

**BY-LAWS
OF
LEWES YACHT CLUB**

I. Name

The name of this association is LEWES YACHT CLUB, incorporated under the laws of the State of Delaware, hereinafter referred to in these by-laws as the “club.”

II. Seal

The Club Seal shall have inscribed thereon the name of this corporation and the year of its creation.

III. Club Burgee

The Club Burgee shall bear a silhouette of the former Cape Henlopen Lighthouse in white, with a red beam showing between the lens and the hoist, a white beam showing from the lens to the tip; all against a background of blue. The letter “L” is to be shown approximately half way between the lighthouse and the tip of the burgee in blue on the white beam. The lighthouse on a 10 x 15 inch burgee shall be about 2 ½ inches from the hoist. Larger sized burgees shall follow the same proportionate dimensions. The burgee shape shall be three sided.

IV. Board of Directors

A. The property and business of the corporation shall be managed by a Board of Directors consisting of nine directors at large and five officers as established in other sections of these by-laws. In addition the Past Commodore and Treasurer shall be members of the Board for one year following the end of their term of office. All Officers and Directors must be members in good standing of the club.

B. Officers shall serve a term of one year except as noted otherwise in these by-laws. Directors at large shall serve a three year term arranged in a manner so at least one third of these positions shall expire each year. Directors at large may serve no more than two consecutive terms.

- C. The Board of Directors shall have the authority to enter into contracts deemed to be in the best interest of the corporation; to appoint all necessary agents, contractors and/or employees; require any entity to give such bonds determined to be reasonable by the Board for the faithful discharge of ones duties; fix reasonable compensation, prescribe the duties and responsibilities of those with which they contract or employ; discharge any agent or employee and to terminate any contractual relationship.

- D. Absent a court decision otherwise, the Board of Directors shall have the power and authority to interpret the by-laws of this corporation and its decisions regarding such matters shall be final, binding and conclusive. The Board may adopt policies and procedures for effective management of the corporation which are deemed to be in the best interest of the membership as long as they are not inconsistent with these by-laws.

- E. If a Board position becomes vacant by reason of death, resignation or otherwise, the Commodore shall appoint a replacement with the approval of the majority of the Board and the appointee shall serve the remaining term of the individual they have succeeded.

- F. The meetings of the Board shall be held on a monthly basis on a schedule approved by the Board of Directors and distributed to the general membership. Special meetings of the Board may be called by the Commodore or at the request of three members of the Board of Directors. The general membership shall be given notice of any special meeting of the Board and such notice shall indicate the subject to be discussed at said meeting. Notice may be given by written or electronic means.

- G. A quorum of eight members of the Board of Directors must be present in order to conduct business. "Present" is defined as either attending the meeting in person or by electronic means. Three or more unexcused absences of a Board member during a club year will result in the position being declared vacant and a replacement shall be appointed in accordance with Section IV(E). The Commodore shall have the authority to excuse a member from a meeting. Proxy voting is not permitted

- H. Any expenditure n excess of \$5,000 or the aggregate of expenditures related to a particular project in excess of \$5,000 shall be approved by the

Board prior to the expenditure of said funds. Expenditures less than \$5,000 may be approved by the Commodore and reported to the Board at the next regularly scheduled meeting. However, no expenditures for capital improvements or obligations for the Club to incur expenditures for same shall be made unless it has been expressly voted on by the Board of Directors and duly recorded in the minutes of the Secretary.

V. Officers

The officers of the Club shall consist of a Commodore, Vice Commodore, Rear Commodore, Secretary and Treasurer.

VI. Duties of the Commodore

- A. To preside at all meetings of the Board of Directors.
- B. To call special meetings of the Board at his/her discretion or when requested in writing by three or more members of the Board.
- C. To name, subject to Board approval, the chairpersons of all committees. The Commodore shall act as an ex officio member of all committees except the nominating and election committee.
- D. In the event of a temporary absence, to appoint a member to act as Secretary or Treasurer.
- E. To sign, with the Treasurer, all stock certificates.
- F. To sign all legal and financial instruments pertaining to the business of the Club as approved by the Board of Directors.
- G. To vote on matters presented to the Board of Directors when a tie exists of those directors present at the meeting.

VII. Duties of the Vice Commodore

To assist the Commodore in the discharge of his/her duties, and, in the temporary absence of the Commodore, to perform the duties and responsibilities of the Commodore.

VIII. Duties of the Rear Commodore.

To assist the Commodore in the discharge of his/her duties and assume the duties and responsibilities of the Commodore and/or Vice Commodore during their temporary absences

IX. Duties of the Secretary

- A. To prepare minutes of all regular and special meetings of the Board which will be distributed to the membership.
- B. To maintain all documents, records, reports and communications presented to the Board including its official by-laws.
- C. To notify the membership of all meetings.

X. Duties of the Treasurer

- A. The Treasurer is required to keep current and accurate records of all financial matters of the Club. Such records are to be maintained in accordance with accepted accounting and audit principles.
- B. The Treasurer shall provide a written report as to the financial condition of the Club at each Board meeting.
- C. The Treasurer is to maintain all bank accounts and to pay obligations of the Club in a timely manner.
- D. To have custody of the Club seal. To affix the same to stock certificates and other instruments that may require it.
- E. To appoint an assistant treasurer subject to Board approval
- F. The Treasurer shall act as the Club's liaison in regards to any work performed by a CPA on behalf of the Club.

XI. Committees

- A. The following shall be standing committees whose membership shall be appointed on a yearly basis:

House
Grounds

Sailing
Finance

Membership
Marina
By-Laws

Swimming Pool
Youth Activities
Maintenance

- B. The Board may establish such other committees as it deems necessary for the effective operation of the Club with said committee's chairperson being appointed by the Commodore subject to Board approval. The power and duties of committees not specifically set forth in these by-laws shall be defined by the Board.
- C. Unless serving as a Director at large or Officer, committee chairpersons are not voting members of the Board.
- D. All standing committees shall have at least five members with the chairperson being appointed by the Commodore on or before the first meeting of the Board of each fiscal year. The remaining members shall be appointed by the chairperson. Membership in the standing committees shall be presented to the Board on or before the November meeting each year.
- E. The Board may at its discretion and without cause remove any member of a committee with the resulting vacancy being filled by the Commodore subject to approval of the Board.
- F. The Chairperson of each committee is to regularly report to the Board regarding its activities or cause a report to be submitted in their absence. Chairpersons shall also submit a monthly report of any expenditures and/or receipts during the Club year.

XII. Duties of Standing Committees

- A. The House committee shall be responsible for coordinating with the staff of the Club in regards to the management and use of the clubhouse. The committee shall develop a schedule of social events each year; develop rules and procedures for the exercise of House privileges extended to members and their guests; assist in the selection of food/beverage choices offered at club functions; recommend prices for all food and other items sold at the clubhouse; oversee the rental of the clubhouse and use of the club's catering service and provide an accounting for said activity; and address grievances from the membership relating to the management and use of the Club. Subcommittees of this committee may be established

subject to Board approval to address and oversee specific function and responsibilities of this committee.

- B. The Grounds Committee shall be responsible for the general upkeep, appearance and landscaping of the exterior property of the clubhouse.
- C. The Membership committee shall review applicants for membership and determine whether the applicants meet the requirements for membership. The committee shall propose annually to the Board for approval the total membership of the club and changes in dues, dining minimums, initiation fees and related fees. The committee shall maintain a waiting list for membership and propose new members consistent with these by-laws whenever an opening becomes available. The committee shall also review nominations for lifetime membership, leave of absences and termination of membership and suggest actions in such areas to the Board for approval. Except as otherwise set forth in these by-laws, all requirements and procedure for membership shall be developed by this committee, approved by the Board, and noticed to the general membership.
- D. The Sailing committee shall be responsible for instruction in the use of the sailboats, the renting of Club sailboats and for recommending rental fees to be approved by the Board; and the scheduling of all sailboat races and providing the necessary arrangements to conduct said races.
- E. The Finance Committee will be charged with the responsibility of reviewing the accounts of the Club and any of its committees. The Finance Committee shall prepare and submit to the Board a budget of proposed income and expenditures of the Club for the upcoming fiscal year. The Finance Committee shall also be responsible for the review and contractual relationship regarding any insurance.
- F. The Swimming pool committee shall be responsible for the care, operation, hours of operation, maintenance and rules of the pool facilities and for recommending fees and requirements for use of the pool by the membership and guests for Board approval.
- G. The Marina committee shall be responsible for the care and maintenance of the marina and for establishing rules and requirement for the use of said facility. It shall be responsible for the renting of dock space, the collection of rent and the dispensing of gas, oil, bait and other items at fees recommended by the committee and approved by the Board.

- H. The Youth activities committee shall be responsible for implementing activities designed to involve our younger members in more Club activities.
- I. The By-Laws committee shall be responsible for reviewing the Club's by-laws on annual bases and to recommend to the Board any changes it believes is necessary to comply with the practice of the Club or which may be in the best interest of the general membership. The committee shall also make recommendations to the Board as to any amendments suggested by the Board or the general membership. No amendments to the By-laws may be considered by the Board without first being considered by the By-Laws committee.
- J. The Maintenance Committee shall be responsible for the general upkeep of the club building and its contents including, but not limited, to the structure and all new and/or existing equipment and the scheduling of repairs and routine service. The committee will maintain a record of its activity as well as a record of all warranties and operating manuals. The committee shall routinely report at least on a quarterly basis to the Board regarding their activity which shall include a report of any expenditures and income.

XIII. Meetings of Members

- A. The annual meeting of the general membership shall be held on the last weekend of August of each year. At the annual meeting of the Club, in addition to announcing the results of any election, the Commodore shall report on the general activities of the Board during the past year and highlight the issues and challenges facing the Club in the upcoming year. In addition, the Treasurer shall give an annual report on the financial condition of the Club and every chairperson of all standing and special committees shall report on their activities during the past year. The agenda of the annual meeting shall also include time for open discussion by the membership regarding any concerns or issues that a member believes warrant further review and decision by the general membership of the Club. However, the Board may establish reasonable procedures and rules to ensure an orderly and effective presentation during this open forum.
- B. The general membership shall be able to attend, as observers, any regularly scheduled or special meeting of the Board except when said

meeting occurs in executive session and shall be given an opportunity to comment at the end of each meeting.

- C. The voting power of this corporation, pertaining to the election of officers and directors, shall be vested in the stockholders who also are members in good standing. Each share of stock shall entitle the holder to one vote. In the case of stock being held in the name of more than one person, for voting purposes, the total shares will be split equally.
- D. At the Board meeting in May of each year, a Nomination Committee shall be appointed by the Commodore and approved by the Board. The Nomination Committee shall consist of at least five members of the club the majority of which are not present members of the Board. It shall be the responsibility of the nomination committee to solicit from the general membership individuals who are interested in any vacant position on the Board and to present at the Board's meeting in July of each year a slate of nominations for all vacancies. At the July Board meeting, any club member may propose additional candidates for any vacant position as long as the individual nominated has consented to it. Nomination will close at the conclusion of the July Board meeting.
- E. If an election is required, a ballot setting forth the nominations shall be mailed to all members who are in good standing and on the official roles of the club effective July 1st. The ballot shall contain detailed voting instructions and deadlines approved by the Election Committee.
- F. At the July Board meeting the Commodore shall appoint for Board approval an Election Committee to oversee the election. Any disputes in the election process shall be resolved by the Board and their decision will be final. The Chairman of the Election Committee shall report at the annual meeting the results of the election.

XIV. The Club Year

The Club year will run from October 1st to September 30th.

XV. Membership

- A. Unless otherwise noted in these by-laws, an individual seeking membership in the Club shall be required to pay an initiation fee; purchase one hundred (100) shares of the stock of the corporation; and pay the Club's fees in full. The Board of Directors shall determine the cost of these fees and the value of the stock.

- B. The membership rules, as established by the Membership committee and approved by the Board of Directors, shall apply to any other matters not specifically addressed by the By-Laws.

XVI. Capital Reserve Fund

- A. The Capital Reserve Fund is to be funded by:
 - 1. Allocation of all new members joining fees (initiation fee plus stock purchase fee minus the par value of the stock)
 - 2. An amount set aside as a line item from each year's annual dues as approved by the Board
 - 3. Any excess monies occurring in any of the several departments of the Club at the end of each fiscal year

- B. The LYC Board may access the CRF for amounts up to \$250,000 by a 2/3 of the total number of the Board of Directors. The monies in the CRF are to be used for any one or all of the following:
 - 1. Capital Improvements
 - 2. Emergency Expenses
 - 3. Reduction of the club's indebtedness

- C. For any single Capital Improvement/Expenditure in excess of \$250,000, a referendum of the members is required with at least 2 informational meetings concerning the expenditure held at 1 week intervals at least 6 weeks prior to the actual referendum. The referendum shall be noticed to the membership at least 60 days in advance, by use of the newsletter, the website and the "Quick Notes".

- D. A simple majority of all LYC shares voted shall determine the results of the referendum.

XVII. Privileges

The privileges of Club members and their guests relating to the use of and admission to the Club shall be established by the Membership and House committees and approved by the Board unless otherwise specifically addressed by the By-Laws.

XVIII. Inspection of Records

Any member in good standing shall be allowed to examine the books and records of the corporation at any time and place, to be arranged between the interested person and the officer holding the books and records.

XIX. Expulsion

- A. If the Board of Directors becomes aware of conduct by any member which the Board believes maybe injurious to the good order and/or interest of the Club, the Board may direct the Commodore or Vice Commodore to notify the member of the Board's concern and provide the member with an opportunity to appear before the Board to specifically address the matter. After said hearing, the Board of Directors, by an affirmative vote of at least twelve members of the Board, may expel the member or may establish conditions for continued membership.
- B. The Board of Directors shall have the right to attach the stock held by any member who is in arrears for payment of any amounts due the Club.

XX. Conflict of Interest

- A. A conflict of interest exists whenever any member of the Club has an "interest adverse to the Club". An interest adverse to the Club includes any interest in any contract, transaction or other financial relationship with the Club such as, but not limited to, any interest in: (a) an entity providing any goods or services to, or receiving goods or services from, the Club; (b) an entity in which the Club has any business or financial interest; and (c) an entity providing goods or services or performing activities similar to those of the Club.
- B. If a member of the Club is aware that the Club is considering any transaction or decision that involves a conflict of interest, the member shall (a) immediately inform the Commodore or Vice Commodore of the nature of the conflicting interest that bear upon the advisability of the Club entering into the conflicting interest transaction, (b) disclose any material facts that are within the member's knowledge that bear upon the advisability of the Club entering into the conflicting interest transaction, and (c) recuse himself or herself from any vote of the directors regarding the conflicting interest transaction.
- C. The Club may engage in a conflicting interest transaction if (a) the material facts of the member's conflicting interest are disclosed to the

Board of Directors, and (b) the Board of Directors in good faith approves or ratifies the conflicting interest transaction by an affirmative vote of a majority of disinterested directors on the Board, even if the disinterested directors are fewer than a quorum.

XXI. Lewes Yacht Club Inc. Stock

- A. It is the desire of the Club and for the good of the Club, that Lewes Yacht Club Inc. stocks remain only in the hands of active Club members. With this intent, all members who resign in good standing must return this stock to the Club within one year from the date of resignation. The Club must redeem the stock at a figure not exceeding the par value as well as any cash balance held in escrow for the members' stock purchase account.
 - a. No one membership may own more than one hundred shares.

XXII. Revision of By-Laws

- A. A copy of these by-laws shall be provided to all members upon admission to the Club and all members shall be informed of any changes to them.
- B. Changes to these by-laws must be proposed by a reading at a regular meeting of the Board and voted on at the next regular scheduled meeting of the Board. All changes will become effective 30 days after approval by the Board.

August, 2007