

NEW MILFORD SWIM CLUB, INC.
(A Not-for-Profit Corporation Organized under
the laws of the State of New Jersey)
BY-LAWS
July 29, 2015

Foreword

Whereas, the New Milford Swim Club, Inc. was formed as a not-for-profit corporation organized under the laws of the State of New Jersey on March 18, 1959; and

Whereas, the founders of the New Milford Swim Club, Inc. believed that the sport of swimming not only is a most healthful form of physical exercise, but also a most enjoyable recreational activity, and whereas they further believed that a swimming pool located within the Borough of New Milford would enable its residents to enjoy swimming frequently; that it would complement the existing recreational facilities provided by the Borough; that it would foster knowledge and ability in matters of water safety; that it would provide an unsurpassable summer activity for children; that it would better the friendly community life which is now enjoyed, and that it would increase property values throughout the Borough of New Milford; and

Whereas, the founders of the New Milford Swim Club, Inc. stated that the purpose of the New Milford Swim Club, Inc. is to make available to the residents of New Milford, first and foremost, swimming facilities on a cooperative basis; therefore, to aid in this purpose, the policy of the Club shall be to limit membership first to residents of the Borough of New Milford; and furthermore, the Club shall at all times be operated in a manner wholly consistent with the best interests of the Borough; and

Now be it resolved that the Trustees of the New Milford Swim Club, Inc. hereby adopt these By-Laws to set forth the rules, which are to govern the affairs of the Club. They are to be constructed in a manner which will further its purpose.

ARTICLE I. **TITLE AND OFFICES**

Section 1. The title of this corporation shall be the New Milford Swim Club, Inc. (hereinafter referred to as the "Club"), and its principal office shall be located in the Borough of New Milford, County of Bergen, State of New Jersey.

Section 2. The Corporation shall maintain a registered office within the Borough of New Milford, which shall be at the Club, located at 160 Trotta Drive, New Milford, NJ 07646, and shall use the Club Post Office Box 309, New Milford, NJ 07646 as its mailing address. The President shall be the resident agent upon whom process may be served.

Section 3. The Corporation may have such other offices within the Borough of New Milford as the Board of Trustees may deem necessary for the administration of its affairs. However, the principal office shall be at the Club, as required by Section 2 above.

Section 4. Membership, financial and other Club records and documents may be kept in the homes of Trustees or paid employees of the Club who are entrusted with the information and require the records and documents to perform their duties.

The Treasurer of the Club or his/her designee shall keep the detailed financial records of the Club.

The minutes of meetings of the Bondholders and of the Board of Trustees, and all supporting reports, correspondence, etc. shall be kept by the Secretary of the Board of Trustees.

Copies of minutes, annual financial statements, tax returns, significant contracts, and such other documents as the Board of Trustees deem appropriate shall be kept in a fire proof, locked cabinet at the Club.

The Club shall maintain a safe deposit box in a local bank to store all important documents pertaining to the Club, including, but not limited to, the Certificate of Incorporation, the Lease with the Borough of New Milford, the Certificate of Occupancy, and such other documents as the Board of Trustees deem appropriate.

ARTICLE II. ADMISSION OF BONDHOLDERS (FULL-TIME MEMBERSHIP)

Section 1. The Club is owned by the Bondholders. By becoming a Bondholder, a person shall enjoy Club membership and receive certain benefits of membership, and shall accept certain duties and responsibilities normally associated with such ownership. Only a person who is at least eighteen years of age, who is of good character, and who actually resides within the Borough of New Milford, may become a Bondholder in the Club, except as noted in Section 2 below.

When a person becomes a Bondholder, all members of that person's immediate family residing with the Bondholder become full-time members of the Club, as described more fully in Article III below. Temporary residence at school, or other locations shall not preclude a family member from full-time membership.

Section 2. The Board of Trustees, from time to time, in its sole discretion, may accept

as Bondholders persons who are not residents of the Borough of New Milford. Potential nonresident Bondholders may include, but not be limited to, relatives of existing members, New Milford business owners, municipal employees, etc.

A nonresident may not be accepted as a Bondholder if there are any residents on the waiting list who have not been offered full-time membership. However, once accepted, a nonresident Bondholder shall be entitled to all the same benefits of membership as any resident Bondholder, and shall not be forced to resign should any residents be on the waiting list.

The Board of Trustees in its sole discretion may set limits on the number of nonresident Bondholders to be accepted from time to time.

Section 3. The Bondholder shall be that particular person who has applied for membership and in whose name the membership has been registered on the books of the corporation, and upon whom dues and assessments are imposed. A membership may not be held in any form of joint ownership.

Section 4. All Bondholder applicants shall be placed on a waiting list that is maintained by the Secretary of the Club. Bondholder applicants shall be considered for full-time membership in the order that their request for membership is received, at such time as additional memberships become available, except that all qualified resident applicants must be considered before any nonresident applicants. Proof of residency shall be required for residents. In the event that no waiting list exists the Secretary of the Club may submit Bondholder applicants in accordance with the terms herein, as if they had been on a waiting list.

Section 5. The Board of Trustees shall have the sole and full power to accept applicants to the waiting list or as a Bondholder. An affirmative vote of a majority of those Trustees present at a regular meeting of the Board of Trustees shall be required for the acceptance of a prospective Bondholder applicant to the waiting list or as a Bondholder.

Section 6. The Board of Trustees shall have the sole and full power to determine the number of Bondholders in the Club. This number may change from time to time, but it may not be decreased below the actual number of Bondholders existing at the time of the change. When the number of the Club's Bondholders is at a determined maximum, all prospective Bondholders shall be placed on the waiting list in the order that their applications are received until such time as additional memberships become available.

The names of the first 50 applicants on the waiting list shall be posted on the Club bulletin board during the swimming season. A copy of the waiting list

shall be made available for review to all Bondholders at the annual meeting.

Section 7. Prior to becoming a full-time member, every person admitted as a Bondholder shall pay to the Club the capital value of the Membership Bond. Such capital value shall be the same for all Bondholders. Such capital value shall be the sum of \$400.00, plus any and all other amounts of all additional capital assessments issued by the Board against each Bondholder.

Section 8. In addition to the payment required by Section 7 of this Article, every Bondholder shall, upon admission to membership, pay an initiation fee as set by the Board of Trustees in its sole discretion. This initiation fee shall not be included in the capital value of any membership and is non-refundable.

ARTICLE III. RIGHTS AND DUTIES OF BONDHOLDERS (FULL-TIME MEMBERS)

Section 1. Each Bondholder shall be entitled to one vote on any matter submitted to a vote of the members, including amendment of these By-Laws. See Article VII for requirements for a quorum and for approval of matters brought to a vote of the Bondholders.

Section 2. Each Bondholder in good standing, his or her spouse, their parents and all unmarried children or grandchildren residing in the Bondholder's home, shall be entitled to full use of the Club's facilities. Proof of residency shall be required for resident members.

Section 3. The Board of Trustees shall have the exclusive power to establish rules and regulations for the use and operation of the Club, including, but not limited to, the charging of fees for the use of the Club's facilities by other persons who reside in the Bondholder's home or who are guests of a Bondholder, including approved care-givers.

Section 4. If the corporation is dissolved, any assets which may remain after the discharge of all liabilities shall be equally distributed among all Bondholders regardless of length of membership, except that any outstanding dues or fees may be deducted from any individual Bondholder's distribution, as described in Article IV, Section 3.

Section 5. Each Bondholder, to be determined to be in good standing, shall pay all dues, assessments, guest fees, etc. which may be imposed according to the terms stated on the invoice(s) of the New Milford Swim Club, Inc., which shall be generated by the corporation from time to time. The Board of Trustees shall have the authority to impose penalties for late payment or non-payment of such amounts.

- Section 6. Each Bondholder, and the members of his or her household who are entitled to membership, as described in Article III, Section 2, is entitled to the use and enjoyment of the Club. Each Bondholder and the members of his or her household, who are entitled to membership, as described in Article III, Section 2, shall abide by the Rules and Regulations established by the Board of Trustees, and comply with the directions of the Club's manager and staff. Each Bondholder and the members of his or her household who are entitled to membership, as described in Article III, Section 2 shall not interfere with the Club's manager and staff in the day-to-day operation of the Club. Each Bondholder and the members of his or her household who are entitled to membership, as described in Article III, Section 2, shall undertake no activity, which is inconsistent with the best interests of the Club.
- Section 7. If a Bondholder, or any member of his family, as described in Section 2 above, brings litigation against the Club, their membership shall immediately be suspended in order to prevent any conflict of interest or unfair adverse consequences for the Club as a result of such litigation. In the event of a family dispute resulting in the issuance of a domestic violence restraining order against a Bondholder or Family member, the Board of Trustees reserves the right to suspend the membership of the Bondholder until such time as a court order is obtained by the Bondholder and the members of his or her household who are entitled to membership, as described in Article III, Section 2, that determines the rights and obligations of the Bondholder and the members of his or her household who are entitled to membership, as described in Article III, Section 2.

ARTICLE IV. TERMINATION OF MEMBERSHIP

- Section 1. Except as otherwise provided by this article, membership bonds are not transferable.
- Section 2. A Bondholder may voluntarily resign from the Club at any time, by submitting a written resignation to the Secretary. Such resignation shall not relieve the Bondholder so resigning of any obligation to pay dues, assessments, fees, etc. imposed prior to said resignation.
- Section 3. A Bondholder, upon termination of his or her membership, shall be entitled to receive from the Club the capital value of the membership bond less any dues or fees owed. This payment shall be made only when a replacement Bondholder is accepted into the Club. Withdrawing members shall have neither the right to sue the Club nor the right to exercise any other remedy otherwise available to creditors.
- Section 4. Permanent removal of residence from the Borough of New Milford by a Bondholder shall terminate his or her membership, unless such Bondholder

may qualify as a nonresident Bondholder. If the Bondholder moves, a spouse who remains in the household shall be eligible to assume the role of the Bondholder. In the absence of a spouse, if an unmarried child age 18 or over, resides in New Milford, he or she may similarly become the Bondholder. In addition, a married child of the Bondholder, who takes possession of the home, may become the Bondholder. Proof of family relationship shall be required.

In the event of a family dispute, a court order must be obtained by the Bondholder to determine the rightful Bondholder.

Unless, otherwise established, the capital value of the membership bond shall be remitted to the original Bondholder.

Section 5. Upon the death of a Bondholder, the surviving spouse shall then become the Bondholder. In the absence of a surviving spouse, a child over the age of 18 or a parent of the deceased Bondholder or his or her spouse, who resides in the home, may become the Bondholder. A legal guardian of those minor children under the age of 18 residing in the home, who meets the criteria of Article II, Section 1, may become the Bondholder. Also, a married child of the deceased Bondholder, as described in Article IV, Section 4, may become the Bondholder.

In the absence of all of the above, membership shall be terminated and capital value of the membership bond remitted to the estate.

ARTICLE V. SUSPENSION AND EXPULSION

Section 1. The Board of Trustees of the New Milford Swim Club, Inc. reserves the right to suspend or expel any Bondholder from membership "for cause". Suspensions or Expulsions of Bondholders from the Club "for cause" are in the sole and exclusive discretion of the Board of Trustees of the New Milford Swim Club, Inc. Suspension or Expulsion "for cause" may result from: the violation of any provision of these By-Laws; the failure to follow the Rules and Regulations of the Club; the failure to follow the directions of the Club's manager and staff; interference with the operation of the Club by the Club's manager and staff; or the commission of such other serious offenses as defined below or in the published Rules and Regulations. Any Suspensions or Expulsions shall be family suspensions or expulsions and shall include the Bondholder and the members of his or her household who are entitled to membership as described in Article III, Section 2.

Suspensions or Expulsions can result from the following "Serious Offenses", which include, but are not specifically limited to: transfer of membership cards; delinquent payment of dues, fees or assessments; misrepresentation

of information on application forms; theft of any property from the Club's premises; habitual intoxication or drinking alcoholic beverages on premises; illegal drug use on the premises; abuse or harassment in any form of a fellow Bondholder or members of his or her household who are entitled to membership, as described in Article III, Section 2, or the managers and/or staff of the Club; damage to or misuse of Club property, real or personal; commission of any unlawful activity on Club property; and disregard of Club Rules and Regulations either by the Bondholder, a family member or any person for whom the family is responsible at the Club.

The Board of Trustees shall have the authority to establish the length of any suspension. Suspensions or Expulsions may originate with the Pool Managers or with the Board of Trustees.

Suspensions of one week or more shall be approved by a majority of the Board of Trustees at a meeting of the Board. Expulsions shall be approved by a 2/3 vote of the Board of Trustees at a meeting of the Board.

Section 2. Suspensions occurring at the end of a swim season may be carried over for a period during the next swim season.

Section 3. An expelled Bondholder has no rights of transfer of membership (as e.g., pursuant to Article IV, Section 4).

ARTICLE VI. PART-TIME MEMBERSHIP

Section 1. The Board of Trustees, at its sole discretion, may accept a number of applicants on the waiting list for part-time membership, or if none exists, those families or members seeking part-time membership. Part-time members shall not become Bondholders. Part-time membership ceases at the end of the season, but it may be renewed for the following season at the discretion of the Board. Access to the club for part-time members will be as determined by the Board of Trustees in its sole discretion. Part-time members may participate in the Club's swimming and diving programs. The Board of Trustees as required shall determine further conditions. The Board of Trustees, in its sole discretion, may change the definition of part-time membership, and may change the types of part-time membership it offers, from time to time, as it deems appropriate, so long as part-time members do not have the same rights and privileges of Bondholders. This may be done without amendment of these By-Laws.

Section 2. Any applicant on the waiting list has the option to accept or reject part-time membership without affecting its position on the waiting list.

Section 3. The offer of Bondholder (Full-time Membership), with payment of the capital

value of the membership bond and the initiation fee, must be accepted when offered, or part-time membership shall end and the Bondholder applicant's name shall be removed from the waiting list, or be otherwise ineligible for any membership, and said applicant must begin the application process again. This section may be suspended from time to time at the discretion of the Board of Trustees.

ARTICLE VII. MEETINGS OF BONDHOLDERS

Section 1. Written notice of all meetings of the Bondholders shall be sent to the Bondholders by the Secretary of the Board of Trustees not less than ten nor more than sixty days prior to the date of the meeting. This notice shall state the place, date and hour of the meeting and shall contain a brief description of the matters, which will be submitted to the members. The deposit by the Secretary of the Board of Trustees, or his/her staff, in the United States mails with postage prepaid, of a letter or post card addressed to the Bondholder at the last address appearing on the records of the corporation shall constitute full compliance with this section. In addition to United States mail, written notice may be provided either personally or via email.

Section 2. At any meeting of the Bondholders, a Bondholder may vote either in person or by proxy. Another Bondholder of the club may act as a Bondholder's proxy, with written proxy authorization, but no Bondholder shall act as a proxy for more than two other Bondholders. The Bondholder may submit his/her proxy to persons designated by the Board of Trustees, as described in Section 3 below, who must exercise the proxy as indicated on the written proxy authorization. If the Bondholder signs the proxy, but does not indicate his/her preference on the defined issues, the Bondholder's vote shall be counted as designated by a majority vote of the Trustees present at any meeting of the Trustees where a quorum is present. The proxy form is valid for only those issues present on the written proxy authorization at the time of placing the Bondholder's signature.

Section 3. Ten percent of the Bondholders present in person or by proxy shall constitute a quorum at any meeting of Bondholders.

The Board of Trustees shall designate two of its Board members to accept proxies issued for Meetings of Bondholders. The proxies issued shall be split equally between the two Board members.

For the Annual Meeting of Bondholders, at which trustees are to be elected, Trustees standing for election may not serve as proxies.

Trustees designated to accept proxies shall receive the proxy cards, review them to assure that they are from valid Bondholders, tally the responses and

report the results, in detail, to the Board of Trustees and the Bondholders present at the meeting.

Section 4. An annual Meeting of Bondholders shall be held during the third week of January of each year for the purpose of electing Trustees of the Board of Trustees and for the transaction of any other business, which may become before the Board at the meeting.

If for any reason, the scheduled Meeting of Bondholders cannot be conducted or completed on the appointed date, an alternate date shall be set by the Board of Trustees to conduct such meeting or complete such meeting from the point at which it was interrupted. Notice of the rescheduled meeting date shall be made in accordance with Section 5 below.

Section 5. Special meetings of the Bondholders may be called at any time by the President of the Board or by a majority of the Board of Trustees or by written request of not less than ten percent of the Bondholders with at least ten days, but not more than sixty days, written notice via United States mail or email, or in person. No business other than that described in the notice of the special meeting, which must be issued in accordance with Sections 1 and 2 of this Article shall be discussed at said meeting.

Section 6. Except as otherwise provided by law or by these By-Laws, all matters voted upon by the Bondholders shall be decided by a majority vote of those present, in person or by proxy.

ARTICLE VIII. BOARD OF TRUSTEES

Section 1. The Board of Trustees is responsible for the overall operation of the Club, to include setting policies and procedures for the Club, promulgating Rules and Regulations for the use of the facilities, setting the schedule for the Club's operations, approving Bondholder applicants for the waiting list, approving the annual operating and capital budgets, and any revisions thereto, and the schedule of dues and fees, hiring the Club Manager and Assistant Mangers, etc.

The Club Manager, and his or her assistants, are responsible for the carrying out the policies, procedures, rules and regulations set by the Board of Trustees and for operating the Club on a day to day basis, including hiring, scheduling, directing and managing the staff, operating various Club equipment, assuring that the Club is being operated in a safe manner and in accordance with all state and local regulations covering the operation of such clubs, purchasing necessary supplies and equipment, conducting the Club's programs, etc., all within the operating and capital budgets approved by the Board.

The Club Manager, as an employee of the Corporation, shall report to and be accountable to the Board of Trustees, through the Operations Committee, and he or she shall be an ex-officio member of the Board.

Section 2. All powers of the corporation, except those specifically delegated to others or granted or reserved to the members by law or by these By-Laws, shall be vested in the Trustees, all of whom shall be Bondholders or the spouses of Bondholders.

Section 3. The Board of Trustees shall be composed of no less than seven and no more than nine Bondholders, or their spouses, but it must be composed of at least seven such Bondholders, or members of his or her household who are entitled to membership as described in Article III, Section 2.

Candidates for the Board of Trustees must be elected by a majority vote of the Bondholders present, in person or by proxy, at the Annual Meeting of Bondholders, pursuant to Article VII, Section 4.

The initial term of each Trustee shall be three years, and the terms shall be staggered so that no more than three terms expire in any given year. At the expiration of his/her term, a Trustee may submit a letter stating his/her request to remain on the Board for another full term or on a year-to-year basis. No Trustee shall serve on the Board as an elected or appointed member for a continuous period longer than 6 years without a two-year break in service.

A Trustee's application for re-election will be handled and considered in exactly the same manner as any new application in accordance with the provisions of Article VIII, Section 4. The number of Bondholders on the Board of Trustees is dependent upon the Board receiving sufficient applications from qualified Bondholders to serve on the Board, and the minimum number is provided only to enable the Board to function while it seeks additional qualified Bondholders to serve on the Board.

Section 4. Beginning at least 60 days prior to each Annual Meeting of the Bondholders, the Board of Trustees shall appoint a Nominating Committee for the purpose of accepting applications for Trustees and selecting, in the Committee's sole discretion, qualified candidates (meaning resident Bondholders, or members of his or her household who are entitled to membership as described in Article III, Section 2), in good standing, as nominees to the position of Trustee.

A Bondholder must be a member of the Club for at least two seasons before being considered for election to the Board of Trustees. In addition, at all times, a majority of the Trustees must be residents of New Milford. All

names submitted for consideration will be voted on by the Trustees in a confidential ballot to be ready by the Secretary. Any Trustee whose application is being contested must be excluded from the vote on his/her application.

The names of the selected nominees for election to the Board of Trustees, both new and existing Trustees, along with brief biographical sketches of said nominees, shall be included in the written notice of the Annual Meeting of Bondholders sent by the Secretary to the Bondholders in accordance with the provisions of Article VII, Section 2.

Section 5. A Trustee shall lose office upon filing with the Secretary of his/her voluntary written resignation or upon termination of his/her club membership. A Trustee may be removed from office by a two-thirds vote of the other Trustees for good cause shown, which shall include, but not be limited, breach of fiduciary obligations to the Bondholders, malfeasance, nonfeasance, repeated absence from meetings, or continued neglect of duty. A Trustee may also be removed by majority vote of the Bondholders present at any properly convened meeting of the Bondholders.

Section 6. A qualified candidate receiving a majority vote of the remaining Trustees shall fill any vacancy, which occurs before the end of a Trustee's term, for the remainder of said term. If a Trustee so elected wishes to continue on the Board after the end of such unexpired term, he/she shall be subject to the provisions of Sections 3 and 4 above.

Section 7. Upon completion of a full term of office on the Board of Trustees, the former Board member shall be issued identification cards for himself/herself and his/her spouse permitting them to use the facilities of the Club during the season in accordance with the guidelines adopted from time to time by the Board of Trustees, and for a daily fee, which shall be not less than the then current guest fees.

ARTICLE IX. MEETINGS OF THE BOARD OF TRUSTEES

Section 1. A schedule of the times and places of the regular meetings of Trustees for the year shall be presented by the President at the first Trustee meeting after the Annual Meeting of Bondholders. The schedule shall be approved by resolution. During June, July, and August, meetings may be held at the Club. During the rest of the year, meetings shall rotate among the homes of Trustees or such other place as designated by the Board of Trustees. Trustees shall meet at least one a month all year.

Section 2. Special meetings of the Board of Trustees may be called at any time by the President or by any three Trustees. Notice of such special meetings must

be given not later than ten days before the meeting, either in person, by mail, or by fax. No business other than that communicated by the notice shall be considered at a special meeting. In the event that an emergency arises, a special meeting may be called by the President or by any three Trustees, by telephone at the earliest possible convenience.

Section 3. Two-thirds of all Trustees shall constitute a quorum at any meeting of the Trustees. If a quorum is not present at any such meeting, no business may be conducted. Participation in a meeting by a Trustee by telephone shall satisfy the requirement for achieving a quorum.

Section 4. Except as otherwise required by law or by these By-Laws, the act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees.

ARTICLE X. OFFICERS OF THE BOARD OF TRUSTEES

Section 1. The Board of Trustees shall elect from its membership a President, Vice President, Treasurer, and Secretary. Each officer shall serve for the ensuing fiscal year unless he/she is removed from office.

Section 2. The Board of Trustees shall have the power to remove any officer at will. An officer shall also lose office if at anytime he/she ceases to be a Bondholder or Trustee or if he/she files with the Secretary his/her voluntary written resignation. The Board of Trustees may appoint to any vacant office a successor from among the incumbent Trustees, who shall serve for a period not extending beyond the next regular annual meeting.

Section 3. The President shall be the principal executive officer of the corporation. The President shall be elected at the December meeting of the Board of Trustees from among, but not limited to, the three Trustees who will be serving their last year as Trustees. He/she shall preside at all meetings of the Members and of the Board. He/she shall be ex officio - a member of all committees appointed by the Board of Trustees. He/she shall supervise and control the business and affairs of the corporation and he/she shall see that all orders and resolutions of the Board of Trustees are executed. The President shall have all powers vested in his/her office by law or by custom, and he/she shall perform all duties ordinarily incident to his/her office. In the event of a tie vote on any action before the Board, the President shall cast his/her vote to resolve the issue.

Section 4. The Vice President shall be elected at the December meeting of the Board of Trustees from among, but not limited to, the three Trustees who will be serving their last year as Trustees. The Vice President in the absence, or in the event of disability, of the President shall act in his/her place. The Vice

President shall perform any other duties, which may be assigned to him/her by the President of the Board of Trustees.

Section 5. The Secretary shall keep in the corporate books, minutes of the proceedings at all meetings of the members and of the Board of Trustees. He/she shall see that all notices are duly given in accordance with these By-Laws or in accordance with applicable laws. He/she shall have custody of the corporate seal, of all correspondence, and of all corporate records except those properly in the custody of another officer or paid employee. The Secretary shall perform all duties assigned to him/her by law, by these By-Laws, by the President, by the Board of Trustees or by custom.

Section 6. The Treasurer shall have custody of, and be responsible for, all corporate funds and securities. He/she shall deposit all receipts and disburse funds in accordance with the provisions of Article XIII. He/she shall maintain records of all accounts in accordance with an accounting system approved by a certified public accountant, selected by the Board of Trustees. He/she shall submit financial reports to the Board of Trustees at each regular meeting and, when requested, at special meetings. He/she shall submit the corporate records to the certified public accountant in December of each year to permit an audit or review of the financial statements and a report thereon prior to the Annual Meeting of the Members. The Treasurer shall perform any other duties, which may be assigned to him/her by law, by these By-Laws, by the President, by the Board of Trustees, or by custom.

Section 7. All officers may be assisted by paid employees to be engaged by the Board of Trustees when the need arises. The paid employees may be club members, but membership is not a requirement.

ARTICLE XI. COMMITTEES OF THE BOARD OF TRUSTEES

Section 1. The Board of Trustees may at any time establish committees to which may be delegated authority in the management of the corporation. All members of such committees need not be Trustees, but there shall be at least one Trustee among the members of each committee, who shall act as the Board liaison to the committee. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Trustees, or any individual Trustee, of any responsibility.

Committees to be established from time to time, in addition to the Committees required pursuant to Article VIII, Section 4 above and Article XI, Sections 4 and 5 below, may include Finance and Insurance, Long term Planning, Publicity, Rules and Regulations, Swim and Dive Team Liaison, etc.

Section 2. The Board of Trustees may at any time discontinue any committee established under Section 1 of this Article. The Board of Trustees may also effect any change in the membership of any committee. All committee assignments shall terminate no later than the time of the election of a new President by the Board of Trustees.

Section 3. Meetings of committees shall be governed, whenever applicable, by the same rules which apply to meetings of the full Board of Trustees.

Section 4. There shall be an Operations Committee, which shall serve as the liaison between the Board and the Club Manager, and shall work with the Club Manager to ensure the smooth and efficient day-to-day operation of the Club. However, significant decisions concerning the operation of the Club, including, but not limited to, construction of new facilities, approval of major contracts, major purchases, significant changes in operations etc., shall rest with the Board.

The Operations Committee shall make recommendations to the Board each year as to the hiring/rehiring of the Club Manager and his or her assistant managers. The Club Manager shall be responsible for the hiring/rehiring of all other operational staff.

Section 5. There shall be a Membership Committee which shall submit to the Board of Trustees, with recommendations therefor, the names of all applicants to be proposed for inclusion on the waiting list. The Committee shall also maintain the authorized waiting list and handle all other relations and communications with members and prospective members concerning their membership status, billing and payment of dues and fees, etc.

The Board of Trustees may from time to time engage paid staff to handle membership matters.

ARTICLE XII. DUES, ASSESSMENTS AND OTHER FEES

Section 1. Dues, fees and assessments may be imposed upon Bondholders for the operations of the Club or as capital assessments.

Section 2. The Board of Trustees shall approve annual dues and fees for the use of the Club and its facilities as part of their overall review and approval of the annual operating budget. Notice of the amount of the annual dues, and any related fees, shall be sent to the Bondholders by March 15, and the dues shall be payable not later than April 30.

Annual dues for part-time members shall be in an amount and manner as set by the Board of Trustees in its sole discretion.

Section 3. A new Bondholder, who is admitted to membership after the summer swimming season has begun, shall pay a proportionate amount of the annual dues for that year, computed by a method to be determined by the Board of Trustees.

If the new Bondholder is a part-time member, his/her full annual dues have already been paid for the season.

Section 4. A Bondholder, who terminates his/her membership during the summer swimming season, will have his/her dues prorated as of the termination date, and the dues for the remainder of the season will be returned, except in cases of terminations under Article V above.

Section 5. If the annual dues are not sufficient to meet the actual operating expenses for the year, as approved in the Annual Operating Budget, the Board of Trustees may impose on the Bondholders a supplemental charge to cover the deficiency.

Section 6. The Board of Trustees may also levy capital assessments on the Bondholders. Capital assessments shall include amounts to provide funds for the improvements or enlargement or maintenance of the Club's facilities, or to discharge indebtedness incurred for the improvement, enlargement or maintenance of the Club's facilities. All capital assessments shall be imposed equally on all Bondholders.

The value of capital assessments shall be added to the capital value of the membership bond and all future membership bonds shall be at the increased value.

Section 7. Capital assessments may be imposed solely by the Board of Trustees in an amount not to exceed one hundred dollars (\$100) per Bondholder in any calendar year. Capital assessments in excess of one hundred dollars (\$100) annually may be imposed only after approval by a majority vote of the Bondholders in person or by proxy at a duly held Meeting of the Bondholders.

Section 8. All dues and fees are payable within 30 days after the date of billing. Failure to pay dues, assessments or fees by the due date may result in monetary penalties or suspensions or expulsions as described in Article V, Section 1.

Section 9. All payments required to be made to the Club under these By-Laws are exclusive of any taxes, which are now, or may be, imposed on such payments by federal, state, or local laws. Any such taxes shall be paid by the Bondholders immediately upon their accrual, and shall be in addition to any other required payments.

Section 10. No annual dues, nor any part thereof, shall be refunded in the event that pool operations are required to be suspended for any period.

ARTICLE XIII. PROCEDURES FOR HANDLING RECEIPTS AND DISBURSEMENTS

Section 1. The Club Treasurer shall maintain checking accounts as necessary for all receipts and all expenditures of the Club. A separate checking account shall be maintained for the payroll and shall be funded by transfers from an operating or short term investment account of an amount equal to cover the net payroll plus all taxes accrued for each payroll period.

Interest bearing accounts may be used to invest funds not required in the operating account(s) on a temporary basis. Funds shall be transferred back to the operating account(s) when payments become due.

Section 2. Certificates of Deposit and other high-grade investments may be purchased with excess funds with the approval of two-thirds of the Trustees at a regular Board of Trustees meeting.

Section 3. The Board of Trustees shall establish an annuity fund to insure that sufficient monies are available to redeem all membership bonds at the lease expiration date. This annuity fund shall be reviewed annually by the Certified Public Accountant who conducts the annual audit or review.

Section 4. All payments by Bondholders and part-time members must be directed immediately to the Membership chair, or his or her designee, who shall credit the accounts of each Bondholder or part-time member, and deposit all funds within 5 banking business days after receipt thereof. A copy of all deposit slips shall be given to the Treasurer.

Section 5. All other funds received by any officer, member or the Club Manager must be deposited within 5 banking business days after receipt thereof, with a copy of the deposit slip given to the Treasurer.

Section 6. All expenditures must be supported by bills, vouchers or other documentation and approved by the responsible Trustee or Club Manager whose authority has been established by the Board of Trustees.

Section 7. All expenditures, including the replenishment of Petty Cash accounts and the transfer of funds to the Payroll Account, shall be made by check or wire transfer. The cancelled checks and/or bank advices, and the supporting documents, shall be retained by the Treasurer with the corporate records.

ARTICLE XIV. FISCAL YEAR AND FINANCIAL STATEMENTS

Section 1. The fiscal year of the corporation shall end on November 30th.

Section 2. The Board shall undertake to have Annual Financial Statements prepared in accordance with Generally Accepted Accounting Principles and available for review by the Bondholders at the Annual Meeting of Bondholders. Such financial statements shall be audited or reviewed (as those terms are defined by the appropriate professional bodies) by a qualified Certified Public Accountant, who shall address his/her report on said financial statements to the Board.

The Board, or a Committee thereof, should meet with the Certified Public Accountant prior to the Annual Meeting of Bondholders to discuss the Club's financial statements and the financial condition of the Club. The Certified Public Accountant should also be given the opportunity to attend the Annual Meeting of Bondholders and make a statement concerning the Club's financial condition should he/she so desire.

ARTICLE XV. SEAL

Section 1. The Board of Trustees shall prescribe the form of a corporate seal, which shall include the words "New Milford Swim Club" and "corporate seal". This seal shall be affixed to any document of the corporation whenever required by law, by these By-Laws, by the Board of Trustees, or by custom.

ARTICLE XVI. AMENDMENTS

Section 1. These By-Laws may be amended from time to time, as required. All amendments must be proposed to the Board and discussed at a duly scheduled meeting of the Board. Such amendments shall then be read again at a second duly scheduled meeting of the Board, after which time a vote of the Board shall be taken. All amendments approved by the Board shall be presented to the Bondholders for approval. Such changes must be approved by a two-thirds vote of those Bondholders present, either in person or by proxy, at any duly held Meeting of the Bondholders.