

**THE LAVALLETTE YACHT CLUB**  
**Summary of Proposed Amendment and Restatement of the Bylaws**

Set forth below is a summary of the substantive revisions to the Bylaws of The Lavallette Yacht Club (the “Club”) reflected in the revised amendment and restatement of the Bylaws proposed by the Board of Governors for approval by the Members (the “Proposed Bylaws”). Most revisions reflected in the Proposed Bylaws have been made for clarity of expression or organization, to modernize the wording and for consistency of usage; these non-substantive revisions are not discussed in this summary but are shown in a “redlined” copy of the Proposed Bylaws prepared using the “compare” function in Word. The Bylaws were not amended during 2018, so the comparison provided is made with respect to the Bylaws as in effect in 2017 (the “Current Bylaws”). Past Commodore Bill Scheyer scoured the records of the Board of Governors to ensure that the Bylaws utilized for this comparison reflect all amendments.

1. Allocation of Powers to Adopt and Amend the Bylaws and the Rules and Regulations. The Current Bylaws allow only the Members to adopt or amend bylaws. However, the Current Bylaws allow either the Members or the Board of Governors to adopt or amend rules and regulations (the “Rules and Regulations”), except that the Board of Governors cannot adopt or amend a rule or regulation in a manner inconsistent with the Current Bylaws or Rules and Regulations. The result is uncertainty regarding what Rules and Regulations the Board of Governors may or may not adopt or amend. In order to resolve this uncertainty, the Proposed Bylaws provide that Bylaws may be adopted or amended only by approval of the Members (as in the Current Bylaws), and provide that the Rules and Regulations may be adopted or amended only by approval of the Board of Governors (and only in a manner that is consistent with Bylaws adopted by the Members). The result is a clear allocation of powers as between the Members and the Board of Governors, with continued clarity that any actions of the Members control over actions of the Board of Governors. (Compare Articles XIX and XX of the Current Bylaws with Article V, Section 4, and Article XIV of the Proposed Bylaws.)
2. Composition of the Board of Governors. The composition of the Board of Governors is not changed. However, two changes are made in the Proposed Bylaws:
  - a. A Past Commodore is not considered a member of the Board of Governors unless that Past Commodore is a member in good standing; and
  - b. If there occurs a vacancy in the office of the Rear Commodore, the vacancy is filled by the Fleet Captain (rather than filled by the Board of Governors), and the Board of Governors then fills the resulting vacancy in the office of Fleet Captain until the next Annual Meeting of the Members.
3. Limitations on Powers of the Board of Governors. Article V, Section 3, of the Bylaws has been revised to clarify and expand the limitations on the powers of the Board of Governors that are expressed by enumeration of actions that require approval by the Members. The provisions of the Current Bylaws were uncertain in their application and also left open powers regarding major actions that appropriately and more customarily lie in the hands of the Members. The provisions of the Proposed Bylaws provide that the

approval of the Members is required for the Board of Governors to cause the Club to do any of the following:

- i. sell, exchange or otherwise dispose of all or substantially all the assets of the Club;
  - ii. acquire land other than the land located at and about Swan Point Road, Lavallette, New Jersey;
  - iii. mortgage or encumber of record in exchange for money borrowed, or (except as mandated pursuant to applicable law without consent of the Club, irrevocably and permanently grant public access to) a substantial portion of the real property of the Club;
  - iv. impose an assessment on the members;
  - v. borrow money in an original principal amount greater than twenty five percent (25%) of the mean average gross revenue of the Club during the three immediately preceding fiscal years; or
  - vi. merge with or convert into another entity.
4. Procedures and Criteria for Election, Suspension or Expulsion, and Reinstatement of Members. Sections 7, 10 and 12 of Article III of the Proposed Bylaws update the authority and powers of the Board of Governors regarding (i) election of Members, (ii) admonition, discipline, fine, suspension or expulsion of Members and (iii) reinstatement of Members, in each case consistent with modern legal principles consistent with the purposes of the Club, its status as a private organization, and the standard of care for action of the Board of Governors (to make determinations in its good faith discretion). (Compare Article III, Section 7, and Article V, Section 12, of the Current Bylaws.)
5. Committees. The Proposed Bylaws substantially revise provisions of the Current Bylaws regarding Committees to reflect both current practice and also to allow flexibility to adapt their composition, duties and functions to circumstances as they change. In order to do so, the Proposed Bylaws do the following:
- a. Add to or retain in the Bylaws the core Committees that carry out governance and operational functions to operation of the Club and that do not materially change from year-to-year (referred to as “Standing Committees”):
    - i. Steering Committee
    - ii. Finance Committee
    - iii. Membership Committee
    - iv. House Committee

- v. Building and Grounds Committee
  - vi. Nominating Committee
  - vii. Planning Committee
- b. Move to the Rules and Regulations provisions regarding other Committees whose functions require material adjustment from year-to-year or that are more appropriately carried out by Appointed Officials:
- i. Docks and Channels Committee
  - ii. Women's Committee
  - iii. Junior Sailing Committee
  - iv. Junior Activities Committee
  - v. Regatta Committee
  - vi. Communications Committee
  - vii. Trophy and Awards Committee
  - viii. Extenders Committee
  - ix. Yearbook Committee
  - x. Historian
  - xi. Boat Engineer
- c. The Audit Committee has been replaced by the Finance Committee and new provisions regarding financial statements described in Paragraph 10 below.
- d. Provisions regarding Special Committees have been retained in the Bylaws and updated to conform to practice.
- e. A new category of Committee called "Statutory Committees" has been added to reflect the distinction between committees that can exercise powers of the Board of Governors and other Special Committees. Only members of the Board of Governors may be members of a Statutory Committee, whereas any Class A or B or Emeritus Member can be appointed to Standing Committees and Special Committees.
- f. The Proposed Bylaws clarify that Standing Committees can appoint subcommittees to carry out their functions.

- g. Provisions regarding specific duties, functions, governance and procedures for Committees and subcommittees are moved to the Rules and Regulations to facilitate adapting to changing circumstances from time-to-time.
- 6. Nominating Committee. The Current Bylaws provide that the Commodore alone selects the members of the Nominating Committee, including its chair. The Proposed Bylaws provide that appointments by the Commodore to the Nominating Committee are subject to the approval of the Board of Governors.
- 7. Appointed Officers. Due to the significant burden of duties imposed upon the Secretary and the Treasurer, the Proposed Bylaws create two new, non-elected officer positions: Assistant Secretary and Assistant Treasurer. These appointed officers may attend meetings of the Board of Governors but do not have any vote on the Board.
- 8. Appointed Officials. Provisions regarding specific Appointed Officials are moved to the Rules and Regulations, because the positions and functions change materially over time. The Proposed Bylaws provide that the Appointed Officials may include a paymaster, billing controller, powerboat engineer, principal race officer, custodian of trophies and awards, editor of the yearbook, historian, scorer, registrar, measurer, electronic and communications officer, principal race officer and protest hearing officer.
- 9. Execution of Contracts. The Current Bylaws require every contract to be signed by the Commodore. Consistent with customary corporate practices, the Proposed Bylaws provide that all material contracts and instruments in the name of the Club shall be signed by one Flag Officer and one other elected officer or by such officer or officers as the Board of Governors from time to time may prescribe.
- 10. Financial Reports. The requirement to obtain an “audit” of the financial statements of the Club has been eliminated to conform to actual practice and in light of the prohibitive cost of an audit. The Board of Governors is given the authority to determine whether the financial statements of the Club will be compiled or reviewed by an independent certified public accountant.
- 11. Dues, Assessments, Fees and Charges. Article X of the Proposed Bylaws substantially revised provisions of the Bylaws to conform to practice and for clarity of application. New Section 10 reflects that Members are responsible for sales and other taxes imposed on their respective dues, fees and other charges.
- 12. Guests and Visitors. Article XI is amended to modernize and clarify requirements regarding guests and visitors.