

Pajarito Flying Club
Bylaws

August 2, 2015

Contents

1 DEFINITIONS

Club - Pajarito Flying Club, a New Mexico non-profit corporation.

Equity Member - a shareholder in the Club, each Equity Member owning exactly one share in the club. The signature page in Exhibit A names all initial Equity Members.

Social Member - a non-shareholder in the Club. These Members may only participate in social events and have no ownership interest nor rights in the Club, including flight privileges in Club aircraft.

Elected Officers - the elected s of the Club including President, Vice President, Secretary, Treasurer, Aircraft Maintenance/Safety Director.

Board of Directors - the President, Vice President, Secretary, Treasurer, and Aircraft Maintenance/Safety Director.

Appointed Officers - the Chief Instructor/Pilot, the Publicity and Social Activities Officer, and other officers as appointed by the Board of Directors

Member - any member of the club, including Equity and Social Members.

Business - the financial and operational activities of the Club.

2 ORGANIZATION

1. THESE BYLAWS of the Pajarito Flying Club (the “Club”) are entered into as of the date set forth on the signature page hereto by each of the persons named in Exhibit A hereto (referred to individually as Member and collectively as Members).
2. The Members have formed a nonprofit corporation under the New Mexico Nonprofit Corporation Act.
3. The Members enter into this agreement to provide for the governance of the Club and the conduct of its business, and to specify their relative rights and obligations.

3 PURPOSES

Pajarito Flying Club has been organized for the following purposes:

1. To provide Members with affordable access to well-maintained aircraft for their personal, educational, or instructional aviation.
2. To provide Members with fellowship and camaraderie, especially that camaraderie that relates to aviation.
3. To provide Members with opportunities for combined social and educational activities, e.g. talks by noted pilots, seminars on safety topics, or updates on new technologies available to general aviation pilots.
4. Any other purpose allowed by law.

4 MEMBERSHIP

Membership is divided between Equity Members and Social Members. The Pajarito Flying Club does not discriminate against current or potential Members based on any protected attribute, or on the basis of race, color, religion, national origin, gender, marital status or age as per the Equal Credit Opportunity Act.

4.1 EQUITY MEMBERS

Equity Members are considered part owners of the club and receive the rights and obligations associated with that ownership, including responsibility for their equivalent share in the assets and liabilities of the Club.

1. Equity Members are considered shareholders in the Club and bear the rights, privileges, and responsibilities of ownership.
2. Each Equity Member owns exactly one share in the club. The total number of Equity Members is n and the fractional share of each Member is $(\frac{1}{n})^{th}$ of the Club.
3. Equity Membership is open to any individual able to bear the financial responsibility of their ownership share as determined by credit check; who has an interest in aviation; and who is responsible and of good moral character. Eligibility of new Members shall be decided by a vote of the Equity Membership, requiring a $(\frac{2}{3})$ majority.

4. Equity Members have the right to fly the Club aircraft but are subject to scheduling, all rules and regulations of the FAA, including the requirement for certification in class and type, recency, and medical certification, and additional currency requirements as outlined in bylaw ??.
5. Each Equity Member shall submit a buy-in payment upon becoming an Equity Member. This payment is considered a purchase of a share in the club and is therefore real property that can be sold by the Member. This payment conveys all rights, privileges, responsibilities and liabilities of ownership to the Member.
6. Whenever an Equity Member wishes to sell their share, the Club has first right of refusal.
 - If the Club chooses to purchase the share- the decision is made by a $(\frac{2}{3})$ vote of a 75% quorum of Equity Members. The purchase of one Membership by the remaining Members of the Club is achieved through the payment by each remaining Equity Member, a total of $(n - 1)$ Members, to the exiting Member of $(\frac{1}{n(n-1)})^{th}$ of the Club value, where the value is determined according to section ??, and where n is the number of Equity Members in the Club before the sale, including the Member selling the share. Alternatively, the board may elect to purchase the share on behalf of the club using liquid assets held by the club. After the sale, each Equity Member owns $(\frac{1}{n-1})^{th}$ of the Club. The Club may take up to one financial quarter or three months, whichever is longer, to remit payment to the exiting Member. If the exiting Member has not been paid in that time, the Club shall be required to liquidate assets to make such payment.
 - If the Club chooses not to purchase the share- it may be sold to another individual wishing to join the club, pending the vote as described in section ???. Any new Member purchasing a share from an existing Member assumes the rights, privileges, responsibilities, and liabilities of that share, including the immediate assumption of monthly payments toward fixed operating costs.
7. If a new Equity Member wishes to join the Club and has been approved per section ??, each existing Member, a total of n Members, will sell to the incoming Member $(\frac{1}{n(n+1)})^{th}$ of the value of the Club, where n is the number of Equity Members, excluding the entering Member, and the value of the Club is determined according to section ?. The entering Member is then responsible for paying to the Club the buy-in amount of $(\frac{1}{(n+1)})^{th}$ of the Club value, and

must immediately assume responsibility for liabilities. At the Board's discretion, the buy-in payment shall either be immediately and equally dispersed to existing Club Members upon receipt, or held in a reserve to fund future capital expenditures. If payment of the buy-in amount has not been received by the end of the financial quarter, the new Membership will be terminated. The terminated Member shall not be entitled to return of any funds paid to the Club prior to termination, including any hourly or monthly fees.

8. Equity Members in good standing may vote in general officer elections and on any issue brought before meetings of the general Membership of the Club.
9. A Member is in good standing when the Member is current in the payment of dues and fees.
10. Members are not entitled to the distribution of any net earnings from the Club. Any surplus from the Club operations is to be applied to the furtherance of Club Purposes.
11. Equity Members may attend all Club social events, regardless of standing.
12. In the event of the death of an Equity Member, the Club shall have the first option to purchase from the estate the member's share in the assets of the Club. If a member wishes to name in his/her will a beneficiary of his/her share in the assets of the Club, the named beneficiary must be acceptable to the Club.

4.2 SOCIAL MEMBERS

Social Members are not part owners in the Club and therefore do not receive the rights, privileges, and responsibilities associated with that ownership, including responsibility for share in the assets and liabilities of the Club.

1. Social Members are not entitled to use of the Club's aircraft.
2. Social Members may not vote as Members at large, either in elections or matters relating to aircraft purchase, maintenance, disposition, etc.
3. Social Members will be considered in good standing if they have paid the annual dues for Social Members. However, Social Members may participate in all social events, whether or not they are in good standing, and may attend meetings.

4. Social Members are not entitled to any of the assets or liabilities of the Club. Social Members are not required to provide an equity buy-in, but also are not entitled to sell their Membership in the Club nor to any proceeds from the sale of aircraft owned by the club.
5. Social Members are not required to submit named pilot forms for insurance purposes, nor are they responsible for payment of insurance premiums nor any other liability associated with Equity Membership.
6. Social Members are allowed to hold appointed officer positions, as opposed to elected officer positions, in the club and may be granted awards including a waiver of Membership dues by the Board of Directors.

5 CLUB LEADERSHIP

The Club business will be conducted by the Board of Directors and appointed officers.

5.1 BOARD OF DIRECTORS

The Board of Directors shall consist of the President, Vice President, Secretary, Treasurer, and Aircraft Maintenance/Safety Director. Every Member of the Board of Directors must be an Equity Member.

5.1.1 PRESIDENT

The Club President shall preside over all meetings and shall be considered the Chief Executive Officer of the Club. The President is responsible for the conduct of all Club activities and business. The President shall have signature authority on all Club accounts and shall assume or assign the function of the Treasurer in the event that the Treasurer is absent or incapacitated. The President may also create Committees and assign Members to Committees and is a Member ex-officio of such Committees.

5.1.2 VICE PRESIDENT

The Vice President shall assume the role of the President and all rights, privileges and powers of that office in the event of the incapacitation, resignation, or removal of the President. The Vice President may also perform those duties associated with the operation of the Club as assigned by the President.

5.1.3 SECRETARY

The Secretary shall keep the minutes of all proceedings of the Members and the Board of Directors. These minutes may be kept in digital format if an at least weekly backup of such digital minutes is performed and that backup is maintained in a separate location; otherwise these minutes must be kept in hardcopy format in a bound notebook kept for that purpose and stored in a location designated by the Board of Directors. The Secretary shall attend to the giving and serving of notices of all meetings of the Members and Board of Directors. The Secretary shall keep a Membership book which shall serve as a record of all current Members and their standing, a compilation of Club policies, and other papers determined by the Board of Directors. The Secretary shall execute, along with the President, all certificates of Membership, contracts, and instruments which have been first approved by the Board of Directors. The Secretary shall perform other duties assigned to the office of the Secretary by the President or Board of Directors.

5.1.4 TREASURER

The Treasurer shall execute checks in the name of the Club for expenditures authorized by the Board of Directors. The Treasurer shall receive and deposit funds of the club in the bank account designated by the Board of Directors, which funds shall be paid out in accordance with instruction by the Board of Directors. The Treasurer shall also account for all receipts, disbursements, and balance on hand in timely fashion and shall produce quarterly financial statements that provide an accounting of revenue, expenditures, assets, liabilities, and net worth of the Club. The Treasurer shall perform other duties as assigned by the President or Board of Directors.

5.1.5 AIRCRAFT MAINTENANCE/SAFETY DIRECTOR

The Aircraft Maintenance/Safety Director is responsible for the maintenance and safety of the aircraft and is to ensure the aircraft's proper operating condition by or under the supervision of a properly certified aircraft and engine mechanic or other qualified personnel. The Aircraft Maintenance/Safety Director is responsible for obtaining all checks, inspections, major overhauls, and for compliance with Airworthiness Directive Notices and service bulletins for the aircraft. The Aircraft Maintenance/Safety Director is also responsible for maintenance of current information in the log books and for all papers required to be carried in the aircraft and for the execution of all papers required upon the completion of inspections and major repairs. If necessary, the Aircraft Maintenance/Safety Director is required for

licensing of radios in Club aircraft.

The Aircraft Maintenance/Safety Director shall perform a once-monthly safety check of all Club aircraft and to provide a record of that check, stored in a location designated by the Board of Directors. The Aircraft Maintenance/Safety Director, in cooperation with the Chief Instructor, is responsible for conducting safety seminars for the proper education of Club Members on safety policies set forth by the FAA, state or local government, or the Club.

5.1.6 MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors shall meet at least once every quarter to conduct Club business. This meeting shall be presided over by the President, or by another individual according to bylaw ???. All Members shall be allowed to attend meetings of the Board of Directors, but may be removed by the presiding chairperson in the case where their behavior becomes an impediment to the conduct of business.

5.1.7 VACANCIES

If any vacancy occurs on the Board of Directors or among the Officers of the Club, the Board of Directors shall select a successor to serve for the remaining unexpired term of office. If three or more vacancies shall occur at one time, the positions shall be filled by an election according to the normal procedure for elections at a meeting duly called.

5.2 MEETINGS

Robert's Rules of Order shall be the parliamentary authority and shall serve as a guide for conduct of all meetings of the Club. All meetings shall be presided over by the President, or in the absence of the President, the Vice President. If neither President nor Vice President are present, the Board of Directors may elect a chairperson to preside over the meeting, provided that a quorum of Board Members is present at the meeting. A quorum of the Board Members is four Board Members. A quorum for a meeting of all Club Members is 50% of the Equity Members except where the issue under consideration requires a larger quorum. Meeting attendance can be in person, via telephone, or via any other means the presiding officer deems to provide acceptable participation in the proceedings.

5.3 ELECTIONS

Board of Directors terms shall be for one year, beginning October 1, and the election shall be held at an annual meeting of Members during the month of September. Equity Members in good standing may be nominated for each office. The selection of new officers from those nominated will be accomplished by a simple majority of Equity Members in good standing casting one vote each.

5.4 APPOINTED OFFICERS

A simple majority vote of the Board of Directors appoints officers, each officer having a term of one year.

5.4.1 CHIEF INSTRUCTOR/PILOT

The Chief Instructor/Pilot is intended to be a highly experienced pilot who can provide guidance concerning flight operations, safety, education, or other aviation topics. The Chief Instructor/Pilot serves as an advisor to all Officers of the Club. The Chief Instructor/Pilot is responsible for approving all Student Solos in club aircraft. The Chief Instructor/Pilot does not have to be an Equity Member.

5.4.2 PUBLICITY/SOCIAL ACTIVITIES OFFICER

The Publicity Officer is responsible for all advertising for Club Social Events, Club News, new Members or other publicity tasks as assigned by the Board of Directors. The Publicity Officer is responsible for the maintenance of the News section of the Club website and an optional newsletter.

The Social Activities Officer is responsible for all Club social activities and to plan such activities so as to maintain the non-profit status associated with designation as a social club.

5.4.3 ADDITIONAL OFFICERS

The Board of Directors may appoint additional officers.

6 INDEMNIFICATION

6.1 INSURANCE

The Club shall maintain insurance on all aircraft against damage to the hull from ground and flight damage, and liability insurance to protect the Club and its Members against liability, actions, suits for damages, or judgments of third persons. The Board of Directors shall determine the adequacy of all insurance coverage. The Club assumes no responsibility to an Equity Member for the results of any act or omission while operating Club aircraft except for the protection afforded by such policy or policies of insurance carried by the Club.

6.2 DAMAGE TO AIRCRAFT

Damage to any aircraft shall be promptly reported to the Club Maintenance Officer or any other Club Officer. Members are directly responsible for the safe operation of any aircraft under their control. All aircraft are to be operated in accordance with the applicable Federal Aviation Regulations, the operating limitations of the aircraft as set forth by the manufacturer and Club Operational Rules. In the event of damage to a Club aircraft, its engine or equipment, which damage is proximately caused by an act or omission of a Club Member, such Member shall be liable for the damage sustained and may be assessed the uninsured, non-reimbursable cost of repair or replacement.

6.3 GROSS NEGLIGENCE OR WILLFUL DAMAGE

If any Member is found by the National Traffic and Safety Board Accident Investigation Committee to have caused loss, damage, destruction, or injury to the Club or its aircraft, engines, or equipment through gross negligence or willful violation of any regulation or rule of the Federal Government, any state or the Club or while under the influence of illegal drugs, alcohol or other substances, the Member or the Member's estate will be held liable for all such loss, damage, or destruction.

6.4 INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Club may, by resolution of the Board of Directors, provide for indemnification by the Club of any and all of its Directors, Officers, or former Directors or Officers against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding, in which they or any of them are made

parties, or a party, by reason of having been Directors or Officers of the Club, except in relation to matters as to which such Directors or Officers shall be adjudged in such action, suit or proceedings to be liable for negligence or misconduct in the performance of duty and to such matters as shall be settled by agreement predicted on the existence of such liability for negligence or misconduct.

7 ACCOUNTING PRACTICES

7.1 VALUATION OF EQUITY MEMBER SHARES

1. Once each calendar year no later than 31 January, a fair market value of all club assets and liabilities shall be determined at the direction of the Treasurer. The aircraft of the Club shall be valued according to a third party service such as the AOPA web tool for aircraft valuation. All other assets and liabilities of the Club shall be valued according to standard accounting practice.
2. The yearly valuation shall be used for the valuation of Member shares for the entire calendar year unless a substantial change has occurred in the value of the club's assets since the annual valuation. Examples of such substantial changes include but are not limited to changes in subscription price, or changes in the condition or airworthiness of the aircraft including, recent engine overhaul, etc. If an exception to the Securities Act of 1933 has been filed, normally under the exceptions in 58-13C-202 of NMSA 1978, the subscription price provided in the exception claim takes precedence over subsequent club valuations and shall be used in lieu of any other buy-in or asset value calculations, unless the change in valuation is substantial enough to warrant the filing of a revised exception claim, as determined by the Board of Directors.

7.2 MEMBER FINANCIALS

7.2.1 MONTHLY MEMBER STATEMENT

1. A monthly statement shall be provided to any Member who has incurred charges or made payments since the last statement. These statements may be provided electronically by request of the Member.
2. Statements shall be prepared before the 5th day of each month.

7.2.2 PAYMENT OF DUES, FLIGHT TIME, AND OTHER FEES

1. New monthly charges and any charges carried over from a previous month are required to be paid by the 15th day of the next month. If that amount is not paid by the 15th, the unpaid amount will be assessed monthly a late payment charge of 1.5% of the outstanding balance.
2. Non-payment will cause a Member to become not in good standing and flight privileges will be suspended until the balance is paid.
3. Non-payment for three or more months may be grounds for revoking Membership, subject to a vote by the Board of Directors. In the event that Membership is revoked for non-payment, the Member will be reimbursed for their equity in the Club, less the amount owed in late charges.

7.3 CLUB FINANCIALS

The Treasurer shall prepare a financial statement each tax quarter that reflects the assets, liabilities, and net worth of the Club.

7.3.1 ACCOUNTS RECEIVABLE

1. An electronic journal shall be kept of all payments by Members, all credits, and the bank deposit, credit card deposit, or other source of funds will be indicated for each item.
2. This electronic journal shall be backed up in a remote location at least once weekly.

7.3.2 CASH ASSET AND LOAN ACCOUNTS

1. No cash asset account nor loan shall be opened or closed without approval from the Board of Directors.
2. This approval shall be in the form of a ($\frac{2}{3}$) vote of the quorum at a meeting of the Board of Directors.

7.4 YEARLY STATEMENTS

The Treasurer shall prepare a yearly summary for the previous calendar year with the same content as the quarterly statements, to be used in the determination of fees, dues, and hourly rates.

8 DETERMINATION OF FEES, DUES, AND HOURLY RATES

1. The Board of Directors shall determine the initial Membership fee, yearly dues for club assets, yearly dues for fixed operational costs, hourly rates per plane, yearly dues per Member, and any fees to be assessed as allowed per the bylaws.
2. Monthly dues shall be computed on a not-for-profit basis to cover anticipated fixed expenses, future aircraft purchases and upgrades, and required routine inspections.
3. Flight time hourly rates shall be “dry rates” with members bearing individual responsibility to pay for the fuel that each uses. Rates shall be set based on anticipated expenses including anticipated routine maintenance, escrows for required overhauls/replacements, and other costs associated with the per-hour operation of the plane.
4. The procedures, data, and assumptions used to determine the dues and hourly rates must be documented and accepted at least once per fiscal year and thus be made available to any Equity Member on request.
5. The yearly dues for club assets are not separable by asset as each Equity Member has an equal share in all assets of the club that cannot be subdivided
6. Changes of dues and rates require a 30-day notice

9 OPERATIONAL RULES

1. Rules and guidelines, compiled for the safety of all Members, their passengers, preservation of club property, the reputation of the club in the aviation community, and the community at larger, are enumerated in the current version of the Pajarito Flying Club Operational Rules which are incorporated into these Bylaws by reference.

2. Violation of the Pajarito Flying Club Operational Rules may result in fines, temporary suspension of flying privileges, or expulsion from the club.
3. Minor disputes involving the Pajarito Flying Club Operational Rules, including scheduling issues, are to be resolved by the Club President. In the event a dispute involves the Club President, the Club Vice President will resolve the dispute.
4. Fines for violating operational rules can be assessed by a simple majority of the Board of Directors and a quorum meeting of the same.
5. Temporary suspension for violating operational rules can be assessed by a simple majority Board of Directors and a quorum meeting of the same.
6. Expulsion from the club can only be assessed by a $\frac{2}{3}$ majority of the Equity Members of the club.

10 CHECKOUT AND CURRENCY REQUIREMENTS

Equity Members must meet the following requirements in order to act as Pilot in Command of a Club aircraft. Social Members have no checkout and currency requirements. Checkout and currency requirements can be suspended by a majority vote of the board of directors to address situations such as, but are not limited to, approved maintenance or a non-equity-member Chief Pilot performing duties authorized by the bylaws.

1. To act as Pilot in Command, each Member must be appropriately certificated, have a current medical and current flight review per 14 CFR 61.56(a). In order to act as Pilot in Command of a particular Club aircraft, a Member must log one full hour of flight time and make 3 takeoffs and landings to a full stop in an aircraft of the same make and model within the preceding 90 days.
2. The Pilot in Command must be an Equity Member or a Certified Flight Instructor actively instructing an Equity Member. If the Chief Instructor/Pilot is not an equity member, the Chief Instructor/Pilot may be Pilot in Command may serve as Pilot in Command for individual flights with the approval of the President and only for specific duties outlined for the Chief Instructor/Pilot.
3. If a Member has been checked out in an aircraft, but has gone beyond the 90 day currency requirement, the Member may fly with a club-approved instructor to become current.

4. If a Member is certificated but not current, the Member may receive instruction from an appropriately certificated, Club-approved instructor to achieve currency.
5. If a Member has not logged at least 1 hour of flight time and 3 landings to a full stop in the preceding 180 days, a full checkout per bylaw ???.?? shall be required.
6. The Pilot in Command of a club aircraft must have been checked out in that make and model by a club-approved instructor. An aircraft checkout requires that the Member demonstrate proficiency in the following maneuvers and operations. Proficiency is at the discretion of the instructor.
 - Preflight operations
 - Normal takeoff and landing
 - Short field takeoff and landing
 - Go-around
 - Maneuvering during slow flight
 - Power-off (landing attitude) stall recovery
 - Power-on (take-off attitude) stall recovery
 - Steep turns at 45 degrees of bank
 - Abnormal/Emergency operations:
 - Flight by reference to instruments
 - Engine-out approach and landing
 - Equipment malfunctions

11 FLIGHT INSTRUCTION

1. Members may use club aircraft to receive flight instruction from an appropriately certificated, club-approved instructor for all types of flight training. Flight Instructors must meet the currency requirements per bylaw ??.
2. Club-approved instructors may give any type of flight instruction for which they are certificated, and may perform aircraft checkouts in club aircraft.

3. Members may use club aircraft to receive flight instruction from non club-approved instructors so long as the Member meets all checkout and currency requirements for the aircraft (see bylaw ??), is not receiving instrument instruction, and acts as Pilot in Command for the entire duration of the flight.
4. Club-approved instructors may not use club aircraft to provide instruction to non-Members unless the non-Member is a certificated instructor receiving instruction for the purpose of becoming a club-approved instructor.
5. The club shall maintain a list of club-approved instructors, along with the make and model of each aircraft in which the instructor may provide instruction.
6. To become a club-approved instructor, a flight instructor must receive a check-out from the Chief Pilot in each club aircraft make and model in which he or she wishes to provide instruction. The instructor may then be added to the list of club-approved instructors.
7. A club-approved flight instructor need not necessarily be a Club Member.

12 DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the Dissolution of the Club, the assets of the club will be sold at fair market value and the proceeds of such sale shall be distributed in the following order.

1. Any general creditors of the Club will be paid, including interest. These include funds owed to banks, mechanics, lenders other than banks, etc.
2. Equity Members will receive disbursements in amounts not to exceed the amount paid by those Members in combined buy-in and dues allotted for principle payment on any aircraft owned or mortgaged by the Club. No Member may receive a disbursement in an amount that would constitute a profit on the sale of the assets of the Club.
3. Charities or other organizations consistent with the Purposes of the Club will receive the remainder of funds. If the sale of club assets exceeds the amount owed to general creditors or Equity Members, the remainder of the proceeds will be disbursed to charitable organizations involved in activities consistent with aviation fellowship, education, or recreation as determined by a vote of the Board of Directors.

13 AMENDMENTS TO THE BYLAWS

1. Unless otherwise specified, any amendment or modification to these by-laws shall require the ($\frac{2}{3}$) of the voting Membership present at a meeting called for such a purpose after 30 days written notice. Seventy-five percent (75%) of the number of the voting Membership shall constitute a quorum for Amendment or modification purposes.
2. The Board of Directors may make decisions as to disposition, modify operating rules, and set the dues and hourly rates as specified in ???. These decisions are recorded in the Pajarito Flying Club Operations Manual and are performed by a simple majority of Board Members at a quorum meeting of the same, excluding special circumstances outlined elsewhere in the bylaws. A 30-day notice of such a change is required before the same becomes in effect.
3. The purchase or sale of club assets exceeding \$5,000 must be approved by a majority vote of Equity Members.

A EQUITY MEMBER ROLL

B OPERATIONAL RULES (by Reference)