

# FLYWELL FLYING CLUB, INCORPORATED

## BY-LAWS

REVISED: June 16, 2017

### **ARTICLE I - NAME AND PURPOSE**

The Flywell Flying Club, Incorporated (Flywell), is organized to further the interest of private aviation.

### **ARTICLE II - MEMBERSHIP**

#### **SECTION A - QUALIFICATION FOR MEMBERSHIP**

Only persons desirous in furthering the interests of flying and Flywell, and who are able to meet all financial obligations of Flywell, will be considered for membership. Final approval shall be granted only after agreement of the majority of the Board of Directors. Ownership of one or more shares of common stock issued by the corporation shall be a requirement for membership.

#### **SECTION B - AUTHORIZED SHARES**

The maximum number of shares shall not exceed 60 shares. The Board of Directors shall be allowed to maintain a lower number of shares as deemed necessary by the number of aircraft and their usage.

#### **SECTION C - INVESTMENT**

The Board of Directors, from time to time, shall establish the number of shares required for each class of shares. However, such requirement shall not be changed without the approval of a two-thirds majority of that class of shares.

#### **SECTION D – SHAREHOLDER’S EQUITY**

Each share in Flywell shall participate equally in the equity value of Flywell.

#### **SECTION E - SHAREOLDERS IMMEDIATE FAMILY PRIVILEGES**

A shareholder’s spouse and/or dependent children, having met applicable license requirements and abiding by all Flywell rules may also be permitted use of Flywell aircraft as enjoyed by Flywell shareholders upon written application to and approval by the Board of Directors provided:

1. The number of shareholders and the other Flywell immediate family members classified as “Active” is less than number of active pilots allowed by Flywell’s liability insurance policy.
2. The dependent child is a full time student.
3. The dependent child’s legal residence is the same household as the shareholder.
4. The dependent child’s parent is at least a licensed private pilot, listed as the primary Flywell shareholder and listed as “Active” on the Flywell Roster.
5. The application to the Board is accompanied by a letter from the Flywell shareholder accepting full financial responsibility for the dependent.

These immediate family members are not considered Flywell shareholders and may not exercise any other privileges of membership that are otherwise granted to the family member who is a Flywell shareholder. The Board of Directors may restrict or rescind the privileges granted under this section.

## **SECTION F - SALES OF SHARES:**

All sales of Flywell shares will be made by Flywell on behalf of a shareholder desiring to sell a share. Shareholders are authorized to sell their share(s) only to Flywell. Flywell will purchase a share from a shareholder only after selling a share to another person, except as specified by the immediate sales provisions in this Section. Flywell will determine the selling price of the shares, as follows:

Flywell will sell shares for an amount determined and published by the Board of Directors.

Shareholders wishing to sell a share will receive the following price per share, less any outstanding charges:

The shareholder will receive the higher of the shareholder's original purchase price for the share or \$6,500, less a transfer fee of \$500.00.

In no case shall the selling shareholder receive a price that is greater than the share purchase price set by the Board of Directors, less a transfer fee.

All share sales shall be subject to a transfer fee, except as provided in Article II Section G. The transfer fee shall be paid by the selling shareholder and will be deducted from the share price as determined above. The transfer fee shall be computed as follows:

- 1) Transfer fee based upon date listed above, and
- 2) If a shareholder has been a shareholder of Flywell for less than three years and the shareholder has flown an average of more than 40 hours per year, an additional transfer fee will be computed at the rate of \$25 per hour for every hour flown over 40 hours per year during length of share ownership.

All shareholders wishing to sell their share(s) shall notify the Vice President of the Club in writing, email, or fax, of their desire to sell. The selling shareholder's share will then go on a list of shares available for sale and will be sold on a first in first out basis. Shareholders will forfeit their position on the list of shares available for sale if they either decline to sell their share at the time there is a buyer for their share or request that their name be taken off that list.

A member wishing to sell their share(s) may directly recruit a new prospective member to buy their share(s) and bypass the list of shares available for sale. Both the member and the prospective buyer must attest that the prospective member was exclusively recruited by the outgoing member and the sale must be approved by the board.

If a shareholder wishes to sell a share immediately, the shareholder must notify the Vice President in writing that they wish an "Immediate Sale". The treasurer will mail a check within 30 days to any shareholder requesting an Immediate Sale provided the Board or Directors has not imposed a limit on the number of Immediate Sale shares Flywell may own. The "Immediate Sale" price paid to the shareholder will be the following amount: 70% of the price of the share less the transfer fee and any charges by the shareholder on their account. (See above for determination of share price).

The Board of Directors shall establish a maximum limit on the number of "Immediate Sale" shares that Flywell may buy back and own at the same time. The limit shall be reviewed annually by the Board of Directors.

## **SECTION G - TRANSFER AND TERMINATION OF SHARES OR SHAREHOLDER**

A share may be transferred by its owner to their spouse or adult child pursuant to the requirements of Article II Section A. Any and all obligations to Flywell by the shareowner must be met before such transfer can take place. A transfer fee shall not be assessed by Flywell for such

transfers. For the purposes of Article II Section F, the "shareholder's original purchase price for the share" shall also transfer unchanged to the new owner.

Flywell will not be liable to redeem a share except as provided in Article II Section F on SALES OF SHARES.

Any shareholder may be suspended or terminated for a just cause as determined by a vote of two-thirds of the Board of Directors. Such action will be initiated by a written notice, specifying the reason for the suspension or termination, from the President to the shareholder not less than 15 days prior to the initiation of a suspension or termination. The suspended or terminated shareholder shall have the right to be heard, orally or in writing not less than 5 days prior to the effective date of suspension or termination by Flywell shareholders at a special meeting. At such a meeting, a two-thirds vote of the shareholders present will be required to overrule the decision of the Board of Directors.

A shareholder being terminated will have the choice of waiting in turn on the selling list for their share(s) to be sold or choose to accept the terms of immediate sale of their share(s). The shareholder's decision must be in writing to the President within 5 days after the effective date of the termination. If no choice is received by the President from the shareholder the Board of Directors will decide which portion of Article II Section F will be exercised to sell the shareholder's share(s). Until each of that shareholder's shares are sold and a transfer occurs, all monthly dues will be charged to the shareholder's account and be due under normal terms and rules of Flywell. Further, all Flywell shareholder rights and privileges shall be suspended for that shareholder.

A legal challenge to suspension or termination must begin by, or on behalf of, the suspended or terminated shareholder within one year after the effective date of the suspension or termination.

#### **SECTION H - DUES AND CHARGES**

Monthly dues may be changed from time to time by the Board of Directors. The Board of Directors shall fix and determine the rates to be paid for aircraft, services, and facilities. These rates shall provide adequate coverage of operating costs and reserves.

#### **SECTION I - PAYMENTS**

The Treasurer shall compute and mail shareholder's bills each month. These bills shall be due and payable by the first day of the following month. On each monthly billing, a penalty of 1.5% will be levied on all unpaid accounts.

#### **SECTION J - LIABILITY**

Flywell shall assume no responsibility to the shareholder or their estate for any action resulting while exercising the privileges permitted by Flywell membership. The only exception to this rule is the protection afforded by insurance covering Flywell aircraft.

In the event of any damage to Flywell aircraft or equipment as the result of an accident, the shareholder (including an immediate family member authorized pursuant to Article II Section E) operating the aircraft shall be liable for damages not compensated by insurance or otherwise. Should the shareholder feel that their liability should be reduced or eliminated because of extenuating or uncontrollable circumstances, the Board of Directors shall appoint an investigating committee consisting of three or more non-Board of Director members. This committee shall investigate accident responsibility and report to the Board of Directors with recommendations within 15 days. The Board of Directors will then vote on the recommendations. Possible recommendations are, but not limited to:

1. The damage was reasonably preventable by the shareholder. The shareholder shall pay for all damages not compensated by insurance or otherwise. Any violation of Flywell or FAA rules shall be considered reasonably preventable.
2. The damage was not reasonably preventable by the shareholder. The shareholder shall not be required to pay.

3. The damage was partly preventable by the shareholder and partly not preventable. The shareholder shall pay the percentage of the damages not compensated by insurance or otherwise, as determined by the committee and approved by the Board of Directors.

## **ARTICLE III - BOARD OF DIRECTORS AND OFFICERS**

### **SECTION A - GENERAL**

There shall be a Board of Directors of the Corporation consisting of five officers: the President, the Vice-President/Secretary, the Treasurer, and two Directors. The Board of Directors shall have the power to manage all affairs of Flywell, to make, modify or revoke Flywell rules consistent with the laws of the State of Minnesota, the United States of America or these By-Laws. A two-thirds vote of the shareholders shall be required to overrule any act of the Board of Directors.

Any action changing an asset account by 5% or more of the total Flywell assets, as determined by the last annual report, shall be considered as having a major effect on the assets of Flywell. Any action having a major effect on the assets of Flywell must have an approval vote of two-thirds of the shares voting, either at a meeting where previous notice has been given, or by mail-in ballot.

### **SECTION B - DUTIES**

The officers shall have the following duties:

The President shall be the chief officer of the corporation and Chairman of the Board of Directors. The President shall administer the affairs, property, and business of the corporation, and supervise the duties of the other officers and employees. The President shall also act as Safety and Operations officer as required in Minnesota Rules (including successor rules to Aero. 27). Other duties appropriate to other Flywell officers may be delegated to those officers.

The Vice-President/Secretary shall perform the duties of the President in President's absence. The Vice-President/Secretary shall record the minutes of all meetings, maintain Flywell records and correspondence.

The Treasurer shall have custody of all Flywell funds and shall be responsible for the deposit of Flywell funds in the authorized Flywell bank account(s). The Treasurer shall be responsible for accounts receivable and accounts payable. The Treasurer retains the fiduciary responsibility of the monthly administration of Flywell funds.

The Directors shall serve on the Board of Directors in an equal voting status with the other three members of the Board of Directors.

### **SECTION C - ELECTION OF OFFICERS AND TERMS**

The officers shall be elected annually at-large by a majority of the shareholders present. The term of office of each officer shall be one year. An office may be vacated by resignation or by removal on a vote of two-thirds of the shareholders.

Vacancies occurring more than 90 days before an annual election shall be filled for the remainder of the term by appointment by a majority of the remaining members of the Board of Directors. Such appointments shall be subject to ratification by the majority of the shareholders present at the next general shareholder meeting.

## **ARTICLE IV - MEETINGS**

### **SECTION A - REGULAR SHAREHOLDER MEETINGS**

Regular shareholder meetings shall, at a minimum, be held each quarter, and an advance notice shall be given to the shareholders at least seven days prior to the meeting date. The Board of Directors shall establish the meeting date and notify the shareholders.

## **SECTION B - SPECIAL SHAREHOLDER MEETING**

A special meeting of the shareholders may be called by any shareholder. This meeting shall be called by notifying the Vice President/Secretary in writing to schedule a special meeting within 15 days of receipt of that written notice and stating the reason for the special meeting.

## **SECTION C - ANNUAL MEETING**

The annual meeting shall be scheduled by the Board of Directors to be held in July or August. Flywell officers and Directors shall be elected at this meeting. A summary of the past year's business and financial condition shall be presented to the shareholders attending. The annual financial report shall be mailed to all shareholders by August 31st. The fiscal year shall end June 30th.

## **SECTION D - QUORUM FOR A SHAREHOLDER MEETING**

One fifth of the shares (not counting the shares owned by Flywell) are required to be present in person or by proxy at a meeting to constitute a quorum. The quorum being present shall act on all normal business.

## **SECTION E - PROXY**

A shareholder may give their proxy vote to another shareholder in writing prior to the meeting in point. Proxies must contain the following information:

1. Shareholder's name granting proxy,
2. Date of meeting proxy is valid for,
3. Shareholder's name who will be voting that proxy,
4. Specific voting instructions from the granting shareholder.

The shareholder holding the proxy must make available the preceding information for view and enter into the information into the meeting record.

## **SECTION F - BOARD OF DIRECTORS MEETINGS**

Board of Directors meetings shall be held at least monthly. Any Board of Director member may call a special meeting of the Board of Directors by notifying the Vice-President/Secretary of such action and giving the reason, date, time, and place. The Vice-President/Secretary shall notify all other Board of Director members.

## **SECTION G - QUORUM FOR A BOARD OF DIRECTORS MEETING**

To constitute an official Board of Directors meeting, a majority of the Board of Directors members shall be present.

## **SECTION H - CONDUCTION OF MEETINGS**

Roberts Rules of Order (Revised) shall apply at all meetings.

## **ARTICLE V - MISCELLANEOUS**

### **SECTION A - AMENDMENTS TO BY-LAWS**

The By-Laws may be amended by a two-thirds vote of the shares represented in person or by proxy either at a meeting called for that purpose or at an annual meeting.

If any article, section, or clause of these By-Laws be declared void and of no effect, the remaining articles, sections and clauses are unaffected and thus still remain in full force and effect.

### **SECTION B - VOTE TO LIQUIDATE THE CORPORATION**

A vote to liquidate the Corporation or to terminate the activities of the Corporation would require a two-thirds vote of the shares represented in person or by proxy either at a meeting called for that purpose or at an annual meeting.

### **SECTION C – COMMUNICATION TO SHAREHOLDERS**

Any written communications between Flywell and a shareholder or shareholders shall be permitted to be conducted by letter, posting on Flywell's internet web site, or electronic mail. Any shareholder wishing to have all written correspondence via letter shall notify the Vice-President/Secretary of their request on an annual basis their request. The Vice-President/Secretary shall comply with each request. The Board of Directors may impose a special fee for complying with each request. Any documents such as meeting minutes or other written communications to all shareholders may be posted on Flywell's internet web site. In order to meet the communication requirements of the By-Laws, shareholders must be notified by letter or electronic mail of the existence of on the Flywell web site of either those types of communications or those specific communications.