

ARTICLE 1

Organization, Purpose and Stock Ownership

Section 1. Forest Hills Swim Club (FHSC) is organized as a nonprofit corporation under the laws of the State of Michigan. The use of the word “he” or “him”, “her” or “hers” in the remainder of this document shall apply to all genders.

Section 2. The Purpose of Forest Hills Swim Club is to operate and maintain a private swim club and associated real and personal property, including the promotion, construction, financing, leasing, renting, or ownership of said Club and properties, and to promote and foster educational, recreational and social activities of members and guests.

Section 3. There shall be no more than 400 Family Memberships, as defined below, in the Club. Each Family Membership shall own six (6) shares of stock and have one vote at annual or special meetings as called below.

Forest Hills Swim Club is authorized to issue and sell shares of stock, each share having a value set at \$170.00 per share, the value of which is not to be changed for incoming members except by approval at an Annual or Special Meeting as described below. Said shares of stock are non-assessable, non-negotiable, non-profit-sharing, non-interest-bearing, indivisible and non-transferable, except to the Club.

The Board has the authority to increase or decrease the number of memberships, so long as this is in the best interest of the Club.

ARTICLE 2

Management

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

Section 2. The Board of Directors (Board) shall consist of ten (10) voting members, four (4) Officers: President, Vice-President, Secretary and Treasurer and six (6) directors. Not more than one (1) person from a family membership may serve on the same Board. Each Board member serves a two (2) year term. Terms shall be staggered so that there are no more than 5 members up for re-election, except when there is a vacant seat to be filled. No officer shall be elected to more than two (2) consecutive two-year terms, unless there is no other member willing to serve in the vacant officer position.

a. Nominations for Board of Director vacancies may be made in the following ways:

1. A Nominating Committee, consisting of the past president or past officer and two (2) members-at-large, shall post a slate for vacant positions selected from interested candidates at least two (2) weeks prior to the Annual Meeting. The committee members may not nominate themselves for any open position.

2. Members may submit, in writing, a nominee for an open Board position. Said nomination must be signed by at least 10 voting members and posted on the bulletin board or wall at FHSC at least (7) days before the Annual Meeting.

Section 3. *Operation of the Board of Directors*

a. The Board shall hold at least 9 meetings yearly. The time and place for each meeting shall be set by the Board, with notice sent by the Secretary to the Board at least five (5) days prior to the meeting.

b. Emergency meetings may be called by an Officer of the Board.

c. Members-at-large may request agenda time for specific issues by the 1st day of the month prior to the next meeting. This request must be made in writing and sent to the Secretary by hand-delivery, mail or email.

d. Quorum shall consist of at least six (6) Board members. Acts of a majority of the quorum shall be considered the acts of the Board.

e. Vacancies to the Board shall be filled by majority of Board members present, even if quorum is not reached. The term of an appointed member shall last until the next Annual Meeting.

f. Should an elected or appointed Board member fail to accept said office by assent or attendance at a meeting within sixty (60) days of said election or appointment, the position will be considered vacant.

g. Meetings shall be presided over by the President. Should the President not be able to attend, the order for presiding shall be:

1. Vice-President
2. Treasurer
3. Secretary

h. The Board shall have the authority to make all purchases necessary for the operation and maintenance of the Club and authority to hire and determine compensation for all employees of the Club.

i. The Board shall prescribe rules for the governance and use of the Club facilities and set all fees necessary for the operation of the Club.

j. The Board shall not alienate or mortgage more than 35% the appraised value of any of the real property without the authority of 3/4 of votes of active members at an Annual or Special Meeting.

k. The Board shall not raise the price of stock or make assessments to stock without a majority of votes of active members present at an annual or special meeting.

l. The Board members shall be indemnified and/or bonded by the Club for expenses or damages reasonably incurred by him in connection with actions taken or alleged to have been taken by him in the course of his duties as Officer or Director of the Club. Said indemnification/bonding shall exclude acts of willful malfeasance or failure to pay income or employee withholding taxes under local, state or federal laws. Said indemnification/bonding shall not be deemed exclusive of any other rights to which an Officer or Director is entitled by law, vote of the members, or otherwise.

m. The Officers of the Club shall be responsible for negotiating the compensation of employees of the Club and shall make a general report to the Board on the amounts expended.

Section 4. *Duties of Club Officers and Directors*

a. **President**

1. Preside at Board and Membership Meetings.
2. Sign bank drafts, contracts or other legal documents relating to the affairs of the Club.
3. Provide executive supervision of all activities of the Club.
4. Authorize operating and capital expenditures included in the current budget approved by the Board. Emergency expenditures may be approved by a majority of Board members polled by the President or his duly appointed representative.
5. Negotiate employee compensation.

b. **Vice President**

1. Perform the duties of President if he is unavailable.
2. Sign Bank Drafts, contracts or other legal documents relating to the affairs of the Club.
3. Complete special projects as assigned by the President or the Board.
4. Review and maintain the Club's Insurance requirements, including the availability and cost of appropriate coverage and report same to the Board.

c. **Treasurer**

1. Maintain a record of all financial transactions of the Club and provide a monthly summary to the Board.
2. Sign bank drafts, contracts or other legal documents relating to the affairs of the Club.
3. Advance up to \$500 to a director or employee of the club for Board-authorized expenditures.
4. Keep a record of all financial transactions pertaining to the purchase and sale of stock, including member names, dates of transactions and stock certificate numbers.
5. Keep a record of all yearly dues payments and forward to the Membership/Special Projects Directors any pertinent data needed to maintain membership rolls.
6. Keep and maintain any other records as required by the Board or under the By-Laws.
7. Receive all money and place into banking institutions or investments as approved by the Board.
8. Provide an annual accounting for the prior year to the membership in the May mailing.
9. Be responsible for executing the payroll for the employees and payment of all taxes required by law.

d. **Secretary**

1. Take and keep permanent minutes of the meetings of the Board and Annual or Special Meetings of the membership at large and submit those minutes to the Board for approval, prior to or at the next Board meeting.
2. Keep all club records, except financial, and maintain a file of canceled stock certificates during his current term of office.
3. Sign bank drafts, contracts or other legal documents relating to the affairs of the Club.

e. **Operations Director**

1. Recruit and recommend the Club's Managers to the Board and consult on management's hire of hourly employees.
2. Implement all rules regarding the operation and use of Club facilities, including, but not limited to, hours of operation, duties of employees and acceptable conduct of members.
3. Act on all complaints and/or violations of Club rules and recommend action to the board.
4. Supervise the manager and all pool employees while they are performing operations of the Club.
5. Supervise the opening, maintenance and closing of the pools with the requirement that any expense or repair not already budgeted and estimated to be over \$1000 be approved by the Board. During the time the club is open to the membership, if there is an emergency repair that is necessary to maintain the operation of the pool with a cost in excess of \$1000, approval of the expense may be obtained from two (2) Officers so that the repair can be completed as quickly as possible and so that the disruption of use to membership is kept to a minimum.
6. Keep accurate records of the names and contact information for all vendors used in the course of business with the Operations Director.

f. **Facilities and Grounds Director**

1. Supervise the maintenance and operation of the facilities of the Club and submit to the Board for approval all estimates for improvements or repairs in excess of \$500.
2. Purchase new equipment or make repairs for the club as authorized above.
3. Assist the manager in overseeing the care of the club grounds.
4. Keep accurate records of the names and contact information for all vendors used in the course of business with the Facilities and Grounds Director.

- g. **Membership Director**
 - 1. Promote, accept, investigate and approve or reject prospective membership applications.
 - 2. Promptly process all stock transfers, and forward all financial transactions to the Treasurer and all membership changes from those transactions to the Special Projects Director.
 - 3. Host and organize events for prospective members.
- h. **Social Director**
 - 1. Schedule, organize, and provide executive supervision of all social events of the Club, excluding swim team events.
 - 2. Prepare a calendar of social events to be distributed with the May mailing.
 - 3. Report all social expenses and revenues to the Treasurer.
 - 4. Sign bank drafts and contracts relating to the social events of the Club.
 - 5. Keep accurate records of the names and contact information for all vendors used in the course of business with the Social Director.
- i. **Swim Team Director**
 - 1. Attend or send a delegate to represent FHSC at all NSSL Board meetings.
 - 2. Organize and direct all home swim meets with assistance from swim team parents.
 - 3. Recruit the Head Swim Coach and present to the Board for approval to hire.
 - 4. Schedule and supervise all swim team social events and fundraisers and/or delegate members to oversee them.
 - 5. Purchase and supervise the use and storage of swim team equipment.
 - 6. Purchase items needed for the operation of the swim team, including, but not limited to, caps, shirts, team gifts, trophies and awards.
 - 7. Receive and report swim team revenue and expenses to the Treasurer at the end of the swim season. Sign bank drafts, contracts or other legal documents relating to the operation of the swim team.
 - 8. Keep accurate records of the names and contact information for all vendors used in the course of business with the Swim Team Director.
- j. **Special Projects Director**
 - 1. Research, under the direction of the Board, any proposed special projects for the Club, and supervise any members assisting with that research.
 - 2. Prepare Dues Notice and Membership forms to be sent in the March mailing and send late notices to delinquent members.

3. Process the Membership forms and maintain a current and accurate membership file, including names and addresses of new members, names of delinquent members, and any changes to existing memberships. Provide same to the Secretary, Treasurer, and Membership director and enter changes in the Club's entry/security system.

4. Forward any dues payments received, with corresponding membership names/numbers, to the Treasurer for processing.

5. Assist in training the staff to photograph members for the security system and check to see that pictures are being taken.

6. Send major Club mailings in March and May by mail or email

7. Maintain a list of delinquent members and notify them when their stock is about to be sold.

ARTICLE 3
Club Meetings

Section 1. An Annual Meeting of the Club Membership shall be set by the Board to be held any day between July 1 and September 30. Notice of the date will be posted at the Club at least thirty (30) days prior to the meeting.

Section 2. Special Meetings of the Club Membership may be called at any time by the President, Board, or by request in writing by 10% of current Family Members. When requested by members, the meeting shall be held within 21 days of the receipt of the request. Five (5) days notice by mail or email to voting members is required before any Special Meeting can be held.

Section 3. Meetings shall be held at the Club or a place designated by the President or Board.

Section 4. 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 5. 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 the 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.

Section 6. At Club Meetings which do not include on the agenda an assessment of members or alienation or mortgage of the real property, quorum will be the actual number of voting members attending.

Section 7. All Club Meetings which involve Assessments require that 10% of voting members be present, send absentee ballots, or give written proxy to reach quorum. 2/3 of that quorum is required to approve the Assessments.

Section 8. All Club Meetings or votes which alienate or mortgage more than 35% of the assessed value of any of the real property owned by the Club must have the authority of 3/4 of votes of active members, whether present, by absentee ballot or by written proxy.

Section 9. All Absentee Ballots must be received 2 days prior to the meeting. An original copy of a signed proxy must be presented at the time of the vote.

Section 10. Each Family Membership has one (1) vote. All other classes of membership are not permitted to vote.

Section 11. Upon request by an active member five (5) business days in advance of a meeting, the books or records of Membership of the Club shall be produced at that meeting.

Section 12. Robert's Rules of Procedure shall govern all Club Meetings.

ARTICLE 4
Membership

Section 1. The Board shall set the application fee, initiation fee and annual dues fees for all classes of members and make rules and regulations determining the qualifications for membership in the Club.

Section 2. Any person meeting the qualifications for membership may apply for membership upon completion of the Application for Membership and payment of the non-refundable Application fee.

Section 3. The Membership director shall determine if an applicant is qualified for membership and make recommendations for membership to the Board. Disputes on qualification are decided by a hearing before the Board within 10 days of the denial.

Section 4. The approved applicants will be placed on a waitlist and offered to purchase available stock in the order their application was received. The approved applicant will purchase the stock and pay a non-refundable initiation fee or ask to be moved to the bottom of the waitlist. You may only choose to be moved to the bottom of the waitlist two (2) times before you must re-apply for membership and re-pay application fees.

Section 5. All members must pay annual dues to use the Club facilities. Stock ownership alone does not entitle you to use the facility. Annual dues are due by April 1 or upon purchase of your stock if purchased after April 1. Late fees will be applied to all dues received after April 1. Failure to pay your dues by May 1 may result in your membership being offered for sale.

Section 6. Any outstanding dues or fees owed will be deducted from the proceeds of the sale of your stock. Once the outstanding dues or fees owed to the Club exceed the value of the stock, your stock will be forfeited to the Club and you will not receive any proceeds from its sale.

Section 7. If you purchase or sell your stock after the start of the season your dues/refund will prorated as follows, except that no refunds on dues will be given for stock sold in August. Memorial Day to June 30- full dues owed/refunded, July 1-July 31 – one-half (1/2) dues owed/refunded, August 1-Labor Day – one-third (1/3) dues owed/no refunds.

Section 8. There shall be three (3) permanent classes of membership:

a. “Family Membership” shall consist of no more than two (2) adults and their unmarried children or wards under the age of 25 years. Both adults must reside at the same residential address. Proof of residency is required for unmarried couples to insure they reside at the same address. Unmarried children 25 years or older may remain on the membership if the member is the legal guardian of that child. Stock certificates shall be issued in the names of both adult members.

b. "Lifetime Membership" is a Family Membership converted to a non-shareholding, non-voting membership. The Family Membership must have been continuous for a minimum of 15 years as of June 1 of the current year and have no children under the age of 19 years associated with it. The member may request conversion to Lifetime status at which time stock is surrendered to the Club for sale. The member will receive the proceeds of the sale of the stock only, less any outstanding dues/fees owed to the Club. Lifetime members do not pay special assessments levied by the Club.

c. "Legacy Membership" is granted to the adult child or ward of a current Family or Lifetime member who has applied and been approved for a Family Membership when there are no memberships available to purchase. Upon payment of initiation fees and current dues, the Legacy member becomes a non-voting, non-shareholding member and may use the facilities so long as the family abides by all the By-Laws and Rules of the Club. The Legacy member must purchase a Family membership when one becomes available, or lose Legacy status. Any amount paid for initiation fee upon request for Legacy membership will be deducted from the amount owed on the initiation fee when the Legacy membership is converted to Family Membership.

d. The Board may set additional non-voting classes of membership as needed, including, but not limited to, August Membership, Babysitter membership, and Guest membership, as well as set the rules regarding guests and fees.

e. All existing Transitional Memberships are converted to Family Memberships and will hereafter be charged and assessed as Family Memberships.

Section 9. Members shall have the following responsibilities:

a. Provide the names, dates of birth and current residential address of all members associated with the membership with the payment of current dues.

b. Allow a photograph to be taken of each member for the Club's security system.

c. Notify the club of a change in status in the membership, including, but not limited to, birth, death, guardianship, divorce or change of address. Failure to update the change in membership may result in the forfeiture of the membership.

d. Pay yearly dues to use the club facilities. Failure to pay dues will result in your stock being offered for sale and the amount owed for your yearly dues deducted from the proceeds of the sale of the stock. Once the amount owed exceeds the value of the stock, the

stock is forfeited to the Club and no proceeds will be paid to the delinquent member. Failure to pay your Lifetime membership dues will result in permanent cancellation of your membership.

e. Abide by all By-laws, rules and regulations of the Club, or face forfeiture of your membership.

Section 10. Stock Transfers

a. Reissue of Certificate due to change in status of membership

1. In the event of Death of one adult on the membership, the Certificate shall be issued in the survivor's name.

2. In the event of divorce or one adult moving from the residence associated with the membership, the Certificate shall be reissued in the name of the adult presenting a copy of the divorce decree awarding the stock to him/her or a notarized release from the party who has vacated the residence.

A. Any children or wards of the departing member who are not children/wards of the remaining member will be removed from the membership along with their parent. It is the duty of the remaining member to notify the Membership director of this change or risk forfeiture of the membership.

b. Sale of Stock

1. All requests to sell stock shall be made in writing, signed by all stockholders and submitted to the Membership director.

2. Stock shall be sold in the following order:

A. Stock owned by the Club due to forfeiture or non-payment of dues,

B. From conversion to Lifetime Membership, in the order the request to convert was received, and

C. From request of member, in the order the request is received by the membership director.

3. A member may sell stock directly to another person. The purchaser must then apply for membership. Upon approval for membership and payment of all outstanding dues and fees owed to the club, the sale can be completed. The new member must then pay the initiation fee and yearly dues to the Club before the membership will be activated.

4. Upon sale of the member's stock, the seller shall be entitled to the proceeds of the sale, less any dues or fees owed to the Club.

5. If the sale of stock occurs after April 1 but before Labor Day, the purchaser is also required to pay the yearly dues at the time of the stock purchase, prorated according to the schedule in Article 4, Section 7.

Article 5

Indemnifications

Section 1. Pursuant to MCL 450.1561, the corporation has the power to indemnify a person who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and with respect to a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. All procedures for indemnification will be prescribed by MCL 450.1551-450.1571 and shall extend to the personal representative, conservator, or trustee of the estate of a deceased person who would have been entitled to indemnification under this Article. Such rights of indemnification and reimbursement under this article shall not be deemed exclusive to any other rights to which the person may be entitled under provisions of Michigan Law or any agreement, vote of shareholders or otherwise.

Section 3. 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 the power to indemnify such person against liability.

Article 6

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 prorated distribution among the shareholders according to the owner's purchase price of stock. All stock shares will then be retired to the Club and cancelled.

b. Assets remaining after cancellation of the stock will be distributed equally between the shareholders, with the final \$400 or less donated to a local charity or non-profit group chosen by the Board.