



POTOMAC SWIM
AND TENNIS CLUB

POTOMAC SWIM AND RECREATION ASSOCIATION, INC.

DBA POTOMAC SWIM AND TENNIS CLUB

BY-LAWS (AS AMENDED JANUARY 2018)

ARTICLE I – MEMBERSHIP

Section 1

Membership in the Association shall be extended to any person whose properly executed application the Board of Directors approves. Membership in the Association may be held by a single person or by a married person; provided, however, that the membership of any married person shall include the spouse of the member (unless separated or otherwise not living together as a family unit), all unmarried children of the member actually residing with the member as part of the family unit, and any father, mother, father-in-law, mother-in-law, or other relative of the member residing with the member as part of the member's family unit. Full-time domestic employees of the Association member will be admitted to the facilities of the Association without charge when they are required for supervision of the member's children or the disabled members of the member's household.

Section 2

Charter Members shall be the first one hundred persons accepted as members or all those accepted at the Associations first meeting if this number is exceeded. Each Charter Member shall be deemed an "Equity Member" (as defined below).

The Association shall offer two classes of membership, equity members and non-equity members.

"Equity Members" are defined as those members who have access to all Association facilities upon payment of the initiation fee for Equity Members and the annual dues applicable to Equity Members. This membership provides full voting rights as an owner member of the Association.

"Non-Equity Members" are defined as those members who have access to all Association facilities upon payment of the initiation fee for Non-Equity Members and the annual dues applicable to Non-Equity Members. This membership provides limited voting rights as a non-owner member of the Association. Upon the written request to the Board and subject to Board approval in its sole discretion, Non-Equity Members can convert to Equity Members by paying the then-current conversion fee, which shall be set by the Board from time to time.

Section 3

An active member is an Equity Member or Non-Equity Member who has paid the applicable initiation fee and all annual dues and special member assessments and has been accepted as provided in these By-Laws. Except as explicitly stated in

Article VI hereto, each active member shall be entitled to one vote (one vote per household), which may be cast by the member or the member's written proxy.

Section 4

An inactive member is an Equity Member or Non-Equity Member who, because of a change of residence, or for other reason the Board of Directors approves, is unable to use the Association's facilities; such an inactive status is subject to Board approval and may not exceed a period of four consecutive years unless extended beyond said period at the discretion of the Board of Directors upon written request presented by the inactive member. Inactive members shall not be entitled to vote on Association matters. Any such member who seeks to regain active membership status and utilize the facilities must first commence paying dues and also pay any fees or assessments (excluding regular dues) that were approved by the Board or billed during the period of time when the member was inactive.

Section 5

A temporary member is one to whom the Board accords the privilege of using the Association's facilities for a period of one year. Temporary members shall be selected from a membership waiting list to be maintained by the Membership Committee. The Board may renew a temporary membership at the end of any year. A temporary membership may be renewed no more than two times. Temporary members shall not be entitled to a vote on Association matters.

Section 6

Total membership (active and inactive but not including temporary) shall not exceed four hundred (400) members at any one time, provided that the Board may, from time to time, establish a lower limit on the number of memberships.

Section 7

Resignation of any member when made in writing and delivered to the Board shall become effective immediately upon its acceptance by the Board. A retiring Equity Member may apply to the Board for a refund of the initiation fee ("Fee Refund") and the Board will pay such refund as may be appropriate in conformity with Sections 9 and 10 of this Article, provided, however, the decision whether to grant any such refund is subject to the ultimate discretion of the Board. For the avoidance of doubt, no Non-Equity Members shall be entitled to seek a Fee Refund.

Section 8A

If a member becomes ineligible for membership in the Association for any reason, the Board at its discretion may terminate the member's membership, provided that the Board shall include with notice of such termination to any Equity Member, such refund as may be appropriate under Sections 9 and 10 of this Article.

Section 8B

The membership of any member may be terminated by a majority vote of the Board for any action that the Board considers prejudicial to the welfare of the Association, provided that said member shall have been given at least ten (10) days' notice in writing of the pending action including the charges against him, and shall have been given an opportunity for a hearing before the Board. In cases of such termination of membership, the former member may within thirty (30)

days after the date of the Board's action submit a written notice of intent to appeal to the Association. The hearing before the Association shall be at the next regularly called meeting after the receipt of the written notice of appeal. A two-thirds vote, by ballot, of the total membership is necessary to override the Board's decision, and such vote shall be final. Within ninety (90) days after the termination becomes final, the Board shall pay the former member any refund as may be appropriate under Sections 9 and 10 of this Article, less any indebtedness and cost of property damage to the Association. From the date of the Board's initial notification to the former member until final disposition of the case, all rights and privileges of membership shall be denied to said member. Section 8C Any member who refuses or neglects to pay annual dues and special member assessments or fees to the Association within thirty (30) days after the due date thereof shall be automatically suspended and shall be so notified. During a 30-day period of suspension, the member shall continue to be liable for dues but shall be denied all rights and privileges of membership. If default is not cured within thirty (30) days after notification, the Board at its discretion may terminate the membership of said member. If said member is removed from membership, the Board at its discretion may reinstate said member to membership upon payment of all of the member's indebtedness to the Association including interest and/or penalties unless waived by the Board. In case of such termination of membership, the Board may make such refund to the former member as may be appropriate under Sections 9 and 10 of this Article, within ninety (90) days of termination. Section 8D No member of the Board shall disclose the nature of his or any other Board Member's vote on a termination of membership to any person for any reason.

Section 9

An Equity Member in good standing who wishes to resign from the Association shall inform the Board Membership Chairperson in writing of his or her decision. (a) If the Association has a waiting list of applicants for membership, the Board may in its discretion repurchase the membership with funds provided by the resale of the membership. Refunds, if any, from the repurchase of the membership will never exceed (70) percent of the former member's initiation fee. Any such initiation fee refund would be based on the lesser of the initial initiation fee the former member paid or the then current initiation fee. Deficit assessments, annual dues, or special assessments due the Association including any interest and/or penalties, will be subtracted from repurchase of the membership refund provided, however, that if the written resignation is received by the Membership Chairperson on or before May 10 of any year, the annual dues for that year shall be waived. (b) If no waiting list exists, the Board of Directors may at its option provide no refund or such lesser refund, or authorize the member to dispose of his/her membership, subject to the approval of the Board as it deems appropriate considering all circumstances including but not limited to the Association's then current financial condition. The procedure with respect to members who are dropped from the rolls by appropriate action of either the Board or the membership shall be the same as that set forth here for new members who resign. (c) Each Equity Member shall also be entitled to transfer his/her membership to a family or an individual provided that such Equity Member executes the required transfer paperwork and pays the then-current membership transfer fee set by the Board in its sole discretion.

For the avoidance of doubt, no Non-Equity Members shall be entitled to the rights set forth in this Section 9.

Section 10

Any Equity Member whose membership is inactive for three years, resigns, or whose membership in the Association is terminated shall forfeit all interest in any property or other assets belonging to the Association. Any revenue from the sale of land will be used for the benefit of the Club. Moreover, no member has any right to the property or assets belonging to the Association unless or until the Association ceases to operate for the purposes of which it was created.

ARTICLE II – MEMBERSHIP MEETINGS

Section 1

The annual meetings of the Association shall be held at such time and place, as the Board shall designate. The membership will receive no less than fifteen (15) days' prior notice of the meeting. Such notice may be provided in accordance with Article II Section 6. Members present at the annual meeting shall constitute a quorum.

Section 2

The order of business of at any annual meeting shall be: (a) To receive the annual report of accounts of the previous fiscal year and an interim financial report from the Treasurer; (b) To receive the annual report on the overall activities of the Association from the President; (c) To conduct elections according to the procedures set forth in these By- Laws; (d) To transact all other business as the Board determines is appropriate.

Section 3

A special meeting of the Association may be called in accordance with the following provisions: (a) A special meeting of those members entitled to vote on the matters to be addressed at such meeting may be called by a majority of the Board of Directors at any time. Also, upon written request to the Secretary by not fewer than 25 of those members entitled to vote on the matters to be addressed at such special meeting, a special meeting of those members entitled to vote on the matters to be addressed at such special meeting shall be called within 30 days after the President of the Board receives the request, with a minimum of ten (10) days' prior notice to the membership. The notice shall state the purpose for which a special meeting has been called and no other business shall be transacted thereat. Such notice may be provided by regular mail, email, and/or posting at the Club. (b) At any special meeting, the presence of 30 members entitled to vote on the matters to be addressed at such special meeting in person, shall constitute a quorum. If, after the passage of one-half hour from the time for which the special meeting is called to order, less than a quorum is in attendance, the only motion that may be voted upon is a motion to adjourn.

Section 4

At any annual or special meeting, only those members allowed per Article I (as modified by Article VI) may vote, and voting may be accomplished in person or by proxy. A member voting by proxy will be considered as present. Except where otherwise provided, a simple majority vote will be sufficient to transact business.

Section 5

All meetings shall be conducted according to Robert's Rules of Order except when a conflict exists with the Association's By-Laws, in which case the latter shall prevail.

Section 6

Whenever in these By-Laws notice to members is required, notice will be provided to members via regular mail, electronic mail, or posting at the Club at the Board's option. Members must provide a valid email address. Any member

who does not have an email address or does not provide one must make special arrangements with the Board for receiving notice. Failure of the member to do so shall constitute a waiver of his or her right to notice.

Section 7

Voting by proxy shall be accomplished only by the submission to the Association of forms and/or ballots provided by the Secretary of the Association. The forms and/or ballots, together with instructions, will be available from the Secretary prior to each meeting at which a vote will be held and may be made available by email or at the Club in advance of any such meeting. Proxies may be given to the Secretary of the Association or an individual the Secretary designates. The proxy may require the recipient to vote specifically for or against particular resolutions, motions, or candidates standing for election. The proxy may require abstention from voting for particular resolutions, motions, or candidates.

ARTICLE III – ELECTIONS

Section 1

The Nominating Committee shall nominate candidates for all vacancies on the Board of Directors to be elected at the next annual meeting, submitting written certification that the nominees will serve if elected. Such nominations are to be submitted to the Board of Directors no later than 5 days before the date of the annual meeting. Announcements soliciting nominations for candidates for election to the Board of Directors shall be made to the membership 30 days prior to the scheduled election, via email and by posted announcement at the Club, as appropriate given the season in which the election is to be held. Notice for meetings at which an election is to be held will be made pursuant to Article II, Section 1 of these By-Laws. The announcement will state the means by which nominations may be made before the meeting at which the election will be held, and will also state the date by which those nominations made before the meeting at which the election will be held must be submitted. If the election will be held at a meeting occurring while the pool is open, all names of nominees accepted prior to the meeting in accordance with the announcement soliciting nominations shall be posted visibly at the Club.

Section 2

Additional nominations may be made from the floor at the membership meeting, provided that each nominee personally states his or her willingness to serve if elected, either orally in the meeting or by this member's written statement.

Section 3

Elections shall be by single, written, secret ballot covering all vacancies. Votes may be cast in person or by proxy, with proxy ballots being made available pursuant to Article II, Section 7 of these By-Laws.

ARTICLE IV – BOARD OF DIRECTORS

Section 1

The affairs and property of the Association, except as otherwise provided by Statute, or the Charter, or in these By-Laws shall be conducted and managed by the Board of Directors of nine members, which will include the officers of the Association. The President of the Association shall be and serve as Chairperson of Board of Directors. The President has authority to execute all documents on behalf of the Association provided he is acting in accordance with proper authorization of the Board.

Section 2

Annually three Directors shall be elected from among the Association's active members for a term of three years or until their successors have been chosen. Directors are limited to a maximum of six (6) consecutive years, unless they have previously filled by appointment a vacant slot, in which case a Director may serve a period not to exceed eight (8) consecutive years.

Section 3

Any member of the Board of Directors who shall cease to hold an active membership in the Association automatically shall cease to be a member of the Board of Directors. Any Board member who is absent from three meetings of the Board in any twelve-month period without reasonable cause, as determined by a majority of the remaining Board members, shall cease to be a member of the Board.

Section 4

A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting. Five members of the Board shall constitute a quorum. Except as otherwise provided in these By-Laws, a majority of those Directors present must concur in all actions.

Section 5

Consistent in the By-Laws and such additional policies as the membership may by resolution adopt, the Board of Directors shall: (a) Transact all business necessary to the proper and efficient management of the Association. It may appoint and remove such clerks, agents, servants, or employees as it may deem necessary and may fix their duties and compensation. (b) Approve new members, both active and temporary, as well as inactive status for members. (c) Elect from the Board of Directors a President, a Vice-President, a Secretary, a Treasurer, and an Assistant Secretary/Treasurer, all of whom shall serve without compensation. (d) Fill any vacancy in the membership of the Board of Directors to serve until the next annual meeting of the members of the Association, at which time the vacancy shall be filled by election. (e) Constitute and appoint all committees and define the powers and duties of same. (f) Fix the terms and conditions upon which guests of members may use the facilities of the Association. (g) Perform such other duties as are assigned to it in these By-Laws.

Section 6

The Board of Directors shall designate the bank or banks in which the funds of the Association shall be deposited and determine the manner in which checks, drafts, and other instruments of the Association shall be executed.

Section 7

Prior to the one membership meeting of the Association selected by the Board each year at which the fiscal issues of the Association are to be discussed, the President of the Board of Directors, with the concurrence of the Board of Directors, shall appoint an auditing committee consisting of three or more persons who shall audit the books and accounts of the Treasurer and submit a report on the audit to the Board of Directors of the Association. Alternatively, the Board of Directors may appoint a Certified Public Accountant to perform the annual audit. Any member may receive a copy of the annual audit report by requesting a copy from the Treasurer.

Section 8

The Board of Directors shall meet at least once a month in Montgomery County, Maryland, in at least eight (8) months of the year, and at such other times and intervals as the President may deem necessary.

Section 9

Any member of the Board may be removed from office by a vote of two-thirds (2/3) of the voting members present at an Association meeting called in accordance with these By-Laws.

Section 10

The Board of Directors may provide for such committees, as it deems necessary and define the committees' powers and duties.

Section 11

The Board of Directors may, at its discretion, establish and define the geographic limits from which application for membership in the Association may be accepted.

Section 12

The Association shall indemnify each Director against any civil liabilities of the Association, which are not due to the Director's gross negligence in the execution of the Director's official duties. This indemnification shall be at the expense of the Association, and shall apply regardless of whether action is brought against the Member individually in his own name or as a Director of the Association. This indemnification shall include legal assistance against such purported liabilities. The Board of Directors shall purchase reasonable insurance against the liabilities described herein.

Section 1

The officers of this Association shall be a President, a Vice-President, a Secretary, a Treasurer, and an Assistant Secretary-Treasurer.

Section 2

The President shall preside at all regularly called meetings of the Association and shall serve as Chairperson of the Board of Directors. The President shall be the administrative officer of the Association. Except as is provided in Section 3 of this Article, the President shall designate, subject to confirmation by the Board of Directors, all standing committees, appointing the chairperson thereof. The President shall designate all such special committees as required.

Section 3

The Vice-President, in the absence or disability of the President, shall act for the President.

Section 4

The Secretary shall send out the notices of the meetings of the Association to members and of the Board of Directors to the Directors, keep the minutes, and attend to the correspondence pertaining to this office. The Secretary shall perform such other duties pertaining to this office as may be asked by the Board of Directors. The Secretary shall maintain the official mailing list and email list and be the focal point for information concerning it. The Secretary shall work with the Membership Chairperson to keep all such lists current and to provide all Board members with such lists.

Section 5

The Treasurer shall hold in the name of the Association and in a bank or banks designated by the Board of Directors all monies, securities, and valuable papers entrusted to him and belonging to the Association. When necessary or proper the Treasurer shall endorse on behalf of the Association for collection all negotiable instruments entrusted to the Treasurer. Excepting fixed salaries and expenses, the Treasurer shall make no disbursements of monies in payment of bills unless the President, and the Chairperson of the Committee expenditure and such authorization is consistent with prior authorizations of the Board. The Treasurer shall cause suitable books or records of account to document all sources of revenue and expense on all financial transactions of the Association with fiscal year ending December 31 both in hard copy and electronically; shall provide Board members with monthly reports; shall cause to be prepared and submitted to the annual Federal Non-profit Information returns and the annual Maryland Personal Property Tax returns; and shall present a statement of the condition of the finances of the Association at the regularly scheduled meetings of the Board of Directors and the annual financial reports at a meeting of the Association designated by the President at least once every calendar year. The 1988 fiscal year will begin on October 1, 1987 and end on December 31, 1988.

Section 6

The Assistant Secretary-Treasurer shall have such powers and shall perform such duties as the Treasurer and Secretary, but shall only act in the absence or unavailability of the Secretary or Treasurer.

Section 7

The Treasurer and Assistant Secretary-Treasurer shall be bonded at the expense of the Association and in an amount stipulated by the Board of Directors.

ARTICLE VI – BUDGET AND PROPERTY MANAGEMENT

Section 1

At each annual meeting of the Association, the Board of Directors shall present to the membership in attendance, for acceptance, or modification and approval the budget for ensuing year sufficient to carry on all necessary and appropriate operations and programs of the Association and to meet all estimated expenses thereof, including any fixed or continuing expenses, obligations or liabilities of the Association. The Board of Directors, shall thereafter allocate such budget among the standing and special committees, as appropriate for the accomplishment of each committee's program and responsibilities, without further approval by any of responsibilities, without further approval by any officer of the Association or the Board of Directors. If at any time the President should determine, upon the request of any Committee Chairperson or otherwise, that an adjustment in the budget allocation is necessary or desirable, he may so adjust the allocation upon approval thereof by the Board of Directors.

Section 2

Personal property of the Association, tangible and intangible, may be sold or transferred only for the benefit of the Association, and only after the Board approves such transfer.

Section 3

The Board may acquire real property only with the approval of a majority of the Equity Members. No real property may be sold or transferred unless approved by a majority of the Equity Members. No real property of the Association may be used as security for a loan without the approval of a majority of the Equity Members. Such approval shall be requested by a Board member in writing (e.g., through the signing of a petition).

ARTICLE VII – DUES AND ASSESSMENTS

Section 1

The Board shall determine the initiation fee payable by new Equity Members and new Non-Equity Members on an annual basis.

Section 2

The membership dues payable by Equity Members and Non-Equity Members shall be determined by the Board in its sole discretion to cover operating and maintenance costs or other expenses approved by the Board and shall be announced at a meeting of the Membership and/or by regular mail and/or email.

Section 3

(a) Dues for the membership year must be paid no later than May 1st of each year. Dues not paid by May 1st of each year shall be increased by a reasonable penalty for each month in arrears, the amount of the penalty to be determined by the Board and notice thereof furnished to the membership at the time that notice of the annual dues is furnished to the membership pursuant to Section 2 of this Article. In the event dues for any calendar year are not paid and the payment of such dues has not otherwise been excused, in writing, by the Board, the amount of such dues, with penalty, shall be and remain an obligation of the member to the Association

(b) At any time during the membership year the Board may declare an increase in dues if those previously established are found to be inadequate for the operation of the Association in accordance with the approved budget. This increase shall be paid by all members within thirty (30) days after notice.

Section 4

Special assessments for any other purpose may be levied against Equity Members and Non-Equity Members, but only if such special assessments are approved by a two-thirds vote of the members present and voting at a membership meeting, or at a special meeting called for that purpose. Proxies shall be acceptable as long as the quorum requirement for the meeting was satisfied. Assessments shall be payable by the date the Board specifies. If a special assessment is approved, in no event will the amount levied against Non-Equity Members exceed the amount levied against Equity Members.

ARTICLE VIII – GENERAL

Section 1.

All powers, authority, duties, and functions of the members, Directors, officers, and employees of the Association shall be exercised in strict conformity with applicable provisions of laws and regulations, and of the Charter and By-Laws of the Association, and resolutions of the Board not in conflict with the foregoing.

Section 2.

Copies of the organization of the Association, its By-Laws, and any amendments thereto, and the membership records of the Association shall be preserved in a place of safekeeping. Results of elections and proceedings of all meetings of the Directors and members shall be recorded in the minute books. The minutes of all meetings shall be signed by the President and Secretary or by those acting in their places. A signed copy of such minutes for each meeting shall be retained in the custody of the Secretary.

Section 3.

A certificate of membership shall be issued to each member in such a form as prescribed by the Board of Directors, upon request.

Section 4.

Amendments to these By-Laws, proposed by the Board of Directors or 5 members in good standing and in writing, may be adopted by the affirmative vote of a majority of the voting members who are present in person or by proxy, at the regular or special meeting of the membership after advance notice to the membership that changes in the By-Laws will be considered at such meeting.

Section 5.

The Association assumes no responsibility for injuries sustained by members or guests. Members are hereby notified by adoption and publication of these By-Laws of that fact, and are on notice to inform their guests of such fact. By joining the Association, all members waive all rights to any such claims and indemnify the Association against all such claims.