

PROPOSED NEW BYLAWS FOR THE CLUB, WITH COMMENTS BY ANDY NICHOLS

Note: The Board extends its thanks to Andy Nichols, a former Club President and a now retired corporate lawyer with expertise in corporate governance matters, for his work in drafting and shepherding through to this point the proposed bylaws. He has commented here on the process leading up to the proposed bylaw change, and reason behind each change.

The Club has for some time been considering the adoption of new bylaws and has now reached the point where new bylaws are ready for consideration by the members.

The process was initiated because some parts of the existing bylaws had become inconsistent with actual evolving Club practices or were ambiguous or, in at least one case, inconsistent with Massachusetts law, which governs the Club. The first inquiry was whether the existing bylaws could be amended to cure their weaknesses, but it became clear that the best procedure would be to start over with a new set, and the bylaws now being proposed have followed that path. The proposed bylaws represent the first comprehensive overhaul of the bylaws in many, many years.

A draft of proposed bylaws was prepared and submitted to the Board of Directors over a year ago. After some revisions were made, the revised draft was submitted to the Chapters for comments. Following the receipt of Chapter comments and a meeting with Chapter leaders, further changes were made and further discussed with the Board and Chapter leaders, who strongly endorsed the proposed bylaws at a second meeting at the time of the Club's annual meeting of members in early February. After final changes were made, the Board unanimously approved the proposed bylaws at its meeting in early May and directed they be submitted to the membership for approval.

The proposed bylaws are set forth in their entirety below. They contain comments describing the most significant of the changes from the existing bylaws to assist you to understand what is proposed to be changed. **Because the proposed bylaws are a complete rewrite of the existing bylaws, a line by line comparison is not practical, as you will see if you look at both sets.**

The Board of Directors strongly urges the members to approve the proposed new bylaws, which the Board believes represent a significant improvement in the governing documents of the Club.

PROPOSED NEW BYLAWS WITH COMMENTARY

PREAMBLE

The Appalachian Mountain Club (the “Club”) is a Massachusetts not-for-profit corporation, organized for the purposes set forth in its Restated Articles of Organization. It seeks to encourage public respect for the natural environment by providing education and opportunities for the enjoyment of its beauty and the wise stewardship of its use. It works through its dedicated volunteer members, together with its professional staff, to provide its members and the general public with recreational and educational programs and facilities, primarily within the mountains of New England and the Mid-Atlantic states and adjacent regions, with increased attention to urban and suburban areas. It seeks to provide leadership in the protection and preservation of the environment by advocating the development of informed public policy and by encouraging the establishment and management of protected land and water areas within the Club’s geographical area. It is an organization of volunteers and professionals who operate the Club’s facilities and programs, encourage public respect for the environment, offer the Club’s expertise to others and support individual contributions in realizing the Club’s goals.

***Comment:** The existing bylaws contain “purposes”. By law the purposes of the organization must be contained in its Articles of Organization (its “charter”), and the Club’s Articles, on file with the Massachusetts Secretary of State, do contain its purposes. It is confusing and potentially misleading also to have “purposes” in the bylaws (among other things, note that the purposes in the Articles do not use the same language as the “purposes” in the existing bylaws) and accordingly the “purposes” contained in the existing bylaws have been moved (with a few minor changes) to this new Preamble and are no longer designated as “purposes”. No substantive change is intended. The Preamble should continue to provide general guidance in the conduct of the activities of the Club, just as is the case with the “purposes” in the existing bylaws.*

In conducting its activities, the Club will be governed by the following bylaws:

ARTICLE I

ARTICLES OF ORGANIZATION

These bylaws, the powers of the Club and of its Directors and officers, and all matters concerning the conduct and regulation of the Club shall be subject to its Articles of Organization in effect from time to time.

ARTICLE II

MEMBERS

Section 1. Regular Members. Any person may become a regular Member of the Club by submitting an application together with payment of the then applicable dues for one year. There shall be no other qualifications imposed for membership in the Club.

Section 2. Other Memberships. The Club may have Corresponding Members, Honorary Members and such other classes of members as the Board may from time to time designate, with such qualifications as the Board shall determine, and the Board may from time to time elect persons as such members. Such classes of members shall have such privileges, including the right to vote, and obligations as the Board shall determine, provided that they shall not have greater privileges than regular Members.

Comment: The existing bylaws contain more extensive descriptions of membership classes, while at the same time giving the power to the Board to establish additional classes. It should be sufficient simply to grant this general power to the Board without further description in the bylaws.

Section 3. Dues. Members shall pay such dues as the Board shall from time to time establish. Any Member not paying the required dues on such terms as the Board shall establish shall automatically cease to be a Member.

Comment: The existing bylaws do not expressly grant authority to the Board to fix dues, but in fact the Board does that and the practice is recognized in the Club's Operating Rules. This section makes the authority express in the bylaws and is consistent with actual practice.

Section 4. Annual Meeting. There shall be an annual meeting of the Members on the third Saturday of January in each year or at such other date, and at such time and place, as the Board shall determine. The purposes of the annual meeting shall be the election of the Directors and such officers as are to be elected by the Members, the conduct of such business as the Board shall determine, and such other business as may properly come before the meeting.

Section 5. Special Meetings. Special meetings of the Members may be called by the President or the Board of Directors and shall be called at the written request of at least 500 Members. The purposes of any special meeting shall be as stated in the call of or the request for the meeting.

Section 6. Notice of Meetings. Notice of all meetings of the Members, specifying the time, place and purposes of the meeting, shall be given not less than 45 days before the date of the meeting.

Section 7. Proxy, Quorum and Voting. Members may act at any regular or special meeting in person or by proxy. 150 Members entitled to vote, present in person or by proxy,

shall be required for a quorum at the annual or any special meeting of Members. Regular Members and such other classes of members as the Board shall determine shall be entitled to vote on all matters submitted to the Members for approval. Unless otherwise required by the Articles of Organization, these bylaws or any provision of law, or unless the Board of Directors shall determine in any particular case that a greater vote of the Members will be required, any matter submitted to the Members for approval at a meeting shall be approved if more Members vote in favor of it than vote in opposition and any candidate for election by the Members as a Director or as an officer to be elected by the Members shall be elected by a plurality of the votes cast for them.

***Comment:** The quorum requirement of the existing bylaws (150 Members) has been retained but the requirement that voting be by ballot has been deleted as cumbersome and not in accord with modern practice. Proxy voting, which is standard for business corporations, has been added. It will allow members to have their votes counted at a meeting without having to attend in person, which should be a considerable potential benefit for the approximately 80,000 Members of the Club.*

Section 8. Referendums. A referendum of all the Members shall be held upon receipt by the Club of a written petition signed by at least 500 Members, containing the text of the referendum to be held. The referendum proposal shall be a non-binding resolution of the Members presented to the officers and Directors for their guidance. The results of a referendum must be made available to the general membership as promptly as practicable and must immediately be made available to the Board of Directors for their guidance.

***Comment:** This provision has been carried over from the existing bylaws. It is a curious one and has very rarely been used, and its actual legal effect is uncertain. The increase in the minimum number of members required to petition from 250 to 500 reflects the fact that there are many more members today than when the provision was first adopted. A similar increase has been made in other bylaw provisions requiring a specific number of members to take action.*

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers and Number; Election by Members. The overall policies shall be established, and the general management of the activities, property and affairs of the Club shall be overseen, by a Board of not fewer than 15 nor more than 24 Directors. The Directors shall include the Chair of the Board of Directors, the President, at least one Vice Chair, the Treasurer, and such additional Directors as are elected by the Members at the annual meeting of Members upon nomination pursuant to ARTICLE III, Section 14. The number of Directors shall be determined, and may be increased or decreased, but not to less than 15 nor more than 24, from time to time by the affirmative vote of two-thirds of the Directors then in office.

***Comment:** The lengthy list of powers of the Board set forth in the existing bylaws has been dropped as unnecessary. The broad general authority granted by*

law is fully sufficient.

Comment: *The Executive Director is designated by the existing bylaws as the chief executive officer of the Club but only an ex officio non-voting member of the Board. It is a normal and preferred practice of corporate governance that the chief executive officer be a full voting member of the Board of Directors and the proposed bylaws therefore make that change. (See below concerning proposed changes in the titles of the President and the Executive Director to Chair and President, respectively.)*

Section 2. Regional Directors. There shall be a Director from each of the regions established pursuant to ARTICLE VI, Section 2 of these bylaws. The Regional Directors shall be residents of the regions for which the Directors are designated and members of a Chapter within the region. Directors so designated shall be elected by the Members generally at the annual meeting of the Members.

Section 3. Term of Office and Vacancies. The Chair and the President shall each continue to serve as a Director as long as he or she shall remain the Chair or the President. The term of office of each other Director shall continue until the second annual meeting of Members following his or her election, and the election and qualification of his or her successor. No person other than the Chair and the President shall be eligible for reelection as a Director for more than three successive full terms but may be reelected subsequently at or after the annual meeting of Members next following the annual meeting at which his or her third full term as a Director expired. The Directors other than the Chair and the President shall be divided into classes with staggered terms so that, as nearly as possible, half of those Directors shall be elected each year. The Board of Directors may appoint new Directors to fill any vacancy at any meeting, including a vacancy caused by increasing the number of Directors serving on the Board. The term of any Director so appointed shall expire at the next annual meeting of the Members following the appointment of the Director by the Board.

Section 4. Resignation. Any Director may resign at any time by giving written notice of such resignation to the Chair or the Secretary. Such resignation shall be effective at the time specified therein, or if no time is specified, upon receipt by the officer to whom it is given.

Comment: *This customary provision is not contained in the existing bylaws and should be, for completeness if nothing else. It has probably been assumed in the past.*

Section 5. Removal. A Director may be removed or suspended for cause by an affirmative vote of two-thirds of the Directors then in office at a special meeting called for that purpose, provided that such Director is given at least seven days' notice of the proposed removal and the reasons therefor, and an opportunity to be heard at the meeting, and that notice of the proposed removal is given in the notice of meeting.

Comment: *This provision is not contained in the existing bylaws. It is desirable that someone have the power to remove Directors in the rare case when a Director is acting inappropriately, and in the case of a membership entity the Directors are the logical group to ensure action can be taken promptly and in the best interest*

of the organization. Because of the significance of the action, it requires the vote of two-thirds of the whole Board.

Section 6. Committees of the Board. The Board of Directors may delegate such of its powers as it considers advisable, except those powers which by law, the Articles of Organization, or these bylaws may not be so delegated, to such committees as the Board of Directors or these bylaws may from time to time establish. The members of all such committees and their chairs shall be chosen by the Chair of the Board of Directors, with the advice and consent of the Board of Directors, shall consist only of members of the Board of Directors, and shall serve at the pleasure of the Board. The Board of Directors shall approve a charter for each such committee other than the Executive Committee, setting forth its responsibilities. The Board shall in any event appoint the following committees of the Board:

- (a) Executive Committee. The Executive Committee shall consist of not less than seven Directors, including the Chair of the Board of Directors, who shall be its chair, the President, the Treasurer and the chair of the Chapters Committee, and shall, between meetings of the Board of Directors, have all of the powers of the Board other than those not permitted by law to be delegated to it by the Board of Directors, except that it may not remove or appoint the President.

***Comment:** The existing bylaws provide that the Executive Committee may not have more than nine members, which it now has. This cap has proven limiting in practice so the proposed bylaws remove the cap. The question of Executive Committee size beyond a minimum should be left to the discretion of the Board since the needs of the Club change from time to time and may be best served by a larger Executive Committee.*

- (b) Audit Committee. The Audit Committee shall consist of not less than three Directors. No officer, including the President, shall be eligible to serve on the Audit Committee. The Audit Committee shall recommend to the Board of Directors the designation of an independent auditor to certify the financial statements of the Club and have such other duties as shall be set forth in the charter for the Committee.

***Comment:** The existing bylaws are inconsistent with law in that they do not limit membership of the Audit Committee to members of the Board. All remaining Committees (see the following section) other than the Executive Committee and the Audit Committee may consist of anyone the Board chooses to appoint.*

Section 7. Other Committees. The Board of Directors may establish such other committees, for such purposes, as it may from time to time determine. With the exception of the Chapters Committee, the members and the chair of which shall be as set forth in subsection (c) immediately below, the members of all such committees and their chairs shall be chosen by the Chair of the Board of Directors, with the advice and consent of the Board of Directors and shall serve at the pleasure of the Board. The membership of such committees may include but need

not be limited to members of the Board of Directors. The Board of Directors shall approve a charter for each such committee, setting forth its responsibilities, subject to the terms of these bylaws. The Board shall in any event establish the following committees, each of which shall report to the Board:

***Comment:** The proposed new bylaws retain the provision in the existing bylaws that grants broad authority to the Board to appoint other committees, with such membership as the Board determines. The new provision provides that only three committees are required, the Nominating Committee, the Investment Committee, and the Chapters Committee. Two committees required by the existing bylaws, the Finance Committee and the Development Committee, are not mandatory although the Board is not expected to make a change to these important committees or their responsibilities at this time. However, making them optional allows the Board to rename them, restructure their responsibilities or take other appropriate steps, as future circumstances may make desirable. Preserving this flexibility for the Board's discretion should be in the best interest of the organization.*

- (a) Nominating Committee. The Nominating Committee shall have the composition and the duties specified in Section 14 of this ARTICLE III.
- (b) Investment Committee. The Investment Committee shall consist of not less than four members, of which none need be Directors other than the Chair of the committee and the Treasurer. The Treasurer shall be a member *ex officio*. Acting within the scope of investment policy guidelines established by the Board of Directors, the Committee shall have charge of the investment of all funds of the Club, including the power to effect purchases, sales or exchanges of securities and other investment assets of the Club. The Committee may employ investment counsel and may delegate authority to purchase or sell securities of the Club to such investment counsel or to any officer or employee of the Club, subject to such limitations as the Committee may impose.

***Comment:** The provision renames "Trustees of Special Funds" as the "Investment Committee". Its name is being changed because its current name has proven confusing (it is in fact generally referred to as the "Investment Committee", which is consistent with the practice in most other not-for-profit entities) but there is no change in its responsibilities.*

- (c) Chapters Committee. The Chapters Committee shall consist of the chairs of each Chapter of the Club and each of the Regional Directors and shall be chaired by a Regional Director designated by the Chair of the Board of Directors, with the advice and consent of the Board. The Chapters Committee shall be responsible for recommending to the Board of Directors overall policies pertaining to the operation of the Chapters.

Comment: *The provision requires all Regional Directors to be members of the Chapters Committee. The existing bylaws do not contain this provision, although it is contained in the Operating Rules and is a practice that is in fact followed by the Club. Therefore the draft includes the requirement in the bylaws.*

Section 8. Annual, Regular and Special Meetings of Directors. The Board of Directors shall meet annually on such date and at such place and time as the Board of Directors may determine. Regular meetings shall be at such date, place and time as the Board of Directors may from time to time determine. Regular meetings of the Board of Directors shall be held not less frequently than three times each year in addition to its annual meeting. Special meetings may be called by the Chair and shall be called by the Secretary, or in the case of the death, absence, incapacity, or refusal of the Secretary, by any officer, upon the written application of at least five of the Directors then serving.

Section 9. Notice. Seven days' notice shall be given of all meetings of the Board of Directors stating the date, purpose, time and place of such meeting.

Section 10. Quorum and Voting. A majority of Directors then in office shall constitute a quorum at all meetings. When a quorum is present, voting at any meeting shall be by majority vote except as required by law, the Articles of Organization, or these bylaws.

Section 11. Action Without a Meeting. Any action required or permitted to be taken may be taken without a meeting of the Board of Directors if all of the Directors consent in writing and if the written consents are filed with the records of the Club. Such consents shall be treated for all purposes as a vote at a meeting.

Section 12. Telephonic Participation in Meetings. Members of the Board of Directors or any committee designated by the Board of Directors or these bylaws may participate in a meeting of the Board of Directors or such committee by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Comment: *This section has no counterpart in the existing bylaws. It is a very common provision in modern bylaws that telephonic participation in board meetings be allowed and the provision is extensively used. The Club may have been allowing telephonic participation as a practical matter but it is better to have express authority for it.*

Section 13. Waiver of Notice. Whenever any written notice is required to be given by these bylaws, a waiver of notice signed either before or after the action for which notice is required shall have the effect of written notice.

Section 14. Nomination of Directors and Certain Officers. Each year the Board of Directors shall appoint a Nominating Committee of five or more members, which may include

but shall not be limited to members of the Board of Directors and officers. The Nominating Committee shall identify a slate of persons for election as Chair of the Board of Directors, at least one Vice Chair of the Board of Directors, Treasurer and other Directors. No person serving on the Nominating Committee shall be eligible to be nominated by the Committee, except that a person serving on the Committee may be nominated for reelection to a position that such person already holds. The Nominating Committee shall publish a list of its nominations to the Members in writing at least 16 weeks prior to the annual meeting. Additional nominees may be designated by the written petition of not less than 500 Members, delivered to the Club not less than 10 weeks prior to the annual meeting. All persons nominated by the Nominating Committee or by petition shall be presented for election at the annual meeting of Members unless any such person notifies the Club in writing that he or she will decline to serve if elected.

***Comment:** The provision varies from the existing bylaws in that it permits Directors and officers to serve on the Nominating Committee, although they may not nominate themselves except to be reelected to a position they already hold. (Should the Committee wish to nominate one of its members to a new position, that member would have to resign from the Committee.) Experience has shown that people already serving are often the most familiar with the needs of the Club. The process set forth in this provision has not otherwise been changed from the process included in the existing bylaws since it appears that process works as a practical matter. However, similar to comparable changes in other provisions of the bylaws, the number of Members that may petition for additional candidates has been increased from 250 to 500 to reflect the increased membership of the Club.*

ARTICLE IV

NOTICES, WAIVERS, CONSENTS AND PROXIES

All notices, waivers, consents, proxies, all referenda and petitions for referenda to be conducted pursuant to ARTICLE II, Section 8 and all petitions and notices given pursuant to ARTICLE X, given by the Club, any member of the Board of Directors or any Member shall be in writing. For this purpose:

(a) Without limiting the means by which notices and referenda may be given by the Club to the Members, such notices may be contained in any Club publication of general circulation to the Members.

(b) Notices, waivers, consents, proxies and referenda given by the Club, any member of the Board of Directors or any Member by electronic delivery or any other method whereby they can be printed out in paper form shall be deemed to be in writing.

In addition to the means of delivery of notices and referenda by the Club to the Members specified in clause (a) above, notices, waivers, consents, proxies and referenda may be delivered by mail or other delivery service, by in person delivery, by electronic transmission or by any other means approved by the Board of Directors. Notwithstanding the foregoing, the Board of Directors may establish a procedure by which any Member may elect not to receive notices and

referenda by electronic transmission but instead to have any notice or referendum submitted by electronic transmission to the Members generally instead be submitted to the electing Member by mail.

***Comment:** This provision has no counterpart in the existing bylaws. Its most important feature is that it authorizes the use of the Internet to deliver all notices, waivers, proxies and consents, both by the Club and by the Members and Directors. This has the substantial benefit of not requiring use of the mails for such things, thus effecting a very material savings of both time and money. Keep in mind that the provision permits, but does not require, that electronic means be used. It remains the responsibility of the Club or other giver of the notice or other item to assure that the delivery means used is reasonably appropriate to assure proper delivery.*

ARTICLE V

OFFICERS

Section 1. Enumeration. The officers of the Club shall be a Chair of the Board of Directors, a President, at least one Vice Chair, a Chief Financial Officer, a Treasurer, a Secretary and such Vice Presidents and other officers as the Board of Directors may from time to time appoint. One person may hold more than one office simultaneously.

***Comment:** Massachusetts law requires that the Club have persons performing the functions of the chief executive officer, the chief financial officer and the recording officer, though the Club is free to choose the actual titles they have. When the Executive Director was established as an officer in the current bylaws, the position was given the duties of the chief executive officer, previously assigned to the President. "Chair" is a more conventional title for the current role of the President, and "President" is a more conventional title for the chief executive officer, and represents the normal practice for most not-for-profit organizations of AMC's current size. The draft therefore changes the titles of the officers having these duties from "President" to "Chair" and from "Executive Director" to "President". These changes suggest, in turn, that the officers presently designated as Vice Presidents should be designated as Vice Chairs, and the proposed new bylaws make this change as well.*

***Comment:** The existing bylaws provide that no officer who also serves as a Director may hold the same office for more than five consecutive years. This has been changed to six years, to be consistent with the term limitations of Directors. The President (formerly the Executive Director) has been exempted from this limitation since he holds a full time position.*

Section 2. Election and Term. The Members at their annual meeting shall elect the Chair of the Board of Directors, at least one Vice Chair of the Board of Directors and the Treasurer, each of whom shall hold office until the next annual meeting of the Members and the election and qualification of their successors. No officer elected by the Members may hold

office for more than six consecutive years. Service as a different officer or in a different capacity shall not be counted in determining this period of consecutive service. All other officers shall be elected by the Board of Directors, to hold office at the pleasure of the Board of Directors.

Section 3. Powers and Duties. The officers shall have the powers and perform the duties customarily belonging to their respective offices, including the powers and duties listed below and in other provisions of these bylaws and such other powers and duties as may be assigned to them by the Board of Directors.

Comment: The provision simplifies the descriptions of the duties of officers. Longer descriptions are not required and this is a step toward simplification. Note that the Board of Directors can assign additional powers and duties if it wishes to do so.

- (a) The Chair of the Board of Directors shall preside at all meetings of the Board of Directors and the Members and shall be an *ex officio* voting member of all committees. The Chair of the Board of Directors shall, with the advice and consent of the Board of Directors, appoint all of the members and the chairs of all committees and designate a Vice Chair to act in the absence of the Chair.
- (b) The Vice Chairs shall have such powers and duties as shall be assigned to them by the Board of Directors. One Vice Chair shall be designated to act in the absence of the Chair.
- (c) The President shall be the chief executive officer of the Club responsible to the Board of Directors for the implementation of the Board's policies and the administration of the affairs of the Club. Except as otherwise provided by the Board of Directors or these bylaws, he or she shall have authority to sign for the Club all deeds, agreements, and other formal instruments.
- (d) The Chief Financial Officer shall be the chief financial officer of the Club and shall be in charge of all funds and securities of any type. With the advice and consent of the Board of Directors and the Investment Committee, he shall have power to invest and reinvest surplus funds. He shall render to the Board of Directors whenever it so requests an accurate account of all sums received and disbursed during the preceding fiscal year and of all sums and funds which are not expended. Except as otherwise provided by the Board of Directors or these bylaws, he shall have authority to sign for the Club all deeds, agreements, and other formal instruments.

Comment: The existing bylaws assign the chief financial officer's responsibilities to the Treasurer. That is not the current actual practice of the Club, and this provision conforms the bylaws to the current practice, while retaining flexibility for the Board to change this practice at a future time. It is important that the bylaws reflect reality, for example to assure that there is appropriate authority for the

execution of significant transactional documents or other material agreements for the organization.

- (e) The Treasurer shall have general oversight of the financial affairs of the Club and such other duties as are specified in these bylaws, including oversight of such committees as the Board of Directors shall designate, and shall have such other duties as shall be specified by the Board of Directors.
- (f) The Secretary, who shall act as the Clerk, shall keep records of all meetings of the Board of Directors and make a report thereon and shall issue calls and notices of meetings of the Board.

Comment: *The existing bylaws require that the Secretary be a Director. While this is a fully appropriate practice, the substantive duties of the secretary in some organizations are assigned to a staff member who serves as secretary but not as a director, and provisions are made in the proposed bylaws to make this a permitted alternative should the Board wish to do so in the future.*

Section 4. Resignation. Any officer may resign at any time by giving written notice of such resignation to the Chair or the President. Such resignation shall be effective at the time specified therein, or if no time is specified, upon receipt by the officer to whom it is given.

Comment: *This provision specifies a procedure for resignation by an officer. As noted above with respect to the Directors, this customary provision is not contained in the existing bylaws and should be. It also has probably been assumed in the past.*

Section 5. Removal. An officer elected by the Board of Directors may be removed or suspended either with or without cause by the affirmative vote of a majority of the Directors then in office at any meeting of the Board. An officer elected by the Members may be removed or suspended either with or without cause by the affirmative vote of two-thirds of the Directors then in office at any meeting of the Board. Such removal shall be without prejudice to contract rights, if any, of the person so removed. Election or appointment as an officer shall not of itself create contract rights.

Comment: *This provision gives authority to the Board to remove an officer. As noted above with respect to Directors, resignation and removal are not addressed in the existing bylaws with respect to officers, and should be for the same reasons stated above regarding Directors. Such provisions are very standard. Because some officers are elected by the Members, not the Directors, it is required that officers elected by the Members can be removed only with a two-thirds vote of the Directors rather than a majority.*

Section 6. Vacancies. A vacancy in any office filled by the election of the Members shall be filled by the Board of Directors at any meeting by the affirmative vote of two-thirds of the Directors then in office. A vacancy in any office filled by the election of the Board of

Directors shall be filled by the Board of Directors at any meeting by the affirmative vote of a majority of the Directors then in office.

ARTICLE VI

CHAPTERS

Section 1. Organization of Chapters. The Board of Directors shall provide for the organization and support of Chapters within the membership of the Club. The Chapters shall be responsible for carrying out at the local level the purposes of the Club.

Section 2. Regions. The Chapters of the Club shall be organized into Regions for the purpose of coordinating matters of common interest among the members. The organization of the Regions shall be established and may from time to time be changed by the board of Directors upon the recommendation of the Chapters Committee.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

The Club shall indemnify each of its officers, Directors and members of Committees and any persons serving at its request as directors, officers, employees or other agents of another organization or in any capacity with respect to any employee benefit plan (each such person being referred to as an "Indemnified Person") against all liabilities and expenses, including counsel fees and amounts reasonably paid in settlement, imposed upon or reasonably incurred by such Indemnified Person in connection with any action or proceeding, whether civil or criminal, to which he may be made a party or with which he may be involved by reason of such Indemnified Person's having been an officer, Director, Committee member or other such person for the Club. However, no indemnification shall be provided for any person with respect to any matter in which he shall have been adjudicated in any action or proceeding not to have acted in good faith in the reasonable belief that his action was in the best interests of the Club or of participants in an employee benefit plan. Such indemnification may include payment by the Club of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding upon receipt of an undertaking by the Indemnified Person to repay such payment if (i) such person shall be finally adjudicated or determined by the Council not to have acted in good faith in the reasonable belief that his action was in the best interests of the Club or of participants in an employee benefit plan, or (ii) the Club has received a written opinion of legal counsel to the same effect. Such undertaking to repay may be accepted without reference to the financial ability of such Indemnified Person to make repayment. Any such indemnification may be provided although the person involved is no longer an officer, Director or Committee member of the Club, or director, officer or employee of another organization, or no longer serves with respect to such employee benefit plan. In the event of a settlement of an action or proceeding, the indemnification provided herein shall apply only when the Board Directors approves such settlement and reimbursement as being in the best interest of the Club or participants in an employee benefit plan or when the Club has received a written opinion of legal counsel to the same effect. The foregoing right of indemnification shall be in

addition to and not exclusive of all other rights to which such person may be entitled. The Board of Directors may authorize indemnification of persons who are not officers, Directors or Committee members or otherwise entitled to indemnification under this Article.

Comment: There are no changes in this provision.

ARTICLE VIII

CONFLICTS OF INTEREST

A Director shall be considered to have a conflict of interest if (a) such Director has existing or potential financial or other interests which impair or might reasonably appear to impair such Director's independent, unbiased judgment in the discharge of his responsibilities to the Club; or (b) such Director is aware that a member of his family (which for purposes of this Article shall be a spouse, parents, siblings, children and any other relative if the latter resides in the same household as the Director) or any organization of which such Director (or member of his family) is an officer, director, employee, member, partner, trustee, or controlling stockholder has such existing or potential financial or other interests. All Directors shall disclose to the Board of Directors any possible conflict of interest at the earliest practical time. No Director shall vote on any matter under consideration at a Board or Committee meeting in which such Director has a conflict of interest. The minutes of such meeting shall reflect that a disclosure was made and that the Director having a conflict of interest abstained from voting. Any Director who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee to address the question by majority vote.

Comment: There are no changes in this provision.

ARTICLE IX

GENERAL

Comment: This Article omits the provision in the existing bylaws that there be a corporate seal. Seals are not required by law and are a historical relict. When they exist, they are almost never used. If someone requires a seal to be used, there is nothing that prevents it.

Section 1. Discrimination Prohibited. In conducting its affairs, the Club shall not discriminate against any person on the basis of race, creed, color, national origin, ethnic origin, sex, sexual orientation, marital status, age or physical disability.

Comment: This provision is new to the bylaws but can be found in other Club documents. It is a requirement that is basic to the Club and among other things is required to entitle the Club to its charitable status for tax purposes.

Section 2. Fiscal Year. The fiscal year of the Club shall begin on the first day of January and end on the thirty-first day of December, unless otherwise determined by the Board of Directors.

Section 3. Operating Rules. The Board of Directors, acting by the vote of not less than two-thirds of the Directors present at a meeting, may establish and from time to time change Operating Rules, Procedures and Policies of the Club, which may be adopted or amended only if first presented at a meeting of the Board of Directors and thereafter approved at a subsequent meeting (which meetings need not be successive).

ARTICLE X

AMENDMENTS

Amendments to these bylaws may be proposed by any Director or by a written petition of not less than 500 Members. Any amendment proposed by a Director shall first be considered by the Board of Directors who may, by the affirmative vote of two-thirds of the Directors then in office, recommend its adoption by the Members, provided that notice describing the proposed amendment has been given in writing with the notice of the meeting of the Directors. Any amendment recommended by the Board of Directors for adoption by the Members or proposed by a written petition of Members, whether or not recommended by the Board of Directors, shall be submitted to the Members for approval either (i) by a majority vote of the Members present and voting at any meeting, provided that notice describing the proposed amendment has been given in writing with the notice of the meeting, or (ii) by a written ballot of the Members in which more Members voted in favor of the amendment than against it.

***Comment:** The amendment section has been changed in the proposed bylaws (a) to increase the number of members who may petition for a bylaw change from 250 to 500, comparable to the same change made in other parts of the proposed bylaws, in the light of the increased number of Members in the Club, and (b) to reduce the number of Directors who must approve other proposed amendments before they are submitted to the Members from two-thirds to a majority.*