

Cedar Creek Yacht Club Constitution and Bylaws

Amended and Restated October 2008

ARTICLE I: NAME AND LOCATION

Section 1. Name. The club shall be known as CEDAR CREEK YACHT CLUB, INC., (the "Club"), located at 3581 Benders Ferry Road, Mt. Juliet, Wilson County, Tennessee 37122.

ARTICLE II: PURPOSE

Section 1. Recreation. The purpose of the Club is exclusively to provide for the pleasure, recreation and society of its members, who will use its facilities to access and enjoy Old Hickory Lake and the shoreline for boating, social and recreational activities in a collegial, family-oriented environment. Toward that end, the Club may operate and maintain a clubhouse including dining, lounge and supporting facilities, a swimming pool, tennis courts, a marina, a dry storage marina, cottage home area, recreational vehicle area, picnic areas, and other recreational, social and support facilities and equipment, as may be determined by the Board of Directors from time to time. The Club shall be supported exclusively by membership fees, dues and assessments, as well as revenues from member use of the Club facilities. The Club facilities shall not be open for use by the general public. No part of the net earnings of the Club shall inure to the benefit of any member or private shareholder.

Section 2. Status. The Club shall be a mutual benefit, nonprofit corporation under the laws of Tennessee and shall enjoy all rights, powers, privileges and benefits conferred or available under applicable law for such corporations.

ARTICLE III: DIRECTORS

Section 1. Number. The governance of the Club shall be vested, after the transition period described in this Section, in a board of nine (9) directors, to be elected as provided in Article IV; provided, however, that the immediate past commodore of the Club shall continue as a voting member of the Board for one year, thus causing the Board to temporarily have ten (10) members, if his or her term of office as a director expires concurrently with his or her term as commodore. To facilitate the change from fifteen (15) board members to nine (9) board members, three (3) directors shall be elected at each of the next three (3) annual elections of directors, until there are only nine (9) directors. Accordingly, The number of directors shall reduce from fifteen (15) directors to thirteen (13) directors at the first annual election following the adoption of these Amended and Restated Bylaws; then from thirteen (13) directors to eleven (11) directors at the second annual election following the adoption of these Amended and Restated Bylaws; and from eleven (11) directors to nine (9) directors at the third annual election following the adoption of these Amended and Restated Bylaws.

Section 2. Term of Office. Three (3) directors shall be elected annually to serve for a term of three (3) years. A director may not serve two (2) consecutive terms. Directors shall hold

office from the time of their election at the annual meeting until their successors are elected as provided in Article IV, or until the director's earlier resignation or removal from office, or death.

Section 3. Duties. The Board of Directors (collectively, the "Board") shall be responsible for overall supervision and management of the Club's business and affairs and shall follow, uphold and enforce the charter, bylaws and General Rules and Regulations of the Club.

Section 4. Powers. The Board shall have the full authority conferred by the charter and the laws of Tennessee to manage and transact business on behalf of the Club including, but not limited to, the power to make and amend General Rules and Regulations, receive and redress complaints, enter into or authorize a designee to enter into contracts, build, buy, improve and maintain the clubhouse and other facilities, determine action to address any violation of Club rules, and take such other action not inconsistent with the charter and bylaws as it may deem necessary for the welfare and benefit of the Club.

Section 5. Vacancies. Vacancies occurring on the Board as the result of a director's death, disability, resignation, refusal to serve, removal from office, or otherwise, shall be filled for the director's unexpired term by a person nominated by the commodore and elected by majority vote of the Board.

Section 6. Regular Meetings. Regular meetings of the Board shall be held monthly at such time and place as the commodore may designate. A regular meeting time shall be set at the first meeting of the Board each year and announced to the members. No further notice shall be required for meetings at this regular time and place.

Section 7. Attendance at Meetings. A director who is absent for three (3) consecutive meetings without good cause shall be automatically dismissed from the Board. The secretary shall give such member written notice of his dismissal, and the effective date thereof. A member of the Board may be excused from attendance at a meeting by the commodore upon prior written request and for good cause shown, which excuse shall be noted in the minutes of the meeting. No director may be excused from more than three (3) consecutive regularly scheduled meetings for any reason other than illness or by reason of Club business.

Section 8. Waiver. A director's attendance at or participation in a meeting waives any required notice of the meeting unless that director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 9. Presumption of Assent. A director who is present at a meeting of the Board shall be presumed to have concurred in any action taken at the meeting unless he objects to the action taken, and his dissent or abstention from the action taken is entered in the minutes of the meeting, or he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 10. Special Meetings. Special meetings of the Board may be called by the commodore, or in the commodore's absence by the vice commodore, or upon the written request

of three (3) or more directors. The directors shall be given written notice of the meeting by the secretary at least ten (10) days prior to the date fixed, stating the time, place and purpose thereof and no other business shall come before the meeting; but action taken at any such meeting shall not be invalid for want of notice if such notice shall be waived in writing by all directors, or if all directors attend the meeting and do not object to the want of notice immediately after the meeting is called to order.

Section 11. Action by Consent. Action required or permitted under Tennessee law to be taken at a Board meeting may be taken without a meeting. If the directors consent to taking such action without a meeting, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting is the act of the Board. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each director approving the action, and included in the minutes filed with the corporate records reflecting the action taken. Action taken is effective when the last director signs the consent, unless the consent specifies a different effective date.

Section 12. Telephone Meetings. Participation by members of the Board shall be permitted by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting pursuant to this section shall constitute presence in person at such meeting. The directors shall be promptly furnished a copy of the minutes of the meeting held under this section.

Section 13. Quorum. A majority of the Board shall constitute a quorum, and the vote or action of the majority of those present shall decide any question that may come before the meeting.

Section 14. Removal. Any member of the Board may be expelled from such office by a majority vote of a quorum of the members of the Club at a special meeting called for that purpose by reason of any alleged misconduct, violation of the charter, bylaws or General Rules and Regulations, or neglect of duty.

ARTICLE IV: ELECTION OF DIRECTORS

Section 1. Nominating Committee. A nominating committee consisting of three (3) full members of the Club who are not members of the Board, and at least two of whom are owners of Overnight Assets (as defined in the General Rules and Regulations), shall be appointed annually by the commodore ninety (90) days or more prior to the annual membership meeting for the purpose of nominating proposed directors to be voted on at the annual meeting. Names of the nominating committee shall be posted within five days of their selection in a prominent, easily visible place in the clubhouse. The nominating committee shall nominate a slate of at least three (3) members for the three (3) vacancies occurring on the Board. All nominees must be full members in good standing and shall have been full members for at least three (3) years. The nominating committee shall use its best efforts to nominate qualified persons who jointly represent all categories of Overnight Assets. The secretary shall inform the membership of the slate, by letter, postmarked at least sixty (60) days prior to the annual meeting. The letter shall also contain the names of the nominating committee members and

information about the qualifications of each nominee to serve on the Board. In addition, the slate shall be posted in a highly visible place in the clubhouse at least sixty (60) days prior to the annual meeting. The letter shall also state the way in which additional nominations may be made.

Section 2. Additional Nominations. Additional nominations may be made in writing, signed by no fewer than five (5) full members. The secretary shall receive the names of additional nominees no less than thirty (30) days before the date of the annual meeting. In the event of additional nominations, the name of the person or persons nominated by petition of five or more Club members shall be posted in the same highly visible place in the clubhouse as those nominees selected by the nominating committee and placed on the ballot along with, and undistinguished from, those nominees selected by the nominating committee and voted upon at the annual meeting. Information about the qualifications of the additional nominees to serve on the Board shall also be posted. A ballot listing all nominees alphabetically shall be sent to all full members, postmarked no later than ten (10) days before the date of the annual meeting.

Section 3. Election. Voting shall be by ballot and a member must vote for no more than three (3) of the nominees. Failure to comply with this provision shall cause a member's ballot to be void. Ballots may be cast either by mail or at the annual meeting. If by mail, such ballot must reach the secretary of the Club on or before the date of the annual meeting. Cumulative voting is not permitted.

Section 4. Ballots. A ballot listing alphabetically all nominees together with an inner and outer envelope shall be mailed to all full members in good standing not less than ten (10) days before the annual meeting. The inner envelope must be an opaque, plain envelope with no marking or means of identification. The outer envelope must be large enough to enclose the inner envelope, addressed to the secretary of the Club, provide an indicated space for the member's signature and must be signed by the member.

Section 5. Good Standing. For purposes of these bylaws, the term "good standing" used in reference to the status of a Club member means that the member is current in his or her financial obligations to Club and any Club-affiliated condominium association to which the member belongs, and is not the subject of any pending suspension or disciplinary action under these bylaws, the Club General Rules and Regulations, or the bylaws and rules and regulations of any Club-affiliated condominium association to which the member belongs.

ARTICLE V: OFFICERS

Section 1. Election. Subsequent to the election of the Board at the annual meeting or a special meeting called for that purpose, the newly elected Board shall select from its own members a commodore, a vice commodore, a secretary and a treasurer, and these shall constitute the officers of the Club. One person may be elected as both secretary and treasurer.

Section 2. Term. Officers shall hold office from the time of their election by the Board until their successors are elected, or until the officer's earlier resignation or removal from office, or death.

Section 3. Commodore. The commodore, or in the commodore's absence, the vice commodore, shall preside at all meetings of the membership of the Club and of the Board, and shall exercise general supervision and control over all affairs of the Club. The commodore shall be an ex-officio member of all standing committees. The commodore shall be deemed to be the president of the Club for the purposes of TCA 48-58-401, and shall have the right to exercise the powers and authority of a president and chief executive officer of a Tennessee nonprofit corporation. The commodore may, in his discretion or as advised by counsel, use the title "President" when necessary or appropriate.

Section 4. Vice Commodore. The vice commodore shall perform the duties and exercise the powers of the commodore in the absence or disability of the commodore. The vice commodore shall also perform such other duties as may be assigned by the commodore or by the Board.

Section 5. Secretary. The secretary shall give notice of all meetings of the Club and the Board, keep the minutes of all meetings of the Club and of the Board, and have charge of the records of the Club. The secretary shall conduct the general correspondence of the Club and shall perform such other duties as may be delegated by the Board or the commodore.

Section 6. Treasurer. The treasurer shall receive and disburse all monies of the Club and report thereon to the Board whenever called upon by it to do so. The Club's accounts shall be reviewed, compiled or audited by competent, independent auditors at such times as the Board may direct. The treasurer shall pay all bills and accounts owed by the Club when properly approved by the proper officers or committees. The treasurer shall give bond in such amount and with such surety company as may be determined by the Board. The Board may obtain fidelity insurance in lieu of a bond.

Section 7. Assistant Secretaries and Assistant Treasurers. The commodore, with the approval of the Board, may appoint one or more person to be an assistant secretary and an assistant treasurer, which offices may be held by the same person, who may be a non-member of the Club, and whose duties will be defined and whose compensation fixed by the Board. The assistant treasurer shall give such bond as may be determined by the Board.

Section 8. Removal. Any officer of the Club may be removed from such office by a majority vote of all members of the Board at a special meeting called for that purpose by reason of any alleged misconduct, violation of the charter, bylaws or General Rules and Regulations, or neglect of duty.

ARTICLE VI: COMMITTEES

Section 1. Membership Committee. The commodore shall appoint a membership committee composed of five (5) members. The commodore shall refer all applications for membership to the membership committee for review. The review of applications shall include background and financial checks, after any consent required by law from the applicant is obtained in writing. The committee or its designee shall verify the information submitted by the applicant. The committee will vote by secret ballot on each applicant and report the results of the vote to the Board. The Board shall vote by secret ballot to accept or deny the application.

Notwithstanding the foregoing, the Board and the committee shall not engage in any practice that intends, or has the effect of, discrimination on the basis of race, color, religion, sex, handicap or national origin.

Section 2. Other Committees. The commodore shall appoint members to sit on each of a nominating committee, house committee, safety committee, marine operating committee, grounds committee, and such other committees as the commodore deems necessary or appropriate. Members of any committee may be removed by the commodore or the Board.

Section 3. Overnight Asset Committees. The Club recognizes the condominium associations for the North Shore boat slips and G Dock boat slips as separately constituted and independent legal entities, namely, North Shore Condominium Owners Association, Inc. and Condominium Slip Owners Association at Cedar Creek Club, Inc. (collectively, the “Condo Slip Associations”). Each such Condo Slip Association has its own board of directors and officers to manage the affairs of the entity and represent the interests of its members. The General Rules and Regulations provide for certain responsibilities and obligations of such Condo Slip Associations. The General Rules and Regulations also provide for the appointment of and delegation of responsibilities to a Cottage Owners Governing Committee, representing cottage lessees, and a Mobile Home Committee, representing Recreational Vehicle lot lessees. Each of the Boards of Directors or Managers of the Condo Slip Associations, the Cottage Owners Governing Committee and the Mobile Home Committee (collectively, the “Overnight Asset Committees”) shall also be responsible for the following: 1) Selecting a representative that will report to the commodore on a quarterly basis on the activities and finances of the association or committee and attend meetings of the Board on request to inform the Board about the activities and finances of the association or committee; 2) maintaining proper books and records of the association; 3) providing to the commodore a copy of the annual report, annual tax return and annual financial statements of the association or committee; and 4) identifying to the commodore the Board or Committee members and officers promptly after their election.

Section 4. Duties. Each committee shall monitor and observe the areas of operation of the Club indicated by its respective title and perform such other duties as may be delegated to it from time to time by the commodore or the Board, provided, however, that no committee shall take any action unless and until such action is disclosed to and approved by the commodore or the Board. Each committee shall adopt its own rules of procedure. Each committee may make recommendations to the officers and the Board on matters within the purview of the committee.

Section 5. Long Range Planning Committee. This committee shall consist of five (5) members whose term will run from one to five years. The commodore shall appoint one member each year to replace the member retiring.

Section 6. Executive Committee. This committee shall consist of the four elected officers of the Club: the commodore, the vice commodore, the secretary and the treasurer. The executive committee shall be empowered to exercise the powers of the Board when necessary or appropriate for the efficient operation of the Club, or in response to a bona fide emergency, subject to the limitations on its power set forth in TCA Section 48-58-206 and as otherwise limited by resolution of the Board. Any action taken by the executive committee requires the

affirmative vote of a majority of its members, shall be in writing, shall be reported to the full Board at the next Board meeting, and shall be recorded in the minutes of the Board.

ARTICLE VII: MEMBERSHIPS

Section 1. Number. The membership of the Club shall be composed of such number of “Full Members” as shall be authorized and determined by the Board. “Senior”, “Social”, “Life Time” and “Out of State Residence” memberships will not count toward such number. The Board may delay or deny admission of Social Member applicants so that the number of Social Members does not exceed forty percent of the number of Full Members at any time.

Section 2. Nature of Memberships. Membership confers on the member the rights, privileges, obligations and benefits specified in the charter and these bylaws. Notwithstanding the foregoing, the members have no right, title or interest in the property and assets of the Club, and no right to receive any distribution of the net income or the proceeds of any financing, indebtedness or capital contributions. Upon dissolution, Full Members may share in the net proceeds from the sale of Club assets, after payment and reservation of all debts and obligations of the Club, according to the plan of dissolution approved at that time.

Section 3. Classification of Membership. Members shall be classed as “Full”, “Social”, “Senior”, “Life Time”, or “Non-Resident”.

(a) **“Full Membership”** status, to the exclusion of all other classes of members, shall have the right to participate in Club management, vote on matters submitted to the members, and hold office in the Club. If a “Full Membership” consists of two legally married people, the spouses will bear equally and individually the responsibilities and privileges of a “Full Membership”. However, spouses cannot serve on the Board at the same time and in any voting situation only one vote per “Full Membership” will be allowed. “Full Membership” members shall both be at least twenty-one (21) years of age. Such membership will pay full entrance fee, annual dues and any special assessment dues pursuant to Article IX. In addition, Full Members will pay any monthly restaurant minimum charge established by the Board. “Full Memberships” and their immediate families are entitled to enjoy all privileges, benefits and facilities of the Club.

(b) **“Social Membership”** status requires that the member to be at least twenty-one (21) years of age. When approved for “Social Membership” status, member shall pay entrance fee, annual dues, and special assessments at the rate of fifty percent (50%) of the rates then applicable to “Full Membership” status, and will pay full monthly restaurant minimum charge. Such membership shall have full privileges to use all facilities of the Club, provided that Social Members will not be allowed to utilize the Dry Storage facility for storage of their boats or personal watercraft. A “Social Membership” shall be nonvoting and shall not be eligible to receive any net assets at Club dissolution.

(c) **“Senior Membership”** status is available to Full Membership members at least one of whom has reached seventy (70) years of age and shall have held “Full Membership” status at the Club for at least ten (10) years and shall have surrendered any previously issued Club membership certificate. Surrender of a membership certificate shall occur only when the

certificate is to be retired. This membership status shall have all the privileges of Club facility use. Senior Membership members shall have no voting rights, shall not hold Club office, and shall not be eligible to receive any net assets at Club dissolution. Senior Membership members shall not be subject to any assessment dues. When approved for "Senior" status, the member shall pay 40 percent (40%) of Full Membership regular annual dues and will pay the full monthly restaurant minimum charge for so long as they shall remain a member. The surviving spouse of a Senior Membership couple may retain Senior Membership status after the passing of the spouse who was over 70 years of age so long as the survivor is at least fifty-five (55) years of age.

(d) "Lifetime Membership" status is reached when the Full Membership member is at least seventy-five (75) years of age has held "Full Membership" status at the Club for at least twenty-five (25) years and shall have surrendered any Club membership certificate. Surrender of a membership certificate shall occur only when the certificate is to be retired. Members with Lifetime Membership status shall have all the privileges of Club facility use. A Lifetime Membership member will have no voting rights, shall not hold office, and shall not be eligible to receive any net assets at Club dissolution. The member shall not be subject to any assessment dues. When approved for "Lifetime" status, the member shall pay \$120.00 annual dues and will pay no monthly restaurant minimum charge for so long as they shall remain a member. The surviving spouse of a Lifetime Membership couple may retain Lifetime Membership status after the passing of the spouse who was over 75 years of age so long as the survivor is at least fifty-five (55) years of age.

(e) "Out of State Residence Membership" is available for Full Membership Members who move their primary residence out-of-state and no longer own any Overnight Asset are eligible for Out of State Residence Membership status. This status will be held open for a period not to exceed twelve (12) months from approval by the Board. If approved, the member will be billed \$120.00 annual dues while on Out of State Residence Membership status. Out of State Residence Membership members have no voting rights, shall hold no Club office shall pay no other member monthly dues and fees while on Out of State Resident Membership status. Full Membership member dues, fees and voting rights will resume at the end of the twelve (12) month period or at such time as the member becomes a Tennessee resident, whichever comes first.

(f) "Legacy Membership" is a method of obtaining membership in the Club. Candidates for "Legacy Membership" must be at least 21 years of age but not more than 35 years of age at the time of application and the candidate must be a direct descendant of a current Full Membership member in good standing. A person applying for a legacy membership may become either a "Full Member" or a "Social Member". Members who join the Club through the Legacy Membership will have the option to pay the appropriate entrance fee in equal annual installments over the period of time from joining until the member (or the older of spouses who are the member) reaches age 35. The Board may, at its option, to change the age limits for Legacy Membership as it deems necessary or desirable.

Section 4. Membership Status Change.

(a) **“Social Membership”** members may apply for “Full Membership” status at any time by paying the difference between the current “Social Membership” entrance fee and the current “Full Membership” entrance fee.

(b) **“Full Membership”** may transfer to “Senior” or “Lifetime” (if qualified) at any time. Under no circumstances will a “Full Member” membership be allowed to convert to a “Social” membership.

(c) **“Out of State Residence Membership”** may be requested at any time by a Full Membership member who qualifies. The request should be in writing and provide all relevant information for consideration by the Board. If approved by the Board, and the member does not resume in-state residence as originally planned, an Out of State Residence Member may request an extension of this status, which will be considered by the Board and approved or rejected in its sole discretion.

Section 5. Application for Membership. All applications for membership in the Club shall be made in writing on forms furnished for that purpose. Applications shall state that a background check and a financial check will be completed as part of the application process. Applications shall be signed by the applicant and two proposers who are members of the Club in good standing. The commodore shall then refer the application to the membership committee which shall investigate and make a membership recommendation to the Board at the Board’s next meeting. The Board shall either approve or deny the application for membership. Decisions of the Board shall be final. Any applicant for membership approved by the Board shall, upon payment of the required entrance fee and dues, become a member of the Club.

Section 6. Evidence of Membership.

(a) **Certificates.** Any membership certificate on which the holder failed to pay the accrued dues for 1988 in the amount of \$300.00 on or before December 31, 1988, is void.

(b) **Membership Cards.** From and after January 1, 1976, all new memberships shall be evidenced by a membership card which shall be non-transferable.

(c) **Disposition of Membership Certificate.** Any member holding a valid membership certificate may upon resignation, dispose of their membership to any person approved by the Board prior to the time of the sale, but the transferee shall acquire only a membership in the Club evidenced by a non-transferable membership card as defined in subsection (b) above, and the certificate shall be delivered to the Club for cancellation, provided, however, that before any membership evidenced by a certificate may be transferred to any person, the Club shall have the first option to buy such certificate upon the same terms that the certificate is offered to the proposed purchaser. A resigned member shall have twelve (12) months after tender of their resignation to the Board to dispose of their certificate. In the event the member fails to dispose of such certificate in the allotted 12 months, such certificate shall become void, and no subsequent transfer of the certificate shall be recognized by the Club.

Section 7. Resignation. Resignations will be sent in writing to the Club secretary. Resignations received before the fifteenth day of the month will be considered by the Board in the month received. Resignations received after the fifteenth day of the month will not be considered until the next month. All leases of any sort with the Club shall be terminated concurrently with the acceptance of the resignation, or the disposition of the Overnight Assets of the resigning member, which occurs later, all fees paid, and all personal property shall be removed from Club premises by the end of the month. In addition, all amounts owed to the Club must be paid in full, i.e., dues, minimum restaurant fees, food, gas or other charges through the end of the month in which termination is effective. Provided all the above requirements are met, the resignation will be effective at the end of the month in which it was considered. A designated person from the membership committee will interview Club members who resign to ascertain the reason for leaving. If the reason constitutes a grievance, said grievance will be reported to the officers which may attempt reconciliation.

Section 8. Reinstatement. Any member who has resigned, or has been dropped from membership in the Club, if a non-certificate holding member, or a certificate holding member who has not disposed of their certificate, may be reinstated within twelve (12) months from the date of the termination of their membership by a majority vote of the Board; provided, however, that they shall be required to pay dues for the period during which they were not a member of the Club and any arrearages owed from their period of membership. In the event more than twelve (12) months have elapsed between such termination and the reinstatement application, or in the event the member has sold their certificate, it will be necessary for them to apply for membership into the Club under the procedure set forth in these bylaws for new members.

Section 9. Death of a Member. Upon the death of a member with a surviving spouse, the membership and any leases will continue in the spouse's name. Upon the death of a member without a surviving spouse, all membership rights shall cease. If the deceased owned any Overnight Assets and there is no surviving spouse, the Board is authorized to negotiate an orderly asset liquidation plan with the member's personal representative that allows the estate to obtain the fair market value of the Overnight Asset.

Section 10. Encumbered Memberships, Assets and Vessels. Any membership in the Club and any Overnight Asset owned by any member shall always be charged with, and subject to, a lien for arrearages, dues and penalties, house account, slip licenses, home space leases, recreational vehicle space leases or other lawful indebtedness which shall be due the Club by the member, and the Club shall not permit any transfer of a membership certificate until all such indebtedness shall have first been paid. To the extent permitted by the Title 66 of the Tennessee Code, such liens shall constitute marina liens and/or possessory liens on any vessel and its contents until the member accounts of the member are settled. No member shall grant a security interest in, encumber or pledge as collateral security for any financial obligation or indebtedness any Overnight Asset.

ARTICLE VIII: MEMBERSHIP MEETINGS

Section 1. Annual Meeting. There shall be an annual meeting of the members of the Club in January of each year at the time and place designated by the Board. The secretary shall give written notice of the meeting at least ten (10) days prior to the date thereof.

Section 2. Special Meetings. Special meetings of the members of the Club may be called at any time by the commodore, a majority of the Board, or by not less than 10 percent (10%) of all full members in good standing. The secretary shall give members written notice of the meeting at least ten (10) days prior to the date fixed stating the time, place and purpose thereof, and no other business shall come before the meeting.

Section 3. Proxies. Any Full Member may be represented by any other Full Member at any membership meeting by a written proxy that must be submitted in writing to the secretary and in turn filed by the secretary with the minutes of the meeting. The member issuing the proxy may revoke the proxy at any time, and any vote cast by the member shall be deemed a revocation of the proxy.

Section 4. Quorum. A quorum at membership meetings shall consist of 25% of the total Full Memberships then existing.

ARTICLE IX: ENTRANCE FEE/ANNUAL DUES/MONTHLY CHARGES

Section 1. Entrance Fee. On and after January 1, 1976, the entrance fee for a new member who has not acquired a certificate of membership from a person holding a valid membership certificate as set forth in Article VII shall be such amount as may be fixed by the Board from time to time. There shall be no entrance fee for a new member who acquires a valid certificate of membership as provided above; however, a transfer fee in such amount as may be determined by the Board from time to time shall be paid by the incoming member.

Section 2. Dues and All Other Charges. The Board shall establish the amount and due dates of all dues and other charges. All dues and other charges for food, beverages, social events, fuel and , allocated expenses, lease rental payments, licenses and other charges shall be payable upon receipt of statement during the month following the month in which the charges were incurred. The Overnight Asset Committees may request, and the Club will assist in, the collection of dues, assessments and charges for their respective organizations. For purposes of Section 4 below, such Overnight Asset Committee amounts will be deemed Club charges.

Section 3. Payment of Special Assessments. Special assessment dues, as determined by the Board, will be assessed and paid in accordance with due dates published in the newsletter. The Board may levy special assessments for capital purposes or other purposes the Board deems necessary or appropriate to carry the purpose and sustain the Club.

Section 4. Delinquencies and Penalties.

(a) All Club charges (described in Sections 1, 2 and 3 of this Article) are due and payable upon receipt of the monthly statement.

(b) Any Club charges not paid within thirty (30) days of the statement date are delinquent.

(c) If any Club charges are not paid within forty-five (45) days of the statement date, the delinquent member's name and the amount of delinquency will be prominently posted on the Club bulletin board.

(d) If any Club charges are not paid within sixty (60) days of the statement date, the member's delinquency will be considered by the Board of Directors for further action. Further action by the Board of Directors can be, but is not limited, to suspension of membership, expulsion (Article X, Sections 2 and 3), and suit for collection of the amounts owed.

(e) If any Club charges are not paid within ninety (90) days of the statement date the member will be automatically suspended from the Club and subject to the provisions of Article X, Section 2.

(f) If any Club charges are not paid within one hundred eighty (180) days of the statement date, the member will be automatically expelled from the Club and subject to the provisions of Article X, Section 3. Overnight Assets owned by the expelled member are subject to an equitable lien in favor of the Club and may be levied upon and sold to a Full Member to settle the expelled member's account. Amounts received from the sale of the Overnight Assets that are in excess of the amount owed to the Club will be paid over to the expelled member.

(g) **Special Circumstances.** A member may remain active and avoid collection actions by petitioning the Board of Directors for a special payment schedule. The schedule must be approved by a majority vote at a regularly scheduled meeting of the Board. Any subsequent deviation from the approved schedule will result in automatic suspension of membership.

ARTICLE X: INFRACTIONS AND PENALTIES

Section 1. Infractions. Any infraction of the constitution and bylaws or General Rules and Regulations of the Club, or any conduct on the part of a member which, in the judgment of the Board, may tend to endanger the good order, welfare or character of the Club shall be grounds for suspension or expulsion.

Section 2. Suspension. For any infraction described in Section 1 of this Article, a member may be suspended from all privileges of the Club by majority vote of Board members present at the meeting called for such purpose, provided a quorum is present at the time of the vote; provided, however, the secretary shall give that fifteen (15) days prior written notice of the meetings at which such suspension shall be considered to the offending member and to each member of the Board. Such notice shall state the charges and the evidence upon which such suspension shall be considered and the offending member shall be given the opportunity to be present at the Board meeting if the member so desires. If present, the member may respond to the charges and present evidence to the Board in response to the charges and evidence. The Board may establish rules for conducting the hearing consistent with TCA 48-56-302. The suspension shall become no sooner than five (5) days after the hearing, Any suspended member

entering upon the Club premises during such suspension shall (except as otherwise herein provided for as in the case of delinquent dues), shall be deemed to have resigned from the Club. A suspended member with a vessel, vehicle or personal property in an Overnight Asset, or a vessel in Dry Storage, shall remove the same and all related personal property within ten (10) days after such suspension, and access to the Club premises shall be permitted only for the purpose of removing or performing maintenance on the vessel or vehicle.

Section 3. Expulsion. For any infraction described in Section 1, a member may be expelled by a majority vote of the full Board; provided, however, that fifteen (15) days prior written notice of the meeting at which such expulsion shall be considered shall be given by the secretary to the offending member and to each member of the Board. Such notice shall state the charges and the evidence upon which such expulsion shall be considered. The offending member shall be given the opportunity to be present at the Board meeting, if the member so desires. If present, the member may respond to the charges and present evidence to the Board in response to the charges and evidence. The Board may establish rules for conducting the hearing consistent with TCA 48-56-302. The expulsion shall become no sooner than five (5) days after the hearing. An expelled member with a vessel, vehicle or personal property in an Overnight Asset, or a vessel in Dry Storage, shall remove the same and all related personal property, within ten (10) days after such suspension, and access to the Club premises shall be permitted only for the purpose of removing or performing maintenance on the vessel or vehicle.

Section 4. Appeals. Any member may appeal the decision of the Board by serving written notice of such appeal on the commodore within ten (10) days after receipt of notice from the secretary of suspension or expulsion, who shall transmit the notice to the Board. Upon receipt of the notice of appeal, the Board shall call a special meeting of the Club, to be held within fifteen (15) days after the notice issues to consider such appeal. The appellant shall have the right to be present at such meeting, or to be represented by another Full Member. After a statement by the Board of the charges against the appellant, the appellant shall be heard in their own defense. Either party may introduce witnesses. The appellant shall absent himself from the meeting room, and the assembled Full Members may confirm, modify or reverse the decision of the Board by majority vote.

Section 5. Voiding of Certificate. In case a certificate holding member is expelled from membership pursuant to the provisions of any of the above sections, the certificate of membership shall become void unless disposed of by the expelled member within a period of twelve (12) months under and pursuant to Article VII, Section 5(c) of these bylaws. All unpaid Club charges of the member shall be charged against said certificate of membership.

ARTICLE XI: CLUB FUNDS

Section 1. Disbursements. All disbursements of the Club funds shall be made by checks signed by any two of the following: commodore, vice commodore, secretary, treasurer or assistant treasurer, or such other person as may be authorized by the Board. Each person authorized to sign checks shall execute a surety bond, in such amount as determined by the Board, or the Board shall obtain and maintain fidelity insurance in the same principal amount of the bond.

Section 2. Compensation. No officer or director shall receive compensation for any service rendered to the Club in his or her official capacity with the exception of any non-member assistant secretary or treasurer whose compensation, if any, shall be fixed by the Board.

ARTICLE XII: INDEBTEDNESS OF THE CLUB

Section 1. Mortgage. Neither the Board nor any officer or employee of the Club may encumber the real or personal property owned by the Club by mortgage, security agreement or by any other type of security instrument without the prior approval of a majority of the Full Members given by written consent or by a vote taken at any regular or special meeting.

Section 2. Other Debts. Neither the Board nor any officer or employee of the Club may incur any indebtedness in the name of the Club or obligate the Club for more than a maximum principal amount of Fifty Thousand Dollars (\$50,000.00) to be outstanding at any time without the prior approval of at least a majority of the Full Members given by written consent or by a vote taken at any regular or special meeting, provided, however, that the Board may, by majority vote, incur indebtedness in a reasonable, necessary amount solely for the purpose of protecting damaged Club property from further damage..

ARTICLE XIII: FISCAL YEAR

Section 1. The fiscal year of the Club shall begin January 1 of each year and extend through December 31 of the year.

ARTICLE XIV: AMENDMENTS

Section 1. By Directors. These bylaws may be altered, amended or repealed, in whole or in part, by a vote of majority of all of the members of the Board; provided that such alteration, amendment or repeal shall be proposed and approved at a regular or special meeting of the Board and finally adopted at a subsequent regular meeting. A copy of any resolution providing for the alteration, amendment or repeal of any portion of the bylaws with a summary of its purpose and effect shall be posted on the Club bulletin board and published in the Club newsletter, and made available in the members section of the Club web site, immediately after first consideration and approval by the Board and prior to final consideration by the Board at the subsequent meeting. After final adoption of the resolution altering, amending or repealing a portion of the bylaws, a copy of the resolution and summary shall be posted on the Club bulletin board and published in the Club newsletter with the notation of its being adopted by the Board and its effective date. Any alteration, amendment, or repeal adopted by the Board may be altered, amended or repealed by the membership at a regular or special meeting as provided in section 2 below.

Section 2. By Membership. These bylaws may also be altered, amended or repealed by the affirmative vote of a majority of the Full Members present and entitled to vote at any regular or special meeting of the members of the Club; provided that ten (10) days prior notice of such proposed alteration, amendment or repeal be given by mail to members and by posting such notice on the Club bulletin board and the members section of the Club web site.

ARTICLE XV: INDEMNITY OF DIRECTORS AND OFFICERS

Section 1. Indemnification. (a) To the maximum extent permitted by Tennessee law, each director and officer of the Club now or later serving as such, shall be indemnified by the Club against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served as such director or officer, or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such director or officer. The Club shall reimburse each such person for all legal expenses reasonably incurred by him or her in connection with any such claim or liability, including any cost of appeal thereof, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with any claim or liability arising out of his or her own willful misconduct or gross negligence.

(b) The Club may, to the maximum extent permitted Tennessee law, indemnify and advance expenses to said person, his heirs, legatees and personal representatives, to the same extent as set forth in Article XVI, Section 1(a) above, provided that the underlying proceeding or action be instituted by reason of the fact that such person is or was an officer, employee or agent of this corporation, and may also indemnify and advance expenses to such person to the extent, consistent with public policy, determined by the Board.

(c) No person who is or was a director of the Club, nor his heirs, executors or administrators, shall be personally liable to the Club or its shareholders, and no such person may be sued by the Club or its shareholders, for monetary damages for breach of fiduciary duty as a director; provided, however, that this provision shall not eliminate or limit the liability of any such party for any breach of a director's duty of loyalty to the Club or its shareholders; for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or for unlawful distributions under Tennessee law.

(d) The foregoing right of indemnification shall not be deemed exclusive of any other rights to which any officer or director or employee may be entitled apart from the provisions of this section.

(e) Upon making a request for indemnification, the director or officer shall be presumed to be entitled to indemnification under this bylaw and the Club shall have the burden of proof to overcome that presumption in reaching any contrary determination.

(f) The Club may provide insurance against liabilities and expenses incurred by its directors, officers, employees and agents to the full extent permitted by Tennessee law.

Section 2. Effect of Repeal or Modification of this Bylaw. Any repeal or modification of the foregoing provision of this bylaw shall not adversely affect any right or protection of any person who has served as director or officer while the bylaw provision has been in effect that may exist at the time of such repeal or modification, whether or not asserted.

Section 3. Liability Insurance. The Club shall obtain and maintain general liability insurance in amounts and coverages sufficient to confer immunity on the Board under TCA 48-58-601. Premiums for such policies shall be paid by the Club as part of its operating expenses.

ARTICLE XVI: CONFLICTS OF INTEREST

Section 1. Purpose. The purpose of this Article is to protect the Club's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Club. This policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit corporations.

Section 2. Definitions.

(a) "Interested Person" means any director, officer, member of a committee with Board delegated powers, or any Club member, who has a direct or indirect Financial Interest, as defined below.

(b) "Financial Interest" refers to a person who has, directly or indirectly, through business, investment or family:

- an ownership or investment interest in any entity with which the Club has a transaction or arrangement, or
- a compensation arrangement with the Club or with any entity or individual with which the Club has a transaction or arrangement, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Club is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A Financial Interest is not necessarily a conflict of interest. Under Section 4 of this Article, a person who has a Financial Interest may have a conflict of interest only if the Board of Directors or a committee designated by the Board to consider such matters decides that a conflict of interest exists.

Section 3. Duty to Disclose. An Interested Person must disclose the existence of his or her Financial Interest and all material facts to the Board.

Section 4. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the meeting of the Board while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board shall decide if a conflict of interest exists.

Section 5. Procedures for Addressing the Conflict of Interest.

(a) An Interested Person may make a presentation at the Board meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

(b) The commodore shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(c) After exercising due diligence, the Board shall determine whether the Club can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

(d) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Club's best interest and for its own benefit and whether the transaction is fair and reasonable to the Club and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Section 6. Violations of the Conflicts of Interest Policy.

(a) If any director or committee member has reasonable cause to believe that an Interested Person has failed to disclose actual or possible conflicts of interest, it shall inform the Interested Person of the basis for such belief and afford the Interested Person an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of such Interested Person and making such further investigation as may be warranted in the circumstances, the Board determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary action as provided in Article X.

Section 7. Records of Proceedings. The minutes of the Board of Directors shall contain the following:

(a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board's decision as to whether a conflict of interest in fact existed.

(b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 8. Compensation Committees. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Club for goods or services sold to the Club is precluded from voting on matters pertaining to that member's compensation.

Section 9. Statements. Each director, officer and member of a committee with Board delegated powers shall sign a statement which affirms that such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands that the Club is a nonprofit organization and that in order to maintain its federal tax exemption it must not engage in activities which are inconsistent with its tax-exempt purposes.

ARTICLE XVII: DISSOLUTION

Section 1. Dissolution. The Board may, at any time, propose that the Club be dissolved pursuant to a plan of dissolution. The plan of dissolution must be approved by an affirmative vote of at least two thirds of the members holding Full Memberships. The Board shall call a special meeting of the members for the purpose of considering the plan of dissolution or include the proposal for a plan of dissolution in the notice of the annual meeting of the members. The Board shall provide for an orderly voting process of the members to consider and vote upon the proposed plan of dissolution. Upon approval of the plan of dissolution by the members, the Board shall provide for the orderly liquidation of Club assets and the subsequent distribution of net assets to Full Members of the Club, or such other lawful distribution as may be approved in the plan of distribution that will not result in the loss of the Club's federal tax exemption.

ACKNOWLEDGEMENT

Section 1. As a director, officer or member of a committee with Board delegated powers of the Cedar Creek Yacht Club, a Tennessee nonprofit corporation, (the "Club"), I hereby acknowledge and confirm the following:

Section 2. I have received a copy of the conflicts of interest policy, which is contained in the Bylaws of the Club; I have read and understand the policy; and I agree to comply with the policy.

Section 3. I understand that in carrying out my responsibilities to the Club, I may obtain certain verbal and written confidential, non-public, or proprietary information concerning the members, business, operations and assets of the Club (the "Confidential Information"), and I agree to treat the Confidential Information confidential and shall not disclose any of the Confidential Information in any manner whatsoever outside the scope of my responsibilities. I shall not disclose to any other person that I have received the Confidential Information, but I may disclose my position with the Club. Promptly upon the written request of the Club, I will return to the Club all copies of any Confidential Information including any notes, studies, reports, memoranda, and other documents. If I receive a request to disclose all or any part of the Confidential Information under the terms of a subpoena or other order issued by a court of competent jurisdiction or by a government agency, I shall: (i) promptly notify the Club of the existence, terms, and circumstances surrounding such a request; (ii) consult with the Club on the advisability of taking steps to resist or narrow that request; (iii) if disclosure of that Confidential Information is required, furnish only such portion of the Confidential Information as I am advised by counsel is legally required to be disclosed; and (iv) cooperate with the Club, at the Club's expense, in its efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is required to be disclosed. I acknowledge that if these provisions are violated, the Club could not be made whole by monetary damages, so that the Club, in addition to any other remedy to which it may be entitled by law or in equity, shall be entitled to an injunction to prevent a violation of these provisions.

Section 4. I understand that the Club is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

In Witness Whereof, I have executed this acknowledgement this ____ day of _____, 200__.

Signature