

Prescott

Flying Club

By-Laws

[as of December 2000]

BYLAWS OF THE PRESCOTT FLYING CLUB, INC.
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I. ARTICLE 1 -- PURPOSE OF THE CLUB

The purpose of the Prescott Flying Club, Inc. (hereinafter called the "Club"), shall be: to enable its members to have use of general aviation aircraft and related property more economically than might otherwise be possible for purposes of recreational enjoyment, transportation, practicing aviation skills and meeting other persons of similar interests; and to encourage interest in aviation and to take whatever actions it may deem to be in the best interests of general aviation; and to acquire, maintain, lease, use and dispose of property related to the purposes and goals of the Club.

II. ARTICLE 2 -- MEMBERSHIP

A. SHARES OF THE CLUB.

From this point on the Liquidation Membership Value is equal to the total of the PFC Assets minus total PFC Liabilities divided by the total membership in the PFC.

Ownership of the Club shall be divided in a maximum of 52,000 equal shares, provided that there shall not be more than 13 regular members per aircraft available for club member use at any one time unless a two-thirds majority of the regular members of the club vote to increase that number. Each regular member (whether his or her status is active or inactive) shall be deemed to hold 1 share for each membership dollar paid to the Club as of 1 October, 1993, but each member shall not hold more than 1,000 shares, which represent full three plane club membership status. Each share shall be an undivided interest in the total assets of the Club. The value of each share shall be equal to not more than 65% of the Liquidation Value. Share evaluation shall occur annually and share value shall be presented at the annual membership meeting.

Beginning December 31, 1993 and each year thereafter on December 31, the Member Share value will be adjusted by the above formula and that adjusted Member Share value will be the prevailing Member Share value for a Club Share for the following year.

B. ELIGIBILITY FOR MEMBERSHIP

Subject to the above-described numerical limitation on Club membership, any person who subscribes to the purposes of the Club as set forth in these bylaws and who completes the Club's membership application shall be eligible for membership in the Club, subject to approval by the board of directors of the Club. Board approval shall be granted

- (i) upon a showing (to the satisfaction of the board of directors) of financial responsibility by the proposed member.
- (ii) upon a showing (to the satisfaction of the board of directors) that he or she has read these bylaws and Club rules and regulations and agrees to abide by the provisions hereof (as may be duly amended, from time to time).
- (iii) upon completion and signing the Club's Membership Agreement.
- (iv) upon signing any guarantee document required by the lending institution which has provided funds to the Club to enable it to purchase and maintain its assets.
- (v) upon full payment for a share of the Club, whether purchased from the Club or from a departing member.

It is the policy of this Club not to discriminate against any person on the basis of sex, race, color, creed, religion or national origin.

C. TYPES OF MEMBERSHIP.

1. Regular Membership.

Any person who, upon the approval of the board of directors, purchases a share of the club, shall be a member of the Club. Subject to the Club's rules and regulations and these bylaws, each member shall be entitled to all Club privileges.

2. Inactive Membership.

Any member shall have a one-time-only right to defer dues for up to three months by demonstrating to the board's satisfaction compelling medical or financial hardship. At the end of the deferral period all deferred and current dues are due and payable. The treasurer will accept up to 12 equal monthly installments of the deferred amount. This right of deferred dues shall be available once in a five year period for any club member. The use of any club aircraft shall be suspended during the deferral period.

D. SALE OF MEMBERSHIPS

1. Sale by Member

Any member desiring to sell his/her membership may inquire with the board as to names on the waiting list for membership. Such member has the responsibility to sell his/her membership in the club to a board-approved purchaser. The board shall not be responsible for marketing a club member's share. A member is not relieved of his/her dues obligation until the sale of their membership is satisfactorily completed. If a member so chooses and is eligible, they may apply for inactive membership as provided by in paragraph C.2. "Inactive Membership". Any membership sold may be assessed a fee as determined by the board. Any dues in arrears at the time of the sale will be withheld from the purchase price by the club.

2. Sale by Club

If there are fewer than 13 members per aircraft in the Club, the Club may sell shares to anyone approved by the Board of Directors. Unless a majority of share holders votes otherwise, the price of each membership sold by the Club shall be 1,000 shares at the prevailing price as stated as in Article 2 Section A of these Bylaws. No member shares will be sold by the Club until all members wishing to sell their shares have done so.

E. SUSPENSION OF MEMBER

A member's Club privileges shall be indefinitely suspended upon written or oral (in person or by telephone) notice from the board (or any member of the board) upon the happening of any of the following:

- (i) Non-payment of Club dues or assessments within thirty (30) days from the date of billing;
- (ii) Violation of these bylaws or any Club rules and regulations promulgated hereunder; or
- (iii) Violation of insurance requirements.

A Club member's obligation to pay dues and assessments shall not be suspended during a suspension of Club privileges, and he/she shall continue to pay dues and assessments throughout the suspension period. Club privileges shall be restored, in whole or in part, only at the discretion of the board of directors. The board may choose to restore some privileges while continuing the suspension of others. No restoration of Club privileges shall be effective unless in writing signed by a member of the board of directors of the Club. In the event that the suspension involves a board member, such board member shall not be entitled to vote on matters concerning his/her own suspension.

F. TERMINATION OF MEMBERSHIP

1. Termination For Cause

A member's Club privileges may be terminated only according to the due process procedure described below, and only for the following reasons:

- (i) The member has exercised Club privileges while those privileges were suspended pursuant to Section E above; or
- (ii) The member has operated a Club airplane while under the influence of alcohol or illegal drugs; or
- (iii) The member's account has been in arrears for more than 60 days (regardless of the amount in arrears) and the member has failed to make payment arrangements with the board; or
- (iv) The member has allowed someone other than a Club member to use Club property; or
- (v) The board of directors has determined that the member can not be trusted with Club property.

2. Termination Due Process.

A member's Club privileges may be terminated only if

- (i) a majority of the board recommends termination; and
- (ii) the member is given an opportunity to present his version of the facts at a regular or special membership meeting; and
- (iii) a two-thirds majority of the members present at that meeting (excluding the member involved) votes to terminate the member's Club privileges.
- (iv) notwithstanding the sections i-iii above, when a member is more than 120 days in arrears, the board may terminate the membership and forfeit that member's interest to the club with no further due process.

G. LOSS OF MEMBERSHIP INTEREST IN CLUB

If, after a membership has been terminated according to the Termination Due Process procedure set forth above, a majority of the total membership of the Club votes that the member involved shall forfeit his/her share in the Club, then that member's share shall be forfeited to the Club. If not, the member shall be free to try and sell his share to a board-approved purchaser as set forth in Section D, paragraph 1, above.

H. MEETINGS

1. Regular Meetings

There shall be a Club business meeting held on the second Monday of each January, April, July and October of each year, or such alternate day as the board may designate. Any Club business may be conducted at a regular meeting, and all membership meetings shall be held as close as practical to Fleming airfield at a place selected by the Club president. The regular meeting which is held during the month of January shall be the annual membership meeting. At that meeting there shall be an election of Club officers, and the transaction of any other business as may properly come before a regular membership meeting. The meeting shall be chaired by the Club president or, in his/her absence, by any board member present.

The Club secretary shall notify each regular member as to the time and place of each membership meeting, except that the accidental failure to notify one or more members of a regularly scheduled (second Monday) meeting shall not affect the validity of such meeting, or any actions taken at such meeting.

2. Special Meetings

a) Who May Call

Any time the board of directors deems it appropriate, the board may call a special meeting of the Club membership. Also, any time five or more members of the Club deem it appropriate, those five members may instruct the Club secretary to call a special meeting of the Club membership. Notwithstanding the previous sentence, no special meeting may be held within the ten days prior to a regular membership meeting unless a majority of the board of directors endorses such special meeting.

b) Procedure for Calling

No special meeting of the Club, whether called by the board or at the request of the five members, shall be valid to conduct Club business unless notice of such special meeting is sent by regular mail, postage paid, at least seven (but not more than 45) days in advance of such meeting to all regular members at their address shown on the then-current Club roster. The notice must state the time and place of the meeting, and must state the specific purpose of the special meeting. No other business except as stated in the notice may be conducted at such special meeting, and the meeting shall be held as close as practical to Fleming airfield. Postage for the notice of meeting shall be paid from Club funds.

I. QUORUM

No actions taken at any membership meeting, whether regular or special, shall be valid unless at least 30% of the total regular membership of the Club is present at the time the vote on the action is taken.

J. VOTING

Each regular (active) member of the Club shall be entitled to vote at membership meetings, except that no member who is the subject of a termination vote under Section F, above, may vote on his/her own termination. Except as otherwise provided in these bylaws, the affirmative vote of a majority (more than 50%) of those present at any duly constituted membership meeting is required for any action.

K. VOTING BY PROXY

Any member that may be precluded to attend a club meeting either regular or special, can delegate any other member to act as a proxy in voting matters. To this effect, the absentee member needs to provide a written statement to a Board Member indicating his/her selection of proxy. Board Members cannot act as proxy and cannot elect to vote by proxy.

III. ARTICLE 3 -- OFFICERS AND BOARD OF DIRECTORS

A. OFFICERS; TERM OF OFFICE

The officers of the Club shall consist of the president, the vice president, the treasurer, the secretary and the maintenance officer. (The vice president shall be the safety officer.) These officers shall constitute the board of directors of the Club. Each officer shall be elected to a two-year term, and may be re-elected without limitation.

B. POWERS AND DUTIES OF CLUB OFFICERS

1. Powers and Duties of Each Officer

The **PRESIDENT** shall preside at board meetings and regular membership meetings, and shall be responsible for the general supervision and management of the Club, subject to the control of the board of directors. He/she shall be responsible for setting the time and place for membership meetings and board meetings. He/she shall also have such special duties as may, from time to time, be determined by the board, and shall be responsible for signing any corporate documents which require corporate signature. The president shall also appoint an auditing committee in November, and shall charge the members of that committee with the responsibility for auditing the annual financial

report prepared by the treasurer of the Club. The president shall see to it that the committee presents its findings at the annual membership meeting. The president shall be authorized to sign Club checks and take all other actions properly taken by the treasurer in the event the treasurer becomes disabled or otherwise unavailable.

The **VICE PRESIDENT** shall discharge the duties of president in the president's absence or disability. As the Club's safety officer, he/she shall be responsible for maintaining an up-to-date status log containing medical and biennial information on each flying member. He/she shall also be responsible for investigating all matters affecting the safety of Club property and reporting his/her findings at board meetings and membership meetings. In addition, he/she shall be responsible for promoting safety awareness among all flying members. In addition, he/she shall insure that the board of directors reviews Club insurance, budget and maintenance matters on an annual basis. He/she shall also have such special duties as may, from time to time, be determined by the board.

The **TREASURER** shall be the Club's chief financial officer. He/she shall be responsible for billing Club members for dues and assessments, receiving and handling such dues and assessments, and keeping account of all money received and/or spent by the Club. In addition, he/she shall be responsible for maintaining records relating to Club debts and credits, accounts receivable and accounts payable, and for holding and safeguarding all fiscal documents affecting the Club (such as bills, invoices, promissory notes, etc.). He/she shall be responsible for establishing and maintaining checking and savings accounts at a local financial institution, for making deposits into such accounts, and for approving all withdrawals (including checks) affecting such accounts (except that the president shall have the power and authority to perform these functions in the absence or disability of the treasurer). He/she shall be responsible for seeing to it that all Club financial obligations are paid on time, unless otherwise directed by the board. In addition, he/she shall prepare the annual financial report (see Section C below), and shall perform such other duties as the board may, from time to time, determine.

The **SECRETARY** shall be responsible for keeping a complete and permanent record of all proceedings at all board and membership meetings, and shall be responsible for notifying members of upcoming membership meetings. He/she shall also countersign all deeds, leases, conveyances, and other papers and documents executed by the corporation which require a countersignature, and shall hold and safeguard all documents relating to the Club except the fiscal documents held by the treasurer.

The **MAINTENANCE OFFICER** shall be responsible for assuring that Club aircraft are maintained in accordance with FAA requirements. He shall have the power to ground Club aircraft, to arrange for repairs and maintenance of aircraft, and to spend Club money for such purposes. However, he/she shall not make expenditures in excess of \$500 without approval of the board. The maintenance officer may authorize any member to make a maintenance flight on behalf of the Club. Such flights shall be at no charge to the member making such flight. No more than ten (10) hours of maintenance flights per year may be flown without board approval.

2. Powers and Duties of the Board of Directors

The board of directors shall have responsibility for the general supervision, management and control of the affairs of the Club. The board shall have all powers stated or implied elsewhere in these bylaws, in the Club articles of incorporation, and in state law, and shall have the duty to carry out those powers in good faith and to the best of its ability. In addition, the board shall hear allegations relating to violations of Club rules and regulations, or these bylaws. The board shall then discuss the allegations with the member involved, giving him/her an opportunity to state his/her version of the incident. Thereafter, the board shall make a determination as to the alleged violation, and shall take appropriate action where necessary. In addition, the board shall be responsible for seeing to it that all provisions of these bylaws are carried out, including, without limitation, the provisions of Article II, Sections E (Suspension of Membership) and F (Termination of Membership).

The Board shall oversee major purchases and other expenses incurred by the maintenance officer and the treasurer. All expenses shall be approved by the board. Capital purchases larger than \$1500 shall be approved by a majority of a quorum of the membership.

C. TREASURER'S ANNUAL FINANCIAL REPORT

In addition to his/her other duties, the treasurer shall prepare a written annual financial report each January which summarizes all Club income and expenses during the previous year. On the income side, the report shall cover all dues and assessments billed by the Club, whether collected or not, and shall disclose all income from dues, assessments and otherwise which was actually received. On the expense side, the report shall cover all expenses of

the Club, whether paid or unpaid, and be broken down into such categories as the treasurer may deem appropriate including, without limitation: bank loans, aircraft insurance, hangar insurance, hangar lease, licenses, scheduling services, utilities, office supplies, annual fees, fuel and oil, maintenance, repairs, and other. Where practical, the report should break down each income and expense category to reflect the income and expenses relating to each Club airplane.

D. ELECTION OF OFFICERS

Officers shall be elected by the membership present at the annual membership meeting. The president, treasurer and maintenance officers shall be elected, in that order, at the annual membership meetings held during odd years, and the vice president and secretary shall be elected, in that order, at the annual membership meetings held during even years. Subject to paragraph 2 of Section F of this Article ("Removal for Cause"), any active member shall be eligible for any office. A member may run for more than one office during the same election, but no member shall hold more than one office at a time. Therefore, once a member is elected to an office, he/she shall be ineligible to hold any other office simultaneously -- although he/she shall be eligible to run for any office in the next election.

E. VACANCIES

Whenever a vacancy shall occur in any office for any reason, the remaining board members shall elect (by majority vote) a successor to fill the vacancy until the next time such office normally comes up for election. Subject to paragraph 2 of Section F of this Article ("Removal for Cause"), any active member, including incumbent officers, is eligible to fill the vacancy, provided that no member may hold two offices simultaneously.

F. REMOVAL FROM OFFICE

1. Automatic Removal

Any officer is automatically removed from office if he/she: (a) goes inactive; (b) fails to pay all of his/her dues and assessments within forty-five (45) days from the date of billing; (c) commits a material violation of Club rules and regulations or these bylaws; (d) has his/her Club privileges terminated; or (e) misses more than three board meetings during his/her year in office. An officer who is automatically removed from office under this paragraph 1 ("Automatic Removal") may be elected back into that office under Section E ("Vacancies") if the remaining members of the board deem it appropriate.

2. Removal for Cause

Any officer may be removed for cause upon a three-quarters majority vote of members present at a duly constituted membership meeting. A vacancy so created shall be filled according to Section E ("Vacancies") except that the person who was removed for cause shall not be eligible to hold any Club office during the two years following such removal for cause.

G. COMPENSATION

Any compensation of club officers must be approved by the membership at a duly constituted meeting.

H. MEETINGS

The board of directors shall hold meetings as frequently or infrequently as they may deem appropriate, provided that they shall meet at least once every three months. The president shall endeavor to set board meetings at a time and place convenient to all board members. The president shall notify board members of the place and time of such board meetings. Such contact may be made by telephone or otherwise, and shall include the date, time and place of the meeting. Failure to contact a board member shall not invalidate actions taken at the board meeting if the president made a good faith effort to contact the board member, even though he/she was unsuccessful.

I. QUORUM

No actions taken at any board meeting shall be valid unless at least three of the five board members are present throughout the meeting.

J. VOTING

Each member of the board shall be entitled to vote at board meetings, except that no board member who is the subject of a suspension vote under Section E of Article II may vote on his/her own suspension. Except as otherwise provided in these bylaws, the affirmative vote of a majority (more than 50%) of those present at any duly constituted board of directors meeting is required for any board action.

IV. ARTICLE 4 -- DUES AND ASSESSMENTS

A. PURPOSES AND OBJECTIVES

The primary purpose of dues and assessments shall be to protect the value of each member's share in the Club. To that end, dues shall be set at levels believed sufficient to sustain the known and anticipated fixed and variable expenses necessary to acquire, protect, operate and properly maintain Club property. Assessments shall be set at levels sufficient to make up any shortfall resulting from insufficient dues collected. However, this Club is a not for profit organization, and consequently, dues and assessments shall not be set at levels intended to generate a profit.

B. MONTHLY DUES

1. When Due and Payable

Monthly dues shall be due and payable on the first of each month for the previous month. One month's dues shall be discounted if monthly dues are paid one year in advance.

2. Amount of Monthly Dues

The amount of the monthly dues shall be recommended by the board and approved by the members, based upon anticipated fixed expenses of the Club; provided, however, that the board may recommend adjustments of the amount of the monthly dues up or down in order to best meet the needs of the membership. Where the monthly dues are adjusted up or down from the amount necessary to meet the fixed expenses of the Club, the hourly dues shall be adjusted accordingly, in an effort to collect sufficient funds to meet Club expenses without generating a profit.

C. HOURLY DUES

1. When Due and Payable

Hourly dues shall be due and payable on the first of each month, and shall cover all flying done by the Club member which has not previously been billed, up through the cutoff date. The cutoff date shall be whatever day the board deems convenient in order to permit the treasurer adequate time to prepare and mail billings.

2. Amount of Hourly Dues

The hourly dues rate for each Club airplane shall be recommended by the board and approved by the members, based on anticipated variable expenses of the Club, and on the number of hours each Club airplane is expected to be flown, taking into consideration the past history of the Club and future projections; provided, however, that the board may recommend, and the membership may approve, adjustments of the amount of the hourly dues up or down in an effort to collect sufficient funds to meet Club expenses without generating a profit.

D. SIGNED GAS SLIPS

1. Credit Against Dues Obligation

Club members shall be permitted to offset regular monthly and hourly dues obligations by any amount which the Club member actually paid for fuel and/or oil purchased for Club airplanes at airports other than Fleming field,

provided that a formal receipt evidencing the amount of such purchase is promptly submitted to the Club treasurer at the time of payment of the regular dues obligation. A receipt is "promptly" submitted if the date of the receipt is no more than 90 days prior to the date the receipt is submitted to the treasurer. When submitting such a receipt to the treasurer, the member may deduct the amount shown on the receipt for fuel and/or oil from the amount of dues which the member would otherwise be obligated to pay.

2. Formal Receipt

For purposes of the preceding, the term "formal receipt" shall mean any printed document indicating the vendor's name and location, the type and quantity of petroleum product purchased and the date of purchase, the "N-number" of the aircraft for which the product was purchased, the amount paid for the product, and the Club member's signature. The document should be of a type normally issued by vendors as evidence of the sale, such as FBO receipt forms or credit card slips.

3. Invalid Receipts

The Club treasurer shall have the authority to reject receipt documents which do not, in the treasurer's discretion, conform to the above requirements. Upon rejection, the treasurer shall return the receipt document to the member who submitted it, with a statement outlining the reason or reasons for rejection. The member whose receipt document is so rejected may appeal to the board of directors. Unless three or more of the board members vote to overrule the treasurer's decision, the treasurer's decision shall stand.

E. SPECIAL ASSESSMENTS

1. Club-Wide Special Assessments

The board shall have the unilateral power to levy a Club-wide mandatory special assessment at any time it becomes necessary to raise money to cover an unavoidable Club obligation. For purposes of the preceding sentence, the term "unavoidable Club obligation" shall include all expenses necessary to keep the Club airplanes up to reasonable safety standards, to pay insurance premiums, to pay for repairs as described in paragraph 3 of Section B of Article 5 (below), and to pay overdue bills. In addition, the board shall have the power to levy Club-wide mandatory special assessments for optional expenses provided that a two-thirds majority of the regular members present at a membership meeting votes to support such a special assessment. For purposes of the preceding sentence, the term "optional expenses" shall include any and all expenses not included within the term "unavoidable Club obligations." For each Club-wide mandatory special assessment, each Club member, including "inactive" members, shall be obligated to pay an amount equal to the total amount of the Club-wide mandatory special assessment, divided by the number of members in the Club as of the date of the assessment.

2. Personal Special Assessments

The board shall have the power to assess any Club member for unplanned expenses faced by the Club which are the result of such member's failure to exercise proper care or good judgment in the handling of Club property. For purposes of the preceding sentence, the term "proper care or good judgment" shall be defined as "the care or judgment which would be exercised by a reasonable Club member under similar circumstances", as determined by unanimous decision of the board members present at a duly constituted board meeting. The amount of the personal special assessment shall not exceed the full amount of the unplanned expense, less any insurance proceeds actually paid under the Club's insurance policy as a result of such incident.

F. STATE SALES TAX

Club members shall pay, as part of their dues and assessments, all sales tax which the Club is required to collect under state law. The Club shall remit such collected sales tax to the state in a timely manner.

G. AUTOMATIC CLUB LIEN ON MEMBERSHIP INTEREST

Any and all unpaid dues and assessments of a Club member shall give rise to an automatic lien on the member's share in the Club sixty (60) days following the date such dues and/or assessments became due. The board shall have the power, pursuant to such lien, to advertise and sell the member's share in the Club in order to collect unpaid dues

and assessments, after which the member's ownership interest in the Club shall be forfeited and the person is no longer a member of the Club. Any balance remaining after deduction for such dues and assessments, and after deduction for any costs associated with such sale, shall be paid to the former member.

V. ARTICLE 5 -- DAMAGE TO PROPERTY

A. OBLIGATION TO REPORT DAMAGE

1. New Damage

Any time a Club member causes damage to Club property, or witnesses someone else causing damage to Club property, no matter how insignificant the damage may be, and regardless of the circumstances in which the damage was caused, such member shall immediately (by telephone) report the damage to a board member. Failure to make such a report within 24 hours shall be grounds for suspension or termination of Club privileges. In the case of damage to a Club airplane, the member shall also log the damage on the airplane's "squawk sheet" (which is located on the wall of the office in the hangar) immediately, or as soon thereafter as may be reasonably possible under the circumstances. Once a board member has been alerted to the damage, the Club member shall make a note in the log entry on the squawk sheet that the damage has been reported to a board member, and shall state the board member's name.

2. Existing Damage

Any time a Club member notices that a Club airplane has been previously damaged, such member shall immediately (by telephone) report the damage to a board member unless the damage has already been logged on the airplane's "squawk sheet" (which is located on the wall of the office in the hangar) and the log entry clearly states that the damage has been reported to a board member. Failure to make such a report within 24 hours shall be grounds for suspension or termination of Club privileges.

B. AIRCRAFT GROUNDED

Following any damage to a Club aircraft, whether it is "new damage" or "existing damage" (as discussed above), the aircraft shall be deemed "grounded" at least until the damage has been reported to a board member. Club members are hereby notified that neither the maintenance officer, nor any other board member, is a qualified FAA-approved aircraft mechanic. NO BOARD MEMBER (EXCEPT THE CLUB MAINTENANCE OFFICER) SHALL HAVE THE POWER OR AUTHORITY TO PLACE AN AIRCRAFT BACK IN SERVICE, AND NO CLUB MEMBER SHALL RELY ON ANY BOARD MEMBER'S JUDGMENT AS TO WHETHER AN AIRCRAFT IS AIRWORTHY. THE PLACING OF AN AIRCRAFT BACK IN SERVICE AFTER IT HAS BEEN GROUNDED SHALL NOT BE UNDERSTOOD TO IMPLY THAT AN AIRCRAFT IS AIRWORTHY. ULTIMATE RESPONSIBILITY FOR DETERMINING WHETHER AN AIRCRAFT IS AIRWORTHY LIES WITH THE PILOT-IN-COMMAND, AND NO BOARD MEMBER (INCLUDING THE MAINTENANCE OFFICER) SHALL BE LIABLE FOR DAMAGE OR INJURY RESULTING FROM USE OF CLUB PROPERTY BY CLUB MEMBERS.

C. DAMAGE POSSIBLY AFFECTING AIRWORTHINESS

In the case of damage to the aircraft's airframe, control surfaces, or any other part of the aircraft which might possibly affect airworthiness, the aircraft shall remain grounded until the Club maintenance officer (on the advice of a qualified FAA-approved aircraft mechanic) has placed the aircraft back in service, or (if the airplane is away from Fleming field) until any qualified FAA-approved aircraft mechanic has inspected the aircraft and believes it to be airworthy. However, ultimate responsibility for determining whether an aircraft is airworthy lies with the pilot-in-command.

D. PILOT'S FINANCIAL RESPONSIBILITY

1. Generally

In the event that a Club member, or any person who the Club member brings in contact with Club property, causes any damage to Club property, no matter how insignificant, the Club member shall be obligated to pay for repair of such damage, or replacement of the damaged property, less any insurance proceeds actually paid under the Club's insurance policy. Club members shall not be held liable for more than \$1,000. Obligations arising under this paragraph shall be imposed upon the member as a personal special assessment under paragraph 2 of Section F of Article 4, above.

2. Exception

The board shall have the option to waive the obligation, or reduce the amount of the obligation, imposed under paragraph 1 above, if the board determines that the damage was unavoidable or resulted from actions which were reasonable under the circumstances.

3. Right to Appeal to Membership

Any Club member who becomes personally obligated to pay for repairs under paragraph 1 (Generally) above shall have the right to appeal to the Club membership. If a majority of the total Club membership (excluding inactive members) votes to relieve that member of the personal obligation imposed under paragraph 1 above, then the cost of repairs shall be deemed an "unavoidable Club obligation," and shall be covered by a mandatory Club-wide special assessment, pursuant to paragraph 1 of Section F of Article 4 above.

VI. ARTICLE 6 -- MAINTENANCE AND REPAIR OF CLUB AIRCRAFT

A. DETERMINATION OF AIRWORTHINESS

Club members are hereby notified that neither the maintenance officer, nor any other board member, is a qualified FAA-approved aircraft mechanic. The determination as to whether a Club airplane is safe to fly is the responsibility of the pilot-in-command. No pilot-in-command shall rely on the Club's maintenance officer, or any board member, or anyone else, as to the airworthiness of Club airplanes, except that the pilot-in-command shall be entitled to rely on entries made by a FAA-approved aircraft mechanic in the airplane's maintenance logs.

B. MAINTENANCE

1. Preflight and Postflight Maintenance by Pilots

The pilot-in-command Club member shall make a pre-flight inspection of the airplane before each flight, and a post-flight inspection after completion of the flight. The pre-flight inspection shall be at least as comprehensive as is prescribed in the airplane's operating handbook. The post-flight inspection shall include a determination of windshield cleanliness and remaining fuel. In connection with pre- and post-flight inspections, a Club member is authorized to perform whatever routine-type maintenance he/she may feel is appropriate for safety and care of the airplane, including, but not limited to, refueling, addition of oil, air in tires, and windshield cleaning.

2. Maintenance by the Maintenance Officer

The Club maintenance officer shall be authorized to cause such maintenance of Club property to be performed as he/she may deem appropriate, provided that no maintenance in excess of \$500 shall be performed without specific approval of the board.

C. REPAIRS

1. At Home

Subject to paragraph 1 of Section B above, no Club member (other than the maintenance officer) shall perform, or arrange for performance of, repairs to a Club airplane at Fleming field unless specifically instructed to do so by the maintenance officer or by another board member. The preceding sentence shall not apply where a minor repair (i.e., a repair estimated to cost less than \$100) is necessary, and no board member can be reached by telephone, provided that the repair is performed by an FAA-approved aircraft mechanic at Fleming field. Unless the board of directors determines otherwise, violation of this paragraph shall be grounds for suspension or termination of Club privileges, and shall obligate the member to pay all, or a portion, of the cost of such repairs, or the correction of improper repairs. Once aware of a problem, or a potential problem, with a Club airplane, the Club maintenance officer shall see to it that the Club airplane is serviced by a qualified FAA-approved aircraft mechanic. The maintenance officer shall have the authority to remove Club airplanes from service ("grounding an airplane") until proper servicing has been completed, provided, however that no Club member shall construe the maintenance officer's failure to so ground a Club airplane as a determination that such airplane is airworthy.

2. Away From Home

No member shall ever allow any person to perform service or repairs on Club airplanes unless such person is a qualified FAA-approved aircraft mechanic. In the event that a Club airplane is at a location other than Fleming field, any Club member may (without approval) arrange for minor (less than \$300) repairs to be made to the airplane provided that such repairs are performed by an FAA-approved aircraft mechanic. Where the cost of a repair is estimated to exceed three-hundred (300) dollars, no Club member (other than the maintenance officer) shall perform, or arrange for performance of, repairs to a Club airplane away from Fleming field, without first obtaining the approval of the maintenance officer or of another member of the board. The costs over and above one hundred dollars of any repairs performed without such prior approval shall be borne by the Club member without reimbursement from the Club. However, the board may, but shall not be obligated to, approve reimbursement for all or part of such costs if the board, in its sole discretion, determines that the repairs were necessary, performed properly, and at a reasonable price.

D. MAINTENANCE AND REPAIR WORK INVOICES

It shall be the responsibility of any Club member (including the maintenance officer) who arranges for maintenance work and/or repair work to be performed on Club aircraft (as may be allowed elsewhere in this Article 6) to obtain an itemized invoice detailing the exact work performed, and the itemized costs for each part and/or supply purchased and all labor performed. The invoice must state the name of the vendor providing the service, the date the service was rendered, and must show the vendor's address and telephone number. The board is hereby prohibited from reimbursing any Club member for maintenance or repair costs which are not so described in an itemized invoice.

VII. ARTICLE 7 -- INSURANCE

A. TYPES OF POLICIES

1. Hull and Liability Insurance

The Club shall purchase aircraft hull and liability insurance. The liability coverage shall have an aggregate limit of not less than one million dollars per occurrence. The hull coverage shall include ground and flight operations with limits for each Club airplane of not less than the estimated hull value for that aircraft.

2. Hangar Insurance

The Club shall also purchase hazard insurance covering the Club's buildings.

B. PERMITTED DEDUCTIBLE

The policies purchased shall not have deductibles greater than one thousand dollars per occurrence.

C. MEMBERS' RIGHT TO INSPECT POLICIES

Every Club member shall have the right to inspect Club insurance policies, and to see evidence that the required insurance is in full force and effect. If the required insurance is not in full force and effect, any member shall have the right to purchase such policy or policies (as described in Sections A and B above) in behalf of the Club and receive full reimbursement from the Club, provided that the member shall first give ten days written notice to the board. If the required insurance was actually in full force and effect at the time of such notice (i.e., the member was mistaken), the Club shall not be required to reimburse the member.

D. ANNUAL REVIEW

The board shall review all Club insurance policies on an annual basis.

VIII. ARTICLE 8 -- SPENDING CLUB FUNDS**A. AUTHORITY OF CERTAIN CLUB OFFICERS**

The Club treasurer shall be authorized to spend Club funds upon the approval of the board. The treasurer may delegate his/her authority to spend Club funds to other Club officers and Club members, provided that the treasurer shall remain responsible to the board for any Club funds so spent. In addition to the above, the maintenance officer shall be authorized to spend Club funds in the course of performing his/her duties under these bylaws, provided that he/she shall not spend, or incur debts for, amounts greater than \$500 without board approval. The Club president shall be authorized to sign Club checks in the absence of the treasurer.

B. AUTHORITY OF OTHER CLUB MEMBERS

Any Club member shall be authorized to purchase fuel and oil for Club airplanes, provided that the provisions of Article 4, Section D are observed by the member when away from Fleming field, and further provided that no member is authorized to purchase oil for a Club airplane when at Fleming field unless there is no oil available at the Club hangar for the particular airplane involved.

Except as provided above, no member is authorized to spend Club funds, and no member will be reimbursed for having spent money in behalf of the club, unless such spending shall have been previously approved by the board of directors, in writing. Further, the club treasurer shall have no authority to reimburse any club member for any money so spent unless (1) the spending had been previously approved by the board, and (2) the member presents a formal receipt, signed by the member, evidencing the spending for which reimbursement is sought. A receipt shall be considered "formal" only if it is issued by the entity from which the goods or services were purchased, is dated on or about the day of such purchase, and clearly itemizes the amounts for which reimbursement is sought.

Notwithstanding paragraph 2 above, the board of directors has the authority to waive the requirements set forth in paragraph 2 above, if the board determines that there are extenuating circumstances.

IX. ARTICLE 9 -- USE OF CLUB PROPERTY**A. CLUB PRIVILEGES.**

The following items 1 through 5 shall be deemed Club privileges:

1. Keys

To carry a set of keys for each Club airplane and the Club hangar.

2. Reserving Aircraft

To reserve the use of Club airplanes.

3. Use of Aircraft

To use Club airplanes during time periods properly reserved by the member, provided that such use is not in violation of Club rules and regulations, or these bylaws.

4. Purchasing Fuel

To purchase fuel and oil for Club airplanes when away from Fleming field, and to deduct the cost thereof from Club dues obligations in accordance with the provisions of Article 4, Section D; and to purchase fuel for Club airplanes when at Fleming field by using the Club's credit with fuel vendors at Fleming field.

5. Attending Meetings; Participation and Voting

To attend, participate in, and vote at, Club membership meetings, and to attend, without participation or voting, Club board of directors meetings.

B. CHECK RIDE BY BOARD-APPROVED CFI REQUIRED

No member (including CFI's) shall pilot a Club airplane unless he/she shall first pass a check ride examination in that airplane (or a similar airplane) administered by a Board-approved CFI. Furthermore, no member shall pilot a Club airplane unless he/she has actually piloted that airplane (or a similar airplane) within the preceding four months or has passed a check ride examination in that airplane administered by a Board-approved CFI within the preceding four months. The determination of whether an airplane is "similar" to another airplane shall be in the sole discretion of the Board-approved CFI.

C. NO COMMERCIAL USE OF CLUB PROPERTY

No Club property (including airplanes and hangar) shall be used for commercial or "for hire" purposes or for the production of income. This shall not preclude a Club member from using a Club airplane for personal transportation to and from locations where the Club member is conducting business. Training of a Club member by a board approved CFI (CFII) shall not be considered commercial use for the purposes of this paragraph.

D. NO USE OF AIRPLANE WITHOUT VALID MEDICAL

No member shall use a Club airplane unless he/she shall have a valid medical certificate appropriate for the flight being made in his/her possession while piloting the airplane. A member shall be obligated to provide a copy of his/her valid medical certificate to the Club safety officer whenever the safety officer shall so request. Every member shall be obligated to notify the Club safety officer when his/her medical certificate has expired, and shall also provide a copy of his/her medical certificate to the safety officer when his/her medical certificate has been renewed.

E. RESERVING A CLUB AIRPLANE

No member shall use a Club airplane unless he/she shall have properly reserved that airplane for the time period of intended use. An airplane is "properly reserved" if (i) it has been reserved for a continuous time period not to exceed 72 hours without board approval, or for a continuous time period in excess of 72 hours if the board so approves; and (ii) it has been reserved upon the reservation log maintained by the Club's approved scheduling service.

F COMPLIANCE WITH FEDERAL AVIATION REGULATIONS

No member shall operate a Club airplane except in accordance with current Federal Aviation Regulations.

G. COMPLIANCE WITH CLUB RULES AND REGULATIONS

No member shall operate a Club airplane except in accordance with Club rules and regulations as adopted by the Board. The safety officer shall post an up-to-date copy of Club rules and regulations on the wall in the office at the Club hangar, and shall note any recent changes, additions or deletions on the office blackboard. The secretary shall be responsible for informing all members, by mail, of any changes, additions or deletions to Club Rules and Regulations within 60 days of such change, provided that the failure to do so shall not be an excuse for a failure to observe such rules and regulations.

X. ARTICLE 10 -- PILOT TRAINING AND PRACTICE**A. BOARD-APPROVED CFI (CFII) ONLY**

No member shall receive primary training or biennial certification in any Club airplane except under the supervision of a Board-approved CFI or CFII. Training may be obtained from Board-approved instructors. Those instructors seeking Board-approval shall meet with the Board of Directors. The instructor seeking approval shall show ratings acquired, currency to instruct, and currency in type.

XI. ARTICLE 11 -- MISCELLANEOUS PROVISIONS**A. BOOKS AND RECORDS OF THE CLUB**

All Club books and records shall be available for inspection by any Club member upon request to the appropriate officer, provided that the inspection shall take place at a time and place convenient to the officer.

B AMENDMENT OF BY-LAWS

These bylaws may be amended at any time by the following procedure. A motion specifying a change to the bylaws must be made and seconded at a duly constituted meeting of the membership. Within 30 days of the meeting, the secretary shall mail ballots stating the proposed change to all members at their most current addresses on record. The secretary shall count those signed and dated ballots arriving by return mail to an address stated in the mailing. Those ballots that are delivered within 30 days of the postmark on the mailing will be counted. Two thirds of the members voting must vote in favor of the motion for it to take effect.

C. RULES COMMITTEE

There shall be a committee of three people whose responsibility is to interpret these bylaws in cases of conflict or disagreement. One member of the committee shall be a board member as designated by the board. The other two "at large" members shall not be board members, but shall be elected by the general membership for a 3 year term at the annual meeting and shall serve until they resign, are elected to the board or leave the club. Any vacancy is to be filled at the next general membership meeting. Committee members elected at other than the annual meeting are considered to have been elected at the annual meeting of that calendar year for the purposes of their term.

A specific complaint must be submitted to a committee member in writing. That committee member shall then call a meeting of the rules committee. The rules committee will issue a written opinion to the board within 30 days of the receipt of the complaint by the rules committee. The board and club may take no action on a disputed matter until an opinion has been rendered. A quorum of the rules committee is two persons and a quorum must agree for the decision to be binding on the board. An opinion is officially rendered when it is delivered to the club secretary, or in his/her absence, any officer not on the rules committee.

D LAWS OF MINNESOTA; FEDERAL LAWS

In the event that any provision of these bylaws, or the club rules and regulations, is found to be in violation of state or federal law, the state or federal law shall control, and the violating provision of these bylaws or of the rules and regulations shall be null and void to the extent of the conflict.

Luca Zullo, Secretary

Adopted: December 13, 2000