

Forest Hills Swim Club, Inc.  
By-Laws

October 2, 1994

# Forest Hills Swim Club, Inc.

## By- Laws

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This issue of the Forest Hills Swim Club, Inc. By-Laws was printed by the By-Laws Committee of the 1993-94 FHSC Board of Directors.

## ARTICLE I

### Organization and Purpose

**Section 1.** The Club is organized as a nonprofit corporation under the laws of the State of Michigan.

**Section 2.** The purposed of the Club are: to operated and maintain a private swim club, to promote and foster educational, recreational, and social activates of members and friends; to promote, construct, finance, lease, rent, own and operate a private swimming pool and associated real and personal property.

**Section 3.** The Club is authorized to issue and sell shares of stock, each share having a par value of Ninety (\$90.00) Dollars per share. The shares of stock are non-assessable, nonnegotiable, nonprofit-sharing, non-interest bearing, non-assignable, and nontransferable except to the Club.

## ARTICLE II

### Management

**Section 1.** The property and affairs of the Corporation shall be managed by a Board of Directors elected by the membership.

**Section 2.** The Board of Directors shall consist of ten, (10) voting members and the Past President as Ex Officio member. The ten voting members shall be: President, Vice President, Secretary, Treasurer, and six (6) directors. At least seven (7) of the Board of Directors shall reside in the Birmingham School District. Not more than one (1) from a family may serve on the same Board of Directors.

- A. Nominations for the Board of Directors shall be made by the Nominating Committee of ten (10) members appointed by the President. This committee shall include: two (2) former Presidents, two (2) other former Directors, and the balance selected from the membership at large. The Chairman, appointed by the President, shall call the Nominating Meeting on or before August 1, and shall be responsible for visibly posting the slate at the Club at lease two (2) weeks prior to the Annual Meeting. Nominating Committee members may not be considered nominees. Other nominations for Officers and Directors must be made in writing, signed by at lease ten (10) active members, and must be visibly posted at the Club

seven (7) days before the Annual Meeting. Officers are elected to a one (1) year term; Directors are elected as a two (2) year term.

- B. Regular meetings of the Board of Directors shall be held monthly at a time and place agreeable to the majority. Written notice of every regular meeting of the Board of Directors shall be prepared by the Secretary and given to each director at least five (5) days prior to the day named for the meeting. Emergency meetings of the Board of Directors may be called by an Officer of the Club.
- C. Members at large may request agenda time for specific issues by notifying the Secretary in writing ten (10) days before the scheduled Board of Directors meeting.
- D. A majority of the Board members in office (6 out of 10) shall be necessary to constitute a quorum for the transaction of business. The acts of a majority of the Directors present at a meeting shall be the acts of the Board of Directors.
- E. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining members of the board, though less than a quorum, and each person so elected shall be a Director until the next annual meeting.
- F. The Board of Directors may declare vacant the office of a Director or Officer if, within sixty (60) days after notice of his election, he does not accept such office either by assent or by attending a meeting of the Board of Directors.
- G. Meetings of the Board of Directors shall be presided over by the President . In his absence the Vice President shall preside. If neither is present, the Directors in attendance shall elect a presiding officer. The Secretary, or in his absence a Director appointed by the presiding officer, shall record the minutes of the meeting.
- H. The Board of Directors shall have the power to make or authorize all purchases necessary for the operation and maintenance of the Club. The Board shall authorize the employment and compensation of all employees.
- I. The Board of Directors shall prescribe rules for the government and use of the Club facilities. They shall not alienate or mortgage any of the real property of the Club without the authority of the active members given by majority vote at an annual meeting or a special meeting. No mortgage or other encumbrance at the

time of placement shall be in excess of thirty five percent (35%) of the combined value of the real property and improvements erected thereon.

- J. The Board of Directors shall have supervision over all committees and may amend any rules or regulations prescribed by any Club committee.
- K. The Board of Directors shall secure by bond the Treasurer of the Club, and may secure if judged necessary any other Officer or employee.
- L. The Board of Directors shall require an independent audit of the accounts of the Club for each fiscal year.
- M. Each Director and Officer of the Club shall be indemnified by the Club against expenses reasonably incurred by him and /or damaged imposed upon him in connection with the defense of or as the result of any action taken or alleged to have been taken by him in the course of his duties as a Director and/or Officer of the Club. This indemnification shall not be effective in the case of willful malfeasance in the performance of the duties as a Director and/or Officer or in the case of the failure to pay income taxes or other taxes withheld from employees under the provisions of any Federal or State Statute. Such right of indemnification shall not be deemed exclusive of any other rights to which a Director or Officer may be entitled under any statute, by vote of the members or otherwise.

**Section 3.** The elected Officers of the Club shall consist of : President, Vice President, Secretary and Treasurer. The term for each Officer shall be one (1) year and no Officer shall serve in the capacity for more than two (2) successive years. Any vacancy among the Officers shall be filled for the unexpired term by a majority vote of the remaining Board members.

- A. The Office of **President** shall include the following duties:
  - i. The President shall preside at all meetings of the Board of Directors and all meetings of the membership at large.
  - ii. The President and Treasurer will be authorized to sign all bank drafts, contracts, or other legal documents relating to the affairs of the Club.

- iii. The President shall appoint standing committee chairmen and shall be ex officio member of all standing committees.
- iv. The President shall provide executive supervision of all activities of the Club.
- v. The President may authorize operating and capital improvements expenditures if the funds have been authorized and have been included in the current budget approved by the Board of Directors. If an emergency situation should arise, the President or his duly appointed representative shall poll the Board of Directors prior to authorizing any expenditures.

B. The Office of **Vice President** shall include the following duties:

- i. The Vice President shall perform all duties of the President in the event of his absence or disability as specified in Article II, Section 3.A.
- ii. The Vice President and Treasurer shall be authorized to sign all bank drafts, contracts, or other legal documents relating to the affairs of the club.
- iii. The Vice President may be assigned special projects at the discretion of the President.
- iv. The Vice President shall serve as the Chairman of the Insurance Advisory Committee.

C. The Office of **Secretary** shall include the following duties:

- i. The Secretary shall make and keep permanent minutes of all meetings of the Board of Directors and any meetings of the membership at large. Copies of said minutes shall be submitted along with written notice of regular meetings to all members of the Board of Directors.
- ii. The Secretary shall maintain a current membership file containing the names and addresses of each member. This information will be supplied by the Membership Chairman.

- iii. The Secretary shall keep all Club records, except financial, and shall continue to maintain the file of canceled stock certificates during his current term of office.
- iv. The Secretary shall prepare for the membership the March 1 mailing, which should include:
  - a. Cover letter from the President:
  - b. Dues notice
  - c. Family membership forms
  - d. Notice of picture update
  - e. Rules and regulations of the club
- v. The Secretary shall prepare for the membership the May 1 mailing, which should include:
  - a. Cover letter from the President
  - b. Financial summary of the three (3) previous seasons
  - c. Swim team information
  - d. Schedule and registration forms for all aquatic lessons
  - e. Social calendar for the current year
  - f. Notice of the date of the Annual Meeting.
- vi. The Secretary shall process and record all accounts, including delinquent accounts received after April 1 as described in Article IV, Section 6. In addition, he will execute all correspondence pertinent to the operation of the Club.
- vii. The Secretary and Treasurer will be authorized to sign all bank drafts, contracts, or other legal documents relating to the affairs of the Club.
- viii. The Secretary shall, in the absence of the other three (3) Officers, chair the regular meeting of the Board of Directors.

D. The Office of the **Treasurer** shall include the following duties:

- i. The Treasurer shall maintain a record of all financial transactions of the Club.

- ii. The Treasurer and any other Officer will be authorized to sign all bank drafts, contracts, or other legal documents relating to the affairs of the Club.
- iii. The Treasurer may advance moneys not to exceed Five Hundred (\$500.00) Dollars to any Director or employee of the Club for Board-authorized expenditures.
- iv. The Treasurer shall keep a Corporation Stock Transfer File. This record shall include the names and addresses of Club stockholders, a complete posting of receipts and disbursements, and the number and date of the certificates issued.
- v. The Treasurer shall receive and record all yearly payments of dues and shall forward all pertinent data to the Secretary of verification.
- vi. The treasurer shall maintain such other records as may be required of him by the Board of Directors or as required by the By-Laws.
- vii. The Treasurer shall be responsible for the receipt of all moneys and disposition of same in banking institutions or investments as approved by the Board of Directors.

**Section 4** The Standing Committees of the Club shall be:

Finance Committee  
 Operating Committee  
 Facilities & Grounds Committee  
 Membership Committee  
 Social Committee  
 Swim Team Committee  
 By-Law Committee  
 Special Projects Committee  
 Insurance Advisory Committee

The President of the Board will appoint a Director to chair each Standing Committee and will aid each chairman in the selection of committee members.

- A. The Finance Committee shall consist of a Chairman and at least three (3) active members, and will be responsible for the following duties:

- i. The Finance Committee shall conduct and review all financial operations of the Club.
  - ii. The Finance Committee shall prepare financial studies of proposed Club projects as directed by the Board of Directors
  - iii. The Finance Committee shall submit to the Board of Directors before the first of March each year an annual budget of anticipated expenditures.
- B. The Operating Committee shall consist of a chairman and at least three (3) active members, and will be responsible for the following duties:
- i. The operating Committee, with Board approval, shall hire and set the rate or compensation for qualified pool employees.
  - ii. The operating Committee will implement all rules governing the operation and use of the pool and facilities, including hours of operation, duties of employees, and acceptable conduct of members.
  - iii. The Operating Committee shall act on all complaints and/or violations of Club rules, and recommend action to the board.
  - iv. The Operating Committee shall supervise the Manager and pool employees in all operations of the club.
- C. The Facilities and Grounds Committee shall consist of a Chairman and at least three (3) active members, and will be responsible for the following duties:
- i. The Facilities & Grounds Committee shall supervise the safe maintenance and proper operation of the facilities of the Club, and submit to the Board of Directors all estimates for improvements and or repairs.
  - ii. The Facilities & Grounds Committee shall be responsible for new equipment purchases made by the Club.

- iii. The Facilities & Grounds Committee shall aid the Manager in overseeing the care of the Club grounds.
- D. The Membership Committee shall consist of the Chairman and at least three (3) active members, and will be responsible for the following duties:
- i. The Membership Committee shall promote, accept, investigate and approve or reject prospective membership applications.
  - ii. The Membership Committee shall promptly process all stock transfers.
  - iii. The Membership Committee shall maintain a current and accurate membership card file.
  - iv. The Membership Committee shall organize and host the Prospective Member Coffees and the Newcomers' Welcome.
- E. The Social Committee shall consist of a Chairman and at least four (4) active members, and will be responsible for the following duties:
- i. The Social Committee shall, with Board approval, schedule, organize and direct all social events of the club.
  - ii. The Social Committee shall prepare for the May 1 mailing a calendar of social activities.
  - iii. The Social Committee shall budget and reconcile all social revenues with the Treasurer of the Club.
  - iv. The Social Committee shall supervise the plans of all Swim Club parties, guest events and holiday celebrations of the Club.
- F. The Swim Team Committee shall consist of a Chairman and at least four (4) active members, and will be responsible for the following duties:
- i. The Swim Team Director will attend the NSSL Board Meetings as the representative of Forest Hills Swim Club.

- ii. The Swim Team Committee shall, along with the Swim Team Director and Swim Coach, organize and direct all swim team meets with other clubs.
  - iii. The Swim Team Committee shall, with Board approval, recruit and hire the Swim Team Coach.
  - iv. The Swim Team Committee and Boosters will plan the swim team banquet and presentation of awards.
  - v. The Swim Team Committee will supervise the use and storage of swim team equipment.
- G. The By- Laws Committee shall consist of a Chairman and at least three (3) active members, and will be responsible for the following duties:
- i. The By-Laws Committee shall review the Club By-Laws each year for revision and amendment.
  - ii. The By-Laws Committee shall be a resource center for the interpretation of any by-law questions by the members of the Club.
  - iii. The By-Laws Committee shall be responsible for the printing and distribution of copies of the Club By-Laws to the membership.
- H. The Special Projects Committee shall consist of a Chairman and at least three(3) active members, and will be responsible for the following duties:
- i. The Special Projects Committee shall, under the direction of the President and the Board, act as an ad hoc committee to research any proposed planning by the Club.
  - ii. The Special Projects Committee will maintain a current picture file of the membership.
  - iii. The Special Projects Committee shall aid in any major Club mailings or fund raisers.
- I. The Insurance Advisory Committee shall consist of the Chairman, who shall be the Vice President of the Club, and at least two (2) active members (one of

whom will have experience or knowledge in the field of insurance) and will be responsible for the following duties:

- i. Review the Club's insurance requirements and the current availability of appropriate insurance coverage and anticipated costs each year.
- ii. Make recommendations to the Board of Directors prior to each season's opening as to what insurance coverage should be secured , as well as the availability and anticipated cost of such insurance coverage.

### **ARTICLE III**

#### **Club Meetings**

**Section 1.** The Annual Meeting of the Club shall be held on any day between July 1 and September 30, the date to be set by the Board of Directors. Notice of said meeting shall be included in the May mailing to active members.

**Section 2.** At the discretion of the Board of Directors, a preseason meeting of active members may be held on any day between May 1 and May 30 to discuss matters of the Club governance and management, the date to be set by the Board of Directors. Notice of said meeting shall be included in the March mailing to active members.

**Section 3.** Special meetings of the membership may be called at any time by the President or the Board of Directors. When requested in writing by 10% of the Family and Transitional members, a special meeting will be called by the President within twenty-one (21) days of such request.

**Section 4.** Meetings of the Club shall be held on the Club premises or at a place designated by the President or the Board of Directors.

**Section 5.** Written notice of every meeting of the Club shall be made available by the Secretary to each member of record entitled to vote at least five (5) days prior to the time of that meeting.

**Section 6.** A quorum at any meeting of the Club shall be ten percent (10%) of the members entitled to vote at the meeting.

**Section 7.** A voting member of the Club is any single adult individual or married couple eighteen (18) years of age or older holding either a Transitional or Family membership as defined in Article IV. Legacy and Lifetime members are not permitted to vote.

**Section 8.** Upon request of an active member, the books or records of membership shall be produced at any general or special meeting of the Club.

**Section 9.** The rules of parliamentary procedure outlined in Robert's Rules of Order shall govern all meeting of the Club.

## **ARTICLE IV**

### **Membership**

**Section 1.** The Club membership consists of a maximum of 400 members, in any combination of Family and Transitional memberships. The Board of Directors is authorized to increase or decrease this maximum in the best interest of the Club.

**Section 2.** Classes of membership and their relationship shall be defined as follows:

A. Family Membership: consists of two (2) sub-classes of membership defined by the date of ownership.

i. All Club memberships purchased on or after January 1, 1995, shall be Family memberships. Membership is defined as any single adult individual or married adult couple, with or without children age twenty-two (22) years of age or younger as of June 1 of any given year, who own six(6) shares of capital stock of the Club.

iii. Any Club membership purchased prior to January 1,1995, that does not qualify for classification as a Transitional, Lifetime or Legacy membership, as defined below in Sections 2B, 2C, and 2D, shall be a Family membership. Membership is defined as any single adult individual or married adult couple with or without children age twenty-two (22) years of age or younger as of June 1 of any given year, who own six (6) shares of capital stock of the Club.

- B. **Transitional Membership:** Any Club membership purchased prior to January 1, 1995 that consists of either a single adult individual or married adult couple who own six(6) shares of capital stock of the Club, and who did not have or opted not to have any dependents over the age of eighteen (18) years , either required or optional, attached to their membership prior to January 1, 1995. If the status of a transitional member changes in such a manner that they no longer meet the criteria for Transitional membership, such membership will be converted to a Family membership per Section 2A above
- C. **Lifetime Membership:** A non-shareholding, non-voting membership resulting from the conversion of either a Family or Transitional membership that is both outstanding for twenty (20) years or more as of June 1 of any given year and does not have dependent children under the age of twenty-two (22) associated with the membership. Conversion to a Lifetime membership is made by written application to the Membership Committee of the Club. Shares of capital stock owned are surrendered at the time of application. The Lifetime member will receive from the Club payment equal to the value of the capital stock upon its sale as a new Family membership. Lifetime members are not eligible for any special assessments levied by the Club. The dues of Lifetime members will be increased proportionately to increases in dues for other classes of membership. The Board of Directors is authorized to limit the number of Lifetime memberships in the best interest of the Club.
- D. **Legacy Membership:** The adult child or ward of a current Family, Transitional or Lifetime member and the spouse , if any, of such child or ward – upon applying for and being approved for Family membership by the Membership Committee, may become and continue to be a non-voting, non-shareholding Legacy member upon payment of their initiation fee and current dues and compliance with theses By-Laws, provided that the Legacy member become, at the first opportunity, a Family member upon reaching the top of the waiting list by the purchase of shares of stock and the payment of the then initiation fee, less the initiation fee paid upon becoming a legacy member.

**Section 3.** Family memberships purchased prior to January 1, 1995, have the option to convert to a Transitional membership at any time prior to January 1, 2000, if such membership meets the criteria for a Transitional membership per Section 2B. Requests for conversion to a Transitional

membership are to be made in writing to the Membership Committee of the Club.

**Section 4.** Each application for membership shall be reviewed by the Membership Committee and shall be subject to their recommendations before final action. In the event of a dispute, the status of any individual shall be determined by the Board of Directors after review by the Membership Committee. The Board of Directors may from time to time make such rules and regulations, deemed in the best interest of the Club, determining the qualifications for membership.

**Section 5.** In the event of the divorce of a husband and wife who are members, their membership shall be suspended until their stock is surrendered to the Club, as provided in Article V.

**Section 6.** The certificate of stock held by a members shall constitute a certificate of membership but does not per se entitle the member to the use of the Club facilities as provided in Sections 10 and 11.

**Section 7.** The dues for each class of membership shall be set annually by the Board of Directors and shall be payable by April 1 of each year. The Board of Directors may wave the annual dues for the members of the Board of Directors.

**Section 8.** New memberships issued during the season may have dues established on a pro rated basis as determined by the Board of Directors. Memberships sold during the course of the season will have dues refunded in the following manner: Full refund if sold prior to June 1 of any given year, one half (1/2) refund if sold after June 1 but prior to July 15 of any given year, no refund if sold after July 15 of any given year.

**Section 9.** A non-refundable initiation fee for new members shall be determined by the Board of Directors subject to approval by a majority of those present at a regular or special meeting of the membership.

**Section 10.** Club privileges shall be granted only if dues for the current year are paid. The Board of Directors shall have authority to levy fines or additional fees or to cancel a membership for nonpayment of dues if said dues are not paid within ten (10) days after the due date. If any membership is

anceled for nonpayment of dues, any loss sustained on dues for the current season will be deducted from the payment to the owner for the stock.

**Section 11.** Any member may be suspended from the privileges of the Club or expelled from membership for infraction of any By-Law or Club rule or regulation. If Board action is deemed appropriate for any of the above infractions, the member shall be given at least ten (10) days notice of a hearing. This notice shall set forth the grounds for the contemplated action. The hearing shall be conducted by the Board of Directors at a regular meeting of the Board of Directors. The Board's decision resulting from the hearing shall be final.

**Section 12.** Guest members shall be house guest of a Club member. Guest membership may be granted upon application to the Membership Committee at rates established by the Board of Directors and outlined in the Rules and Regulations.

**Section 13.** Daily guest passes for an assigned fee are available to guests of the Club members. Daily guest passes will be limited to ten (10) per month per Club membership.

## **ARTICLE V**

### **Stock**

**Section 1.** The shares of stock owned by a Family or Transitional member shall certify one vote at the Club meetings. Votes may be cast by either:

- A. The member's presence at the meeting by marked ballot, or
- B. The member's signed absentee ballot presented to the Secretary at least one (1) week before the meeting.

**Section 2.** Shares of stock are non-assignable and non-transferable except as specified herein.

**Section 3.** In the event of the death of any married Family or Transitional member, the stock shall be surrendered to the Club to be replaced by a certificate of stock to the surviving spouse.

**Section 4.** In the event of the divorce of any Family or Transitional members, the stock shall be surrendered to the Club to be replaced by a certificate of stock to one spouse by written release from the other.

**Section 5.** In the event of resignation from the Club, cancellation or permanent suspension of membership or death without leaving a surviving spouse, a Family or Transitional member's stock shall be transferred to the Club for sale.

- A.** At the option of the Club, an equivalent amount of stock shall immediately be made available to the first person appearing on the waiting list of approved applicants for membership. Upon payment for shares of stock by a new member, payment less any owed dues or charges shall be remitted by the Treasurer to the previous owner (or owner's estate) for the surrendered stock.
- B.** No person on the waiting list of approved applicants shall pay less than par value of the stock issued to them. If the first person appearing on the waiting list does not purchase stock and pay the required initiation fee within seven (7) days after being notified that their application has been accepted, they shall be moved to the bottom of the waiting list. Upon twice passing an opportunity for membership, the applicant's name shall be removed from the waiting list.
- C.** Should there be no approved applicants, the Family or Transitional member must retain their shares until purchase by a new member is feasible. In this case, the owner may solicit a new member. If accepted for membership, the new member may purchase said shares for membership directly from the Family or Transitional member for less than par value if agreed upon in writing by both parties. The new member will remit to the Club the required initiation fee and dues within seven (7) days of the purchase of the shares unless such initiation fee and dues are specifically waived by vote of the Board of Directors.
- D.** The Club reserves the right to cancel shares of stock surrendered without offering equivalent shares of stock for sale.

## **ARTICLE VI**

### **General**

**Section 1.** Amendments to the By-Laws may be made at any meeting of the membership by a two-thirds (2/3) vote of the active members present. The proposed changes shall have been previously approved by the Board of Directors.

**Section 2.** Amendments to the By-Laws may be originated by the Board of Directors or may be originated by written petition from the membership at large. When originated by the membership at large, these procedures must be followed:

- A.** Petition in writing must be presented to the Secretary of the Club by at least fifteen percent (15%) of the voting members.
- B.** A meeting to amend the Club By-Laws shall be scheduled by the Board of Directors not later than thirty (30) days from receipt of petition.
- C.** Notice of proposed amendments must be made available by the Secretary to each voting member at least five (5) days before the scheduled meeting to amend.

## **ARTICLE VIII**

### **Dissolution of the Corporation**

**Section 1.** In the event of the dissolution of the Corporation, all payment of debts and liquidation of liabilities shall be settled before any other distribution of funds.

**Section 2.** After all Club debts are paid, additional assets shall be disposed of as follows:

- A.** There shall be a pro rated distribution among the shareholders at the time of dissolution of the Corporation to the extent of the owner's purchase price. Such retired shares shall then be assigned to the Club and cancelled.
- B.** Assets to Five Hundred (\$500.00) Dollars remaining after retirement of the membership shares shall likewise be distributed among shareholders. Should these assets exceed Five Hundred (\$500.00) Dollars, they shall be assigned by the Board of Directors to local charities or nonprofit community projects.

## **ARTICLE IX**

### **Liability of Directors**

Indemnification of Directors and Officers: Insurance

**Section 1.** Liability of Directors. A volunteer Director of the corporation shall not be personally liable to the corporation or its shareholders or members for monetary damages for a breach of fiduciary duty as a Director, except for liability: (a) for any breach of the Directors duty of loyalty to the corporation or its shareholders or members, (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law, (c) for a violation of Section 551 (1) of the Michigan Business Corporation Act (MCLA 450.115(1), or (d) for any transaction from which the Director derived an improper personal benefit. In the event the Michigan Business Corporation Act or any other Michigan statute is hereafter amended to authorize corporation action further eliminated or limited the personal liability of volunteer directors, then the liability of a volunteer Director of the corporation shall be eliminated or limited to the fullest extent permitted by such amendment. Any repeal, modification or adoption of any provision in these Articles shall not adversely affect any right or protection of a volunteer Director of the corporation existing at the time of such repeal, modification or adoption.

**Section 2.** Indemnification of Directors and Officers. The corporation shall indemnify any person who was or is a party to any threatened, pending or completed suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that such person is or was a director or officer of another corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees and other costs), judgments, award, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding to the fullest extent permitted and in the manner provided in Sections 561 through 565 of the Michigan Business Corporation Act or any other present provisions of the Michigan law relating to indemnification of an individual acting as a director or officer of a corporation. In the event the Michigan Business Corporation Act or any other present provisions of the Michigan statute is hereafter amended to further expand a corporation's ability to indemnify its directors and officers, then such indemnification shall be expanded to the fullest extent permitted by such amendment.

The right indemnification herein provided shall extend not only to the individual but also to the estate or to the personal representative, conservator or trustee of the estate or any trust of a deceased or former director or officer who would have been entitled to indemnification under this Article IX.

Such rights of indemnification and reimbursement under this Article IX shall not be deemed exclusive or any other rights to which such director or officer may be entitled

under any of the provisions of Michigan law or any agreement, vote of Shareholders or otherwise.

**Section 3.** Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person arising out of such capacity, whether or not the corporation would have power to indemnify such person against liability.

**PROPOSED BY-LAW AMENDMENT  
TO PERMIT PROXY VOTING  
AT SPECIAL AND ANNUAL MEETINGS  
AND SPECIAL VOTED BY MAILED BALLOT**

**BACKGROUND:** Over the last three years, the Board of Directors has become increasingly concerned about the small turnout of members for the Annual and Special Meetings, especially when important matters are to be considered. For example, at the 1994 Annual Meeting, only 42 members attended (only 2 more than a quorum necessary to conduct business) even though a proposal to change the club's dues was on the agenda. The Board strongly desires greater membership direction and involvement on the important issues facing our Club in the future.

**EXPLANATION:** This By-Law amendment will permit members who cannot attend the Annual or Special Meeting to vote by giving their written proxy to any member attending the meeting. The amendment also permits the Board of Directors to hold a mailed ballot vote of the membership to amend the By-Laws or obtain membership direction on other issues, in lieu of or in addition to holding a special meeting.

**RECOMMENDATION:** The Board of Directors recommends a Yes vote for this proposal.

**RESOLVED:** Article III of the By-Laws is hereby amended by adding the following new sections, "9" and "10", and by renumbering the existing section 9 to "11".

**Section 9.** A voting member of the Club who is unable to attend an Annual or Special Meeting of the Club may vote upon the matters considered at such meeting by giving a

written proxy to any voting member attending the meeting, who shall then vote for the absent member in accordance with the instructions contained in the proxy. Members present by proxy shall be counted towards the quorum. The Secretary, President, Membership Director, or other Director presiding at the meeting shall authenticate all proxies before allowing them to be voted or counted towards the quorum.

**Section 10.** The Board of Directors, in its discretion, may propose By-Law Amendments, or other business which could be voted upon in a Special Meeting, to the membership by mailing ballots to all of the members of FHSC. All mailed ballots will include a stamped envelope for the member to use to return the completed ballot, as well as a complete explanation of the matters to be voted upon. By-Law amendments will require a two-thirds vote of the ballots returned to the Secretary, and all other matters will require a majority of the ballots returned. No Mail Vote shall be effective unless at least forty ballots are returned.

**PROPOSED AMENDMENT TO BY-LAWS  
OF FOREST HILLS SWIM CLUB  
AUGUST 30, 1996**

Text:

Effective June 1, 1997, Article 1, Section 3 is amended by changing the words and numbers "Ninety (\$90.00) in the second line of the Seciton to "One Hundred Ten (\$110.00).

Discussion:

This amendment increases the Par Value of each members stock from \$540.00 to \$660.00, reflecting the partial addition to the stock value of the special assessments in 1996 and 1997. This is in accordance with the vote of the membership at the Special Membership Meeting held in January 1996, in which the pool renovation and financing was approved.

Fred Synk  
Vice President  
By direction of the Board of Directors