



CEDAR MILLS YACHT CLUB, INC. BYLAWS

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BYLAWS OF CEDAR MILLS YACHT CLUB, INC.

ARTICLE ONE -- MEMBERSHIP

1.01 Classes of Membership: The corporation [sometimes herein "CMYC"] will have such classes of membership, each comprised of so many members, as are appropriate to achieve sufficient and worthy support of the purposes and objectives of the corporation. All classes of membership cumulatively constitute the "general membership". The Board of Directors ["Board"] shall have the authority to establish such classes of membership and qualifications therefore in accordance with these Bylaws.

1.02 Regular Members and Membership:

(a) Qualifications: A regular membership may be conferred upon a person of majority age [and regular membership benefits extended to that person's spouse and immediate family members], or upon a minor who has the written consent of the minor's parent or guardian, upon compliance with these Bylaws and satisfaction of all requirements of a member in good standing.

(b) Rights and Privileges: Regular members are entitled to vote in elections for elective offices and on any general business matter submitted to the membership [a "voting member"], may serve in any appointive capacity including service on committees, and enjoy all privileges of regular membership except as otherwise specifically limited herein. Only regular members of majority age are eligible for election to office. The extension of regular membership benefits to a regular member's spouse and family does not enlarge such regular member's rights and the family of a regular member shall cumulatively be entitled to only one vote on matters; however, the regular member and that regular member's spouse or immediate family members are eligible for appointment to service on committees and enjoyment of other privileges of membership.

1.03 Student Membership:

(a) Qualifications: A student membership may be conferred upon a person who is enrolled full-time in a secondary school, junior college, or college upon compliance with these Bylaws and satisfaction of all requirements of a member in good standing. A student member who becomes ineligible for student membership may continue membership upon satisfaction of all requirements of regular membership, provided that regular member dues shall be payable upon commencement of the corporation's next ensuing fiscal year.

(b) Rights and Privileges: Student members shall be obligated to pay membership dues of one-half (½) the then-effective dues for regular membership, but shall not be required to pay initiation fees. Student members shall have no voting privileges nor hold elective

office, but shall have the benefit of all other membership privileges except as otherwise specifically limited herein.

1.04 Honorary Membership:

(a) Qualifications: The Board may confer honorary membership upon an individual in recognition of significant contributions to the corporation and its purposes and programs or to the sport of yachting. The Board may consider a person for honorary membership (1) upon written nomination by ten or more members in good standing supported by a brief written resume or (2) upon nomination by a director upon motion duly made at a Board meeting. All determinations by the Board regarding honorary memberships shall be conducted in closed session and require not less than a two-thirds (2/3rds) majority vote of the full membership of the Board. Honorary memberships shall be conferred for not less than one fiscal year and shall be conferred for such duration as determined by the Board as part of the resolution conferring such honorary membership.

(b) Rights and Privileges: Honorary members shall not be required to pay dues or initiation fees as a condition of membership or maintaining membership in good standing. Honorary members may not hold elective office except upon a two-thirds (2/3rds) majority vote of the Board conducted in closed session. However, honorary members shall have the benefit of all other membership privileges except as otherwise specifically limited herein. Nothing herein will be construed as prohibiting an honorary member from attaining and exercising privileges of other classifications of membership upon independently qualifying for such membership.

1.05 Attaining and Maintaining Membership: Any person desiring membership in CMYC shall make written application for membership in such form as prescribed by the Board and may maintain membership for so long as such individual agrees to be bound by and complies with CMYC's Articles of Incorporation ["Articles"], Bylaws, rules and regulations and fulfills such other qualifications as may be established by the Board. All memberships shall be conferred only upon majority vote of the Board. Membership may not be denied on the basis of sex, creed, color, race, religion or national origin. Notwithstanding the foregoing, no membership shall be effective until payment of initiation fees and dues as provided herein.

1.06 Good Standing: A member is entitled to exercise rights and privileges of membership only if the member maintains and has, at the time of exercising such rights or privileges, good standing status. "Good standing" is defined as all membership dues, fees, and assessments fully paid and other applicable membership requirements fulfilled; partial payment of dues or partial fulfillment of other membership requirements are insufficient to constitute good standing.

1.07 Initiation Fees and Membership Dues:

(a) Generally: Initiation fees will be payable by regular members prior to conferral of any membership rights or privileges. Membership dues will be payable annually not later than the last day of February for that fiscal year [the calendar year]; if a fiscal year other than the calendar year is adopted by the corporation, dues will be payable not later than the last day of the second calendar month of such fiscal year. Dues payable by regular

members attaining membership during the fiscal year will be payable for the remaining portion of the fiscal year*, commencing on the date of election to membership, prorated as follows:

Time of Attaining Membership % of Annual Dues Payable

Within first 6 mos. of fiscal year 100%

In 3rd quarter of fiscal year 50%

In 4th quarter of fiscal year 100% [*includes next fiscal year]

(b) Establishment: The general membership shall establish the initiation fee and annual dues for regular members at the annual general membership meeting immediately preceding the fiscal year for which such dues will be payable, subject to the advice and consent of the Board.

(c) Renewal of Membership: Membership in CMYC shall be renewed upon receipt of full payment of membership dues, together with fulfillment of other requirements of maintaining good standing; failure to timely pay membership dues in full without proration or discount shall cause membership to lapse.

1.08 Additional Membership Qualifications: The Board may adopt and amend, by resolution duly adopted, additional procedures and qualifications for membership in CMYC; however, such procedures and qualifications may be adopted not more than annually. The adoption of additional procedures and qualifications shall not disqualify a previously qualified member of a specific membership class from such membership class without the reasonable prospective opportunity to qualify for such status.

1.09 Indicia of Membership: The Board may, by resolution duly adopted, provide for the issuance to members of certain indicia of membership, including certificates, identification cards, or other tangible means of recognizing and identifying members of CMYC.

1.10 Sanctions, Suspension, or Termination of Members:

(a) Generally: The Board may impose reasonable sanctions on a member, or suspend or expel a member from CMYC, for good cause, after notice to the member and a hearing. Good cause includes, but is not limited to, (1) a material and serious violation of the corporation's Articles, Bylaws, House Rule, or other Rules duly adopted by the Board, (2) default in the timely payment of dues, and (3) engaging in conduct that is injurious to the good order, peace, interests, or welfare of CMYC or its membership. The Board may take action against a member only after giving the member adequate notice [not less than ten days by personal delivery or certified mail] of the cause and a hearing before the Board. The Board may not delegate the authority to take such action of imposing sanctions, suspension, or termination of membership. A unanimous vote of the Board shall be required to impose sanctions, suspension, or termination of membership.

(b) Delinquency in Payment of Dues, Fees or Assessments: Any member, otherwise in good standing and who has not resigned, shall be dropped from CMYC's membership without prejudice to re-attaining membership if dues, fees, or assessments are in arrears more than 60 days. members dropped from membership because of delinquency in dues payment shall be eligible for reinstatement to membership upon (1) submission of written request to the Board, (2) unanimous approval of reinstatement by the Board upon a showing of good cause for reinstatement, and (3) payment of the then-effective initiation fee and all membership dues, fees, and assessments payable for the full fiscal year in which reinstatement is sought.

1.11 Resignation: Any member in good standing may resign from membership in CMYC upon submission of written resignation; provided, that resignation shall not alleviate the resigning member from liability for any dues, fees or assessments assessed prior to such resignation. A member that has resigned from membership may re-attain membership in good standing upon application to the Board and payment of all membership dues, fees, and assessments payable for the full fiscal year in which reinstatement is sought; no initiation fee shall be required.

1.12 Guest Privileges: The Board may admit visiting yachtsmen and the guest or guests of members in good standing to the privileges of CMYC upon resolution duly adopted; provided, however, that guest privileges shall not extend to series races without express permission from the Executive Race Committee.

1.13 Non-Resident Membership: Any member, having paid dues for a minimum of 1 year, relocating outside of the CMYC area, may apply for this class of membership in writing to the Commodore. Non-resident membership status is subject to approval of the CMYC Board of Directors. The intent of this membership is to permit members who are relocating and wish to remain connected to CMYC. This class of membership is not intended for a member deciding to become inactive while remaining in the CMYC area. A non-resident member will be eligible for all CMYC mailings and will have clubhouse privileges of a guest while visiting. A non-resident member is NOT eligible for clubhouse keys. Non-resident membership shall not have voting privileges. A non-resident member may resume regular membership less credit for non-resident dues paid without initiation fees subject to dues as stipulated in Section 1.07 Initiation Fees and Membership Dues. Cost \$25 annually payable to CMYC Treasurer at time of application and by March 1 each year thereafter.

ARTICLE TWO -- MEMBERSHIP MEETINGS

2.01 Annual Meeting:

- (a) Date and Place: The annual meeting of the general membership, including all classes of members, will be conducted not less than once per calendar year, and must be conducted not more than 90 days prior to commencement of the corporation's fiscal year. The Board will designate the specific date, time, and location of the annual meeting.
- (b) Mandatory Business at Annual Meeting: At the annual meeting, annual reports of the corporation's business will be presented to the general membership, including summaries of the corporation's program of action, activities, finances, and legal affairs, and elections will be conducted as provided herein.
- (c) Failure to Hold Annual Meeting: Failure to hold an annual meeting will not work a dissolution of the corporation. If the annual meeting is not held within any thirteen month period, any court of competent jurisdiction may, on the application of a voting member, summarily order a meeting be held.

2.02 Regular Membership Meetings: The Board may establish a schedule of regular membership meetings to be held in such frequency and in such locations as reasonably necessary to conduct the corporation's business and achieve the corporation's purposes and objectives.

2.03 Special Meetings: Special meetings of the membership may be called by the Commodore and will be called by the Commodore at the request in writing of a majority of the Board or at the request in writing of not less than ten voting members. Business transacted at any special meeting of the general membership will be limited to the purposes stated in the notice. Special meetings requested by a Board majority or upon appropriate written request of voting members shall be called not later than 30 days of receipt of such request by the Commodore.

2.04 Notice of Meetings: Written notice of the date, time, and location of all membership meetings will be given to the general membership not less than 10 days nor more than 60 days prior to such meetings, either personally, by mail, facsimile, or other reliable electronic means. In the event the Board establishes, in advance, a schedule of regular membership meetings, then advance written notice may be given of such schedule of regular membership meetings up to 11 months in advance if given by methods otherwise prescribed. Notice of the annual membership meeting must also state the names of candidates standing for election. Notice of any special meeting must state the purposes of the special meeting.

2.05 Voting Members List: The Treasurer shall prepare an alphabetical list of voting members entitled to notice of and to vote at any meeting [members in good standing]. Not later than two days after the date notice is given of the meeting, the list shall be made available to any member entitled to vote at said meeting at the corporation's principal

office, and shall be available at the meeting location for the duration of the meeting to any member entitled to vote at said meeting.

2.06 Quorum: 20 voting members in good standing will constitute a quorum for all membership meetings. Written ballots or proxies received by the Secretary prior to commencement of a meeting from members in good standing shall be counted in determining a quorum.

2.07 Voting by Members:

(a) Generally: Voting members in good standing prior to commencement of the meeting will be entitled to vote at the meeting and will be entitled to one vote on each matter for which the member is qualified to vote. Voting by members entitled to vote on a matter shall be conducted at the meeting either by written ballot or voice vote; written proxies received by the Secretary prior to commencement of a meeting shall be included in such vote taken at the meeting. A majority vote of qualified voting members shall constitute the act of the membership unless the vote of a greater number is required by law or the corporation's Articles or Bylaws.

(b) Proxy Voting: No proxy shall be valid unless it is in writing, signed by the member entitled to vote on the matter designated in the proxy, and received by the Secretary prior to the commencement of the meeting at which such vote is taken. Further, any proxy must state the duration of its validity and the purposes for which it is executed. All proxies included in any vote shall be retained by the Secretary until the conclusion of the fiscal year in which such proxy vote was cast as part of the corporation's records.

ARTICLE THREE -- BOARD OF DIRECTORS and OFFICERS

3.01 Number and Qualifications: The Board of Directors will be composed of ten voting members ["Voting directors"], inclusive of the corporation's officers (Commodore, Vice Commodore, Rear Commodore, Secretary, Treasurer, Race Captain, and Cruise Captain), and the three most recent past Commodores; the Board will also include such other non-voting ex-officio directors as may be appointed as provided herein. At all times during their term of office, Voting directors must be a voting member in good standing and satisfy all other qualifications of office specified in the Bylaws.

3.02 Officers' Terms of Office:

(a) General: Officers will have a term of one fiscal year, and will assume their duties at the commencement of the fiscal year immediately subsequent to the annual membership meeting at which the officers are elected and will serve until their successor will have been elected and qualified. No decrease in the number of voting directors will have the effect of shortening the term of an incumbent voting director. Any directorship to be filled by reason of an increase will be filled by election by the Board as provided herein.

(b) Successive Terms: Officers may be elected to not more than two consecutive terms to the same office. An officer elected to fill a vacancy will be elected for the unexpired term of his predecessor, which officer shall remain eligible for consecutive election to two full year terms.

3.03 Nomination and Election of Officers:

(a) Nominating Committee: Not less than 45 days prior to the annual meeting, the Board will appoint a Nominating Committee of one to five persons, all of whom must be voting members of CMYC and none of whom may be nominees on the slate determined.

(b) Nomination of Director Candidates: Not less than 30 days prior to the annual meeting, the Nominating Committee shall nominate a qualified candidate for each of the seven officer positions to be elected. The slate of candidates will be published to the general membership in the written notice of the annual meeting.

(c) Election of Officers: The slate of candidates proposed by the nominating committee will stand for election as a whole and will be elected by a simple majority of qualified voting members present thereat, such voting members having one vote for election of the slate as a whole. In the event the slate is not elected as a whole, each officer position will stand for election separately, and each position will be elected by a simple majority of qualified voting members present thereat.

3.04 Removal of Officers and Directors: Officers and directors can be removed, with or without cause, by (1) a 2/3rds' majority vote of the remaining voting directors or (2) by a 2/3rds' majority vote conducted at a special called general membership meeting with a quorum of not less than a majority of all voting members (in person, by written ballot or by proxy) provided the notice of such special called meeting expressly states such purpose.

3.05 Vacancies: Any vacancy in elected officer positions caused by death, resignation, removal, or unfilled position after an annual election of officers, will be filled within 60 days by a majority vote of the remaining voting directors though less than a quorum of the Board. Any vacancy in a past Commodore position shall not be filled.

A Voting director elected to fill a vacancy will be elected for the unexpired term of his predecessor.

3.06 Powers of Directors and Board of Directors:

(a) Generally: Corporate purposes will be directed, corporate powers exercised, and the corporation's business and affairs managed by the Board, subject to limitation imposed by law, the Texas Non-Profit Corporation Act [TNPCA], Art. 1396-1.01 et seq., TEX.REV.CIV.STAT., the corporations' Articles of Incorporation, or these Bylaws as to action, which requires approval by the general membership. Directors will act only as a Board, and individual directors will have no power as such.

(b) Delegation: The Board may, by contract or otherwise, grant or give general, limited, or special power and authority to directors, officers, committee chairs, employees, or agents to transact general or special business of the corporation.

(c) Duty In Capacity as Directors: The directors will exercise ordinary business judgment in managing the affairs of the corporation and shall act as fiduciaries with respect to the interests of the members. In acting in the capacity as directors, directors will act in good faith and take actions they reasonably believe to be in the best interests of the corporation, that are in conformity with the corporation's Articles and Bylaws, and that are not unlawful.

3.07 Board Meetings:

(a) Regular Meetings: The Board shall meet as frequently as reasonably necessary to conduct the corporation's business and fulfill the Board's duties, which meetings will be held at such place and time designated by the Board and stated in the notice thereof.

(b) Required Meetings: The Board shall meet not more than 30 days prior to the annual meeting and immediately following each annual meeting and conduct such business at such meetings as required herein.

(c) Special Meetings: Special Board meetings may be called by the Commodore and will be called by the Commodore or Secretary at the request in writing of two or more voting directors. Business transacted at any special Board meeting will be limited to the purposes stated in the notice thereof.

(d) Quorum and Voting: A majority of the total authorized number of voting directors is necessary to constitute a quorum for transaction of business, and every act or decision of a majority of voting directors present at a meeting at which a quorum is present will be regarded as the act of the Board, except as otherwise provided by law. A quorum of voting directors may adjourn any directors' meeting to meet again at a stated time and place, in which event notice of such meeting need not be given if so stated at the adjourned meeting. Proxies shall be recognized in the voting of the Board provided they are in writing and submitted either personally or by mail, facsimile transmission, or electronic messaging, signed by the director and received by the Secretary prior to commencement of the meeting at which such proxy shall be exercised.

(e) Notice and Waiver of Notice: Attendance of any director at any Board meeting will constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objection to the transaction of any business on the ground that the meeting is not lawfully called or convened. Written notice of the date, time, and location of all Board meetings will be given to voting and ex-officio directors not less than three days nor more than 30 days prior to such meetings, either personally or by mail, facsimile transmission, or electronic messaging. In the event the Board establishes, in advance, a schedule of regular Board meetings, then advance written notice may be given of such schedule of regular Board meetings up to 11 months in advance if given by methods otherwise prescribed. Not less than two day's advance written notice of any special meeting must be given to voting and ex-officio directors, which notice must state the date, time, location, and purposes of the special meeting.

3.08 Action of Board Without Meeting; Meetings by Conference Telephone:

(a) Unless otherwise restricted by the Articles of Incorporation or by these Bylaws, any action required or permitted to be taken by the Board may be taken without a meeting if a majority of the Directors consent in writing through facsimile, mail, or by electronic mail to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the directors shall be filed with the minutes of proceedings of the Board.

(b) Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any or all directors may participate in a meeting of the Board or a committee of the Board by means of conference telephone or by any means by which all persons participating in the meeting are able to communicate with one another, and such participation shall constitute presence in person at the meeting.

3.09 Executive Committee: The Executive Committee will consist of the Commodore, Vice Commodore, Rear Commodore, Secretary, Treasurer, Race Captain and Cruise Captain as voting members. The Executive Committee will coordinate and facilitate the business of the Board and the corporation, act in the absence of or adjournment of the Board if no Board meeting has been called or not imminent, as well as perform such other duties specified herein and that may be specified by the Board from time to time.

3.10 Duties of Officers:

(a) Commodore: The Commodore will have those powers of the "President" of the corporation as enumerated in TNPCA §1.02, specifically including performance of the functions of the principal executive officer. The Commodore will take command of the fleet, preside at all meetings of the Board, Executive Committee and general membership, supervise and control the corporation's business and affairs, execute legal instruments as the act of the corporation as duly authorized by the Board, appoint with approval of the majority of the Board the chair and members of all committees (except elected officer committee chairpersons) and perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time.

(b) Vice Commodore: In the event the Commodore is absent, unable to act, or refuses to act, the Vice Commodore shall perform the duties of Commodore, including presiding at meetings, and assume all other duties of Commodore in the absence of the Commodore, and further will perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time. The Vice Commodore shall be responsible for management of corporation property and be responsible for the promotion and coordination of all corporation-sponsored activities, including special event races and invitational activities.

(c) Rear Commodore: The Rear Commodore shall assist and aid the Commodore as requested by the Commodore, and shall be responsible for scheduling, organizing, and managing corporation-sponsored educational events (including youth programs such as navigation, maintenance, sailing seminars and youth sailing camps).

(d) Secretary: The Secretary will keep minutes of all meetings of the Board, Executive Committee, and the membership, serve as the corporation's primary correspondent, maintain the corporate books and secure a duplicate set of corporate records for the

benefit of the general membership, and perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time, including notice of all meetings to those entitled to notice.

(e) Treasurer: The Treasurer will have custody of all funds of the corporation and keep full and accurate accounts of all monies and property received and disbursed by the corporation, present such statements of funds as required by the Bylaws, the Board, and at every annual membership meeting, maintain current membership rolls including status of each member, and will perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time.

(f) Race Captain: The Race Captain shall be chairperson of the Race Committee and shall be responsible for the operation and management of the regular racing events and maintenance of CMYC's racing gear.

(g) Cruise Captain: The Cruise Captain shall be responsible for scheduling, organizing and managing cruise activities and other social events for CMYC and its membership.

3.11 Ex-Officio Directors: The Board, in its sole discretion, may appoint ex-officio directors to advise the Board for the benefit of the corporation, whether for particular purposes (e.g. corporate attorney or accountant) or general purposes, which ex-officio directors will serve without any specific term but solely at the leisure of the Board. Ex-officio directors will not have any voting rights on matters before the Board; however, the service of a member of CMYC in the capacity of an ex-officio director will not impair that member's voting rights as a member of CMYC.

3.12 Compensation of Directors and Officers: No director or officer will receive any compensation for serving in such capacity; however, they will be entitled to reimbursement for reasonable expenses incurred in performing their duties, such reimbursement subject to approval of directors having no interest in such matter.

3.13 Board Committees: From time to time the Board may designate directors to constitute committees within the Board, each having so many members as the Board deems appropriate, which will exercise such powers as the Board specifies in the respective resolutions creating them. A majority of a committee will determine its actions and fix the time and place of its meetings, unless the Board provides otherwise. The Board has the power at any time to change the number, members, and powers of any Board committee.

ARTICLE FOUR -- COMMITTEES

4.01 Generally: A majority of a committee will determine its actions and fix the time and place of its meetings, unless the Board or these Bylaws provide otherwise. Except as limited by these Bylaws, the Board has the power at any time to change the number of members and powers of any committee and the Commodore shall appoint the chairperson and members of all standing and ad hoc committees. The Commodore may remove any chairperson or member with the approval of the Board.

4.02 Standing and Ad Hoc Committees: The standing committees of CMYC shall include Executive Race Committee, Handicap Committee, House Committee, Race Committee, Nominating Committee, Auditing Committee and Cruise Committee. From time to time the Board may establish ad hoc committees for particular purposes, each having so many members as the Board deems appropriate, which will exercise such powers as the Board specifies in the respective resolutions creating them.

4.03 House Committee: The House Committee shall be responsible for maintenance, supervision and management of CMYC facilities and shall report to the Vice Commodore.

4.04 Race Committee: The Race Committee shall assist the Race Captain in the organization and management of CMYC-sponsored race events and shall report to the Race Captain.

4.05 Nominating Committee: The Nominating Committee shall be comprised and perform such services as specified in these Bylaws.

4.06 Financial Review Committee: The Financial Review Committee shall be appointed by the Commodore not later than 30 days prior to the end of the fiscal year, who shall examine the corporation's accounts and records, including the year end reports, and make a report of its findings to the general membership no later than 90 days after conclusion of the fiscal year.

ARTICLE FIVE -- LIABILITY AND INDEMNIFICATION OF MEMBERS, OFFICERS, AND DIRECTORS

5.01 General Standard of Conduct of Directors, Officers, and Members: Directors, officers, and members shall discharge their respective duties, including any duty as a member of any committee, in good faith, with ordinary care, and in a manner the director, officer, or member reasonably believes to be in the best interest of the corporation. A director, officer, or member is not acting, or relying upon advice or information or opinions, in good faith if the director, officer, or member has knowledge concerning a matter in question that makes the act or reliance otherwise permitted by this Article unwarranted. A director or officer is not deemed to have the duties of a trustee of a trust with respect to the corporation or with respect to any property held or administered by the corporation, including property that may be subject to restrictions imposed by a donor or transferor of the property.

5.02 Prohibition Against Distributions: No part of the income, assets, or property of the corporation shall be distributed to any director, officer, or member. The corporation may, pursuant to resolution of the Board duly adopted, reimburse directors, officers, or members for legitimate and reasonable expenses incurred in fulfilling the duties, responsibilities, or obligations imposed upon or undertaken by that person in such capacity.

5.03 Prohibition Against Loans: Under no circumstances shall any loan be made by the corporation to any member, officer, or director. Notwithstanding any other provision hereof, any director, officer, or member that votes for or assents to the making of a loan to a member, officer, or director shall be jointly and severally liable to the corporation for the amount of the loan until repayment in full thereof.

5.04 Transaction of Business With Directors, Officers, and Members: The corporation may transact business with a director, officer, or member, or with another corporation or other entity in which one or more of the corporation's directors, officers, or members are directors, officers, or members or have a financial interest, provided that:

(1) the material facts as to such relationship or interest and as to the contract or transaction are disclosed or are known to the Board, the committee of the Board, or the members undertaking to consider and/or approve such contract or transaction prior to consideration and/or approval or other action by the Board, committee of the Board, or members; and

(2) the Board, committee of the Board, or members undertaking to consider and/or approve such contract or transaction, in good faith and with ordinary care authorize the contract or transaction by the affirmative vote of a majority of the disinterested directors, committee members, or members, even though the disinterested directors or members are less than a quorum; and

(3) the contract or transaction is fair to the corporation when it is approved, authorized, or ratified by the Board, the committee of the Board, or members.

5.05 Delegation of Investment Authority: The Board may from time to time contract with, terminate, and replace, in the Board's sole discretion, investment advisors or managers and vest in such advisors or managers the authority to purchase investments on behalf of the corporation and sell or transfer the corporation's assets and properties at a time and for a consideration the advisor or manager deems appropriate. The Board has no liability regarding any action taken by or omitted by an advisor or manager so engaged if the Board acted in good faith and with ordinary care in selecting the advisor or manager.

5.06 Limitation of Liability of Directors, Officers, and Members:

(a) "Volunteer": The term "Volunteer" is defined as a member, officer, director, or other individual rendering services to, for, or on behalf of the corporation or acting in furtherance of the corporation's legitimate purposes without compensation in excess of reimbursement for legitimate and reasonable expenses incurred.

(b) General Limitation of Liability: Directors, officers, and members of the corporation shall not be liable to the corporation, its members, or third persons for payment of the corporation's debts or for any act or omission in the directors', officers', or members' capacity as a Volunteer, whether acting as a director, officer, or member, if the Volunteer:

(1) conducted himself in good faith exercising ordinary care; and

(2) reasonably believed that, in the case of conduct in an official capacity as a director, officer, or member of the corporation, his conduct was in the corporation's best interests; and

(3) reasonably believed that, in all other cases, his conduct was at least not opposed to the corporation's best interests; and

(4) reasonably believed that his conduct was not unlawful nor in violation of the corporation's Articles, Bylaws, and duly adopted resolutions; and

(5) to the extent applicable to the Volunteer's act or omission, relied in good faith and with ordinary care upon information, opinions, reports, statements, financial statements, other financial data, written legal opinions, or the corporation's books or other documents or information concerning the corporation or another person that were prepared or presented by, and represented as being correct in all material respects, by:

(A) one or more officers or employees of the corporation;

(B) legal counsel, public accountants, or other persons as to matters the directors, officers, or members reasonably believed were within the person's professional or expert competence; or

(C) a committee of the Board of which the director, officer, or member is not a member; and

(6) did not accrue any improper personal benefit as the result of the Volunteer's act or omission.

(c) Limitation of Liability by Law: Members, officers, and directors of the corporation shall not be liable to the corporation, its members, or third persons to the extent provided by law, specifically including Art. 1302-7.06, TEX.REV.CIV.STAT., §84.001, et seq. TEX.CIV.PRAC. & REM.CODE, and other provisions of Texas law, as well as to the extent as provided in these Articles and the corporation's Bylaws.

5.07 Indemnification:

(a) When Indemnification Required or Permitted: The corporation shall indemnify a director, officer, or member, and may indemnify an employee or agent of the corporation who was, is, or may be named defendant in any proceeding as a result of such person's actions or omissions within the scope of such person's official capacity in the corporation (whether director, officer, member, employee, or agent); provided, however, that the corporation shall indemnify such person only if the person:

(1) conducted himself in good faith exercising ordinary care; and

(2) reasonably believed that, in the case of conduct in an official capacity as a director, officer, or member of the corporation, his conduct was in the corporation's best interests; and

(3) reasonably believed that, in all other cases, his conduct was at least not opposed to the corporation's best interests; and

(4) reasonably believed that his conduct was not unlawful nor in violation of the corporation's Articles, Bylaws, and duly adopted resolutions; and

(5) to the extent applicable to the Volunteer's act or omission, relied in good faith and with ordinary care upon information, opinions, reports, statements, financial statements, other financial data, written legal opinions, or the corporation's books or other documents or information concerning the corporation or another person that were prepared or presented by, and represented as being correct in all material respects, by:

(A) one or more officers or employees of the corporation;

(B) legal counsel, public accountants, or other persons as to matters the directors, officers, or members reasonably believed were within the person's professional or expert competence; or

(C) a committee of the Board of which the director, officer, or member is not a member; and

(6) did not accrue any improper personal benefit as the result of the Volunteer's act or omission.

(b) When Indemnification Prohibited: The corporation shall not indemnify a person who is found liable to the corporation or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(c) Mandatory Indemnification: The corporation shall indemnify a director, officer, member, employee, or agent against reasonable expenses incurred by him in connection with a proceeding in which the person was a named defendant because he was or is a director, officer, member, employee, or agent if he has been wholly successful, on the merits or otherwise, in defense of the proceeding.

(d) Qualified Indemnification: The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the corporation.

(e) Expenses of Participation: The corporation may pay or reimburse expenses incurred by a director, officer, member, employee, or agent of the corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the corporation when the person is not a named defendant in the proceeding.

(f) Limitation on Indemnification: The corporation shall not pay indemnification expenses to a person before the final disposition of a proceeding if the person is a named defendant in any proceeding brought by the corporation or if the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

(g) Extent of Indemnification: The corporation may indemnify a person against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including court costs and attorney's fees) actually incurred in connection with the proceeding; however, if the proceeding was brought by or on behalf of the corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

(h) Procedures Relating to Indemnification:

(1) Before the corporation may pay any indemnification (including attorney's fees), the corporation shall specifically determine that (i) indemnification is permissible, (ii) authorize indemnification, and (iii) determine that expenses to be reimbursed are reasonable.

(2) The determination of permissibility of and any subsequent payment for indemnification shall be by majority vote of a quorum of the Board of Directors who, at the time of the vote, are not named defendants in the proceeding. If such a quorum of the Board cannot be obtained, then the determination shall be made by special legal counsel selected by a majority vote of those directors who, at the time of the vote, are not named defendants in the proceeding.

(i) Liability Insurance: The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, member, employee, or agent of the corporation or served at the request of the corporation as a director, officer, member, employee, or agent of another corporation or entity against any liability asserted against such person and incurred by such person in such a capacity, whether or not the corporation would have the power to indemnify such person against that liability under this Article. Any obligation of the corporation to indemnify a director, officer, member, employee, or agent shall be first satisfied from and out of any insurance proceeds payable to such person or the corporation, regardless of whether the insurance was obtained by the corporation, the person, or other source.

ARTICLE SIX -- CORPORATE OPERATIONS

6.01 Registered Agent and Office: The corporation will maintain a registered agent and registered office as required by the TNPCA, which agent and office will be designated and may be changed from time to time by resolution duly adopted by the corporation's Board of directors. The corporation's registered office shall be the same street address as that of the registered agent.

6.02 Principal Office: The corporation will maintain its principal office in the State of Texas, its location being designated, and which may be changed from time to time, by resolution of the Board. The corporation may maintain such other offices in the State of Texas or elsewhere, their locations being designated and changed from time to time by resolution of the Board.

6.03 Corporate Records:

(a) Required Books and Accounts: The corporation shall keep, at the corporation's principal office, correct and complete books and records of account, including:

(1) file-endorsed copies of all instruments filed with the State of Texas and the Internal Revenue Service relating to the corporation and its legal existence and tax-exempt status;

(2) the Bylaws, and all amended versions or amendments thereto;

(3) Minutes of the proceedings of the Board, the Executive Committee, other standing Committees of the corporation, and the membership meetings;

(4) a list of the names and addresses of the directors, officers, and members of the corporation;

(5) financial statements and records showing assets, liabilities, net worth, income, and expenses of the corporation and each of its activities; and

(6) the corporation's federal, state, and local information and tax returns, together with all rulings, letters, and other documents pertaining to the corporation's tax status and liabilities.

(b) Registered Office Records: The corporation shall keep, at the corporation's registered office, full and complete copies of all corporate organizational instruments, documents filed with government agencies, and documents relating to the corporation's tax-exempt status.

(c) Inspection by Directors, Officers, and Members: Voting directors and officers shall be entitled to inspect and copy all Corporate books and records at the corporation's principal office at any reasonable time at the director's or officer's expense. Members in good standing and having full voting rights, on advance written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at a reasonable time at the corporation's principal office, for any proper purpose, the corporation's books and records relevant to that proper purpose at the member's expense. Notwithstanding any other provision hereof, no member shall be entitled to examine or copy any records or books reflecting actions of the Executive Committee or Board taken in executive session or that pertain to or involve personnel or legal matters or are otherwise exempt from disclosure pursuant to law.

6.04 Fiscal Year: The Board will establish, by resolution duly adopted, a fiscal year of twelve months' duration, which designation may not be altered until not less than one

fiscal years elapses before adoption of a different fiscal year. Unless otherwise established by such Board resolution, the corporation's fiscal year shall be from January 1 until December 31.

6.05 Corporate Funds: The corporation's funds will be deposited to the credit of the corporation in such types of accounts and in such insured financial institutions as may be determined by the Board. The Board shall specify by resolution duly adopted those officers or employees authorized to sign checks, drafts, or orders for payment of money issued in the name of the corporation, the number of signatures required on such instruments, and authority for issuance of such instruments.

6.06 Contracts: The Board may authorize any officer or agent of the corporation to enter into such contracts or execute such instruments in the name of and as the act of the corporation, subject to the Board's approval and ratification.

6.07 Corporate Property: The Board may procure, acquire, purchase, lease, mortgage, encumber, sell or dispose of the corporation's personal property upon a majority vote of the Board. The Board may not take any such action regarding the corporation's real property or improvement thereon without specific authorization from the general membership based upon a 2/3rds' majority vote conducted at a special called general membership meeting with a quorum of not less than a majority of all voting members (in person, by written ballot or by proxy) provided the notice of such special called meeting expressly states such purpose.

6.08 Employees: The Board may employ or retain such employees, agents, or professional advisors as deemed reasonably necessary to carry out the corporation's purposes and objectives. The Board will fix the terms of employment, including compensation, of such persons on such terms as the Board deems advisable.

6.09 Insignia: The Seal and Burgee of CMYC shall be adopted by the Board and an accurate illustration of such maintained as part of the corporation's records. Other insignia and the usage of insignia and flags may follow the customs as established by the New York Yacht Club.

ARTICLE SEVEN -- TAX EXEMPT STATUS

7.01 Compliance with Tax Exemption Requirements: It is the express and implied intent of the corporation to qualify as a non-profit, tax-exempt entity pursuant to §501(c)(3) of the Internal Revenue Code and, as to the extent permitted by law, secure property tax exemption pursuant to §11.18 of the Texas Tax Code. No activity or course of conduct of the corporation will occur nor be ratified that is contrary to the requirements of law for such tax-exempt status.

7.02 Corporate Purposes: The corporation is organized and the affairs of the corporation will be conducted exclusively for tax-exempt purposes. All activities, funds, and income of the corporation will be devoted exclusively to those corporate purposes, and subject to the limitations specified, in the Articles. Notwithstanding any other provision herein, the

corporation's actions and course of conduct shall be limited in all respects to activities in furtherance of the corporation's tax-exempt status under §501(c) of the Internal Revenue Code.

7.03 Prohibited Acts: The Articles of Incorporation and these Bylaws will be construed to prohibit any acts or courses of conduct by the corporation, its directors, officers, members, or any person in the name of the corporation described below, and the following acts are hereby prohibited:

(1) engaging in activities or use of the corporation's assets in any manner not in furtherance of one or more exempt purposes as set forth in the Articles, these Bylaws, or as prohibited by applicable provisions of the Texas Non-Profit Corporation Act, Texas Civil Practice & Remedies Code, Texas Tax Code, Internal Revenue Code, or applicable state or federal law;

(2) permitting any part of the corporation's net earnings, income, or assets to inure to the benefit of any member, director, officer, or private individual;

(3) carrying on by the corporation, any members, officers, directors, or other individuals in the name of or on behalf of the corporation any propaganda or acts to influence legislation, or that constitute intervention in political campaigns on behalf of or in opposition to any candidates;

(4) providing of commercial-type insurance, providing any banking or lending functions, or engaging in any course of conduct requiring a license, except as such licensure is duly held by an employee, member, officer, or director of the corporation;

(5) distribution of the corporation's assets on dissolution to any non-tax exempt entity or other than as specifically provided herein;

(6) the carrying on of unrelated trade or business except as a secondary purpose related to the corporation's primary, exempt purposes;

(7) doing any act in violation of the corporation's Articles or these Bylaws;

(8) doing any act against the best interests of or in derogation of the fiduciary duties of the corporation to its members or beneficiaries.

ARTICLE EIGHT -- AMENDMENT OF CORPORATE INSTRUMENTS

8.01 Proposed Amendments: Amendments to the Articles of Incorporation, Bylaws, or any instruments filed with or of record with any government agency [cumulatively known as "corporate instruments"] may be proposed (a) by a Director at any regularly scheduled Board meeting for consideration by the Board at a later Board meeting and subsequently by the membership if necessary, or (b) at time by any regular member in good standing for consideration by the Board at a Board meeting and subsequently by the membership if necessary. Such proposed amendment must be submitted in writing to the Secretary setting forth the provision as amended to be considered. The proposed amendment to any corporate instrument must be stated in every notice of such meeting at which the proposed amendment will be considered.

8.02 Action by Board of Directors: The Articles and Bylaws may be amended (a) upon the unanimous vote of the Board with all then-sitting voting directors participating (in person, by written ballot or by proxy), in which event such amendment shall be binding upon the general membership, or (b) upon a 2/3rds' majority vote of the general membership conducted at a special called general membership meeting with a quorum of not less than a majority of all voting members (in person, by written ballot or by proxy) provided the notice of such special called meeting expressly states such purpose. Other corporate instruments may be amended by a majority vote of the Board; the unanimous vote of the Board for amendment of other corporate instruments shall be binding upon the general membership. Any such amendment will be given effect as provided in the resolution so adopted, subject to applicable provisions of law.

8.03 Repeal of Amendment by Vote of Membership: In the event that an amendment to corporate instruments other than the Articles or Bylaws is approved by a majority but less than unanimous vote of the Board, such Board-adopted amendment may be repealed by a 2/3rds' majority vote conducted at a special called general membership meeting with a quorum of not less than a majority of all voting members (in person, by written ballot or by proxy) provided the notice of such special called meeting expressly states such purpose.

ARTICLE NINE -- DISSOLUTION OF CORPORATION

9.01 Vote of Board and Membership: The corporation may be dissolved only upon the majority vote of the Board and the independently conducted a 2/3rds' majority vote conducted at a special called general membership meeting with a quorum of not less than a majority of all voting members (in person, by written ballot or by proxy) provided the notice of such special called meeting expressly states such purpose.

9.02 Disposition of Corporation Property Upon Dissolution: Upon the winding up and dissolution of the corporation, after paying or adequately providing for the corporations' debts and obligations, all remaining assets will be distributed only to such organization or organizations exempt from taxes under the same Internal Revenue Code provision of §501(c), to be used by such organization or organizations to accomplish the specific corporate purposes stated herein.

I HEREBY CERTIFY that the foregoing is a full and correct statement of the Bylaws of Cedar Mills Yacht Club Corporation, a Texas Non-Profit Corporation, as in effect on this date.

Witness my hand and seal of CMYC on _____, 2009.

Secretary of the Corporation