownership of the mare is determined at the time of foaling and does not apply to the current owner if the mare has since transferred ownership.
 3. Any resident or non-resident of Nebraska shall be eligible for regular membership in this organization if that individual owned at least a fifty-one (51) ownership interest stake in the stallion that sired a Qualifying Nebraska-bred horse. Ownership of the stallion is determined at the time of breeding and does not apply to the current owner if the stallion has since transferred ownership.

4. A Nebraska thoroughbred horse farm is defined as an organization that owns at least a fifty-one (51) percent ownership interest in a mare or stallion that parented a Qualifying Nebraska-bred.
 - a. If an individual owns at least fifty-one (51) percent of a Nebraska thoroughbred horse farm, he or she is eligible for regular membership.
 - b. If a Nebraska thoroughbred horse farm is owned by a group of individuals of which none of the individual owners meet the regular membership eligibility requirement listed elsewhere in Article 3, Section 2, Subsection (a), then the farm is permitted to designate one farm manager who is eligible for regular membership in this organization. A farm will not be granted a regular membership for its farm manager if any of its owners are regular members. If an owner of a Nebraska thoroughbred horse farm is granted a regular membership while the farm already has a designated farm manager who is holding a regular membership, the regular membership of the horse farm manager shall be immediately revoked.
5. One person may be granted a maximum of only one regular membership regardless if he or she meets multiple eligibility requirements as described in subsections (2) through (4) of Article 3, section 2, subsection (a).
 - b) If any regular member has been found to falsify, misrepresent, omit, or otherwise conceal relevant information to or from this organization during that member's application process which would have changed that member's regular membership eligibility, that member's membership shall be immediately be revoked. The Board of Directors may vote to prohibit that member from reapplying for a regular membership for a period up to, but not exceeding, three years from the date of revocation.
 - c) All regular members in good standing shall have full voting rights unless those rights are specifically restricted elsewhere in the by-laws.
 - d) Regular members shall be deemed by this organization to meet the definitional requirements of "breeders" under state statutes.

- e) For purposes of membership eligibility, ownership rights of stallions and mares are non-transferrable once the foal is registered with this organization except in the case of the regular member's death. In the case of death, ownership privileges may either transfer to the regular member's next of kin or be extinguished for purposes of determining membership eligibility.
- 3) The eligibility and rights of associate members are defined in subsections (a) and (b) of this section.
- a) Associate membership is open to all who wish to promote the breeding, marketing, and use of thoroughbred horses in the State of Nebraska.
 - b) Voting rights of associate members are limited to regular business items as specified on the meeting agenda with the following exceptions:
 - a. Associate members may not vote in the election of members of the Board of Directors.
 - b. Associate members may not propose or vote on issues that alter, add, delete, or otherwise change the by-laws of the organization.
 - c. Associate members may not propose or vote on issues regarding the distribution of breeders' funds.
 - d. Associate members may not vote on any issue specified in these By-Laws if the By-Laws prohibit them from doing so or do not include them in the list of eligible voters for that issue.
 - c) This organization does not deem associate members to meet the definitional requirements of "breeders" under state statutes.
- 4) All memberships, except those of the Board of Directors, expire at the end of day on December 31 of each year.

ARTICLE FOUR MEETINGS

- 1) **Annual meeting.** The annual meeting of this organization shall be scheduled to be held during the first week of the first live thoroughbred race meeting each year.
 - a) The presence of a majority of the Board of Directors at the annual meeting constitutes a quorum for that meeting.
 - b) The Secretary shall give notice to the membership two weeks prior to the meeting giving the time and place of the Annual Meeting.
 - c) If an annual meeting fails to achieve a quorum, the business of the annual meeting shall be conducted at either the next subsequent regular meeting that achieves a quorum or the next subsequent Special Meeting. If the annual meeting fails to achieve a quorum, the business of the annual meeting shall be conducted no later than the end of the first quarter of the calendar year.

- 2) **Regular meetings.** Regular meetings of this organization shall be held as called by the Board of Directors.
 - a) The presence of a majority of the Board of Directors at a regular meeting constitutes a quorum for that meeting.
 - b) The Secretary shall cause a notice of this scheduled meeting to be posted.

- 3) **Special meetings.** Special meetings of this organization shall be held as called by the President when he or she deems it for the best interest of the organization. Notice of such meeting shall be posted at least seven (7) but not more than fifteen (15) days before the scheduled date set for such Special Meeting. Such notice shall state the reason(s) that such meeting has been called, the business to be transacted at such meeting, and by whom called.
 - a) At the written request of three (3) members of the Board of Directors or ten percent (10%) of the regular members of the organization, a Special Meeting shall be called by the President to conduct only the business requested by said members. The meeting must be held within ten (10) days of the receipt of a sufficient number of requests.

- b) No other business but that specified in the notice may be transacted at a Special Meeting.
 - c) Discussions or votes regarding the adding, editing, deleting, or otherwise changing of by-laws may not occur at Special Meetings.
 - d) If the purpose of the Special Meeting is to engage in hearings or disciplinary actions regarding the President, the Vice-President shall call the Special Meeting.
- 4) **Board of Director meetings.** The Board of Directors may call Board meetings as described in Article Six of these By-Laws.

ARTICLE FIVE VOTING

- 1) At all meetings, voting shall be *viva voca* with the following exceptions:
- a) Elections of members of the Board of Directors shall be conducted by ballot. The ballots shall not contain any mark or marking that might tend to indicate the person who cast such ballot.
 - b) A majority of the Board of Directors in attendance may vote to require that any vote be conducted by ballot instead of *viva voca*.
 - c) At all votes by ballot, immediately prior to the commencement of balloting, the President or ranking Officer shall appoint a committee of three (3) members of the organization who shall act as "Inspectors of Election" and who shall, at the conclusion of such balloting, certify in writing to the Chairman the results. The certified copy shall be physically affixed in the minutes book to the minutes of that meeting.
 - a. An Inspector of Election may not be a candidate for office nor shall be personally interested in the question voted upon.

ARTICLE SIX
BOARD OF DIRECTORS

- 1) The powers of the Association shall be excised, its property controlled, and its affairs conducted by a Board of Directors.
 - a) The Board of Directors shall be responsible for allocating any breeders' funds in its custody that were established by state statute 2-1207(2) and shall do so in accordance with all laws and Racing Commission regulations and in a manner consistent with the mission of this organization.
 - b) The Board of Directors shall have the authority to enter into contracts with racetracks, other organizations, and individuals regarding services and other business transactions with those parties.
 - c) The Board of Directors shall keep or cause to be kept an updated register of thoroughbred horses in the State of Nebraska.
- 2) The board shall consist of no more than nine members, three of whom shall be elected each year. Officers shall be members of the Board. Vacancies on the Board of Directors shall be filled by a vote of the majority of the remaining members. When a vacancy is filled, the successor Director shall serve only the unexpired term he or she is elected to fill.
- 3) The Directors to be chosen for the ensuing term shall be voted upon at the annual meeting of this organization.
- 4) To be eligible to be elected to the Board of Directors, a person must be a regular member of this organization.
- 5) If any Director has been found to falsify, misrepresent, omit, or otherwise conceal relevant information to or from this organization when determining his or her eligibility to serve on the Board of Directors, the remaining members of the Board of Directors may vote to remove that Director. The Director in question shall be removed if at least fifty-one percent (51%) of the remaining Directors so vote.
- 6) The Board of Directors shall only act in the name of the organization when it shall be regularly convened by the President after due notice to all Directors of

such meeting. Five (5) of the members of the Board of Directors shall constitute a quorum and the meetings of the Board of Directors shall be held as called.

Appearance by phone or video conference shall count towards the quorum. The Board of Directors may make such rules and regulations covering its meeting as it may, in its discretion, determine to be necessary, unless such rules or regulations conflict with any provision of the By-Laws.

- 7) Each Director shall have one vote and such voting may not be done by proxy. Directors not in attendance may vote by phone or video conference.
- 8) A Director may be removed when sufficient cause exists for such removal. The Board of Directors may entertain charges against any Director. A Director may be represented by counsel upon any removal hearing. The Board of Directors shall adopt such rules as it may in its discretion consider necessary for the best interests of the organization, for this hearing. The Director shall be removed if at least seven Board members so vote, unless the Director is being removed for reasons described in Article Six, section 5, in which case the threshold for removal described in that section shall apply.

ARTICLE SEVEN OFFICERS

- 1) All officers must meet the eligibility requirements to be on the Board of Directors. Officers are selected from the Board of Directors and are voted upon each year by the Board of Directors after the annual meeting.
- 2) The Officers of this organization shall be President, Vice-President, and Secretary/Treasurer. Officers shall serve for a term of one year. The Officers shall be members of the Board of Directors with all voting privileges and rights entitled by that position. If a matter to be decided by a vote of the board members results in a tie, the President's vote shall subsequently count twice and become the decisive vote.
- 3) **President.** The President shall be the Chief Operating Officer of the Association and, subject to the control of the Board of Directors, shall have general supervision, direction, and control of the operations and management of the

Association. The President shall preside at all meetings of the members and shall be the ex officio member of all standing committees. The President shall be a voting member of the Board of Directors. The President shall have the general powers and duties as may be prescribed by the Board of Directors or by these By-Laws.

- a) Upon the written request of at least fifty (50) percent of the regular members of the organization or seven members of the Board of Directors, the Vice-President shall call a Special Meeting to suspend or remove the President. At the Special Meeting, the members present will determine whether a suspension or removal is appropriate, and a ballot vote shall be held following the rules outlined in Article 5, section (1)(c), except that the Vice-President shall appoint the Inspectors of Election. Only regular members of the organization, including the Board of Directors but not the President, present at the meeting shall be allowed to vote. The President shall be immediately subject to the actions specified on the ballot if at least seven Board members so vote, or if two-thirds of the voting members so vote.
 - b) A person may not be elected as President of this organization if at any time within the five (5) years prior to his or her election, he or she served as the president or chief officer of any other title of the organization representing the owners and trainers in the State of Nebraska, or has served as the Chairman, President, or chief officer of any other title of the Board of Directors of a racetrack in Nebraska, or has served as the Chief Executive Officer or the chief executive manager of any other title at a racetrack in Nebraska.
- 5) **Vice-President.** In the absence, disability, or suspension of the President, the Vice-President shall perform all duties of the President, and when so acting, shall have the powers of, and be subject to all the restrictions placed upon the President. The Vice-President shall have other such powers or perform such other duties as may be described respectively by the Board of Directors or by these By-Laws.
- 6) **Secretary/Treasurer.** The Secretary/Treasurer shall keep, or cause to be kept, a membership record showing the name and address of each member, the date of initiation, and in the event of the membership having been terminated, the fact of the termination together with the date upon which such membership ceased. The Secretary/Treasurer shall keep, or cause to be kept, records of meetings of the Board of Directors and the annual meeting. The Secretary/Treasurer and/or

the Executive Director shall keep an accurate account of all monies received and disbursed, and of the financial condition of the Association. The Secretary/Treasurer and/or the Executive Director shall maintain only the bank accounts approved by the Board of Directors. The Secretary/Treasurer shall also discharge such other duties as pertain to this office or which may be prescribed by the Board of Directors.

ARTICLE EIGHT SALARIES

- 1) The Board of Directors shall hire and fix the compensation of any and all employees which they in their discretion may determine to be necessary in the conduct of the business of the organization.

ARTICLE NINE COMMITTEES

- 1) All committees of this organization shall be appointed by the President and their term of office shall be for a period of one year or less if sooner terminated by the action of the Board of Directors. Each appointee must be ratified by a majority vote of the Board of Directors.

ARTICLE TEN DUES

- 1) The dues of this organization shall be set by the Board of Directors and shall be payable on the first day of January each year unless changed by the membership at the Annual Meeting.

**ARTICLE ELEVEN
AMENDMENTS**

- 1) These By-Laws may be altered, amended, repealed, or added to by an affirmative vote of not less than a majority of the regular members voting at a regular meeting or at the annual meeting. Voting shall be taken by ballot.