

Jim Bennett  
Secretary of State

P.O. Box 5616  
Montgomery, AL 36103-5616

# STATE OF ALABAMA

**I, Jim Bennett, Secretary of State of Alabama, having custody of the Great and Principal Seal of said State, do hereby certify that**

pursuant to the provisions of Title 10A, Chapter 1, Article 5, Code of Alabama 1975, and upon an examination of the entity records on file in this office, the following entity name is reserved as available:

**Chapman Swim Club, Inc.**

This name reservation is for the exclusive use of Chapman Club, Inc., 2015 Pettus Drive, Huntsville, AL 35811 for a period of one year beginning April 08, 2014 and expiring April 08, 2015

**In Testimony Whereof, I have hereunto set my hand and affixed the Great Seal of the State, at the Capitol, in the city of Montgomery, on this day.**



RES654239

April 08, 2014

Date

Jim Bennett

Secretary of State

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**BYLAWS**  
**OF**  
**CHAPMAN SWIM CLUB, INC.**

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Adopted March 28, 2014

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**BYLAWS  
OF  
CHAPMAN SWIM CLUB, INC.**

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**ARTICLE I  
Board of Directors**

**Section 1. The Board of Directors.** All corporate powers of **CHAPMAN SWIM CLUB, INC.** (the "Corporation,") shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the discretion of, a Board of Directors (the "Board,"). All of the powers and duties conferred or imposed upon a board of directors by Sections 10A-3-1, *et seq.*, Code of Alabama (1975) as amended, shall be exercised and performed by the Board. The Board shall be responsible for the annual preparation of a financial report for the Corporation. This report shall be presented at the Annual General Membership Meeting. The number of members of the Board shall be no less than six (6) and no greater than twelve (12). Such number may be increased or decreased by resolution of the Board. However, such number shall not be decreased to less than three (3).

**Section 2. Terms of Directors.** Each director shall hold office for a term of two (2) years from the date of expiration of the prior term or until his successor is elected and qualified or his earlier resignation, removal, disqualification, incapacity, or death. No director may serve for greater than two (2) consecutive terms.

**Section 3. Resignation of Directors.** Any director may resign at any time upon written notice to the Corporation addressed to it at its principal office or to its President or Secretary. Any resignation shall become effective at the time or upon the happening of the condition, if any, specified therein, or, if no such condition or time is specified, upon its receipt. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 4. Removal of Directors from Office.** No director may be removed from office by the Board except as provided in these Bylaws. Any director may be removed from office with or without cause by the vote of two-thirds of the members of the Board then in office. Any motion to remove directors shall be announced seven (7) days prior to taking action by consent or at meeting regarding the removal of a director.

**Section 5. Vacancy among Directors.** Any vacancy in the Board occurring by reason of the resignation, removal, disqualification, incapacity, or death of a director shall be filled by a majority vote of the remaining members of the Board, even if the remaining directors shall constitute less than a quorum of the Board. The person elected to fill such vacancy shall hold office until the next Annual General Membership Meeting.

**Section 6. Nomination and Election of Board Members.**

- (a) To establish and maintain a properly constituted Board, either the Board, or, if the Board so chooses, a Nominating Committee appointed by the Board shall perform the following:
- (1) Analyze the composition of the Board to determine the abilities and skills needed to fulfill the Corporation's objectives;
  - (2) Determine whether and how many vacancies will exist on the Board and prepare nominations to fill those vacancies;
  - (3) Mail to members, not less than ten (10) days before the annual meeting, a proposed slate of nominees. This slate will include the exact number of nominees needed to fill Board vacancies, as determined by the Board or Nominating Committee, and also an appropriate number of alternate nominees who will be asked to serve only if one or more of the principal nominees declines. The list shall include the nominees' names, addresses, and qualifications for Board membership.
- (b) The Board or Nominating Committee shall maintain a perpetual list of recommended candidates to be considered for nomination. This list shall be updated and reviewed at least annually by the Board or Nominating Committee prior to preparing the slate of nominees for presentation to the Board. The chairman of the Board or the Nominating Committee is responsible each year for delivering the list to his or her successor. Any Board member may submit a name for the perpetual list at any time by sending a letter of recommendation and brief biographical sketch to the chairman of the Board or the Nominating Committee.
- (c) From the perpetual list, the Board or Nominating Committee shall choose those candidates whose qualifications match the identified needs of the Board and shall submit the slate of nominees to all Board members by mail before the annual meeting, as provided in Section 6(a)(3) above. The slate of nominees and alternates, prepared and distributed by the Board or Nominating Committee, shall be presented for election at the annual meeting of the members.

**Section 7. Meetings.** The Board shall convene not less than five (5) meetings each calendar year. At least three (3) meetings shall be held between May 1 and October 1 of each calendar year. The failure to meet as herein prescribed shall not A complete record of the minutes of all Board meetings shall be kept by the Secretary. All members have the right to attend any Board meeting.

- (a) Annual Board Meeting: The annual meeting of the Board shall be held in each year on a date and at a time and place as shall be determined by resolution of the Board; provided, however, that the Board may by resolution specify a different month for its annual meeting.
- (b) Regular Meetings of the Board: Regular meetings of the Board shall be held at such times and places as the Board by resolution may determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day which is not a legal holiday or a date by which the Board sees feasible.
- (c) Special Meetings of the Board: Special meetings of the Board may be called by either (a) the Chairman of the Board or (b) a majority of the directors then in office. Business transacted at a special meeting shall be limited to the purpose or purposes stated in the notice of meeting.

**Section 8. Notice of Meetings.** Written notice of the time, day, and place of all meetings of the Board shall be given to all members of the Board in person, by telephone, mail, e-mail, or facsimile, by or at the direction of the Chairman of the Board or the persons who called the meeting. For special meetings, the notice of meeting shall further specify the purpose or purposes for which the meeting is being called. If the notice is sent by mail, it must be deposited in the United States first class mail or with a private mail carrier for overnight delivery, postage prepaid and addressed to the member at his address as it appears on the records of the Corporation, at least five days before the day of the meeting. If the notice is sent by any other method or is delivered in person, the notice must be sent or delivered at least forty-eight hours before the meeting. A waiver of notice in writing signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be equivalent to the giving of notice.

**Section 9. Quorum.** A majority of the directors then in office shall constitute a quorum at any meeting of the Board for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be an act of the Board, except as may be otherwise specifically provided by law or by the Articles of Incorporation of the Corporation or by these Bylaws. 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.

**Section 10. Written Consent Actions.** Any action required to be taken or permitted to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board. The written consent action shall have the same force and effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.



**Section 11. Additional Powers.** 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.

**Section 12. Transactions with Directors.** 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.

**Section 13. Compensation of Directors.** Directors shall not receive compensation for their services in such office; provided, however, that the Board may provide for the reimbursement of reasonable expenses.

## **ARTICLE II Committees**

**Section 1. In General.** The Board may, by a resolution passed by a majority of the directors then in office, create an executive committee and such committees as it may deem necessary or useful to promote the purposes and carry on the work of the Corporation. Each such committee shall consist of any number of persons chosen by the Board, who need not be members of the Board so long as at least one members of the Board is a member of the committee. To the extent authorized to do so in an enabling resolution, committees may exercise the power of the Board, except that no committee shall have the power to do any of the following:

- (a) Amend or restate the Certificate of Formation;
- (b) Amend, alter, or repeal the Bylaws;
- (c) Adopt a plan for the distribution in liquidation of the assets of the Corporation;
- (d) Effect a dissolution of the Corporation;
- (e) Authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation;

- (f) Adopt a plan of merger or consolidation;
- (g) Elect, appoint, or remove any member of any such committee or any director or officer of the Corporation; or
- (h) Amend, alter, or repeal any action or resolution of the Board unless by its terms such resolution provides that it may be amended, altered, or repealed by such committee.

The Board may by resolution create other committees not having or exercising the authority of the Board.

**Section 2. Executive Committee.** In the event the Board resolves to create an Executive Committee, such Executive Committee shall be composed of no less than five (5) members, which shall include the current officers of the Corporation, who to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Corporation between meetings of the entire Board; provided that the Executive Committee shall not do any of the actions enumerated in Section 1 (a-h) of this Article II.

**Section 3. Nominating Committee.** In the event the Board resolves to create a Nominating Committee, such Nominating Committee shall be composed of no less than three (3) and no more than eight (8) members from the Board of Directors. The duration and tenure of the Nominating Committee will be set by the Board.

**Section 3. Terms.** Each member of a committee shall continue in such capacity until the next annual meeting of the Board or until such person's successor is appointed, unless the committee shall sooner be terminated by the Board.

**Section 4. Resignation and Removal.** Any member of a committee may resign at any time upon written notice to the Corporation addressed to it at its principal office or to its President or Secretary. The Board may remove any member of a committee from such office at any time with or without cause.

**Section 5. Chairmen of Committees.** The Chairman of the Board shall appoint the chairperson of each committee. Each chairperson of the various committees must be a member of the Board.

**Section 6. Vacancies.** Vacancies in the membership of any committee may be filled by appointments made in the same manner as is provided for in the case of original appointments.

**Section 7. Quorum.** Unless otherwise provided in the resolution of the Board establishing the committee, a majority of the whole committee shall constitute a quorum.

**Section 8. Written Consent Actions.** Any action required to be taken or permitted to be taken by a committee of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of committee of the

Board. The written consent action shall have the same force and effect as a unanimous vote of such committee and shall be filed with the minutes of the proceedings of such committee.

**Section 9. Rules of Governance.** Each committee may adopt rules for its own governance not inconsistent with the Certificate of Formation of the Corporation, these Bylaws, or rules adopted by the Board.

### **ARTICLE III Officers**

**Section 1. In General.** The officers of the Corporation shall consist of a President, a Vice President, a Secretary, a Treasurer and a Membership Officer. Such officers shall be elected by the Board. The specific time for the election shall be chosen by the Board, which shall be in relevant in time to the Annual General Membership Meeting. The Board may appoint such other officers, assistant officers, and agents (including an Executive Director) as it deems necessary to carry out the business of the Corporation. Such other officers, assistant officers, and agents shall hold their offices upon such conditions and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Two or more offices may be held by the same person, except that the President may not also serve as Secretary. No officer, other than the Chairman of the Board, need be a member of the Board.

**Section 2. Terms.** Each officer of the Corporation shall hold office for a term of two (2) years or until such person's respective successor is chosen and qualified or until such person's earlier resignation, removal, discharge, disqualification, incapacity, or death. The terms of office for the President and Secretary shall be staggered so that each term shall expire in alternating years. The initial terms for these offices shall be as set by the Board. Any officer of the Corporation may be re-elected or re-appointed by the Board. Notwithstanding any other provision of these Bylaws, any officer may be removed at any time, with or without cause, by the vote of two thirds of the members of the Board then in office.

**Section 3. Vacancies.** A vacancy in any office because of death, resignation, removal, discharge, disqualification, or otherwise, may be filled by the Board for the unexpired portion of the term related to the vacancy.

**Section 4. Duties of the President.** The President shall be the chief executive officer of the Corporation and shall be subject to the general direction of the Board. The President shall exercise general supervision over the property, business, and affairs of the Corporation, shall perform such other duties as may be prescribed by these Bylaws or assigned to such person by the Board, and shall coordinate the work of the other officers of the Corporation.

**Section 5. Duties of Vice President.** The Vice President shall in the absence, inability, or disability of the President perform the duties and exercise the powers of said office, and when so acting shall be subject to all restrictions upon the President. At all other times the Vice President shall perform such other duties and exercise such other powers as the Board may prescribe, or as the President may delegate.

**Section 6. Duties of the Secretary.** The Secretary shall record the minutes of the meetings of the Board and shall perform such other duties as may be delegated to the Secretary

by the President or the Board. The Secretary shall have charge of the seal of the Corporation and shall have authority to attest documents, contracts, deeds, and other instruments for the Corporation and to affix the corporate seal thereto.

**Section 7. Duties of the Treasurer.** The Treasurer shall have charge and custody of the funds, securities, and other like property of the Corporation and shall be responsible for the receipt, investment, safeguarding, and disbursement of the funds of the Corporation. The Treasurer may endorse checks, drafts, and other instruments for the payment of money for deposit or collection by the Corporation and shall deposit the same in such bank or banks as the Board may designate, and the same shall not be withdrawn therefrom except by checks, drafts, or orders to be signed in the manner designated by the Board pursuant to Article VII of these Bylaws. The Treasurer shall also have authority to attest documents, contracts, deeds, and other legal documents for the Corporation and affix the corporate seal thereto. The Treasurer shall be subject to the general direction of the President and the Board.

**Section 8. Duties of the Membership Officer.** The Membership Officer shall keep an accurate list of names and addresses of all members possessing voting powers (the "Membership List,,"). The Membership List shall be open to the inspection of all members at their request. The Membership Officer shall accept applications for membership.

**Section 9. Execution of Documents.** The Chairman of the Board, the President, and Vice President are authorized, in their discretion and to the extent permitted herein and by law, to do and perform any and all corporate and official acts in carrying on the Corporation's business, including but not limited to the authority to make, execute, acknowledge, and deliver all deeds, mortgages, releases, bills of sale, assignments, transfers, leases, powers of attorney or of substitution, proxies to vote stock, or any other instrument in writing that may be necessary in the purchase, sale, lease, assignment, transfer, management, or handling in any way of property of any description held or controlled by the Corporation, in any capacity. This shall include authority from time to time to borrow money in such amounts, for such lengths of time, at such rates of interest and upon such terms and conditions as any said officer may deem proper, and to evidence the indebtedness thereby created by executing and delivering in the Corporation's name, promissory notes or other appropriate evidences of indebtedness. The enumeration herein of particular powers shall not restrict in any way the general powers and authority of said officers. The Board may authorize any other officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be delegated by the person so authorized; but, unless so authorized by the Board or these Bylaws, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount. The Treasurer, the Secretary, or any Assistant Treasurer or Assistant Secretary are authorized to attest the signature of the Chairman of the Board, the President, or the Vice President and to affix the corporate seal to any and all instruments requiring such attestation or execution under seal.

#### **ARTICLE IV Members**

**Section 1. Qualification and Application; Uncertified.**

- (a) Qualification: There shall be one class of Member of the Corporation (a “Member,, or “Members,,). A Member shall be an applicant accepted to membership by the Board of Directors, where said Member is in good standing and in compliance with the rules and regulations promulgated and amended from time to time by the Board of Directors. All Members shall be documented and recorded in the official books and records maintained by the Corporation. A Member shall not include persons or entities who hold an interest as a result of transfer of membership without the approval of the Board of Directors. A Member shall not include 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.
  
- (c) Applications: Application for membership in the Corporation shall be made in such form and shall contain or be accompanied by such information regarding the applicant as the Board may from time to time prescribe. A completed application for membership shall be submitted to the Membership Director and a decision for membership will be made as soon as possible following its receipt. Application decisions shall be made in the manner proscribed by the Board.
  
- (c) Uncertified: There shall be no certificates issued to represent the Members’ membership.

**Section 2. Dues Payable.** The Board shall have the power to prescribe annual dues payable by members of the Corporation. Any such annual membership dues may be imposed on a graduated and ascending scale based on any measure and with such gradations as the Board deems appropriate.

**Section 3. Additional Contributions.** The Board may from time to time request, but not require, the members to contribute such additional amounts as it deems appropriate for the capitalization and operation of the affairs of the Corporation. Any such extraordinary contributions may be based upon a graduated and ascending scale based on any measure and with such gradations as the Board deems appropriate. The Board may provide that the payment of such extraordinary contributions shall result in the member receiving an additional membership interest.

**Section 4. Voting Rights of Members.** The Corporation has only one class of voting Members. The owner of a membership share (a “Member Unit,,) shall be entitled to the number of votes specified for that Member Unit. A member entitled to vote may vote in person or by proxy. One tenth of the members, represented in person or by proxy, shall constitute a quorum at any meeting of the members

**Section 5. Annual Meeting of the Members.** The annual meeting of the members shall be held in April of each year on a date and at a time and place as shall be determined by resolution of the Board; provided, however, that the Board may specify a different month for the annual meeting.

**Section 6. Special Meetings of the Members.** Special meetings of the members may be called by either (a) the Chairman of the Board of the Corporation, (b) the president, (c) the Board, or (d) a majority of the members which are entitled to cast votes at the meeting. Business transacted at a special meeting shall be limited to the purpose or purposes stated in the notice of meeting.

**Section 7. Notice of Meetings.** Written notice of the time, day, and place of all meetings of the members shall be posted on the member's bulletin board at 2015 Pettus Ave., Huntsville, AL 35811 and the Corporation's web site at www.Chapmanpool.net no less than fourteen (14) days prior to the meeting time. For special meetings, the notice of meeting shall further specify the purpose or purposes for which the meeting is being called. A waiver of notice in writing signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be equivalent to the giving of notice.

**Section 8. Written Consent Actions.** Any action required to be taken or permitted to be taken by the members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. The written consent action shall have the same force and effect as a unanimous vote of the members and shall be filed with the minutes of the proceedings of the members.

**Section 9. Transfer of Membership.** Membership in the Corporation shall not be transferable or assignable whether by sale, merger, consolidation, or otherwise, except as an appurtenance to such Member's Unit.

**Section 10. Resignation of Members.** Any member may resign at any time upon written notice to the Corporation addressed to it at its principal office or to its President or Secretary. Any resignation shall become effective at the time or upon the happening of the condition, if any, specified therein, or, if no such condition or time is specified, upon its receipt. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 11. Suspension or Termination of Membership.** Authority to suspend or terminate a membership for more than one (1) day, in addition to the day of the infraction, will not be delegated by the Board. In the event of a suspension or termination of a membership, the Corporation will not refund that Member's dues or fees.

- (a) The Board may suspend membership for a limited time for minor infractions of rules affecting the health and/or safety of the member involved, or the health and/or safety of other members. Children of members who do not abide by the Corporation rules may be barred from using the Corporation facilities for a reasonable time, or may be admitted only when accompanied by a responsible adult member.

- (b) The Board may terminate membership for thirty (30) day delinquency in payment of a financial obligation to the Corporation. The Board must provide the member fifteen (15) days written notice of termination. If the member remunerates the full amount of the delinquent financial obligation within the fifteen (15) day notice period, the Board, in its discretion, may reverse its termination decision of that member. The Board, in its discretion, may impose a late fee to any delinquent accounts.
- (c) The Board may immediately terminate a membership for a serious infraction of Corporation's rules endangering the operation of the facilities or the health and/or safety of members, if such termination is approved by two-thirds (2/3) of the Directors.
- (d) The Board may suspend or terminate a membership for an act of misconduct or a misrepresentation which the Board deems in its sole discretion to have had a detrimental impact on the Corporation's pursuit of its purposes.
- (e) A member whose membership was terminated by action of the Board or terminated through resignation for any reason and later applies for a new membership to the Corporation and is accepted must pay the full schedule of dues then in effect without reference to any payments made during any prior period of membership.

**Section 12. Voluntary Suspension of Membership.** If a member is called to active duty in the armed services or other service of the United States, 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. During the period of suspension the membership shall be classified as Nonresident, defined in Art. IV, Section 13.

**Section 13. Nonresident Membership.** A Nonresident Membership is available to any member that requests such status upon that member vacating Madison County. A Nonresident may maintain membership in good standing for a yearly fee set by the Board which is equal to ten per cent (10%) of annual membership dues. A Nonresident member shall have all privileges of the Association except the right to vote and to hold office. A Nonresident Membership may be granted for one (1) year unless otherwise approved by the Board Of Directors.

**Section 14. Divorce.** In the case of a divorce of a member, both parties of the divorce may be allowed to continue membership even without a membership vacancy. One of the two parties must purchase a new membership at the then prevailing rate and be responsible for all subsequent dues. The party responsible for obtaining the new membership must take action in applying for the new membership within thirty (30) days after the divorce decree is issued by the

Court. If the Board is not notified of the status of the membership within thirty (30) days of the decree, the membership will be placed in suspension until the matter is settled in accordance with this section. **Liability of Members** Except to the extent expressly provided for elsewhere in these Bylaws, no member of the Corporation shall be individually or personally liable to the creditors of the Corporation for any indebtedness or liabilities of the Corporation, and any and all creditors of the Corporation shall look only to the assets of the Corporation for payment of any such indebtedness or liabilities.

**Section 16. Liability of Members upon Resignation or Expulsion.** A member which resigns or is expelled from the Corporation or whose membership in the Corporation shall have otherwise been terminated for any reason shall be and remain liable to the Corporation and its members, as the case may be, for or on account of any obligations which have accrued prior to the effective date of such resignation, expulsion, or termination of membership, including without limitation any unpaid dues payable prior to such effective date. No dues previously paid shall be refunded to a resigning member.

**Section 17. Visitor/Guest Policy:** Chapman Swim Club is a member's only club. Guests/Visitors will be limited to 2 (two) guests visits per membership per season. Guests/Visitors will be permitted to scheduled member parties, social events with Board approval and other Board sanctioned promotions. All guests/visitors must be accompanied by an adult and sign a "hold harmless,, agreement before entering the pool.

## **ARTICLE V Conflicts of Interest**

**Section 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 IV 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 IV. This Article IV 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,,).

**Section 2. Definitions.** For purposes of this Article IV:

- (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.

**Section 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.

**Section 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 3 of this Article IV, 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.

**Section 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 IV, 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 IV.

**Section 6. Records of Proceedings.** With respect to proceedings required by this Article IV, 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.

**Section 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.

**Section 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, in the form of Exhibit A attached hereto, that such person: (a) has received a copy of this Article IV; (b) has read and understands this Article IV; (c) has agreed to comply with this Article IV; 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.

**Section 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 9, 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.

## **ARTICLE VI Non-Discrimination Policy**

The Corporation, its directors, officers, volunteers, agents, and employees shall not discriminate in the conduct of its business for any reason, including race, age, sex, color, national origin, creed, or mental or physical disability.

## **ARTICLE VII Notes and Checks**

All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, as shall from time to time be determined by resolution of the Board. The President, the Vice President, the Treasurer, or any other officer or employee designated by the Board of Directors, is authorized and empowered on behalf of the Corporation and in its name to endorse checks and warrants, to draw drafts, to give receipts for money due and payable to the Corporation, and to sign such other papers and do such other acts as are necessary or appropriate to perform such duties.

**ARTICLE VIII**  
**Seal**

The corporate seal of the Corporation shall consist of two concentric circles, between the edges of which shall be engraved the words: "CHAPMAN SWIM CLUB, INC.,," and across the center thereof the words: "Corporate Seal,,".

**ARTICLE IX**  
**Principal Place of Business**

The principal place of business of the Corporation shall be in Madison County, Alabama, or at such other place or places as may be designated from time to time by the Board.

**ARTICLE X**  
**Fiscal Year**

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

**ARTICLE XI**  
**Investments**

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 judgment 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(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any subsequent federal tax law, and its regulations as they now exist or as they may hereafter be amended.

**ARTICLE XII**  
**Amendments**

These Bylaws may be amended, repealed, or altered in whole or in part by the affirmative vote of a majority vote of members present at a properly called Annual General Meeting.

**ARTICLE XIII**  
**Immunity**

**Section 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.

**Section 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 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.

#### **ARTICLE XIV Indemnification**

**Section 1. Definition.** For purposes of this Article XIV, 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.

**Section 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.

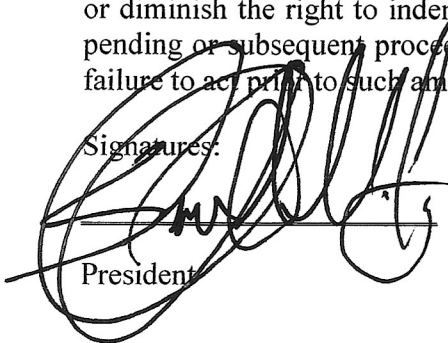
**Section 3. Additional Indemnification.** The Board is hereby empowered to cause the Corporation to indemnify or contract in advance to indemnify any person not specified in Section 2 of this Article XIV who was or is a party to any proceeding, by reason of the fact that such person is or was an employee 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 Section 2.

**Section 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 XIV 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 XIV.

**Section 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 Section 2 of this Article XIV 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.

**Section 6. Scope of Indemnification.** The provisions of this Article XIV 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 XIV 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.

Signatures:

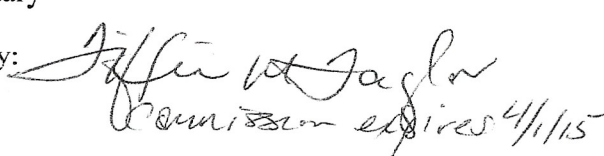
  
\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

Secretary

Treasurer

Notary:

  
Commission expires 4/1/15

**Section 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 XIV 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 XIV.

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Signatures:

\_\_\_\_\_

President

*Kenneth Kern*  
\_\_\_\_\_

Vice President

\_\_\_\_\_

Secretary

\_\_\_\_\_

Treasurer

Notary: *Jeffrey Taylor*  
*Commission Expires 4/1/15*

**Section 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 XIV 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 XIV.

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Signatures:

\_\_\_\_\_  
President

*Shelley S. Miller*

Secretary

\_\_\_\_\_  
Vice President

*Kelly Staples*

Treasurer

Notary: *Jiffy Dangler*

*Commission expires 4/1/15*