

THE BEAVER VALLEY FLYING CLUB, INC.



BY-LAWS

Adopted	September, 1981
Revised	February, 1982
Revised	January, 1984
Revised	January, 1985
Revised	April, 1987
Revised	December, 1987
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Revised	January, 1991
Revised	June, 1994
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Revised	June, 2000
Revised	February, 2005
Revised	April, 2006

ARTICLE I
Membership, Classification and Privileges

- Section 1. The number of active members shall be sixty-six (66).
- Section 2. Membership shall be classified as active. An active member being:
- A. One who has paid the initial membership fee.
 - B. One who has full voting privileges.
 - C. One who pays monthly dues, on a current basis.
 - D. A spouse and/or dependent child(ren) as defined by Internal Revenue Code (26 U.S.C.S. § 152)
- Section 3. Only active members, their immediate families, instructors while instructing Club members or their immediate families, and maintenance personnel as permitted by the insurance company may pilot Beaver Valley Flying Club, Inc. (hereinafter called the "Club") aircraft. No member having more than one (1) active pilot in the family may utilize more than one (1) Club aircraft at any given time. An immediate family member is defined as a spouse and/or dependent child(ren) (as defined by Sect.2(D) herein.
- Section 4. At the discretion of the Board of Directors, an individual's membership may be suspended or terminated for cause. Suspension or termination shall take place at a date set by the Board of Directors.
- Section 5. To encourage member participation in Club operations and for the perpetuation of the Club itself; each member will be required to:
- A. Perform at least two (2) work details and attend two (2) meetings each calendar year; or
 - B. Serve in the capacity of a member of the Board of Directors of the Club; or
 - C. Work as a Club Mechanic; or
 - D. Perform a service to the Club as designated by the Board.

Section 6. For those members who do not meet the obligations of Section 5 above, a surcharge of Seventy-Five (\$75.00) will be assessed for each work detail not completed. The surcharge will be assessed to the member's monthly bill on the month following when the work was to be completed. For those members who do not meet the monthly meeting requirement (two meetings per calendar year), they will be charged Twenty-Five (\$25.00) Dollars for each missed required meeting. This surcharge will be assessed in the January billing.

ARTICLE II

Membership Applications

Section 1. New members.

- A. Any person applying for membership in the Club must complete, in full, a membership application form, along with applications for any rated pilot dependents.
- B. The President will receive all applications for membership. The prospective new member will be advised of the status of the application (e.g. the position on the waiting list).
- C. Deleted.
- D. Deleted. The member candidate shall be interviewed by a quorum of the Board of Directors prior to acceptance into the Club.
- E. After acceptance by the Board, the Safety Officer shall process the applicant into the Club. After final processing by the Safety Officer, the application shall be returned to the Secretary.
- F. The new member is required to produce one of the following documents prior to being granted access to Club aircraft:
 - (i) Original or government-issued certified birth certificate for the United States, American Samoa, or Swains Island, plus a photo ID; or
 - (ii) Current, valid (not expired) U.S. Passport (containing photo); or
 - (iii) Original U.S. Naturalization Certificate with raised seal, plus a photo ID; or

- (iv) Original U.S. Citizenship & Immigration Services (USCIS) or Immigration & Naturalization Service (INS) form N-550 (or N-570), Certificate of Naturalization), plus a photo ID; or
 - (v) Original certification of birth abroad with raised seal or U.S. Department of State Form FS-545 (or Form DS-1350), plus a photo ID; or
 - (vi) Original certificate of U.S. Citizenship with raised seal, USCIS or INS Form N-560 (or Form N-561 or Form N-581, with photo ID; or
 - (vii) Department of Defense or Federal Agency written certification attesting to the Federal employee's U.S. citizenship or nationality, plus their government-issued photo ID.
- G. The Club will retain copies of the appropriate documents for a minimum of five (5) years after the person is no longer a Club member.
- H. A Student Pilot Certificate or greater is required prior to obtaining access to aircraft for all members. This includes both the Primary Member and any subordinate members of his/her family. This may be waived by written approval of the Board of Directors on an individual basis, however, the Primary Member must have a Student Pilot Certificate or greater. This requirement cannot be waived.

ARTICLE III
Membership Terminations and Expulsions

Section 1. Membership obligation.

- A. To assure the financial stability of the Club, each member will be responsible for payment of dues, flying charges and any other assessments until a replacement member is accepted into the Club. Under special circumstances, the Club Treasurer will take dues, flying charges and other assessments out of the departing member's rebate. Should this amount be exhausted prior to departure, the member will again be responsible for these amounts.

- B. It is preferable that the departing member secure an acceptable replacement. However, if this is not feasible, the member will be entered on a departing member waiting list and will be released from their Club obligations when a replacement is found.

Section 2. Payment of a rebate. Upon leaving the Club a member may choose one (1) of the following three (3) options. The choice is up to the terminating member. Selection of option A or C cannot be changed. An individual may change from option B to A or C at any time. A member terminated under Article VIII, Section 6, for non-payment of charges will forfeit any rebate payment. See also, Appendix A, Section B.

- A. Upon replacement, a terminating member will receive a rebate calculated as follows:
 - 1. Members with at least three (3) continuous years as an active Club member as of February 1, 1988 and those that paid an initiation fee of \$1,000.00 will be accorded a rebate of \$450.00 less any monies due for unpaid bills or charges.
 - 2. Members with less than three (3) continuous years as an active Club member as of February 1, 1988 and have not paid an initiation fee of \$1,000.00 will be accorded a rebate of \$225.00 plus \$75.00 for each full year since February 1, 1988 less any monies due for unpaid bills or charges.
 - 3. Members with at least six (6) continuous years as an active Club member as of April 1, 1994 and those that paid an initiation fee of \$2,000.00 will be accorded a rebate of \$900.00 less any monies due for unpaid bills or charges.
 - 4. Members with less than six (6) continuous years as an active Club member as of April 1, 1994, were eligible for a \$450.00 rebate at that time, and have not paid an initiation fee of \$2,000.00 will be accorded a rebate of \$450.00 plus \$75.00 for each full year since April 1, 1994 less any monies due for unpaid bills or charges. Those former members that are not eligible for a \$450.00 rebate on April 1, 1994 must meet the requirements in paragraph 2 above prior to beginning to count these six (6) years.

B. In lieu of receiving a rebate as described in Article III Section 2.A. above, a terminating member may choose to leave the rebate amount on deposit with the Club and become an "Inactive Member". In return for leaving the rebate on deposit with the Club, the Inactive Member will receive the following benefits:

1. He/She will remain on the Club's mailing list.
2. He/She will be permitted to rejoin the Club at the first available opening after indicating that he/she wants to rejoin the Club, for no additional cost. This will be before any person on the waiting list that is not a previous member of the Club, but after any other previous member that has also indicated a desire to rejoin the Club. Except for waiving of the initiation fee, he/she will be required to meet all other requirements of a new member.
3. At any time the previous member may request to receive the rebate and forfeit the above-benefits.

Leaving the above-rebate on deposit with the Club in no way entitles the terminating member to any benefits of membership, as he/she will no longer actually be a member of the Club.

C. In lieu of receiving a rebate or leaving the rebate on deposit with the Club, as described above, a terminating member may assign his/her membership to a non-dependent child or parent. In choosing this option the member gives up membership in the Club and the child/parent becomes the full, active member. The child/parent must be accepted into the Club as any other member, will go through the interview process and required background checks. However, there will be no membership fee. The departing member gives up all rights to any rebate and the child/parent now controls the membership and any rebate.

Section 3. Role of the Club.

- A. The Club will endeavor to assist in the securing of replacements for terminating members.
- B. Any new members accepted into the Club without naming a member to be replaced will be applied to openings in the following order:
 1. First - to fill any vacancies in the sixty-six (66) member roster.

2. Subsequently - to replace members desirous of terminating, in the order of receipt by the Secretary of written notice from such members.

ARTICLE IV
Operating Regulations

- Section 1. Operating regulations deemed necessary by the Board of Directors shall have the same forces and effect as if published in these By-Laws. It is mandatory that all members comply with such regulations or face disciplinary action by the Board of Directors.

ARTICLE V
Quorum and Voting Rights

- Section 1. A quorum shall consist of a minimum of fifteen (15) members in good standing and include at least one (1) officer. A quorum will be necessary to transact business at a regular or special meeting of the Club.
- Section 2. The active member in good standing in attendance at a meeting will be entitled to one (1) vote (only one vote per Primary Member). No member shall vote by proxy.

ARTICLE VI
Election of the Board of Directors

- Section 1. The Board of Directors (hereinafter, the "Board") shall consist of the six (6) Club officers and three (3) Directors, each elected for one (1) year.
- Section 2. Any active member in good standing for at least one (1) calendar year shall be eligible to hold office.
- Section 3. The President shall appoint a Nominating Committee in November.
- Section 4. At the regular December meeting the Nominating Committee will present the slate. The President will request any further nominations from the floor.
- Section 5. The election shall be held by mail ballot. A ballot with a special return envelope will be sent to each member with the January billings. This ballot shall be returned, in a sealed envelope, to the Club no later than the regular March meeting. Three (3) tellers shall be appointed at the March meeting

and the results of the election will be tabulated at that meeting.

- Section 6. The installation of the Board of Directors shall take place and the new Board shall assume the duties of office April 1.
- Section 7. When a Special Election is required, it may be conducted at a Regular or Special meeting called for the Election.
- A. A notice announcing the Special Election shall be mailed to all members stating the office(s) to be filled and making reference to this Section of the By-Laws at least ten (10) days prior to the meeting date.
 - B. The Special Election shall be held no longer than thirty (30) days from the event that required it.
 - C. Nominations and elections will be held at the Special Election. Election will be by secret ballot at the Special Election. An individual not present at the Special Election may only be nominated if the individual making the nomination has a signed statement from the individual concerned indicating a willingness to serve in the office.

ARTICLE VII

Duties of the Board of Directors, Officers and Members

- Section 1. It shall be the duty of the Board to conduct the activities of the Club. A quorum will consist of five (5) members of the Board at regular or special Board meetings, with an affirmative vote of five (5) required for any action taken.
- Section 2. The President shall:
- A. Be the Chief Executive of the Club, and preside at all meetings of the Club and the Board. The President shall execute with the Secretary or the Treasurer, in the name of the Club, all legal instruments and agreements following their approval by the Board. The dates of approval and execution will be recorded in all cases.
 - B. Assure that all other officers are carrying out their prescribed duties.
 - C. Insure compliance with all Club rules, regulations, and directives.
 - D. Appoint, at his/her discretion, an advisor to the Board from the membership.

- E. Each November appoint a Nominating Committee. This Committee shall consist of three (3) Club members who do not intend to run for office. These Committee members will not be ineligible for nomination from the floor.

Section 3. The Vice-President shall:

- A. Act as President in the absence of that officer.
- B. Perform such other duties as the President may prescribe.

Section 4. The three (3) members of the Board of Directors shall perform such duties as are prescribed by the President.

Section 5. The Secretary shall:

- A. Keep minutes of the general meetings and Board meetings, serve notice of all meetings, handle Club correspondence, and disseminate pertinent information to the membership.
- B. Execute, with the President, in the name of the Club, contracts and other legal instruments following their approval by the Board as described in Section 2(A), above.
- C. Have on hand at all meetings reference copies of the Club By-Laws and Operating Regulations.
- D. Perform other duties as prescribed by the President.

Section 6. The Treasurer shall:

- A. Under the direction of the President and under the control of the Board, prepare checks for expenditures in the name of the Club.
- B. Prepare an Annual Financial Statement (to include the Club's Debt/Equity Ratio, Engine Overhaul Allocations and Capital Equipment Fund Allocation) and an Aircraft Usage Report, for dissemination to the Board and general membership.
- C. Collect and submit data for preparation of monthly bills.
- D. Execute, with the President, in the name of the Club, contracts and other legal instruments following their approval by the Board as described in Section 2(A), above.

Section 7. The Aircraft Maintenance Officer shall:

- A. Be responsible for all maintenance performed on Club aircraft and related equipment.
- B. Originate and supervise all tests, inspections and major overhauls of each Club aircraft and insure the compliance of all applicable federal aviation regulations and Airworthiness Directives.
- C. Be responsible for maintaining current information in the log books of the aircraft.
- D. Be responsible for all documents required to be carried in the aircraft and for the execution of all required documents upon the completion of inspections and major repairs.
- E. Be responsible for conducting a proper maintenance program.
- F. Perform all appropriate duties as prescribed by the President.
- G. Establish and maintain a current inventory of Club tools and equipment and report any losses or changes to the Board.
- H. It is not required that the Aircraft Maintenance Officer be a licensed A&P.

Section 8. The Safety Officer shall:

- A. Be responsible for an ongoing comprehensive safety program.
- B. Promote good relations with local airports and flying groups.
- C. Keep records of medical, annual and biennial check rides, and notify each member of the Club when one of the above is due.

Section 9. The duties of the Board shall be to action all matters of policy which shall include, but not be limited to, the following items:

- A. To interview all prospective members for acceptance into the Club.
- B. To determine the monthly dues and flying charges based on the methods set forth in Appendices "B" and "C".

- C. To act in a judicial capacity on interpretation of Club rules, FAA regulations or general safety practices. To conduct a hearing with any member involved in an incident, accident, or pertaining to damage of equipment, or any unusual circumstance.
- D. To penalize members of the Club for violations of Club rules, federal, state or Club regulations, and general safety practices.
- E. To have power of suspension of flying privileges and/or expulsion from the Club.
- F. To determine the proper compensation for mechanics.
- G. To protect the Club's interests and safeguard its welfare.
- H. To report its actions to the Club membership.

Section 10. The duties of Members shall be:

- A. To attend at least two (2) meetings per calendar year.
- B. To uphold the dignity of the Club at meetings and on the flying field, to be alert and mindful of the Club's interests.
- C. To be responsible for the care and proper use of all Club aircraft and equipment. To leave aircraft and equipment in good operating condition.
- D. To report immediately any damage, accident, incident, unusual circumstances, etc., to a member of the Board.
- E. To exercise due caution and safety in flying.
- F. To observe all federal, state, local and Club rules and regulations.
- G. To elect each March, by mail ballot, appropriate officers to take office April 1 of each year.
- H. Recall procedure by the General Membership against one or more of the Board Members.

1. Any Board Member who defames the good name of the Club, acts irresponsibly in carrying out his duties, as set forth in the By-Laws, or causes gross financial loss to the Club may be recalled from office.
2. Recall will be accomplished by the following procedure:
 - a. Notification to all members by mail that a recall is being considered and a special meeting will be called to discuss the seriousness of the charges.
 - b. During that special meeting, it will be voted on whether or not to mail a recall ballot to all members along with a description of the charges. This action will require a two-thirds (2/3) vote of the members present at such meeting. This mailing should include a statement by the Board Member(s) being recalled.
 - c. A two-thirds (2/3) affirmative vote from all members by mail will be required to remove an officer from office. The votes will be counted thirty (30) days from the date the recall ballot was mailed.
 - d. The vacated position will be filled as described in Article VII, Section 12, below.

Section 11. In the absence of the President and the Vice-President the order of succession shall be Secretary, Treasurer, Maintenance Officer and then Safety Officer.

Section 12. A vacant position on the Board shall be filled as follows:

- A. The position of President shall be filled by the Vice-President and the Vice-President's position shall then be considered vacant.
- B. All Board positions, other than President, shall be filled by a majority vote of the remaining Members of the Board.
- C. Exceptions.
 1. The position of President shall not be filled by a Vice-President who was elected by the Board. In this event the President shall be elected by a Special Election as described in Article VI, Section 6.

2. In the event of more than three (3) positions on the Board being vacant at the same time, the vacant positions will be filled by a Special Election as described in Article VI, Section 6. When the position of Vice-President is being filled due to a vacancy in the position of President, it shall not be counted to determine if more than three (3) positions are vacant.

Section 13. The Directors of the Beaver Valley Flying Club, Inc., shall not be personally liable for monetary damages as such for any action taken, or failure to take any action, unless:

- A. The Director has breached or failed to perform the duties of his office under Section 8363 of the Director Liability Act, 1986, November 18, P.L. 1458, No. 145, Section 1; 42 Pa.C.S.A. §8363.
- B. The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

The provisions of this Section shall not apply to the responsibility or liability of a Director pursuant to any criminal statute or the liability of a Director for the payment of taxes to local, state or federal law.

ARTICLE VIII

Finances

Section 1. Financial stability on a self-supporting basis will be a prime responsibility of the Board, in accordance with the prescribed Initial Membership Fee, Monthly Dues and Flying Cost per Hour determination methods set forth in Appendices A, B and C, respectively,

Section 2. Any other special or one-time financial assessments shall be determined by the Board on an "as needed" basis.

Section 3. Except for aviation fuel, no member can financially obligate the Club, other than as set forth in Section 5 of this Article.

Section 4. In the event of damage to any Club equipment or property belonging to others, the following rules shall apply, except as provided for elsewhere in the Club regulations:

- A. If any damage is caused as a result of violations of federal, state or local regulations, gross negligence, recklessness and/or carelessness; the member(s) at fault (at the discretion of the Board)

shall be personally liable for the damages, either through payment of the insurance deductible or complete payment of any repairs.

- B. In the event the member(s) at fault is unable to pay for the damages, the monies shall be taken from the Club treasury. The account of the member(s) shall be charged with the amount, and, if necessary, action will be taken by the Board to collect all amounts due including costs of collection, court costs and attorneys fees.
- C. The Board will determine the final disposition of incidents or accidents, including what the Club member(s) will be financially responsible for

Section 5. Any member of the Club finding it necessary to purchase parts or have any repair work performed on the equipment of the Club, in an emergency situation or on a cross-country flight, may do so, only after contacting the Maintenance Officer (or other Board Member if the Maintenance Officer is not available) and receiving permission. However, any necessary purchases under \$250.00 will be deemed incidental and no such permission will be required. Upon presentation of a properly receipted bill of sale and/or services, the member shall be reimbursed by the Treasurer.

Section 6. Any member who for any reason has not paid his monthly bill by the thirtieth (30th) day after the billing date, shall be automatically suspended and be denied the use of all Club aircraft. After an additional sixty (60) days in this suspended status, the member shall be terminated and forfeit all interests, rights and privileges in the Club and be so notified in writing by the Board.

Section 7. Club financial records must be audited annually or with the change of the Treasurer's office and the results reported to the membership. Special audits may be made if requested by the Board. The audit should occur no later than April 1.

Section 8. The Board of Directors will have the discretionary authority to allocate monies received as a surcharge (e.g. Article I, Section 6 and Appendix C, Section 4) where needed and/or as deemed appropriate, given the financial condition of the Club.

Section 9. Club officers with bank account authorization must be bonded.

ARTICLE IX
Equipment

- Section 1. Recognizing that the success of the Club is dependent on satisfying the needs and desires of the membership; a variety of aircraft and support equipment must be acquired, maintained and disposed of; as these needs and desires arise and/or change.
- Section 2. Any equipment purchased, leased, rented or acquired by the Club in any manner, shall be divided into two (2) classes:
- A. Semi-durable and expendable; shall include, but not be limited to:
1. Tools used in maintaining Club aircraft;
 2. Engines;
 3. Office equipment;
 4. Hangar space; and
 5. Items costing less than \$1,000.00. This includes those items that would otherwise be considered as capital. Capital purchases should not be divided to meet this requirement. All items determined to be needed/desired at the same time will be considered together when determining if the \$1,000.00 limit is exceeded. The Board shall inform the membership at least ten (10) days prior to purchasing items under the provisions of this paragraph.
- B. Capital Equipment; shall include, but not be limited to (except items included in Article IX, Section 2(A)(5), above):
1. Aircraft;
 2. Upgraded avionics;
 3. Other vehicles used in Club operations; and
 4. Real estate purchases or leases made in the name of the Club solely for Club operations.

Section 3. Equipment purchases or sales.

- A. Semi-durable and expendable. It shall be the responsibility of the Board to make timely purchases and/or sales of this class of equipment so as to assure flight safety and efficient Club operations.
- B. Capital Equipment. The purchase, sale or lease of Capital Equipment shall reflect the needs and desires of the membership. To this end, the following provisions shall apply:
 1. The Board shall appoint and maintain an Equipment Review Committee to:
 - a. Monitor the needs and desires of the membership through personal contact, telephone or written communications;
 - b. Evaluate the condition of the existing fleet;
 - c. Recommend to the Board purchases and/or sales based on these needs, desires and the condition of the fleet; and
 - d. Approximate the financial consequences to the Club of the recommended course of action.
 2. The appointments of the Equipment Review Committee shall be appointed by the Board and shall include at least one (1) Board member:
 3. From these recommendations and other data at their disposal, the Board shall make written "notice" of proposals to the membership. These notices shall be mailed to the membership a minimum of ten (10) days in advance of a regular or special meeting giving the time, date and place of the meeting. A vote of the membership at that meeting will be held. a two-thirds (2/3) vote of the members present will be required to approve any proposal.
 4. Given this approval of the membership, the Board shall have the responsibility to act in the best interest of the Club in consummating the necessary negotiations and agreements.

Section 4. Equipment repair and refurbishing.

- A. As deemed necessary, the Board is authorized to make expenditures for avionics repairs, airframe repairs, aircraft systems repairs and engine repairs, so as to keep Club aircraft operating safely and efficiently.
- B. Major expenditures for things such as aircraft repainting or interior refurbishing, will be considered Capital Equipment expenditures and will be subject to membership approval in accordance with Section 3(B) of this Article.

Section 5. Replacement of Capital Equipment totally lost. In the case of total loss, the Board is authorized to secure a replacement piece of equipment without prior approval from the General Membership. However, the following rules on this replacement must be adhered to:

- A. The replacement must be of the same model, kind and type, unless not available, wherein a similar model, kind and type will be acquired.
- B. In acquiring this replacement, the Board is authorized to pay no more than twenty-five (25%) percent over and above the (non-damaged) value of the equipment prior to the loss.

Section 6. Airport and Club Security.

- A. Each Primary Club Member will be supplied with one (1) hangar key.
- B. It is a Club violation to duplicate or possess any key to any Club aircraft, hangars or equipment storage cabinets without the express written consent of the Board.
- C. The Board will keep an inventory of all keys issued for all aircraft, hangars and equipment storage lockers.
- D. Any violation of this Section is grounds for immediate suspension up to and including termination. After investigation of the circumstances, an incident of stolen or missing keys may be reported to the Department of Homeland Security and/or the Transportation Security Agency (TSA) and/or the Federal Aviation Administration (FAA).

ARTICLE X
Dissolution

- Section 1. Should it be determined by general consensus that Club activities be terminated, and the Club dissolved, the following procedure will be undertaken:
- A. Notification to all members by mail that dissolution is being considered, and that a special meeting will be held to discuss the reasons for such action. This notice will be mailed at least thirty (30) days in advance of that meeting, and contain the date, time and place of such meeting.
 - B. During this meeting, it will be voted on whether or not to mail a dissolution ballot to the general membership. This will require a two-thirds (2/3) vote of the members present.
 - C. A two-thirds (2/3) affirmative response from the membership by mail will be required for dissolution, and thus authorize the Board to wrap up the business activities of the Club and begin to liquidate Club assets as soon as possible, but in no event later than seven (7) days after the ballot count. No further purchases will be made in the name of the Club after an affirmative ballot count.
- Section 2. No later than thirty (30) days after all Club assets have been liquidated and all Club debts satisfied in full, each member of record in good standing will receive his/her pro rata share of the net liquidation proceeds.

ARTICLE XI
By-Laws

- Section 1. Adoption: These By-Laws will become effective immediately upon approval by the Club membership. Adoption will take place upon an affirmative two-thirds (2/3) vote of the membership present at a pre-designated adoption meeting.
- Section 2. Amendments and revision:
- A. A revision to these By-Laws may be proposed by the President, the Board or by a petition addressed to the Secretary and signed by twenty (20%) percent of the membership in good standing. The President or Board may appoint a committee to develop the proposed revision. Revision proposed by petition shall be promptly considered by the Board and shall be submitted to the members with the

recommendation of the Board, as required in Section B, below, within three (3) months of the date the petition was received.

- B. Any proposed revision or amendment will be mailed to all members for review at least thirty (30) days in advance to the designated meeting at which a vote for adoption will be taken. Written notice will be mailed to all members at least ten (10) days in advance of such meeting. The meeting notice may be included with the proposed revision.
- C. A two-thirds (2/3) vote of the members present is required to adopt the proposed revision or amendment.
- D. Changes may be made to the proposed revision(s) at the adoption meeting.
- E. Notice that the revision was adopted (or not adopted) shall be mailed to all members, along with any changes made under Section D, above, within sixty (60) days from the adoption meeting. The revision shall be effective immediately.

APPENDIX A
Initial Membership Fee

- Section 1. An initiation fee of \$2,000.00 will be charged each new member upon actual acceptance in the Club.
- Section 2. Section 1 of this Appendix A is temporarily suspended. An initiation fee of One-Thousand (\$1,000.00) Dollars will be charged to each new member upon actual acceptance in the Club (at Club check-in). The new member would not be entitled to any initiation fee rebate (as outlined in Article III, Section 2(A)) until a period of five (5) years as an active Club member. The rebate would then be Four Hundred Fifty (\$450.00) Dollars.
- A. Active club members who paid Two-Thousand (\$2,000.00) initiation fee in accordance with Appendix A, Section 1, will be entitled to a rebate in the form of a credit to their Club account of Five Hundred Fifty (\$550.00) Dollars. This credit will be applied to the June 2006 billing.
- B. The Board of Directors shall review this amended Section on an Annual basis.

APPENDIX B
Monthly Dues

- Section 1. Monthly dues shall be determined by the Board, based on the total fixed costs associated with operating the Club on a financially sound basis. Fixed costs include, but are not limited to:
- A. Aircraft payments.
 - B. Insurance premiums.
 - C. Hangar fees.
 - D. Internet service and Internet scheduling service.
 - E. Monthly billing costs.
 - F. Office supplies.
 - G. Reasonable costs associated with occasional social functions.
- Section 2. Recognizing that it is desirable to upgrade Club aircraft and avionics from time to time; the Treasurer shall, at the end of each calendar year, make a separate accounting of all Monthly Dues in excess of total fixed costs and emergency disbursements for the preceding year.
- A. This allocation (or accounting) of excess income shall be called a Capital Equipment Fund, and will be included as a separate item in the Treasurer's Annual Financial Report to the Board and the general membership.
 - B. This "Fund" shall be available for use as a cash payment toward Capital Equipment purchases, thus allowing the Club to maintain reasonable financing costs on the balance, if any.
 - C. The above-provisions however, will not preclude the Board from allocating these monies for the following:
 - 1. Unforeseen emergency expenses.
 - 2. Extraordinary maintenance costs, provided the Board recovers these maintenance expenditures through Flying Cost per Hour rate adjustments, thus restoring the Capital Equipment Fund to its original status.

- D. The Treasurer will not be required to keep these monies physically separated from the Club's general fund; however, the Board may authorize the segregation of these monies at any time deemed appropriate.

Section 3. The Board, at their discretion, may increase the Monthly Dues when it becomes apparent that total fixed cost disbursements are approaching or exceeding total receipts. Conversely, Monthly Dues may be lowered if warranted by unreasonably high excess income.

Section 4. To realize Club success, financial stability, and to encourage actual flight activity; the minimum Monthly Flying Charge shall be equal to one (1) hour of flying time in the Club's least costly aircraft.

- A. The Board will make every effort to apply and redistribute this income equally to:

1. Reduce Monthly Dues.
2. Reduce Hourly Flying Charges.
3. Capital Equipment Fund allocation.

- B. Any member who is not allowed to fly Club aircraft as pilot-in-command because of medical restriction, may petition the Board for an exception to the "one hour minimum charge" rule. The Board may excuse this charge only after thirty (30) days of such flight restriction, for a maximum of eleven (11) additional months, provided acceptable medical proof is furnished throughout the period.

APPENDIX C
Hourly Flying Charges

- Section 1. Hourly Flying Charges shall be determined by the Board based on the actual cost of operating and maintaining each aircraft. These variable costs include, but are not limited:
- A. Fuel and oil.
 - B. Maintenance estimates.
 - C. Engine overhaul or engine replacement; recognizing that "time-to-overhaul" is a function of the average number of hours flown each month.
- Section 2. Engine Overhaul Fund.
- A. Engine overhaul or engine replacement allocations will be accounted for separately by the Treasurer, and included as a separate item in the financial reports to the Board and the general membership.
 - B. The Treasurer will not be required to keep these funds physically separated from the Club's general fund, however, the Board may authorize the segregation of these funds at any time deemed appropriate.
 - C. Should an aircraft be sold prior to utilizing the engine overhaul or replacement monies previously allocated, the Board may authorize that these funds be used toward the purchase of the replacement aircraft, after determining that sufficient monies will be available in the Engine Overhaul Fund to meet future needs.
- Section 3. The Board shall have the discretion to arbitrarily raise or lower the Hourly Flying Charges for the purpose of adjusting each aircraft's actual hourly cost of operation for depreciation associated with that aircraft. The Board may also raise or lower these Hourly charges for other extenuating financial or flight circumstances. These arbitrary increases or decreases shall be limited to ten (10%) percent of the charge determined under Section 1 of this Appendix.
- Section 4. A one hundred (100%) percent surcharge shall be assessed for any hours flown in excess of fifteen (15) in any one calendar month between June 1 and October 1. The surcharge shall be based on the aircraft flown and hours in the aircraft that are in excess of fifteen (15). This surcharge may be waived for one (1) trip per calendar year. This waiver will normally be

applied to the first such occasion however, the member may request that the waiver be delayed to a future month if the request is made no later than one (1) week after the billing for which the waiver is applied.