

LILY FLAGG CLUB, INC.
HUNTSVILLE, ALABAMA

BYLAWS
February, 2012

Article I
Name

The name of the Corporation shall be Lily Flagg Club, Incorporated.

Article II
Purpose

Section 1: The purpose for which this nonprofit Corporation is formed is to promote the health and general welfare of its members, and to provide for social and other recreational activities of its members, and in pursuance thereof, to acquire and hold real property, to erect buildings, own and operate a swimming pool and any other recreational facility and to engage in any other activities necessary or incidental to the furtherance of these objectives.

Article III
Government

Section 1: The Corporation shall be managed by a Board of Directors, elected from the membership, eighteen (18) in number. Nine (9) directors shall be elected each year for a two-year term. The officers - President, Vice-President, Secretary, Treasurer, and Deputy Treasurer and Membership - shall be selected for a one-year term by the Board from among the Board of Directors at the first board meeting.

Section 2: The directors shall be elected at the November annual meeting of active members. In voting for directors, each active membership may cast one vote in person or by written proxy for each seat to be filled, without cumulation.

Section 3: If a director fails to attend regular meetings of the Board of Directors for three consecutive meetings or otherwise fails to perform any of the duties evolving upon him as a Director, his office may be declared vacant by the Board of Directors and the vacancy filled as herein provided.

Section 4: When a vacancy occurs on the Board of Directors, such vacancy may be filled by the remaining Directors. The Directors thus selected shall fill the unexpired term.

Article IV
Officers

Section 1: See Article III, Section 1.

Section 2: The President shall preside over all meetings of the Directors and members.

He shall perform such other duties as customarily pertain to the office of President, or as he may be directed to perform by resolution of the Board of Directors.

Section 3: The Vice President shall have and exercise all the powers, authority, and duties of the President during the absence of the latter, or in his inability to act. He shall head the hiring committee, which shall solicit employment applications, review applications and hire employees for positions including pool managers and lifeguards. The above employees shall report to the Vice President and he shall express their concerns to the pool board when necessary. In addition, he shall perform such duties as may be assigned to him by the Board of Directors.

Section 4: The Treasurer shall have custody of all funds, securities, fiscal papers, and other tangible assets of the Corporation. He shall deposit the revenues of the Corporation and pay its bills as authorized by the Board of Directors. He shall provide and maintain full and complete records of all the assets and liabilities of the Corporation. He will prepare and submit at each regular meeting of the Board of Directors a financial statement of the condition of the Corporation as of the last day of the preceding month. He shall prepare such tax reports as local, State and Federal agencies may require.

Section 4a: There will be a Deputy Treasurer to serve in absence of Treasurer.

Section 5: The Secretary shall maintain accurate lists of members, Directors, and Officers. The Secretary shall also keep minutes of member's and Director's meetings and shall give the required notice of all meetings. The Secretary shall have custody of all books, records, and papers except those in the possession of the Treasurer. Copies of all correspondence in the name of the Club shall be filed with the Secretary.

Section 6: Membership shall have responsibility of maintaining a waiting list of potential membership buyers and/or sellers. He shall coordinate potential buyers with potential membership sellers. He shall collect all necessary membership transfer information and fees and deliver this information to the treasurer and secretary as required. He shall have the above responsibilities for term members as well. He shall bring all membership transfers and sales to the board for final approval.

Section 7: Officers and Directors shall be reimbursed, as approved by the Board of Directors, for out-of-pocket expenditures made on behalf of the Club, but shall not otherwise be compensated, except that annual dues for President, Vice-President, Secretary, Treasurer, and Membership shall be waived, and the guest fees for all Directors shall also be waived.

Section 8: Vacancies among the Officers shall be filled by the Board of Directors.

Article V Committees

Section 1: The Board of Directors shall appoint such standing and special committees as may be deemed necessary. In addition, the President shall have the authority to appoint special committees as may be necessary.

Section 2: All committees shall be under the supervision of the President subject to the authority delegated by the Board of Directors.

Article VI Members

Section 1: The eligibility for membership in this club is defined as those families residing in single family residences.

Section 2: The total number of members in this organization shall be limited to 300 permanent memberships. Such permanent memberships shall be in the name of the head of the family and shall cover those members of the family residing within the household.

Section 3: Membership in this organization shall consist of the following types as defined below:

A. Permanent Membership - Those eligible under Article VI, Section 1, who have purchased a permanent membership and have been approved by the Board of Directors.

B. Term Membership - Membership for a term of 1-year duration may be issued to applicants under conditions prescribed by the Board of Directors. The number of Term Memberships in any given year shall be limited to a total of twenty-five (25).

C. Employees - Employees of the pool, during their time of employment, will have pool use, extending to immediate family who resides with them. All guests must pay pool fees.

Section 4: Each applicant for any membership shall meet the requirement of Article VI, Section 1. Application for any membership must be made in writing on a form obtainable from the membership chairman. The applicant's reference will be contacted by the membership chairman prior to any recommendation to the Board of Directors.

Section 5: An applicant shall not be admitted to membership except by the affirmative vote of a majority of the Directors present at the meeting at which application is acted upon. The Board of Directors may approve an applicant's request for membership via email with the affirmative vote of a majority and then brought to the next monthly meeting to be recorded in the minutes.

Section 6: Membership shall be transferable; provided the dues and assessments on such memberships are current and that the proposed transferee meets all requirements of membership set forth herein above and is acceptable to the Board of Directors. A transfer fee of twenty-five dollars (\$25) is required with each and every application for transfer of any membership. In the event the transfer of permanent membership is not approved by the Board of Directors, the entire transfer fee of twenty-five (\$25) shall be returned to the payer.

Section 7: The privileges of membership except voting rights may be temporarily transferred by a member leaving the area to his tenant residing in the home

of such member for a period of at least 60 days; provided that dues and assessments are current and such transferee meets all the requirements for membership and is acceptable to the Board of Directors; and provided further, that such member may not exercise his privilege of membership, except voting, during the period such transfer is in effect.

Certificates of Membership

Section 8: Certification of membership shall be in a form adopted by the Board of Directors. Certification of membership shall entitle the holders of such membership, consisting of all the members of one family residing in the same address, to the use of the swimming pool and all other facilities until membership is suspended, terminated, or transferred as provided herein.

Voting Power and Property Rights

Section 9: The voting power and property rights shall be vested in those members holding permanent memberships only. Each permanent membership shall be entitled to one vote on any and all questions and all permanent memberships shall be tenants in common of all the assets of the Corporation.

Expulsion of Members

Section 10: Any member may be expelled as a member of this organization for acts and conduct prejudicial to the best interest of the organization and Directors thereof. Any member may be removed from membership by a majority vote of those present at any annual meeting, or at any special meeting of the Directors called for that purpose, for conduct deemed prejudicial to this Club; provided that such members have first been served with written notice of the accusations against them and shall have been given an opportunity to produce their witnesses, if any, and to be heard at the meeting at which vote is taken. When so removed from membership, the former member shall forfeit any and all rights and interest in this organization and its property. The member so removed may appeal the expulsion action to the membership at the next annual meeting.

Article VII

Dues and Assessments

Section 1:

A. The Board of Directors, prior to the annual meeting, shall establish dues for the ensuing season that shall be sufficient to provide for the Operating Expense Fund and the Depreciable Assets Fund. The Operating Expense Fund shall provide for operation, maintenance, and improvement of its property. A minimum annual deposit of \$10,000 shall be made to the Depreciable Assets Fund. A detailed budget,

showing planned expenditures from the Operating Expense Fund and the Depreciable Assets Fund, shall be submitted to the membership at the annual meeting.

- B. An assessment may be levied against the membership by the affirmative vote of a majority of the members voting in person or by written proxy at a meeting specially called for that purpose. Default of assessments shall be treated as default of dues. (Section 3, Article VII).
- C. No dues or part thereof shall be refunded in the event that pool operations are required to be suspended for any purpose.
- D. All dues for the forthcoming season shall be paid by March 1st. Late dues shall be charged \$25.00 if paid after 1 March. Late payment of dues is subject to action in Section 3, Article VII.

Dues Years

Section 2: It shall be understood that the dues year is from March 1 to March of the following year, and that requests for refund of dues received after due date of March 1 for any dues period shall not constitute grounds for refund of dues which may be due or paid for said period.

Default of Dues - Suspension - Membership Forfeitures

Section 3: Any member failing to pay dues by 1 April shall set in motion the following procedure of written notifications and prescribed action by the Board of Directors.

- A. If dues and late fees are not satisfied by 1 April, a first written notice of non-payment of dues shall be sent via certified mail and an additional (second) late fee of \$50.00 will be charged.
- B. If dues and all late fees are not satisfied by 1 May, a second and final written notice of non-payment of dues, automatic suspension, notification of forfeiture of membership, and an additional (third) late fee of \$50.00 will be charged, shall be sent via registered mail; the member will be automatically suspended from all privileges of membership.
- C. If either of the dates noted above fall on Sunday, the deadline will be extended one day.
- D. If the dues and all late fees are not satisfied by the regularly scheduled June Meeting of the Board of Directors, the Board shall declare forfeiture of delinquent membership. The membership shall revert to the Corporation and may be sold by the Board of Directors at a price set by the Board of Directors.

Inactive Status

Section 4: Members may become eligible for an inactive status (non-dues paying) if and when all the following conditions have been met.

- A. The subject members' place of residence becomes located outside an area included within the radius of 75 miles from the limits of the City of Huntsville, Alabama.
- B. The anticipated period of residency outside said area is more than 12 months.
- C. Subject member submits to the Board of Directors, in writing each year on or before April 1, a request that he be placed in an inactive non-dues paying, non-voting status.
- D. That such request is approved by action of the Board of Directors, and the members notified.

Special Compensation

- Section 5:** Term memberships can not be issued for compensation. Permanent membership annual dues may be waived for one year at a time for individuals in lieu of compensation for special services recognized by the Board. In addition, (1) permanent club membership (dues free) has been given for use by the pastor of Latham Methodist Church and yearly dues have been waived for (1) person tasked with the job of pool maintenance/repair.
- Section 6:** The use of club facilities will be afforded to Club employees during the term of their employment.

Article VIII **Membership Meetings**

- Section 1:** There shall be an annual meeting of the members in November at such time and place as the Board of Directors shall designate.
- Section 2:** A special meeting of the members may be called by the President and shall be called by him on the written request of not fewer than fifteen members or by an affirmative majority of the Board of Directors.
- Section 3:** At least ten days before the date of any annual or special meeting of the members, the Secretary shall cause written notice thereof to be delivered or mailed to each member at the address appearing for such member on the records of the Corporation. The notice shall, in the case of a special meeting, specify the business to be transacted.
- Section 4:** At any annual or special meeting, twenty members shall constitute a quorum.
- Section 5:** Five days prior to any annual or special meeting, the membership list of the Corporation shall be closed and the list of members eligible to vote shall be made up. A member may vote in person or by written proxy.
- Section 6:** So for as it applies, the following order of business shall be observed at all annual and special meetings of members:
Roll call of Officers and Directors
Reading, correction and approval of minutes of previous meeting
Reports of Officers

Reports of Committees
Election of Directors
Old Business
New Business
Unless otherwise provided, Robert's Rules of Order shall be followed

Article IX
Meetings and Duties of Directors

Section 1: Regular meetings will be held as determined necessary by the Board; special meetings may be called by the President or any two Directors by giving two days notice to each Director. Ten (10) of the eighteen (18) Directors shall constitute a quorum.

Section 2: A special meeting shall also be called upon written request of not fewer than fifteen (15) members, at which meeting several representatives of said members may attend to present any problem and propose solutions for consideration by the Board.

Section 3: Meetings shall be held at reasonable times and places.

Section 4: The duties of the Directors shall be able to control and manage the business of the Club. Their authority shall extend to, but not be limited to, such actions as:

- A. Publishing and enforcing reasonable house rules for the use of the Club facilities.
- B. Establishing annual dues.
- C. Adopting reasonable rules concerning the admission of guests and the charges, if any, to be levied upon members who invite such guests.
- D. Accepting or rejecting proposed members.
- E. Determining the opening and closing dates of the Club swimming season.
- F. Hiring and terminating the services of any person employed by the Club.
- G. Preparing and submitting to the members a financial report not later than seven days prior to the annual meeting.
- H. Authorizing the incurring of obligations.
- I. Naming an Audit Committee or otherwise providing for competent audit of the Club's books and records at least annually.
- J. Determining reasonable rates of depreciation and adopting a reasonable plan for replacement of depreciable assets.

Section 5: Board members who have family members who are employees or are being considered for employment shall not vote on motions which concern employees.

Article X
Property and Finances

Section 1:
A. Except as provided herein, the Corporation is authorized to contract for any obligation in furtherance of its stated objectives which in the judgment

of the Board of Directors can reasonably be expected to be paid out of membership fees and dues received.

B. Effective May 1, 1967, a fund separate from other funds of the Corporation shall be established for the purpose of replacing depreciable assets, such as pumps, motors, flowmeter, filters, chlorinator, diving boards, diving stands, pools, fence, club house, and tennis court pavement. This fund shall be used only for its stated purpose and only after approval of a majority of the members present or represented by written proxy at a regular meeting specially called for that purpose. A copy of the proposed motion for the fund expenditure shall be delivered to all members at least 10 days prior to the meeting date at which such action takes place. However, the Board is authorized to spend up to five thousand (\$5,000) each year if necessary out of this fund for emergency replacement of depreciable assets without obtaining prior approval of the membership. A full accounting of such expenditure shall be given at the annual meeting.

Section 2: Tangible property of the Corporation may be transferred or pledged as security only after ten (10) of the Directors shall have approved such transfer, and in the case of real property, after two-thirds of the members present or represented by written proxy at a meeting specially called for said purpose have also approved such transfer or pledge.

Section 3: At a regular or special meeting a majority of the quorum of Directors may approve investments in U.S. Treasury obligations or interest bearing securities rated AA or higher by the Standard and Poors Corp.

Section 4: All funds of the Corporation shall be deposited in such qualified depository or depositories as the Board of Directors, may from time to time, by written resolution, designate, and shall be so deposited within a reasonable time after their receipt.

Section 5: All disbursements of funds of the Corporation shall be made by checks signed by the Treasurer. The Board of Directors may, by resolution, provide for the establishment and replenishment of a petty cash fund not exceeding \$100.00 for postage and for defraying other expense items of the Corporation in amounts of \$10.00 or less.

Section 6: The Board of Directors will secure the faithful performance of the Treasurer by means of adequate fidelity bonds.

Section 7: Other than as directed in Section 3 of Article X, the funds of the Corporation may be invested only in obligation of the United States Government. They may not be loaned to or invested with an Officer, Director, or member of the Corporation, or with any other person, agency, or Government instrumentality.

Section 8: The accounts of the Corporation shall be audited annually by a method to be specified by the Board of Directors. The auditor shall not be either an Officer of the Corporation or a member of the Board of Directors.

Article XI **Amendments**

Section 1: Amendments to these Bylaws may be adopted at any annual or special meeting only after the proposed amendments have previously been delivered or mailed to each member at the address appearing for the member on the records of the Corporation. The proposed amendments shall be delivered or mailed to each member at least ten days before the date of the annual or special meeting at which the proposed amendments are to be considered.

Section 2: A proposed amendment may be brought before the membership for consideration at any annual or special meeting by:

A. Resolution of the Board of Directors to submit the proposed amendment to the membership and prior notice in accordance with Section 1 of this Article. The adoption of such resolution shall require the affirmative vote of two-thirds of the Directors present at a duly held meeting of the Board of Directors. Each member of the Board shall be notified of the purpose of the amendment at least two days prior to the Board meeting at which the resolution is to be considered; or

B. Endorsement of the proposed amendment by at least fifteen members of the Corporation. The proposed amendment with endorsements shall be submitted to the Secretary at least thirty days prior to the annual or special meeting at which the proposed amendment is to be considered. The Secretary shall be responsible for notifying the members in accordance with Section 1 of this Article.

Section 3: Amendments to these Bylaws may be adopted by the affirmative vote of at least two-thirds of the votes cast by members voting in person or by written proxy at any annual or special meeting, provided that such amendments were submitted to the membership for consideration in accordance with Section 2 of this Article.

Article XII **Prohibitions**

Section 1: This Club shall not engage in the business of selling, keeping for sale, division, distribution or other dispositions, to its members or guests, at or near premises owned or controlled by the Club, for consumption by its members or guests, any liquors, liquids or beverages that are prohibited by the Laws of the State of Alabama to be manufactured, sold or otherwise distributed in the State.

Section 2: Nor shall the Club permit any game to be played for wager, or any gambling, or the keeping of any gambling device on or about said premises. The failure of the Club to observe the requirements of this Article will result in forfeiture of the charter of incorporation and all rights incidental thereto.

Section 3: No alcoholic beverages or illegal drugs shall be consumed at any time on the property of the Lily Flagg Club, nor shall they be brought onto the premises of the Lily Flagg Club.

Section 4: The Club properties or any facility may not be used for the making of profit for the Club or any member, permanent or term.

Section 5: Group activities of any kind shall be approved by the Board of Directors.

Group tennis, swimming lessons, or any other kind of group lessons shall be sponsored by the Club with instructors acting as employees of the Club. Any individual(s) requiring additional lessons shall request approval by the Board of Directors or the designated committee/committee chairperson with all payments for services received by the Club and disbursed to instructors by the Club.

Article XIII General

- Section 1: All powers, authority, duties and functions of the members, Directors, Officers, and employees of the Corporation shall be exercised in strict conformity with applicable provisions of the laws and regulations of the Charter and Bylaws of the Corporation.
- Section 2: Any Director or Officer of the Corporation may be removed from office by the affirmative vote of the majority of the members present in person or represented by written proxy at a special called meeting for that purpose, but only after an opportunity has been given for him to be heard.
- Section 3: When an Officer is absent or otherwise unable to perform the duties of his office, the Board of Directors, may, by resolution, designate another member of the Board of Directors to act temporarily in his place.
- Section 4: Returns of elections and proceedings of meetings of the Board of Directors and members shall be recorded in the minute book. The minutes of all meetings shall be signed by the Secretary or acting Secretary.

Revisions to club bylaws

1- General Membership Meeting, November, 1996

(A) Article III, Government, Section 1: added "Membership"

(B) Article IV, Officers

1. Section 3: added: job responsibility to Vice President position.

2. Section 6: added: section for Membership and associated responsibility.

3. Section 7: added: "Vice President and Membership as dues waived positions.

(C) Article VI, Members, Section 3.B. Term Membership: increased total from 20 to 25.

(D) Article IX, Meetings and Duties of Directors, Section 5, added: to exempt board members, with a family member employed by the club, from voting on personnel issues.

2- General Membership Meeting, November, 1997

(A) No bylaw changes.

3- General Membership Meeting, November, 1998

(A) Article VII, Dues and Assessments, section 1.A.

Change: “A minimum annual deposit of \$3,000 shall be made to the Depreciable Assets Fund”. **To read:** ... \$10,000.

(B) Article X, Property and Finances, section 1.B.

Change: “However, the Board is authorized to spend up to two thousand (\$2,000) each year if necessary out of this fund for emergency replacement of depreciable assets without obtaining prior approval of the membership.”

To read: “... \$5,000.”

(C) Article VIII, Membership Meetings, Section 1: This section has not been revised; However, general membership authorized the board to hold the member meeting in August, rather than November to stimulate greater attendance.

4- General Membership Meeting, November, 1999

(A) Article VII, Dues and Assessments, Section 1, Subsection D: Increase the amount of late charges from \$15 to \$25, for fees paid after March 1.

(B) Article VII, Dues and Assessments, Section 3, Subsection A: Increase the additional (second) late fee from \$10 to \$25, for fees paid after April 10.

(C) Section VIII, Membership Meetings, Section I: Membership rescinded amendment for August date, approved at the November 1998 General meeting. The General Meeting will continue to be scheduled in November.

5- General Membership Meeting, November, 2001

(A) Article VII, Dues and Assessments, Section 3, Subsection A: Increase the additional (second) late fee from \$25 to \$50 and move late payment assessment date from “after April 10” to “after April 1”.

(B) Article VII, Dues and Assessments, Section 3, Subsection B: Add an additional (third) late fee of \$50 for fees paid after May 1.

6- General Membership Meeting, November, 2011

(A) Article IV, Officers, Section 5. Remove the following: The secretary shall counter-sign all certificates of membership.

(B) Article VI, Members, Section 3. Add the following: Employees of the pool, during their time of employment, have pool privileges extending to immediate family who reside with them. Guests must pay pool fees.

(C) Article VI, Members, Section 4. Change to read: Each applicant for any membership shall meet the requirement of Article VI, Section 1. Application for any membership must be made in writing on a form obtainable from the membership chairman. The applicant’s reference will be contacted by the membership chairman prior to any recommendation to the Board of Directors.

(D) Article VI, Members, Section 5. Change to read: Any applicant shall not be admitted to membership except by the affirmative vote of a majority of the Directors present at the meeting at which application is acted upon. The Board of Directors may approve an applicant’s request for membership by email with the affirmative vote of a majority and then brought to the next monthly meeting to be recorded in the minutes.