Demo Flying Club, LLC

Austin, TX

By-Laws

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# Article I – Organization

1. The name of this organization shall be Demo Flying Club, LLC.
2. The organization shall be registered in the State of Texas.
3. The Organization shall be operated not for profit.

# Article II – Purpose

1. Pilot Network Flyers’ primary mission is to provide an economical way for its members to pilot general aviation aircraft with an emphasis on:
   1. Safety
   2. Learning
   3. Enjoyment
2. To own or lease and maintain one or more aircraft for the education, transportation and general use of the members of this LLC.
3. To acquire, own, hold, sell, lease, pledge, mortgage or otherwise dispose of any property, real or personal, necessary to the operation of the LLC.

# Article III – Membership

1. Pilot Network Flyers Membership will not exceed 10 members per aircraft available.
2. There will be two classes of Membership
   1. Class A Members - Will be equity owners in the Demo Flying Club, LLC.
      1. Maximum of 4 Class A Members Per Aircraft
      2. Hold primary financial responsibility for the LLC’s operating Expenses, including:
         1. Purchase of Aircraft
         2. Payment of Loans for Aircraft and other operating expenses required to achieve the LLC’s mission
         3. Capital Improvements to the LLC’s Assets
         4. Ongoing costs required to meet the LLC’s mission
      3. May Transfer their ownership of their Membership to another person
         1. Payment if any of the Membership will be between the existing member and the new member
         2. The Board of Directors may set an initiation fee to cover the cost of transferring a membership.
         3. At the discretion of the Board of Directors, the LLC may buy back a member share at a value not to exceed the Equity in the LLCs Assets plus the balance in the bank, plus the accounts receivables in the LLC. Then sell the available membership to an interested person for a fee not less than what it was bought back for.
         4. In the event of a member’s death, the LLC may buy the membership back from the member’s estate for the fee outlined in item #3 in this section.
   2. Class B Members – Will be non-equity owning members of the LLC who will be able to gain restricted access to the LLC’s assets.
      1. Maximum of 4 Class B Members per Aircraft
      2. Class B members will:
         1. Pay a Non-Refundable fee set by the board of directors to join the LLC.
         2. Pay a Monthly fee set by the board of directors to keep their membership active
         3. Pay an hourly rate to fly the LLC’s aircraft
      3. Class B Members may cancel their Membership with a 30 Day Written notice to the LLC Secretary
         1. Will Not receive any refund of their initial fee.
3. Admitting new Members
   1. Class A Members – Can be admitted to the LLC if there is an available membership
   2. Class B Members – Can be admitted if there are less than 4 Class B members per aircraft
   3. All potential new members must be approved by a committee formed by the Board of Directors and LLC Officers.
      1. A Meeting with the potential new member shall be scheduled within 21 days of a qualified new member expressing the desire to join the LLC.
      2. The Committee will focus on the new members ability to:
         1. Safely use the Assets of the LLC
         2. Ability to meet the financial obligations of being a member of the LLC
4. A Member may be expelled by two-thirds (2/3) of all Members voting at any regular or special meeting of the Members. Ten (10) days’ notice shall be given to each Member who shall have the right to be heard either in person or by counsel at a meeting of the LLC called for this purpose. A Member so expelled shall receive from the LLC a sum equal to his/her share in the assets as determined by the average blue book value, less any loans, less any monies, dues, or fines owing to the LLC.
5. Discrimination prohibited: The Pilot Network Flyers is firmly committed to non- discrimination in all aspects of LLC membership and operations. The Pilot Network Flyers accepts persons of any race, color, sex, national origin, ethnic origin, or religion to membership and to all the rights, privileges, programs, and activities generally accorded or made available to LLC members. Discrimination against any individual on the basis of race, color, sex, national origin, ethnic origin, or religion is prohibited in any and all aspects of LLC membership and LLC operations.

# Article IV – Board of Directors

1. The powers, business and property of the LLC shall be exercised, conducted and controlled by a Board of Directors of four (4) Members.
2. Each Board of Director shall be elected annually from the Class A Membership annually at the regular meeting of Members.
3. In case of a vacancy in the Board, the remaining Directors shall fill such vacancy by appointment from the LLC Membership. If two (2) or more vacancies occur at any one time, they shall be filled by vote of the Members at a meeting duly called.
4. Regular meetings of the Board of Directors shall be called at a time and place to be determined by the President.
5. Special meetings of the Board of Directors shall be called at any time on the order of the President or on the order of two (2) Directors.
6. Notice of special meetings of the Board of Directors stating the time and, in general terms, the purpose shall be mailed, emailed or personally given to each Director not later than three days before the day appointed for the meeting. If all Directors shall be present at any meeting, any business may be transacted without previous notice.
7. Three (3) Directors shall constitute a quorum of the Board at all meetings and the affirmative vote of at least three (3) Directors shall be necessary to pass any resolution or authorize any act of the LLC.
8. Each Member of the Board of Directors shall serve without any compensation or reward, except as otherwise provided in these by-laws.
9. The Board of Directors shall cause to be kept a complete record of all its acts and proceedings of its meetings and to present a full statement at the regular meeting of the Members, showing in detail the condition of the affairs of the LLC.
10. The Board of Directors may assign to any Member any duty or office which the Board deems appropriate and necessary to the conduct of the LLC and which is not otherwise expressly provided for in these by-laws.
11. The Board of Directors may engage salaried personnel from outside the LLC Membership to perform such services on behalf of the LLC as the Board deems appropriate and necessary.
12. The Board of Directors shall have the power and authority to promulgate and enforce all rules and regulations pertaining to the use and operation of LLC property and to do and perform or cause to be done and performed any and every act which the LLC may lawfully do and perform.

# Article V – Pilot Network Flyers Officers

1. The Executive office of the LLC shall have a President, Vice President, Secretary, Treasurer and Aircraft Maintenance Officers.
2. The President, Vice-President, Secretary, Treasurer and Aircraft Maintenance officers shall be elected by the Board of Directors from their own number at the first meeting after organization of the LLC, and thereafter at each regular annual meeting of the Members by a simple majority vote of the members present or represented by proxy, and shall hold office for twelve (12) months and until their successors are elected and qualified.
3. Officer positions may be held by Class A or Class B members.
4. President
   1. The President shall be the Chief Executive Officer of the LLC. He/she shall preside at all meetings of the LLC and the Board of Directors. He/she may call any special meeting of the Members or the Board of Directors and shall have, subject to the advice and control of the Directors, general charge of the business of the LLC, and shall execute with the Secretary, in the name of the LLC, all certificates of Membership, contracts and instruments other than checks which have been first approved by the Board of Directors.
   2. The President may sign checks executed in the name of the LLC.
   3. The President shall be responsible to the Board of Directors for the operation of the LLC.
   4. He/she shall make and enforce decisions regarding the suitability of all equipment and the qualifications of all Members for each type of flight operation. He/she shall recommend for approval to the Board of Directors all operational rules of the LLC and shall report with recommendation all violations of such rules by any Member of the LLC.
   5. The President shall establish a budget for the LLC to cover all of the known operating costs of the LLC and the assets the LLC owns
      1. Costs include:
         1. Loans and payments on Assets
         2. Insurance
         3. Tiedown / Hangar Fees
         4. Hourly Cost to Fly Aircraft
         5. Fuel Reimbursement Rates
         6. Administrative Fees and Tools
         7. Estimated Maintenance & Annual Cost
         8. Other Defined Miscellaneous Fees
      2. The Board of Directors shall Approve the budget
5. Vice-President
   1. The Vice-President shall be vested with all the powers and shall perform the duties of the president in case of the absence or disability of the President.
   2. The Vice-President shall also perform such duties connected with the operation of the LLC as he/she may undertake at the suggestion of the President.
6. Secretary
   1. The Secretary shall keep the minutes of all proceedings of the Members and of the Board of Directors in books provided for that purpose. He/she shall attend to the giving and serving of notices of all meetings of the Members and of the Board of Directors and otherwise. He/she shall keep a proper Membership book showing the name of each Member of the LLC, the book of by- laws, and such other books and papers as the Board Of Directors may direct. He/she shall execute with the President, in the name of the LLC, all certificates of Membership, contracts and instruments which have been first approved by the Board of Directors. In the absence or disability of the Treasurer and under the direction of the President he/she shall execute in the name of the LLC checks for expenditures authorized by the Board of Directors.
   2. The Secretary shall perform all duties incident to the Office of the Secretary, subject to the control of the Board of Directors.
   3. The Secretary shall also perform such duties connected with the operation of the LLC as he/she may undertake at the suggestion of the President.
7. Treasurer
   1. The Treasurer may sign, in the name of the LLC, all checks for the expenditures authorized by the Board of Directors. He/she shall receive and deposit all funds of the LLC in the bank selected by the Board of Directors, which funds shall be paid out only by check as hereinbefore provided.
   2. He/she shall also account for all receipts, disbursements and balance on-hand.
   3. The Treasurer will provide a quarterly report of the financial status of the LLC to the Board of Directors and an annual report to every Member. Quarterly reports will be available to the Membership on request.
   4. The Treasurer will inform the President each month if any Members are delinquent and notify him of such delinquency plus any fines that have been paid.
   5. The Treasurer shall perform all duties incident to the officer of the Treasurer, subject to the control of the Board of Directors.
   6. The Treasurer shall also perform such duties connected with the operation of the LLC as he/she may undertake at the suggestion of the president.
8. Aircraft Maintenance Officer(s)
   1. 1 Maintenance Officer per Aircraft shall be elected at each meeting of the members from the Class A and Class B members
   2. A single member can be the elected maintenance officer for more than 1 aircraft
   3. In the event of a vacancy of a Maintenance Officer
      1. The duties will revert to the president of the LLC
      2. The President can appoint at his/her discretion appoint a member to fill a Maintenance Officer vacancy until the next regular schedule meeting of the members.
   4. The Aircraft Maintenance Officer(s) shall be responsible for maintaining current information in the logbooks of the aircraft.
   5. The Aircraft Maintenance Officer(s) shall be responsible for arranging for maintenance of the aircraft in proper operating condition, by or under the supervision of a properly certificated aircraft and powerplant mechanic, and for obtaining all inspections, major overhauls and for compliance with all service bulletins for the aircraft.
   6. The Aircraft Maintenance Officer(s) shall be responsible 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.
   7. The Aircraft Maintenance Officer(s) shall be responsible to leading all owner performed maintenance that the FAA FARs allow including:
      1. Oil Changes
      2. Aircraft Washes
      3. Changing Tires
      4. Small simple repairs
      5. Replacing Lights
      6. Replacing or cleaning spark plugs

# Article VI – Meeting of Members

1. All meetings of the Members, except as herein otherwise provided, shall be held at a place to be determined by the President
2. Annual Meeting of the Members
   1. The annual meeting of the LLC shall be held during the month of February at such time as the Board of Directors shall determine.
   2. Notice of the annual meetings of the Members shall be given by written notice mailed to each Member at his/her last known place of business or residence or to their last known e-mail address at least (10) days before such annual meeting.
3. Special Meeting of the Members
   1. Special meetings of the Members may be held at such time and place as the President may determine, or may be called by a majority of the Directors or by written petition of at least five (5) Members. It shall be the duty of the Secretary to call such meetings within thirty (30) days after such demand.
   2. Notice of special meetings of Members, stating the time and in general terms the purpose thereof, shall be given in a like manner as the notice required for the regular annual meetings. If all the Members shall be present at any gathering, any business may be transacted without previous notice.
4. At any meeting of the Members, a quorum shall consist of two-thirds of the Members who are in good standing.
5. The President, or in his/her absence the Vice President, or in the absence of the President and Vice President, a Chairman elected by the Members present shall call the meeting of the Members to order and shall act as the presiding officer thereof.
6. At the annual meeting of the Members, the Members shall elect by ballot a Board of Directors as constituted by these by-laws.
7. At every meeting of the Members, each Member shall have only one vote. Votes cast by mail will be accepted provided they are received by the Secretary prior to the meeting when the vote is to be taken. Proxy votes, via regular mail, e-mail, telegram, or facsimile, will be accepted up through the day of the meeting.
8. A majority vote of the Members present is necessary for the adoption of any resolution and for the election of a Member to the Board of Directors.
9. Parliamentary procedures will be followed and minutes will be kept at all meetings.

# Article VII – Vacancies

1. If any office, other than that of President, becomes vacant for any reason, the President shall appoint an interim successor until such time as the Board of Directors shall elect a successor from the Membership who shall hold office for the unexpired term. If the office of President becomes vacant, the Vice-President shall become President and the Board of Directors shall elect a new Vice-President from the Membership.

# Article VIII – Safety Board

1. A Safety Board may be designated by the Board of Directors for:
   1. Each aircraft accident or incident involving either a Member of the LLC or any equipment belonging to the LLC, providing such accident resulted in damage to equipment.
   2. Any event involving LLC assets that causes a safety concern or violation of FAA FARs, Local Laws, State Laws or Federal Laws.
   3. The Safety Board shall consist of three (3) Class A Members of the LLC who were not involved in the accident/incident
   4. The Safety Board shall take all steps necessary to ascertain the facts, conditions and circumstances of the accident; shall arrive at conclusions regarding the probable cause and the responsibility for said accident/incident; and shall make known to the Board of Directors, and to all parties involved in the accident/incident, its findings in the form of a written report.

# Article IX – Hearings

1. The Board of Directors, upon receipt of the findings of the Safety Board shall offer to all parties involved in the accident the opportunity of a hearing. After the hearing, or if such hearing is waived by all the parties involved in the accident, the Board of Directors shall decide the financial responsibility. The decision of the Board of Directors shall be final.
2. The Board of Directors shall not impose financial responsibility on any one Member in excess of the Insurance Deductible for any one accident/incident, unless the damage results from a violation which is not covered by insurance carried on the aircraft, then the party responsible for the damage shall be liable for the full amount. Recommendation of the Board should be approved by recorded vote of two-thirds (2/3) majority of all LLC Members.
3. As a result of a Safety Board, the Board of Directors may issue a suspension of a Members ability to use the LLC Assets for up to 2 months.

# Article X – Pilot Network Flyers, LLC Finances

1. No Member may authorize expenditures or otherwise incur financial obligations in the name of the LLC except as expressly provided for in these bylaws or other regulations duly promulgated by the LLC Membership.
2. The Treasurer is authorized to expend LLC funds in payment for:
   1. Items listed in the approved budget set by the President and approved by the Board of Directors.
   2. Unscheduled Aircraft Maintenance up to $1,000 per item
   3. Unscheduled Administrative items up to $500 per item
3. The Aircraft Maintenance Officer is may authorize work on the LLC’s aircraft
   1. That is included on and not to exceed the LLC Approved Budget
   2. Up to $1,500 per item for any issue that the Maintenance Officer deems is a safety of flight issue.
   3. The Maintenance Officer must consult with the Treasurer before authorizing any work to determine whether there are sufficient funds to pay for the work.
4. Individual Members will be reimbursed for any expenditure not in excess of $1000.00 when such expenditures are for LLC aircraft repairs or maintenance necessary to safely complete a flight back to the home airport. Member must be stranded at a remote location to have this authorization. The LLC shall bear no financial responsibility for personal cost (transport, meals, hotel, etc.) to any Member because of a LLC aircraft requiring repair at other than the home airport.
   1. If more than $1,000 is required to safely complete the flight home, a member may contact the Board of Directs via Telephone, Text Message, Email and proceed with a higher spending limit approved by at least 3 Board Members.
5. The Board of Directors shall not authorize expenditures in excess $4,000.00 (excluding capital expenditures) without the approval of the majority of the LLC Members.
6. Budget Deficits
   1. In the event that actual operating costs exceeds the approved budget, the President will recommend to the Board of Directors for their approval a sum of money required to cover the deficit.
   2. The amount approved by the Board of Directors will be divided equally between the Class A members in the LLC.
   3. Class A Members will have 45 days to pay the deficit amount upon receiving the invoice.

# Article XI – Capital Acquisitions and Improvements

1. Any Member of the LLC may propose at a Schedule Meeting of the Members a request for Capital Acquisition or Improvements. This includes New Equipment Purchase, New Aircraft Purchase, Aircraft Upgrades, Aircraft Interiors, Aircraft Paint, Aircraft Modification.
2. Capital Acquisitions and Improvements require the approval of 75% of Class A members. Class B members do not vote on Capital Acquisitions and Improvements.
3. Upon Approval of a Capital Acquisition or Improvement the cost of the Capital Acquisition or Improvement will be divided equally between all Class A members
   1. Class A Members will have 45 Days to pay from the date of the invoice
   2. The Board of Directors may elect to extend the payment deadline at their discretion
4. Acquisition of Additional Aircraft
   1. Before a new Aircraft can be purchased and added to the LLC, the Board of Directors and the Offices must have:
      1. A minimum of 3 new Class A Members Sign a Letter of Commitment to join the LLC
      2. Received a Deposit from the new Class A Members whose funds will be escrowed by the LLC in an amount set by the Board of Directors. The deposit must be returned to the potential new members if the new aircraft purchase does not happen with in a timeline specified by the Board of Directors in the Letter of Commitment to the new Class A members.

# Article XII – Member Payments

1. Initiation Fees
   1. Class A Members
      1. Class A Members will pay an initiation fee set by the Board of Directors that will cover the equity required to form the LLC and/or acquire a new Aircraft or Asset. The amount required will be documented in the Letter of Commitment signed by the Board of Directors and the potential new Member.
   2. Class B Members
      1. Class B Members will pay a nonrefundable initiation fee to join the LLC in the amount set by the President and Approved by the Board of Directors.
      2. The Initiation Fee will be put into the LLCs operating fund at the discretion and approval of the Board of Directors and may be used to
         1. Fund the LLC Reserve Fund
         2. Fund Capital Improvements
         3. Decrease the Monthly cost of the Class A members
2. Monthly Fees
   1. Class A Members
      1. Class A members will be charged a monthly fee set by the LLCs Approved budget
      2. The Monthly fee will cover actual fixed costs to operate the LLC and ensure safe operation of the LLC’s assets.
   2. Class B Members
      1. Class B members will pay a set monthly fee not to exceed 50% of the Approved LLC Budget for a Class A Member’s Monthly Fee.
      2. Monthly Fee from a Class B Member will be put into the LLCs operating fund at the discretion and approval of the Board of Directors and may be used to
         1. Fund the LLC Reserve Fund
         2. Fund Capital Improvements
         3. Decrease the Monthly cost of the Class A members
3. Hourly Rates
   1. Each Member will pay an hourly fee based on Tach Time Flown.
   2. Each Member will be responsible for logging their time flown in Pilot Partner Electronic Pilot Logbook’s Aircraft Maintenance Tracker.
   3. All Hourly Rates will include fuel
      1. Based on an average Gallon Per Hour established by the President and approved by the Board of Directors.
      2. Based on the price of fuel at the Aircraft’s Home Base
   4. The Hourly Rate will be set by the President and approved by the Board of Directors and shall include:
      1. Hourly Rate for Aircraft Maintenance
      2. Hourly Rate for Engine Reserve
      3. Hourly Rate for Oil and other consumables
      4. Hourly Rate for Fuel
4. Off Field Fuel Reimbursement
   1. Members may purchase fuel away from the aircrafts home location anytime he/she wishes to.
   2. Members will be reimbursed for the fuel purchased in the form of a credit on his/her account.
   3. The amount that will be reimbursed will be calculated by taking the number of gallons of fuel purchased and multiplying by the cost of fuel per gallon at the home base of the aircraft flown as set in the Approved LLCs Budget.
   4. Members are required to submit fuel receipts to the treasurer within 45 days of purchase. Fuel receipts received after 45 days of purchase will not be eligible for reimbursement.
5. Invoices
   1. Invoices shall be sent to each member by the LLCs Treasurer every two months or less.
   2. Invoices shall be paid by each member within 1 month of the date on the invoice
   3. Invoices will include:
      1. Monthly Dues
      2. Hourly cost of usage of LLCs Assets
      3. Class A Member Deficits Amounts
      4. Class A Member Capital Acquisitions/Improvements
   4. Delinquency. Any Member who has failed to pay the dues, hourly aircraft rate charges or any other sum due the LLC within thirty (30) days after said sums shall be due, shall be considered a delinquent Member and may, at the discretion of the Board of Directors be suspended from flying the LLC aircraft and engaging in any other LLC activity. A ten percent (10%) penalty of the delinquent amount shall be charged after one (1) month’s delinquency unless the Board of Directors waives the penalty upon a showing of good cause by the Member. When a delinquent Member fails to pay any sum owed to the LLC, or at the discretion of the Board Of Directors, to make suitable arrangements with the Board for the payment thereof within sixty (60) days of the due date, the Member shall automatically be considered as indicating his/her intention to withdraw from the LLC.

# Article XIII – Aircraft Scheduling

1. The President will recommend to the Board of Directors for approval an internet-based tool for scheduling LLC assets, know as the Aircraft Schedule.
2. Class A Members:
   1. May schedule LLC Asset for a starting time up to 1 month in advanced.
   2. Each schedule item may be up to 7 consecutive days
   3. No Class A Member should schedule a LLC Asset for more than 14 combined days in a given month without the prior approval of the Board of Directors
      1. For purposes of counting the 14 combined days, any day where the member schedules the aircraft for 3 or more hours shall count as a full day.
3. Class B Members
   1. May schedule LLC Asset for a starting time up to 14 days in advanced.
   2. Each schedule item may be up to 3 consecutive days
   3. No Class B Member should schedule a LLC Asset for more than 8 combined days in a given month without the prior approval of the Board of Directors
      1. For purposes of counting the 8 combined days, any day where the member schedules the aircraft for 3 or more hours shall count as a full day.
4. Member Check Ride Schedule Reservation
   1. When a Class A or Class B member submits in writing (includes the use of email) to the Board of Directors that they have scheduled a Check Ride with a Designated Examiner for the purpose of: Private Pilot Check Ride, Instrument Check Ride, Commercial Check Ride, the student shall be granted a 14 day consecutive exclusive schedule rights to a single LLC Asset.
   2. The Check Ride Schedule Reservation may only be used once per check ride type.
   3. Rescheduling a check ride does not grant the member an extension or additional Check Ride Schedule Reservation.
   4. The member can request any start day and end day for the Check Ride Reservation providing that:
      1. The 14 days are consecutive
      2. The Member has a Check Ride Scheduled inclusive of the Start Day and End Day of the request
      3. It is recommended that the reservation include a day or two past the intended check ride date to allow for last minute rescheduled check ride.
      4. The member cancels the remaining reservation upon completion of the check ride.
      5. The member cancels the reservation if the check ride is canceled
   5. Other Members may request to schedule the LLC Resource during a check ride reservation
      1. It is at the discretion of the member with the check ride schedule, that member may approve other members scheduling during their Check Ride Reservation.

# Article XIV – Member Responsibility

1. A Member of the LLC must be acting as Pilot in Command of the LLC Resource while the resource is in use.
   1. A certified Flight Instructor may act as Pilot in Command if it is for the sole purpose of Flight Training received by a LLC Member.
2. A Member acting as pilot in command of a Club aircraft shall insure that flights are made in full compliance with applicable regulations.
3. No member may use any aircraft in such a manner considered to be commercial operation as defined by the current insurance provider or the FAA.
4. Member is Responsible for the LLC Resource
   1. When a Member makes use of the resource the member is responsible for ensuring the resource is returned to the Home Base by the scheduled time.
   2. Member shall ensure the Resource is secured in a Hangar or Tied Down when the resource is not in use.
   3. In the event the Resource can not be returned to the home base due to maintenance issues or weather, the member using the resource is responsible
      1. Alerting the President and Board of Directors
      2. Alerting any other members who are scheduled to use the resource
      3. Arranging any required repairs with a certified A&P
      4. For arranging return of the resource when it is safe to do so

# Article XV – Amendments

1. These by-laws may be repealed or amended or new by-laws adopted at any meeting of the Members called for that purpose or at any regular meeting of the Members with the approval of two-thirds(2/3) of all LLC Members.

# Article XVI – Indemnification of Officers

1. Indemnification. Chandelle Flying Club, Inc., shall indemnify any current, former or future Shareholder, Director, Officer, Maintenance Officer, Employee or Agent of the Corporation, whether serving at the request of the Corporation or by election, against any expenses actually and necessarily incurred by him/her in connection with the defense of any reason for being or having been such Shareholder, Director, Officer, Maintenance Officer, Employee or Agent, except in relation to matters as to which he/she shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in performance of duty. The Corporation shall also reimburse any such current, former or future Shareholder, Director, Officer, Maintenance Officer, Employee or Agent of the Corporation for the reasonable cost of settlement of any such action, suit or proceeding, if it shall be found by a majority of the Shareholders not involved in the matter in controversy, whether or not it be a quorum, that it was in the best interest of the Corporation that such settlement be made, and that such Shareholder, Director, Officer, Maintenance Officer, Employee or Agent was not guilty of negligence or misconduct in performance of duty.
2. Expenses. The LLC may pay in advance any expenses which may become subject to indemnification if the Board of Directors authorizes the specific payment, and the person receiving the payment undertakes in writing to repay such expenses, unless it is ultimately determined that he/she is entitled to indemnification by the LLC
3. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a Shareholder, Director, Officer, Maintenance Officer, Employee or Agent of the Corporation, against any liability asserted against him and incurred by him in any such capacity or arising out of his/her status as such, whether or not the LLC would have the power to indemnify him against such liability under these Bylaws or the laws of the State of Texas.
4. Other Protection & Indemnification. The protection and indemnification provided hereunder shall not be deemed exclusive of any other rights to which any such Shareholder, Director, Officer, Maintenance Officer, Employee or Agent may be entitled, under any agreement, insurance policy or vote of Shareholders or otherwise.

# Article XVII - Surplus

1. The net savings or surplus remaining after all operating costs and other expenses have been paid shall remain in the LLC’s treasury for the purpose of engine and prop overhaul, maintenance and general contingency funds. Use of such funds will be governed by the bylaws outlined throughout this document. The net savings in any event shall not be distributed to the Members for their individual use.