

# BYLAWS OF MOUNTAIN SPRINGS SWIMMING CLUB, INC.

A Not-for-Profit Corporation

## 1. NAME

The name of the corporation shall be Mountain Springs Swimming Club, Inc. (the “Corporation”).

## 2. PRINCIPAL OFFICE

The principal office of the Corporation shall be located at 905 Kennamer Drive in the City of Huntsville, Alabama. The Corporation shall have such other offices, either within or without the State of Alabama, as the Board of Directors may determine from time to time.

## 3. PURPOSE

3.1 General: This Corporation is formed to promote the health and general welfare of the public, to provide swimming lessons to the public to improve the individual’s capabilities, to provide a safe place for the community to gather, and to lessen the burdens of Government by providing educational activities for the community. The Corporation shall have the power to engage in any other activities necessary or incidental to the furtherance of these objectives, provided that such activities do not jeopardize the Corporation’s exempt status under §501(c)(3).

3.2 Policy on Alcoholic Beverages: The Corporation shall not engage in the business of selling or keeping for sale or otherwise dispensing of any alcoholic beverages. The Corporation shall not permit its members to keep or store any alcoholic beverages at or near the premises of the Corporation for distribution or division of the same among its members or their guests during normal operations and events that include attendance by minors. The corporation reserves the right to limit or exclude lawful alcohol consumption on the premises at any time.

3.3 No Gambling: The Corporation shall not permit any game to be played for wager, or any gambling, or the presence of any gambling or gaming device on or about the premises. This limitation shall not be construed so as to prohibit the playing of cards, dominoes, chess, pool, billiards, or other like amusements where nothing of value is wagered on such game.

## 4. MEMBERSHIP

4.1 Definition of Membership: A Membership is an applicant or applicant household accepted into membership by the Board of Directors, where the applicant is determined by the Board to be in good standing and in compliance with the Policies & Procedures and the Bylaws of the Corporation. All Members shall be recorded in the Corporation’s records. Without Board approval, a Member shall not include persons or entities holding an interest as a result of transfer of membership. Persons or entities

who hold an interest as a security for the performance of an obligation, whether such security holder has acquired ownership pursuant to foreclosure or any proceeding in lieu thereof are not members of the Corporation.

4.2 Categories of Membership: The membership of the Corporation shall be divided into three (3) categories:

1. Full Membership or "Full Member(s)" - Full Membership entitles each Household one membership vote. Only Full Members are allowed to serve on the Board of Directors.
2. Annual Membership or "Annual Member(s)" - Annual Membership is non-voting. Annual Members may not serve on the Board of Directors.
3. Limited Membership or "Limited Member(s)," also referred to as "Special Members(s)," are non-voting. Special members may not serve on the Board of Directors.

4.3 Requirements of Membership: All Categories of Membership are required to abide by the Bylaws, Policy & Procedures and Operations Manual of the Corporation. Dues and Fees may be prorated in the Board's discretion; however Assessments and Buy-ins may not be prorated. Each category has unique requirements as follows:

4.3.1 Full Membership requires a payment of a Buy-in of \$600. In addition, Full Members pay annual dues, assessments and fees as determined annually by the Board of Directors. The total number of Full Memberships is limited to 250 Households.

4.3.2 Annual Membership requires a payment of a minimum of 150% of the Annual Full Membership Dues. Additional fees may be applicable, as determined by the Board of Directors. Annual Membership does not require a Buy-in, and is not subject to Assessments. The total number of Annual Memberships is determined by the Board annually, and is limited to 10% of the maximum number of allowable Full Memberships. The Board is not required to offer Annual Memberships. Annual Memberships conclude on December 31st of each calendar year.

4.3.3 Limited Memberships are limited access memberships. Limited memberships are granted by a 2/3 vote of the Board of Directors, are non-voting, and restricted by either access, time or both. All Limited Memberships are for a period less than one year. Dues and fees for Limited Memberships are determined by the Board of Directors. A limited Membership must meet one of the following conditions before the Board may approve the membership:

1. The Limited Membership will increase short term revenues.
2. The Limited Membership is a charitable donation.
3. The Limited Membership is in exchange for a sponsorship.
4. The Limited Membership is provided as part of an employee's compensation

Examples of Limited Memberships are: Lap Swimming, Employee Season Memberships and Charitable, Donated Memberships.

4.4 Permanent Transfer of Membership: Membership in the Corporation shall not be transferable or assignable whether by sale, merger, consolidation, or otherwise, except as it pertains to such Member's membership and pursuant to the limitations as described herein. Membership of Regular Members shall be transferable, provided that such dues and assessments on such membership to be transferred are current and that the proposed transferee meets all requirements of membership set forth by the Board of Directors and such transaction is approved by the Board. The Regular Member desiring to transfer the membership must provide written notification of intent to resign from the membership of the Corporation and to transfer his

or her membership. Each Regular Member desiring to transfer his or her membership may procure his or her own transferee and charge any amount to which the transferor and the transferee agree. If a Regular Member desiring to transfer his or her membership specifically requests in writing, then the Corporation will make reasonable attempts to place the Regular Member's name and contact information available on the Corporation's website. A membership transfer fee as established from time-to-time by the Board of Directors shall be assessed for all membership transfers.

4.5 Temporary Transfer of Membership: The privileges of membership, except voting rights, may be temporarily transferred by a member moving to a place of residence being located outside an area included within a radius of seventy-five (75) miles from the city limits of Huntsville, Alabama to such member's tenant residing in the home of such member for a reasonable period of time, provided, however, that the dues and assessments are current and such transferee meets all the requirements for membership and is acceptable to the Board of Directors and provided further, that such member may not exercise privileges of membership, except voting during the period such transfer is in effect.

4.6 Temporary Suspension of Membership: If a Regular Member is called to active duty in the armed services or other service of the United States or is otherwise suffering a hardship as approved by the Board of Directors, that Member may temporarily suspend membership for a period of up to two (2) years. But that Member may only suspend membership for up to one (1) year after returning from active duty or termination of the occurrence of such hardship event. During the period of suspension, the privileges of membership, except voting rights, shall not be available to such Regular Member. During the suspension, annual dues may be waived, but all other fees will continue to be payable.

4.7 No Certificates: There shall be no certificates issued to represent the Member's membership. Membership shall be maintained on the books and records of the Corporation.

4.8 Equal Voting Power: The voting power and property rights and interest of all Regular Members shall be equal. Each Regular Member shall be entitled to one vote on any and all questions coming before the Members.

4.9 Suspension or Forfeiture for Failure to Pay: Any Member failing to pay dues, and/or assessments within the time specified by the Board of Directors shall, upon notice, be automatically suspended from all privileges of membership, and if, within the time limit specified by the Board of Directors, such failure is not corrected in the method and manner prescribed by the Board of Directors, the Board may declare such membership to be forfeited in satisfaction of the unpaid dues and/or assessments.

4.10 Expulsion of Member: Any member may be expelled as a member of this organization for acts and conduct prejudicial to the best interests of the Corporation and the directors thereof. Any member may be removed from membership by a majority of vote of those present at any annual meeting or at any special meeting of the Directors called for that purpose, or conduct being prejudicial to the Corporation provided that such member has first been served with written notice of the accusation against him or her and shall have been given an opportunity to produce his/her witnesses, if any, and to be heard at the meeting at which such vote is taken. When so removed from membership the former member shall forfeit any and all rights and interests in this organization and its property. The member so removed may appeal the expulsion action to the membership at the next annual meeting.

4.11 Employee Season Memberships: Employees of the Corporation shall, as an employee incentive, be granted, for the term of their employment (the summer season), an Employee Season Membership. This Membership will be a Limited Membership and defined by the Board of Directors as per section

4.3.3 above.

## **5. DUES AND ASSESSMENTS**

5.1 Annual Determination of Fees: The Board of Directors prior to the annual meeting shall establish membership initiation fee, late fees, transfer fees, and dues for the ensuing season. Dues shall be sufficient to provide for the necessary expenses for the Corporation and the proper maintenance and improvement of its property. A detailed operating, maintenance, and improvement budget shall be submitted to the membership at this meeting.

5.2 Assessments: There shall be no assessment levied against the members of the Corporation except by the affirmative vote of two-thirds (2/3rds) of those present, either in person or by proxy and voting at any annual meeting or at any special meeting called therefore, provided that notice of the presentation for vote on any assessments shall be made in writing to each member of the Corporation not less than ten (10) days prior to such annual meeting or special meeting.

5.3 No Refunds: No dues or any part thereof shall be refunded in the event that pool operations are required to be suspended for any purpose.

5.4 Dues Payable on April 15: The payment of dues for any member is due on April 15 of each year or such other date as specified by the Board in its reasonable discretion. All dues shall be paid, and payment shall be considered late on such date as announced by the Board at the annual member meeting.

## **6. MEETING OF MEMBERS**

6.1 Annual Meeting: There shall be an annual meeting of the members to be held in October each year, at such date, time and place as the Board of Directors may designate, for the transaction of such business as may come before the meeting. Notwithstanding the foregoing, the Board may specify a different month for the annual meeting upon written resolution.

6.2 Special Meetings: Special meetings of the members may be called by the President, the Board of Directors, or not less than fifteen (15) members having voting rights at such place and time as may be designated in the notice. If no designation is made, the place of meeting shall be the principal office of the Corporation in the State of Alabama, but if all the members of said Corporation shall meet at any time and place, either within or without the State of Alabama, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

6.3 Notice Requirements: Written or printed notice stating the place, day, and hour of any meeting of members shall be delivered either personally, by U.S. Mail, by electronic mail or by posting on the Corporation's website to each member entitled to vote at such meeting, not less than ten (10) days before the date of such meeting, by or at the direction of the president or the secretary, or the officers, or the persons calling the meeting. In case of a special meeting, or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States Mail addressed to the member at his/her address as it appears on the records of the Corporation, with postage thereon prepaid. If sent via electronic mail or posted on the Corporation's website, the notice of a meeting shall be deemed to be delivered when such electronic mail is addressed and sent to the member at his/her email address as it

appears on the records of the Corporation or such posting is made to the Corporation's website. It is the responsibility of each Member to ensure that the records of the Corporation are kept current regarding contact information.

6.4 Quorum: Members holding 5% or more of the issued Regular Members of the Corporation that are present at any meeting, either in person or by proxy shall constitute a quorum of such meeting. If a quorum is not present at any meeting of members, then the meeting will be postponed from time to time until a quorum is present.

6.5 Proxy: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his/her duly authorized attorney in fact. No proxy shall be valid after two months from the date of this execution, unless otherwise provided in the proxy. The proxy may be provided electronically, via email

6.6 Majority Rule: The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the members, unless the act of a greater number is required by law or by these Bylaws.

6.7 Order of Business: So far as it applies, the following order of business shall be observed at all meetings of the members:

- A. Roll call of officers and directors;
- B. Reading, correction, and approval of minutes of previous meetings;
- C. Reports of officers;
- D. Reports of committees;
- E. Election of officers and directors;
- F. Old business;
- G. New business;

6.8 Robert's Rules of Order: Unless otherwise expressly herein provided, Robert's Rules of Order shall govern the conduct of all meetings.

6.9 Additional Meeting Requirements for Amendment of These Bylaws: These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by the affirmative vote of two-thirds (2/3rds) of the members present, either in person or by proxy, at any regular or special meeting of the membership, provided, however, that no proposal to alter, amend, or repeal said Bylaws shall be voted upon at any specially called meeting of the membership, unless notice of the purpose of such special meeting and of the proposed Bylaws are given ten (10) days prior to such meeting as provided for herein.

## **7. DIRECTORS**

7.1 General: The Board of Directors shall manage the affairs of the Corporation.

7.2 Number of Directors and Term: The number of members of the Board shall be no less than eight (8) and no greater than twelve (12), with the exact number in the Board's discretion so long as it is within the range of eight (8) to twelve (12). The Directors shall be elected at the annual meeting of the members as herein provided, and the term of office of each director shall be for two (2) years next succeeding his/her election and until the election and qualification of his/her successor.

7.3 Ex-Officio Members: The immediate past president, if willing to do so, shall serve as a non-voting, ex-officio member of the Board of Directors for one (1) year after completion of his/her term as president with the duties of such ex-officio member being to advise the newly elected presidents as needed, and to promote continuity of operations of the corporation.

7.4 Number and Timing of Meetings: Regular meetings of the Board of Directors shall be held at least five times each calendar year. At least three of those meetings shall be held between May 1 and October 1. Special meetings of the Board of Directors may be called by or at the request of the president or any two (2) directors and shall be held at such place as may be designated by the person or persons so calling the meeting.

7.5 Notice Requirements: Notice of each meeting of the Board of Directors shall be given by written notice delivered personally or sent by mail or email to each director at his/her address (physical or email) as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by email, such notice shall be deemed to be delivered when the email is delivered to the email service provider. Meetings shall not be conducted on less than five days notice if sent via regular mail or less than forty-eight hours notice if sent via any other method. Any director may waive notice at a meeting. The attendance of the director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted [at] the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

7.6 Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the directors are present at any meetings, then the meeting will be postponed from time to time until a quorum is present. Members of the Board may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating at the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

7.7 Majority Rule: The act of majority of the board present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

7.8 Filling a Vacancy: The Board of Directors shall fill any vacancy occurring in the Board of Directors and any directorship to be filled by reason of any increase in the number of directors. A director appointed to fill a vacancy shall serve for the unexpired term of his/her predecessor in office.

7.9 Broad Powers Vested in the Board: In addition to the powers and authority in these Bylaws expressly conferred upon it, the Board may exercise all powers of the Corporation. These powers include, but are not limited to, the delegation to employees or other persons all authority necessary to enforce health and safety regulations and to maintain good order, including the authority to remove from the Corporation's

premises any persons found to be in violation of any corporation, health or safety rule. The authority of the Board of Directors, to control and manage the business of the Corporation shall include but shall not be limited to such actions as:

- A. Publishing and enforcing reasonable rules for the use of corporation facilities;
- B. Establishing dues, fees, and payments of any type authorized to be charged by or on behalf of the Corporation (including but not limited to annual dues, membership initiation fees, late fees, and transfer fees);
- C. Adopting reasonable rules concerning the admission of guests and the charges, if any: to be levied upon members who invite such guests;
- D. Accepting or rejecting proposed members;
- E. Determining the opening and closing dates of the swimming season;
- F. Securing and terminating the services of any persons employed by the Corporation, including but not limited to a pool manager, lifeguards, and other professionals as needed for the operation of the Corporation;
- G. Preparing and submitting to the members a financial report prior to the annual meetings;
- H. Authorizing the incurring of obligations;
- I. Naming an audit committee or otherwise providing for audit of the corporation's books and records;
- J. Determining reasonable rates of depreciation and adopting a reasonable plan for replacement of depreciable assets;
- K. Electing directors and officers to fill vacancies and electing officers as herein provided.

7.10 Contracts with Directors Not Voidable Per Se With Disclosure: Except as may otherwise be provided by applicable law, these Bylaws, or the certificate of formation, no contract or other transaction between the Corporation and one or more of its directors or any other corporation, firm, association, or entity in which one or more of its directors or officers are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board or a committee thereof which authorizes, approves, or ratifies such contract or transaction, if the contract or transaction is fair and reasonable to the Corporation and if the fact of such relationship or interest is disclosed to the Board or committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors or considering such interested directors as present for purposes of constituting a quorum.

7.11 Removal of Director: Any director of the Corporation may be removed from office by the affirmative vote of a majority of the members present in person or represented by proxy at a special meeting called for the purpose, but only after an opportunity has been given him or her to be heard.

## 8. OFFICERS

8.1 Number and election of Officers: The officers of the corporation shall be a president, a vice-president, a secretary, a treasurer, a comptroller, and such other officers as shall be deemed appropriate by the Board of Directors, all of whom shall be elected from active membership by the Board of Directors immediately following the annual meeting of the Corporation. Unless sooner removed, and provided herein, they shall hold office until the next annual meeting of the Corporation.

8.2 Duties of the President: The president shall preside over all meetings of the Corporation membership and shall perform such other duties as customarily pertain to the office of president or as he or she may be directed to perform by resolution of the Board of Directors.

8.3 Duties of the Vice-President: The vice-president shall have and exercise the powers, authority and duties of the president during the absence of the latter, or his/her inability to act. The vice-president shall act for the Board of Directors as personnel manager of the persons employed by the Corporation and shall perform such other duties as may be assigned to him/her by the Board of Directors within its reasonable discretion.

8.4 Duties of the Secretary: The secretary shall receive an accurate membership list from the comptroller no less than ten (10) days prior to the any meeting of the membership. The secretary shall maintain accurate lists of the directors and officers. The secretary shall keep minutes of member's and director's meetings and shall give the required notice of all meetings. The Secretary shall have custody of all books, records, and papers, except those in possession of the treasurer or comptroller of the Corporation. Copies of all correspondence in the name of the corporation shall be filed with the secretary.

8.5 Duties of the Treasurer: The treasurer shall maintain custody of all funds, securities, physical papers and other intangible assets of the Corporation. The treasurer shall receive duplicate copies of all deposit slips from the comptroller and shall pay all bills of the Corporation as authorized in a timely manner by the Board of Directors. The treasurer shall provide and maintain full and complete records of all the assets and liabilities of the corporation and shall prepare and submit at each regular meeting of the Board of Directors a financial statement of the condition of the corporate finances as of the last day of the preceding month. The treasurer shall prepare such tax reports as local, state and federal agencies may require.

8.6 Duties of the Comptroller: The comptroller shall provide membership identification as may be required by the Board of Directors. [The] comptroller shall maintain an accurate list at all times of Members who are, or are not, qualified to use the facilities of the Corporation and shall provide copies of such list as may be required. The comptroller shall be the recipient of income of the Corporation from all sources, including, but not limited to, receipts from the sale of memberships, transfer fees, annual membership dues, interest, and other items of income on behalf of the Corporation. The comptroller shall provide the treasurer with a duplicate copy of all such deposits within a reasonable period of time, indicating thereon the only source from which the income accrued. The comptroller shall not be authorized to expend funds of the Corporation in any manner.

8.7 Vacancies to be Filled: The Board of Directors shall fill any vacancies among the officers of the Corporation.

8.8 Temporary Reassignment of Officer's Duties: When an officer is absent or otherwise unable to perform the duties of his/her office, the Board of Directors may, by resolution, designate another member of the Board of Directors to act temporarily in his/her place.

8.9 Removal of Officer: Any officer of the Corporation may be removed from office by the affirmative vote of a majority of the members of the Board of Directors present in person or represented by proxy at a special Board meeting called for the purpose, but only after an opportunity has been given him or her to be heard.

8.10 Reimbursement for Expenditures: Officers of the Corporation may be reimbursed for out-of-pocket expenditures made on behalf of the Corporation and as approved by a majority of the Board of Directors present at a meeting of the Board but shall not otherwise be compensated any differently than other Regular Members.

## **9. COMMITTEES**

9.1 Board Appointment of Committees: The Board of Directors shall appoint such standing and special committees as may be deemed necessary.

9.2 Committees Supervised by President: All committees shall be under the supervision of the president, subject to the authority delegated by the Board of Directors.

## **10. PROPERTY AND FINANCES**

10.1 Fiscal Year: The fiscal year of the Corporation shall begin on January 1 and shall end of December 31, but may be changed by resolution of the Board.

10.2 Authorization for Entry into Agreements: The Board of Directors may authorize any officer of officers or agent or agents of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or may confined to specific instances.

10.3 Pledge or Transfer of Tangible Property: Anything herein to the contrary notwithstanding, tangible property of the Corporation may be transferred or pledged as security only after the affirmative vote of at least two-thirds (2/3) of the Board of Directors; and should such transfer or pledge as security involve any real property owned by the Corporation or in which the Corporation has any interest, no such transfer or pledge shall be made until after an affirmative vote of a simple majority of the members present and voting, either in person or by proxy, at a meeting specially called for said purpose, or at regular meeting of such members.

10.4 Disbursement of Funds: All disbursements and funds of the Corporation shall be made by checks signed or otherwise specifically authorized through electronic funds transfer by the treasurer, provided, however, that the Board of Directors, may, by resolution, provide for the establishment and replenishment of a petty cash fund not exceeding amounts as set by the Board for ordinary expense items of the Corporation. In the event the Treasurer is absent or unavailable, the President shall sign or otherwise specifically authorize such payments.

10.5 Agreements Requiring Additional Attestation: All notes, mortgages, or any other evidences of indebtedness issued in the name of the Corporation shall be signed by the president and attested by the secretary pursuant to resolution of the Board of Directors.

10.6 Deposit of Funds: All funds of the corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select,

provided, that such banks shall be operating in accordance with the laws of the state of Alabama and in which the deposits are insured by the Federal Deposit Insurance Corporation.

10.7 Finances to be Managed as a Tax-Exempt Organization: The Corporation shall have the right to retain all or any part of any securities or property acquired by it in any manner whatsoever and to invest and reinvest any funds held by it, according to the judgement of the Board without regard to restrictions which a director is or may be permitted to impose on a class of investments; provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial or loss of status as a tax-exempt organization under the provisions of Section 501 of the Internal revenue Code of 1986, as amended, or the corresponding provisions of any subsequent federal tax law, and its regulation as they now exist or as they hereafter be amended.

## 11. COMPLIANCE

11.1 Compliance with Law and Bylaws: All power, authority, duties and functions of the members, directors, officers, and employees of the Corporation shall be exercised in strict conformity with applicable provisions of law and regulations and of the Bylaws of the Corporation.

11.2 Non-Discrimination Policy: The Corporation, its directors, officers, volunteers, agents, and employees shall not discriminate in the conduct of its business on the basis of race, age, sex, color, national origin, creed, or mental or physical disability.

## 12. CONFLICTS OF INTEREST

12.1 Purpose: It is the policy of the Corporation that all persons who exercise substantial influence over the affairs of the Corporation should be free from the influence of conflicting interests when they act on behalf of the Corporation, and that they should act solely in the best interests of the Corporation, without regard to personal considerations. This article provides procedures to be observed when the Corporation is contemplating entering into a transaction or arrangement that might benefit the private interest of a person who exercises substantial influence over the affairs of the Corporation, to require the reporting of such private benefits, to address the making of compensation determinations and the receipt of gifts, and to require annual statements of compliance with this Article. This Article is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable corporations, including Section 4958 of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any subsequent federal tax law, and the regulations promulgated thereunder, as they now exist or may hereafter be promulgated or amended (collectively, the “Code”).

12.2 Definitions: For purposes of this Article:

(a) A “Conflict of Interest” exists where the Corporation has, or is contemplating entering into, a transaction or arrangement, including a Compensation Arrangement, with an Interested Person or a Related Person.

(b) “Compensation Arrangement” includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

(c) “Interested Person” includes the officers and directors of the Corporation, any other person who, based on all facts and circumstances, is in a position to exercise substantial influence over the affairs of the Corporation, and any person who has been in such a position within the last five (5) years.

(d) “Related Person” means, with respect to an Interested Person: (i) his or her spouse, siblings, ancestors, descendants, and the spouses of descendants; and (ii) a corporation, partnership, trust, or estate in which the Interested Person or any person or persons described in (i), or both or all of them, own an investment or beneficial interest.

12.3 Disclosure of a Conflict of Interest: An Interested Person shall disclose any Conflict of Interest of the Interested Person to the Board or a committee authorized by the Board to consider the proposed transaction or arrangement (either, the “Authorized Body”). Disclosure of the Conflict of Interest, including all material facts, shall be accomplished by written or oral notice delivered to the Authorized Body at a meeting of the Authorized Body. Thereafter, the Interested Person shall leave the meeting.

12.4 Failure to Disclose a Conflict of Interest: If the Authorized Body has reasonable cause to believe any Interested Person has failed to make the disclosure required by Section 12.3 of this Article, the Authorized Body 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. After hearing the response, if any, of the Interested Person, and after making further investigation as warranted by the circumstances, the Authorized Body shall take appropriate disciplinary and corrective action relative to the failure of the Interested Party to disclose the Conflict of Interest.

12.5 Actions for Addressing Conflicts of Interest: With respect to any Conflict of Interest disclosed to or identified by the Authorized Body pursuant to this Article, the Authorized Body shall take the following action:

(a) The chairman of the Authorized Body shall, if appropriate, appoint a disinterested person or committee to investigate a reasonable alternative to the transaction or arrangement creating the Conflict of Interest;

(b) After exercising due diligence, the Authorized Body shall determine whether the Corporation can secure, with reasonable efforts, a more advantageous transaction or arrangement such that no Conflict of Interest is present; and

(c) If a more advantageous transaction or arrangement cannot be secured without creating a Conflict of Interest, the Authorized Body shall determine whether the transaction or arrangement creating the Conflict of Interest is fair and reasonable to the Corporation, in its best interest, and for its own benefit. In conformity with the above determination, the Corporation shall make its decision as to whether to enter into or continue the transaction or arrangement.

All decisions of the Authorized Body shall be taken by a majority vote of the disinterested members of the Authorized Body. No transaction or arrangement between the Corporation and an Interested Person or a Related Person shall be either void or voidable solely because of a Conflict of Interest, if the Conflict of Interest is disclosed to the Authorized Body, and the underlying transaction or arrangement is found to be fair and reasonable to the Corporation and in the best interest of the Corporation, in accordance with this Article.

12.6 Records of Proceedings: With respect to proceedings required by this Article, the minutes of meetings of the Authorized Body shall contain:

(a) The names of the Interested Persons who disclosed or otherwise were found to have a Conflict of Interest;

- (b) The nature of the Conflict of Interest;
- (c) Any action taken to determine whether the underlying transaction or arrangement was or would be fair and reasonable to the Corporation and in its best interest;
- (d) The determination of the Authorized Body as to whether the underlying transaction or arrangement in fact was or would be in the best interest of the Corporation; and
- (e) The names of the persons who were present for discussions and votes relating to the underlying 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 with the proceedings.

12.7 Compensation: A director who receives compensation, directly or indirectly, from the Corporation is precluded from voting on matters pertaining to that person's compensation.

12.8 Annual Statements: Interested Persons shall be identified by the Board each year at the annual meeting of the Board. Thereafter, each Interested Person shall complete and affirm a statement that such person: (a) has received a copy of this Article; (b) has read and understands this Article; (c) has agreed to comply with this Article; and (d) understands the Corporation is a charitable organization and that, in order to maintain its tax-exempt status, the Corporation must engage primarily in activities which accomplish one or more of its charitable purposes.

12.9 Periodic Reviews: To ensure the Corporation operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted as requested by the Board from time to time. Any periodic review requested by the Board shall be conducted at or in conjunction with an annual meeting of the Board, and shall address the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and
- (b) Whether partnerships, joint ventures, and arrangements with management organizations in which the Corporation participates, conform to the Corporation's written policies, are properly recorded, reflect reasonable investments or payments for goods and services, further charitable purposes, and do not result in any inurement, impermissible private benefit or in any excess benefit transaction.

When conducting the periodic reviews provided for in this Section, the Corporation may, but need not, use outside advisors. Use of outside experts shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

### **13. IMMUNITY**

13.1 Statutory Immunity for Officers: Pursuant to Section 10A-20-16, et seq., Code of Alabama (1975), each noncompensated officer and member of a governing body of the Corporation shall be immune from suit and not subject to civil liability arising from the conduct of the affairs of the Corporation except as follows: (a) his act or omission gives rise to a cause of action and amounts to willful or wanton misconduct or fraud, or gross negligence; (b) the civil action is brought by the Corporation; (c) the cause of action relates to a personal injury to, or death of, another person or property damage arising from an accident

inflicted by the officer or director acting within the line and scope of his or her duties; or (d) an action is brought by the Department of Examiners of Public Accounts.

13.2 Statutory Immunity for Volunteers: Pursuant to Section 6-5-336, Code of Alabama (1975), all volunteers shall be immune from civil liability on the basis of any act or omission of such volunteer resulting in damage or injury if both (a) the volunteer was acting in good faith and within the scope of such volunteer's official functions and duties for the Corporation, and (b) the damage or injury was not caused by willful or wanton misconduct by such volunteer. For purposes of this section (13.2), the term "volunteer" shall include all persons performing services for the Corporation without compensation (other than reimbursement for actual expenses incurred), and such term shall include any such person serving as a director, officer, trustee, or direct service volunteer.

## 14. INDEMNIFICATION

14.1 Definition: For purposes of this Article, the term "officer" shall include the Corporation's officers, directors, trustees, and the members of any other governing body of the Corporation, and any reference herein to directors, officers, employees, or agents shall include former directors, trustees, officers, employees, and agents and their respective heirs, executors, and administrators.

14.2 In General: The Corporation shall indemnify any officer of the Corporation who is or was a party to any proceeding by reason of the fact that the officer is or was such an officer or is or was serving at the request of the Corporation as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other profit or nonprofit enterprise against all liabilities and expenses incurred in the proceeding except such liabilities and expenses as are incurred because of the officer's willful misconduct or knowing violation of the criminal law. Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses incurred by an officer of the Corporation in a proceeding upon receipt of an undertaking from the officer to repay the same if it is ultimately determined that the officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the officer of the Corporation and shall be accepted without reference to the officer's ability to make repayment. The Board is hereby empowered to contract in advance to indemnify and advance the expenses of any officer of the Corporation.

14.3 Additional Indemnification: The Board is hereby empowered to cause the Corporation to indemnify or contract in advance to indemnify any person not specified in 14.2 of this Article who was or is a party to any proceeding, by reason of the fact that such person is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other profit or nonprofit enterprise, to the same extent as if such person was specified as one to whom indemnification is granted in 14.2.

14.4 Indemnification Insurance The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Board may determine, on behalf of any person who is or was a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other profit or nonprofit enterprise, against any liability asserted against or incurred by such person in any such capacity or arising from such person's status as such, whether or not the Corporation would have power to indemnify such person against such liability under the provisions of this Article.

14.5 Legal Determinations: In the event of a change in the composition of a majority of the Board after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to 14.2 of this Article shall be made by special legal counsel agreed upon by the Board and the proposed indemnitee. If the Board and the proposed indemnitee are unable to agree upon such special legal counsel, the Board and the proposed indemnitee each shall select a nominee, and the nominees shall select such special legal counsel.

14.6 Scope of Indemnification: The provisions of this Article shall be applicable to all actions, claims, suits, or proceedings commenced after the adoption hereof, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification, or repeal of this Article shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue, or matter in any then-pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification, or repeal.

## 15. CAPTIONS

The headings and captions included in this agreement are intended for convenience only and shall not be used to construe, explain, or modify these Bylaws in any manner whatsoever.

APPROVED BY MEMBERSHIP ON: 19 October 1982

AMENDED BY MEMBERSHIP ON: 22 October 2002

AMENDED BY MEMBERSHIP ON: 31 July 2011

AMENDED BY MEMBERSHIP ON: 1 August 2013

AMENDED BY MEMBERSHIP ON: 29 March 2016

AMENDED BY MEMBERSHIP ON: 22 October 2017