



Bylaws of the INTERNATIONAL JET SPORTS BOATING ASSOCIATION

ARTICLE I NAME AND PURPOSES

Section 1. Name and Purposes.

The name, objects and purposes of this corporation shall be as provided in its Articles of Incorporation.

It is expressly understood that the Corporation is not formed for profit, is a corporation which does not contemplate pecuniary gain, profit or dividends to the members thereof and, as a corporation, no part of the net earnings of which shall inure to the benefit of any private shareholder, individual or member.

Section 2. Principal Offices.

The Board of Directors (hereinafter referred to as the "Board") shall fix the location of the principal executive office of the corporation at any place it may direct.

Section 3. Other Offices.

The Board may, at any time, establish branch or subordinate offices at any place or places.

ARTICLE II MEMBERSHIP

Section 1. Classification of Members

There shall be several classes of members of this Corporation, the qualifications, rights and privileges of which shall be established by the Board.

Section 2. Definition of Voting Members.

There shall be five (5) classes of voting members who shall be entitled to vote for membership to the Board. These classes shall consist of the following:

(a) *Manufacturer Members.* This class shall be made up of any corporation engaged in the manufacture of single or multiple rider personal watercraft (hereinafter "Watercraft"), as defined Section 4.1 of the IJSBA Official Rulebook or any similar section in the IJSBA Official Rulebook referring to homologation or manufacturer requirements.

(b) *International Affiliate Members.* This class shall be made up of international personal watercraft organizations in good standing and recognized by the Corporation.

(c) *Associate Members.* This class shall be made up of members in good standing and recognized by the Corporation who are engaged in the production of devices for use on Watercraft or designed for use while engaged in the sport of Watercraft riding. This class shall be made up of the companies commonly referred to as "aftermarket" companies or companies engaging in any type of legal business, social, educational or other endeavor.

(d) *Managing Director Member.* This class shall be limited to the person acting as the Managing Director of the Corporation, as selected by the Board according to these Bylaws.

(e) *Rider Members.* This class shall be made up of the racing members in good standing. Each member of this class must hold a valid and current racing license as issued by the Corporation or any one of its recognized International Affiliate Members.

Section 3. Membership Fees, Dues and Assessments.

Each member shall pay a membership fee, periodic dues and assessments in such amount and at such times as shall from time to time be determined by the Board. The Board may, at its discretion, waive any or all payments required of a Member for the purpose of granting honorary membership in the Corporation to that member.

Section 4. Term of Membership.

Memberships shall be for a twelve (12) month period, provided, however, that all such memberships shall be automatically renewed so long as the member remains eligible and has

paid the fee established by the Board for the coming year for the member's class of membership.

Section 5. Membership Certificates.

The Corporation shall not issue any shares of capital stock, but it may, should the Board so determine, issue certificates of membership as provided in Section 1 of Article VI herein.

Section 6. Resignation of Membership.

Any member may resign from membership in the Corporation by presenting and filing with the Chairman of the Board a resignation in writing and the same shall become effective as of the date it shall be filed. Such resignation shall not effect the legal rights or obligations of such member with respect to the Corporation.

Section 7. Termination of Membership.

The Board may terminate or suspend a membership or expel or suspend a member for nonpayment of fees, dues or assessments or for conduct with the Board shall deem inimical to the best interests of the Corporation, including without limitation, violation of any provision of these Bylaws, failure to satisfy membership requirements or any breach of fiduciary duty owed to the Corporation. The Board shall give the member who is the subject of the proposed action fifteen (15) days prior notice of the proposed expulsion, suspension or termination and the reasons therefore. The member may submit a written statement to the Board regarding the proposed action not less than five (5) days before the effective date of the proposed expulsion, suspension or termination. Prior to the effective date of the proposed action, the Board shall review any statement so submitted and shall determine the mitigating effect, if any, of the information contained therein on the proposed action. A suspended member shall not be entitled to exercise any of the voting rights set forth in Article III herein.

Section 8. Property Rights of Membership.

No dividends shall be declared or paid to any member, nor shall any member upon resignation from the Corporation or termination be entitled to receive a distribution or any share of the assets then owned or held by the Corporation.

Section 9. Dissolution.

Dissolution of the Corporation may take place upon the affirmative vote of at least two-thirds (2/3) of the Board. Upon dissolution of the Corporation, the assets of the Corporation remaining after provisions for debts and liabilities of the Corporation shall be distributed among the Manufacturer Members and International Affiliate Members

proportionately according to their voting rights in the Corporation. In order to be eligible for distribution of assets, any Manufacturer Member or International Affiliate Member must have been a member in good standing of the Corporation for at least three (3) years.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meeting.

The Board shall select, as by resolution, the Annual Meeting place of the members of the Corporation entitled to vote. It may be held at any place as selected by the Board, either within or without the State of California, and on such date as the Board deems appropriate. At such Annual Meeting, all members shall designate their representative(s) to the Board and there may be transacted any other business which shall be properly brought before the Meeting. If for any reason the Annual Meeting is omitted, a Special Meeting may be held in place thereof and any business transacted or elections held at such Special Meeting shall have the same force and effect as if transacted or held at the Annual Meeting.

Section 2. Special Meetings.

Special Meetings of the members of the Corporation may be held at any time pursuant to a resolution of the Board or call of the Chairman. Such resolution or call for a Special Meeting shall specify the time, place (either within or without the State of California), and purpose or purposes therefore, and no business other than that stated specifically in such resolution or call shall be considered at any such Special Meeting. It shall be the custom of the Board to have only members, or guests of the Board in attendance.

Section 3. Notice and Waiver.

Written notice of Annual or Special Meetings of the members, stating the time and place, and in the cases of Special Meetings, the purpose thereof, shall, unless waived, be given to all members by delivery in person, by mail, facsimile transmission, electronic mail, or by telegraph no less than five (5) days prior to the date fixed for such meeting, to the respective addresses of the members appearing on the records of the Corporation. Any member may waive notice of any Meeting, whether in writing signed before or after such Meeting, or by attendance at such meeting.

Section 4. Quorum.

At any meeting, a majority of the members shall constitute quorum for the transaction of business; but less than a quorum must adjourn. Any duly called meeting may adjourn without any other notice than an announcement at such meeting. Meetings shall be presided over by the Chairman, or in their absence, by the Vice-Chairman of the Corporation. The Secretary-Treasurer or an assistant shall keep the minutes of such meeting. In the absence of the Chairman, Vice-Chairman, or Secretary-Treasurer, any member may be chosen to preside over or keep the minutes at the meeting, as the case may be. All questions coming before the members for decision shall, unless otherwise provided for by law or by these Bylaws, be decided by a majority of the votes of the members present.

Section 5. Action Without Meeting.

Any action which may be taken at a meeting of the members, may be taken without a meeting if authorized in writing signed by a majority of the members, provided that all members entitled to vote thereon are given an opportunity to sign such authorization.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Powers, Standard of Care.

A. Powers.

The affairs of this Corporation shall be managed by the Board and said Directors shall have the powers in the conduct, control and management of the affairs and the property of the Corporation which shall be consistent with law, the Articles of Incorporation, and these Bylaws, including the power to fix the fiscal year of the Corporation; to approve and review all matters involving major administrative policies, programs and transactions; to guide and counsel the officers of the Corporation in the fulfillment of their responsibilities; to evaluate the needs of the Corporation and devise programs to meet them; to determine persons authorized to sign checks, drafts or other orders for the payment of money in the name of the Corporation; to review and approve all reports from committees and subcommittees; to review and approve periodic statements of fiscal operations and the annual budget; to appoint the Managing Director and determine duties and compensation for each office.

B. Indemnification.

Each person who shall have served at any time as an officer or director of the Corporation, and each heir, administrator, executor, and legal representative of any such person, shall be indemnified and held harmless by the Corporation against any and all liabilities, counsel fees, costs, and legal and other expenses (including without limitation, fines, penalties, judgments and amounts paid in settlement) reasonably incurred by or imposed upon him in connection with any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether trial or appellate, in which he may be or become involved or threatened, as a party or otherwise, be reason of his being or having been or of his relationship of a director or officer of the Corporation, unless said director or officer of the Corporation shall have been or shall be determined by the Board to have acted in relation to any such matter in bad faith or without reasonable belief that he was acting within the scope of his authority, or for a purpose which he did not reasonable believe to be in the best interests of the Corporation or its members, or unless the matter in relation to which such indemnity would otherwise be owing is an action in whole or part successfully instituted or maintained in the right of the Corporation by a member or director of the Corporation or is such an action pursuant to which no court shall have found that the director's or officer's conduct fairly and equitably merited such indemnity; provided, however, that any person seeking to be indemnified or held harmless pursuant to the foregoing shall be required, as a precondition thereto, to pay or promise to pay to the Corporation any insurance benefits already paid or otherwise payable to said person on account of the matter for which indemnity is sought. Notwithstanding any of the foregoing, neither the Corporation nor its Board shall perform any act which shall have the effect of enabling any insurer to avoid liability under any applicable policy of officer's and director's liability insurance, and any such act or any provision contained in these Bylaws having such an effect shall be deemed to be

null and void. The right of indemnification hereby created shall not be construed to defeat any right of indemnification otherwise authorized by law.

Section 2. Number and Qualification of the Board.

The authorized number of Directors of the Corporation shall be at a minimum of seven (7). The Board of Directors is authorized to increase or decrease the number of Directors based upon the needs of the Corporation. The Board shall consist of representatives voted on by each of the five (5) Member Classes in the following proportions:

- (a) *Manufacturer Members.* Manufacturer Members shall vote for one (1) Director to serve on the Corporation's Board.
- (b) *International Affiliate Members.* International Affiliate Members shall vote for three (3) Directors to serve on the Corporation's Board.
- (c) *Associate Members.* Associate Members shall vote for one (1) Director to serve on the Corporation's Board.
- (d) *Managing Director Member.* The Managing Director shall vote for one (1) Director to serve on the Corporation's Board. Unless precluded by law, nothing in these Bylaws preclude the Managing Director from serving on the Board.
- (e) *Rider Members.* Rider Members shall vote for one (1) Director to serve on the Corporation's Board.

Section 3. Election and Term of Office of Directors.

It shall be the responsibility of the Managing Director to prepare a list of all members of each member class entitled to vote and to set the method of voting for each of the Member Classes. The date of the election and method for casting ballots must be completed and notice sent to all members of each Member Class entitled to vote at least thirty (30) days prior to the election. Each member of the Board shall serve for a period of one (1) year from the date of election, with the exception of the Managing Director Member, who shall serve for a period of four (4) years. There are no limits, except as provided by law, to the amount of terms, either consecutive or otherwise, that a Director may serve on the Board.

Section 4. Meetings of the Board.

- a) Immediately after the designation of Directors, the Board shall without notice hold its Annual Meeting for the purposes of electing a Chairman, Vice- Chairman, and Secretary-Treasurer, and transacting of any such other business and creation of such other offices, within the powers of the Directors, as shall come before the Meeting. The Chairman, Vice-Chairman and the Secretary-Treasurer shall be elected from among the members of

the Board. The Board may provide by resolution or Bylaws for the holding of regular meetings other than the annual Meeting.

- b) Special Meetings of the Board may be called by the Chairman or by a majority of the directors.
- c) Written notice stating that time and place of any meeting except the Annual Meeting shall, unless waived, be given by delivery in person, by mail, by facsimile transmission or by electronic mail transmission to each Director not less than five (5) days prior to the day of the meeting. Any such notice need not state the purpose of or business to be transacted at any such meeting. Any Director may waive notice of any meeting, either in writing signed before or after such meeting, or by attendance in person at such meetings except attendance for the express purpose of objecting that the meeting has not been lawfully called.
- d) At any meeting of Board, a majority of the Board shall constitute a quorum, each Director shall be entitled to one (1) vote, and all questions for decision shall, unless otherwise provided for by law or by these Bylaws, be decided by a majority vote of the Directors present. Directors may vote by proxy; however, a substitute Director may be designated by a member for a given meeting.

Section 5. Vacancies.

Upon the occurrence of any vacancy in the office of a Director designated by a member, whether by resignation or otherwise, the member shall thereafter fill such vacancy by designating a replacement.

Section 6. Directors Acting by Unanimous Written Consent.

Any action required or permitted to be taken by the Board may be taken without a meeting with the same force and effect as if taken by unanimous vote of the Board, if authorized by a written agreement signed individually or collectively by all members of the Board. Said agreement may be delivered by facsimile transmission, in person or by first class mail. Such Agreement shall be filed with the regular minutes of the Board.

Section 7. Fees and Compensation of Directors.

Directors and members of a Directors' Committee shall not receive any stated salary or other compensation for their services. Nothing contained in this section shall be construed to preclude any Director from serving the Corporation in any capacity and receiving compensation therefore.

Section 8. Committees.

Committees of the Board may be appointed by resolution passed by a majority of the whole Board. The Board may designate one (1) or more Directors as alternative members of any committee, who may replace any absent member at any meeting of the committee. Committees shall have such powers of the Board of Directors as may be expressly delegated to it by resolution of the Board of Directors except those powers expressly made non-delegable by the California Corporations Code.

Section 9. Meeting and Action of Committee.

Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article I, with such changes in the context of those sections as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time of the regular meetings of committees may be determined by resolution of the Board of Directors as well as the committee, and special meetings of committees may also be called by resolution of the Board and notice of special meetings of committees shall also be given to all alternative members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

Section 10. Technical Committee.

This special committee shall be made up of four (4) members. Each member shall serve on the Technical Committee for two (2) years. It will be the responsibility of this Committee to propose technical rules to the Board for approval regarding the racing of Watercraft, to study any technical rules proposed at the international level of Watercraft racing, to maintain an on-going awareness in the areas of technical knowledge about the models of available Watercraft and new advances in materials which may be applied to racing or exposition of Watercraft, to study and propose any technical measures likely to advance the sport of Watercraft racing or which may improve the safety of the sport. Any approval procedure for rules and regulations proposed by the Technical Committee must be approved by the Board. The Technical Committee shall consist of the following representatives:

- (a) *The Managing Director.* This representative shall be the person acting as Managing Director of the Corporation.
- (b) *Technical Director.* This position shall be appointed by a vote of the Board, and may receive compensation as decided by the Managing Director.
- (c) *Committee Administrator.* This position shall be appointed by a vote of the Board, and may receive compensation as decided by the Managing Director.
- (d) *At Large Member.* This position shall be appointed by a vote of the Board.

ARTICLE V OFFICERS

Section 1. Officers.

The principal officers of the Corporation shall be a Chairman of the Board, Vice-President and Secretary-Treasurer. The Corporation may also have, at the discretion of the Board of directors, one or more vice-presidents, one or more Assistant Secretaries, and such officers as may be appointed in accordance with the provision of Section 3 of this Article. One person may hold two or more offices.

Section 2. Election of Officers.

The principal officers of the Corporation, except such officers as may be appointed in accordance with the provision of Section 3 of this Article, shall be chosen by the Board, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Removal and Resignation of officers.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by a majority of Directors at the time in office, at any regular or special meeting of the Board, or, excepting the case of an officer chosen by the Board, by any officer upon whom such power removal may be conferred by the Board.

Section 4. Managing Director.

The Managing Director shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and the officers of the Corporation. He or she shall have the general powers and duties of management usually vested in the office of President of a corporation, shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have such other powers and duties as may be described by the Board or the Bylaws. The Managing Director's position shall be filled by a majority vote of the Board. Such vote shall exclude the Managing Director Member's representative on the Board, and in the event of a tie, the deciding vote shall be cast by the Affiliate Member Class Board representative.

Section 5. Chairman of the Board.

The Chairman of the Board shall exercise supervision over all of the affairs of the Corporation and its several officers, and shall perform generally all the duties usually incident to the office of Chairman and such further duties as may from time to time be required of

him by the Directors. The Chairman's duties shall include calling and presiding at meetings of the Board as needed for the purpose of reporting the general state of the Corporation and recommending policies and courses of action; calling and presiding meetings of members, assisting the Board on the formulation of corporate policies on both long-range and short-range activities; interpreting and implementing policies and programs established by the Board in the management of the Corporation and its programs and activities; reviewing budgets and appropriations before submission to the Directors; appointing such administrative or special committees as may be required, including the chairman thereof, conferring with committee chairman often enough to see that their duties are being carried out; and exercising general supervision over Corporate finances by periodically reviewing budgetary performance and consulting with the Secretary-Treasurer in preparation and submission of the budget.

Section 6. Vice-Chairman.

At the request of the Chairman, or in his absence or disability, the Vice-Chairman shall perform all the duties of Chairman and when so acting shall have all the powers of Chairman, and further shall perform such other duties as may from time to time be required of him by the Board of Directors.

Section 7. Secretary-Treasurer.

The Secretary-Treasurer shall keep or cause to be kept at the principal executive office or such other place as the Board of Directors may order, a book of minutes of all meetings of Directors, Committees of Directors, and Shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice hereof given, the names of those present at Directors and Committee meetings, the number of shares present or represented at Shareholders meetings, and the proceedings thereof. In addition to the foregoing, the Secretary-Treasurer shall also keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any Director. The Secretary-Treasurer of the Corporation must maintain their primary residence in the United States of America.

ARTICLE VI GENERAL PROVISIONS

Section 1. Certificates of Membership.

The Certificates of membership of the Corporation, should such be executed and issued to the members thereof, shall indicate that the Corporation is a nonprofit mutual benefit Corporation which may not make distributions to its members except upon dissolution and that the certificate is non-transferable. Said certificates may indicate the type of membership of the holder thereof and shall be signed by the Chairman or Vice-Chairman and the Secretary. Any or all of the signatures on the certificate may be a facsimile. Said certificates of membership shall be valid for such period of time as the directors may determine.

Section 2. Checks and Drafts.

All checks, drafts or other orders for payment of money, notes or other evidences in indebtedness issued in the name of or payable to the Corporation, and any and all securities owed or held by the Corporation requiring signature for transfer shall be signed or endorsed by the Secretary-Treasurer of the Corporation, or by such person or persons and in such manner as from time to time shall be determined by the Board.

Section 3. Amendment of Bylaws.

These Bylaws or any part thereof may be amended or repealed any new Bylaws may be adopted by the vote or written assent of the Board, subject, however, to the rights of members specifically required by statute.

Section 4. Records.

The Corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. The financial statements need not be prepared according to generally accepted accounting principles so long as the financial statement reasonably sets forth the assets and liability, income and expenses of the Corporation, and discloses the accounting basis used. All of such books, records and accounts shall be kept at the Corporations principal executive office, as fixed by the Board, from time to time, or shall be kept at such place or places as designated by the Board. The minutes shall be kept in written form and accounting books and records shall be kept in either written form or in any other form capable of being converted into written form. Such minutes and accounting books and records shall be open to inspection upon the written demand of any voting member, at any reasonable time during usual business hours, for a purpose reasonably relating to such voting member's interest. Such inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

Section 5. Financial Statements.

A copy of annual financial statement and any income statement of the Corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the Corporation as of the end of each such period, that has been prepared by the corporation shall be kept on file at the principal executive office of this Corporation for twelve (12) months from the date of its execution, and each such statement shall be exhibited at all reasonable times to any voting member demanding an examination of such statement or a copy shall be made to any such voting member.

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