

**AMENDED AND RESTATED
BYLAWS**

OF

MERCERWOOD SHORE CLUB

**ARTICLE I
PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the Mercerwood Shore Club (the “Club”) shall initially be 4150 East Mercer Way, Mercer Island, Washington 98040, which location may be changed from time to time by the Board of Directors.

**ARTICLE II
BOARD OF DIRECTORS**

2.1 Composition. The management of the affairs of the Club shall be vested in a Board of Directors (the “Board”). The Board shall determine the number of directors by resolution, which shall not be less than seven or more than twelve. As of the date of these Bylaws, the number of Directors is ten.

2.2 Qualifications. Directors shall be Members of the Club. No more than one adult from any Member household may serve on the Board at any one time. Directors may have such other qualifications as the Board may prescribe by amendment to these Bylaws. Directors may be either Equity or Non-Equity Members (not Senior Members).

2.3 Nominations.

2.3.1 Nominating Committee. The Board shall appoint a Nominating Committee for the purpose of identifying and recommending candidates for the Board. Names may be submitted to the Nominating Committee by Members and/or by the Board. The Nominating Committee shall present nominee(s) for each open board position. The Nominating Committee shall be made up of at least three Members, at least one of whom must be a Board Member and at least one of whom must be a non-Board member. A Board Member shall serve as the chair of the Nominating Committee.

2.3.2 Nominations. Nominations for the Board may be submitted to the Nominating Committee from January 1 to February 28 each year.

2.3.3 Recommendations. The Nominating Committee will recommend the slate of nominees to the Board for consideration by the Board by the March meeting. The Board shall recommend

one or more of the nominees presented by the Nominating Committee to the Members for election at the Annual Meeting of Members.

2.4 Election. Board positions for Directors whose terms have expired shall be elected each year at the Annual Meeting of Members.

2.5 Term of Office. Unless a Director dies, resigns or is removed, he or she shall hold office for three years or until his or her successor is elected, whichever is later. Directors' terms shall be staggered so that if there are less than nine Directors, at least two Directors are elected each year, and if there are more than nine Directors, at least three Directors are elected each year. An elected Director cannot serve more than two consecutive terms. A Director appointed by the Board to finish the term of a serving Director may serve two consecutive full terms as an elected Director.

2.6 Annual Meeting. The annual meeting of the Board shall be held without notice immediately following and at the same place as the Annual Meeting of Members for the purpose of electing officers and transacting such business as may properly come before the meeting.

2.7 Removal. A Director may be removed by a two-thirds vote of the entire Board.

2.8 Vacancies. Any vacancy occurring on the Board by reason of the death, resignation, or removal of a Director may, but need not, be filled upon election of a successor by majority vote of the entire Board. Such successor shall serve during the unexpired term of the Director whose position has become vacant.

2.9 Regular Meetings. The date, time and place of regular meetings of the Board shall be as designated from time to time by the Board. Notice of a regular meeting shall not be required if each director has been furnished with a written schedule of the dates, times and locations of two or more regular meetings, more than three (3) days in advance of the date of the earliest meeting listed on such schedule. Otherwise, such regular meetings shall require at least three (3) days' advance notice to each director, which may be delivered in person or by telephone or sent by mail, email, or facsimile. Any Member of the Board may waive notice of any regular meeting. Attendance at a meeting shall constitute waiver of notice of such meeting except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

2.10 Special Meetings. Special meetings of the Board may be called by the President or by any two Directors. Notice of any special meeting of the Board shall be given at least three (3) days prior to the meeting by notice delivered in person or by telephone or sent by mail, email, or facsimile to each Member of the Board except that a special meeting of the Board for the express purpose of amending either the Articles of Incorporation or amending the Bylaws of the Club shall require notice to be given at least ten (10) days prior to said meeting. The business to be transacted at, and the purpose of, any such special meeting of the Board shall be specified in the notice of the meeting. Any Member of the Board may waive notice of any special meeting. Attendance at a meeting shall constitute waiver of notice of such meeting except where a director

attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

2.11 Telephonic Meetings. Members of the Board (or any committee designated by the Board) may participate in a meeting of such Board (or Committee) by telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at the meeting.

2.12 Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business at any regular or special meeting.

2.13 Manner of Acting. The act of the majority of the Directors present at a meeting at which there is a quorum shall be the act of the Board, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation or applicable Washington law.

2.14 Unanimous Consent. Any action required to be taken at a meeting of the Directors of the Club, or which may be taken at such a meeting, may be taken without a meeting by unanimous consent if one or more written consents setting forth the action so taken shall be signed by all the Directors.

2.15 Committees. The Board may designate and appoint one or more committees, each of which shall consist of one (1) or more directors. The committee(s) shall make recommendations to the Board about such matters and to the extent provided in the resolution appointing the committee(s). The director Members of the committee may invite one (1) or more Members to participate on any such committee.

2.16 Indebtedness. Except for the purpose of satisfying any obligation under Section 7.1, (i) the Board cannot borrow or commit to borrow any amount over \$100,000 during any fiscal year on the Club's behalf without Membership Approval, and (ii) the total amount of all debt shall not exceed one year's dues revenue without Membership Approval. Such Membership Approval is outlined in Article IV.

2.17 Rules. The Board may establish rules relating to the operation or use of the Club, including without limitation rules related to delinquent payments of Dues or Assessments and rules related to Member conduct (the "Rules"). The Board may amend or revise the Rules from time to time.

ARTICLE III OFFICERS

3.1 Officers. The officers of the Club shall be a President, one or more Vice Presidents, Secretary, and Treasurer. The Board may elect or appoint such other officers as it shall deem desirable, who shall have such authority and perform such duties as may be prescribed from time

to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. All of the officers shall be required to be a Member of the Board.

3.2 Election. At each Annual Meeting of the Board, the Board shall elect officers for the forthcoming year.

3.3 Term of Office. The officers of the Club shall each serve for a term of one (1) year, which term shall start at the conclusion of the Annual Meeting of the Board at which they are elected and continue until their successors are elected and qualified. Officers may be elected by the Board to succeed themselves. Any officer may be removed by the affirmative vote of a majority of the entire Board.

3.4 President. The President shall preside at all meetings of the Board. The President may be assigned other duties from time to time by the Board.

3.5 Vice President. In the absence or disability of the President, the Vice President, if any, shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President may be assigned other duties from time to time by the Board.

3.6 Secretary. The Secretary shall keep the minutes of the meetings of the Directors, maintain correspondence relating to the Club's business, and give notice of meetings of the Board or Members where required by these Bylaws or the Articles of Incorporation, and supervise electoral activity.

3.7 Treasurer. The Treasurer shall supervise the financial affairs of the Club and render periodic financial reports when requested by the Board.

ARTICLE IV MEMBERS

4.1 Classes of Members. A Member of the Club ("Member") shall consist of the persons comprising a family unit and living in one household, including (i) up to two adults; (ii) all dependent minors who live in the household; and (iii) children of one or both of the adults who are full time students under the age of 24. Members shall provide notice to the Club upon any change to the persons comprising the Member's family unit. The Club shall initially have three classes of Members: Equity, Non-Equity and Senior. Additional classes of Members, the manner of election or appointment of each class of Members, and the qualifications and rights of each class of Members may be established by amendment to these Bylaws. The number of Memberships available in each class of Membership shall be set from time to time by the Board.

General Description of Membership Classes. The classes of Membership are summarized in the table below. The table is a general description of the rights of each class of Membership. To the extent the general description below is inconsistent with the other provisions of these Bylaws, the other provisions shall control.

Type	Pay Assessments	Voting Rights	Property Rights	Use
Equity	Yes	Yes	Yes	Yes
Non-Equity	Yes	Yes	No	Yes
Jr. Membership	No	No	No	Yes
Senior	No	Yes	No	Yes
Inactive	Yes	No	Yes	No

4.1.1 Equity Members. Equity Members apply for Membership and are approved pursuant to the terms and conditions for Equity Membership, as determined from time to time by the Board. Equity Members shall pay a one-time fee in an amount set by the Board from time to time (the “Equity Membership Fee”). Equity Members shall pay Dues and Assessments and shall have property rights upon dissolution as set forth in Article VI.

4.1.2 Non-Equity Members. Non-Equity Members apply for Membership and are approved pursuant to the terms and conditions for Non-Equity Membership, as determined from time to time by the Board. Non-Equity Members shall pay a one-time fee in an amount set by the Board from time to time (the “Non-Equity Membership Fee”). Neither current nor former Equity Members may convert their Equity Membership to a Non-Equity Membership or reapply for Non-Equity Membership. Non-Equity Members shall pay Dues and Assessments and shall have no property rights upon dissolution as set forth in Article VI.

4.1.3 Senior Members. An Equity Member whose household includes (i) an adult 65 years of age or older and (ii) an adult who has been a Member of the Club for ten years or more, may become a Senior Member by written request to the Club. A Senior Member shall not include minors, even if they reside in the Senior Member’s household. A Senior Member shall pay Dues, but shall not be obligated to pay Assessments and shall have no property rights on dissolution as set forth in Article VI. A Senior Member shall not have rights to use the Club’s moorage facilities.

4.1.4 Inactive Members. At the sole discretion of the Board and subject to any limitations they deem appropriate, a Member may be granted inactive status. In such event, the Member shall not be responsible for paying Dues during the inactive period, but shall be responsible for all Assessments during that time. An inactive Member may not use the Club facilities.

4.1.5 Club Memberships are not transferable.

4.2 Membership Approval. The process for Membership application shall be as set by the Board from time to time. An application for Membership may be approved by the manager of the Club (“Manager”) and either the Board or the President, and shall be effective upon such approval. The process for Membership application in the event that the Club then has a waiting list for Memberships shall be as set by the Board from time to time.

4.3 Termination of Membership.

4.3.1 Voluntary Termination. A Membership shall be terminated upon receipt by the Manager of a written request of termination.

4.3.2 Involuntary Termination. The Board may terminate any Member at any time and for any reason by a two-thirds vote of the entire Board. A Member terminated under this section shall be treated as if they voluntarily terminated for purposes of determining if any refund of Membership fee is due.

4.3.3 Refunds of Fees on Termination.

4.3.3.1 Equity Members. The Club shall refund to the terminating Equity Member an amount equal to two-thirds (2/3) of the then current Equity Membership Fee, less the following: (i) a transaction processing fee of three hundred dollars (\$300.00), and (ii) all amounts due on such Member's account. The refund payment will be made at the time a new member joins the Club. The refund payments will be made in the order of resignation, that is, the oldest outstanding resignation will be paid first. A resigned member is not required to make dues payments and is also not eligible to use the Club in any way.

4.3.3.2 Non-Equity and Senior Members. No refunds of any kind shall be due to Non-Equity or Senior Members upon termination of their Membership. Upon termination, Non-Equity or Senior Members shall pay to the Club all amounts due on such Member's account.

4.4 Voting Rights.

4.4.1 Each Member entitled to vote with respect to the subject matter of an issue submitted to the Members shall be entitled to one vote upon each such issue.

4.4.2 Each Member entitled to vote at an election of directors may cast one vote for as many persons as there are directors to be elected.

4.5 Annual Meeting. The annual and regular meetings of the Members of the Club for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year on a date and time and place to be set by the Board.

4.6 Special Meetings. Special meetings of the Members for any purpose or purposes may be called at any time by the Board or by the President or by not less than 20% of the Members, to be held at such time and place as such the Board or the President may prescribe.

If a special meeting is called by Members, then the request shall be in writing, specifying the time and place of such meeting, to be held not less than twenty (20) nor more than sixty (60) days after the giving of the request for such meeting, and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by facsimile transmission to the President or the Secretary of the Club. Upon receipt of such a request, the Secretary shall cause notice of such meeting to be promptly given to the Members entitled to vote, in accordance with the provisions of Section 4.7 of these Bylaws. Except as

provided below, if the notice is not given by the Secretary within ten (10) days after receipt of the request, then the Members requesting the meeting may give notice.

4.7 Notice of Meetings. Except as otherwise provided below, written notice stating the place, day, and time of the meeting shall be delivered by or at the direction of the President or the Secretary, or the officers or persons calling the meeting, either personally or by mail, not less than ten (10) nor more than fifty (50) days before the date of any meeting of Members, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage thereon prepaid, addressed to the Member at his address as it appears on the records of the Club. Notice of regular meetings other than annual shall be made by providing each Member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and ten (10) days prior to the next succeeding regular meeting and at any time when requested by a Member.

4.7.1 Notice of Special Meeting. In the case of a special meeting, the written notice shall also state with reasonable clarity the purpose or purposes for which the meeting is called and the actions sought to be approved at the meeting. No business other than that specified in the notice may be transacted at a special meeting.

4.7.2 Proposed Articles of Amendment or Dissolution. If the business to be conducted at any meeting includes any proposed amendment to the Articles of Incorporation or the proposed voluntary dissolution of the Club, then the written notice shall state that the purpose or one of the purposes is to consider the advisability thereof, and, in the case of a proposed amendment, shall describe the proposed amendment with reasonable clarity and shall be accompanied by the language thereof.

4.7.3 Proposed Merger, Consolidation, Sale, Lease, Exchange, or Disposition. If the business to be conducted at any meeting includes any proposed merger, or consolidation, or any sale, lease, exchange, or other disposition of all or substantially all of the property and assets (with or without the goodwill) of the Club not in the usual or regular course of its business, then the written notice shall state that the purpose or one of the purposes is to consider the proposed plan of merger, consolidation, sale, lease, exchange, or disposition, as the case may be, shall describe the proposed action with reasonable clarity, and, if required by law, shall be accompanied by a copy or a detailed summary thereof; and written notice shall be given to each Member, whether or not entitled to vote at such meeting, not less than twenty (20) days before such meeting, in the manner provided in Section 4.4 above.

4.7.4 Declaration of Mailing. A declaration of the mailing or other means of giving any notice of any Members' meeting, executed by the Secretary, or the Assistant Secretary, of the Club giving the notice, shall be prima facie evidence of the giving of such notice.

4.7.5 Waiver of Notice. Notice of any Members' meeting may be waived in writing by any Member at any time, either before or after the meeting.

The attendance of a Member in person or by proxy at a meeting shall constitute a waiver of notice of the meeting, except when a Member attends a meeting for the express purpose of

objecting at the beginning of the meeting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.8 Voting in Person or by Proxy. Members may vote in person or may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact.

4.9 Quorum, Vote Requirement. A quorum shall exist at any meeting of Members if 15% of the Members entitled to vote are represented in person or by proxy. In the case of any meeting of Members that is adjourned more than once because of the failure of a quorum to attend, those who attend the third convening of such meeting, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors, provided that the percentage of Members represented at the third convening of such meeting shall not be less than ten percent (10%) of the Members entitled to vote.

If a quorum is present, the affirmative vote of the majority of the Members represented at any properly called or adjourned meeting and entitled to vote on the subject matter shall be the act of the Members, unless the vote of a greater number or voting by classes is required by law or by the Articles of Incorporation or by these Bylaws.

4.10 Adjourned Meetings. An adjournment or adjournments of any Members' meeting, whether by reason of the failure of a quorum to attend or otherwise, may be taken to such time and place as the chairman of the meeting may determine without new notice being given if the time and place are announced at the meeting at which the adjournment is taken. However, if the adjournment is for more than forty-five (45) days from the date set for the original meeting, a new notice of the adjourned meeting shall be given to each Member entitled to vote at the adjourned meeting, in accordance with the provisions of Section 4.4 of these Bylaws.

At any adjourned meeting, the Club may transact any business which might have been transacted at the original meeting.

Any meeting at which directors are to be elected shall be adjourned only from day to day until such directors are elected.

4.11 Record of Members Entitled to Vote. The Secretary of the Club shall make, at least ten (10) days before each meeting of Members, a complete record of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of each, which record, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Club. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting for the purposes thereof. In cases where the record date is fewer than ten (10) days prior to the meeting because notice has been waived by all Members, the Secretary shall keep such record available for a period from the date the first waiver of notice was signed to the date of the meeting.

Failure to comply with the requirements of this Article shall not affect the validity of any action taken at such meeting. However, if the Secretary shall fail to prepare the record of Members, or

keep it on file for the period required above, or produce and keep it open for inspection at the meeting, as provided in this Article, the Secretary shall be liable to any Member suffering damage on account of such failure, to the extent of such damage.

4.12 Ratification. Any contract, transaction, or act of the Club or of the directors or of any officer or officers or Manager of the Club which shall be ratified by a majority of a quorum of the Members of the Club at any meeting shall be as valid and as binding as though ratified by every Member of the Club.

4.13 Action by Members Without a Meeting. Any action which may be or which is required by law to be taken at any annual or special meeting of Members may be taken without a meeting by unanimous consent if one or more written consents shall be signed by all the Members entitled to vote with respect to the matter. Action may also be taken by less than unanimous consent. Action by less than unanimous consent may be taken if one or more written consents shall be signed by Members of record or otherwise entitled to vote, voting in the aggregate not less than the minimum number of votes that would be necessary to authorize such action at a meeting.

4.14 Telephonic Meetings. Members may participate in a meeting by telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

4.15 Loans. The Club shall not lend money to any of its Members.

4.16 Disbursement of Income. The Club shall not make any disbursement of income to its Members.

4.17 Compensation. The Club may pay compensation in a reasonable amount to its Members for services rendered to the Club.

ARTICLE V CONFLICTS DISCLOSURE

5.1 Conflicts. No transaction between this Club and any other Club or other entity and no act of this Club shall in any way be affected or invalidated merely by the fact that any director or officer of this Club is interested in, or is a director or officer of such other corporation.

5.2 Disclosure. Any transaction with an officer or director or with a corporation, firm entity or association wherein they may be or become interested must be approved by a majority of the disinterested Members of the Board. With regard to any transaction with a director or officer or with a corporation, firm, entity or association wherein they may be or become interested, the nature of the interest of the officer or director must be disclosed or known to the Board at or prior to the meeting at which such transaction is authorized or confirmed.

ARTICLE VI
FISCAL AND PROPERTY MANAGEMENT AND DISSOLUTION

6.1 Fiscal Year. The fiscal year of the Club is January 1 through December 31.

6.2 Budget. The Manager shall prepare and present to the Board a proposed budget prior to each fiscal year. Before the end of the fiscal year, the Board shall meet to discuss and approve a balanced budget for the next fiscal year.

6.3 Membership Fees. The Board shall set Equity and Non-Equity Membership Fees, transfer fees, any fees related to any Membership waiting list and any other fees related to Membership in the Club. The Board may change such fees from time to time.

6.4 Dues. The Board shall set dues for each Membership class ("Dues"). The Board may change the amount of Dues for each Membership class (and the effective date of any such changes) from time to time.

6.5 Assessments. Assessments are for the purpose of paying for special or extraordinary projects for which the Club does not have the income to pay or that would otherwise create a budget deficit or would require incurring debt that exceeds the Board's debt limitations set by these Bylaws. All Members shall be notified of any assessment approved by the Board in the manner provided by Article IV, Section 4.7. The amount of an assessment and the effective date thereof must be approved by two-thirds (2/3) of the votes cast in person or by proxy at a meeting of the Members.

6.6 Club Property. The Board may manage, improve, buy, acquire, sell, encumber, lease, convey, or dispose of any part of the Club's personal or real property, including fixtures, unless specifically prohibited by state law, the Articles of Incorporation, or these Bylaws, provided, however, that the Members must approve a sale or transfer of any real property interest of the Club. The notice to the Members shall describe the real property involved, the purpose of the sale or transfer, and the expected proceeds or the consideration given for the sale or transfer. The sale or transfer of any real property interest must be approved by two-thirds (2/3) of the votes cast in person or by proxy at a meeting of the Members.

6.7 General Expenditures. No officer, committee, Board Member, or Member shall incur any obligation for the Club, or spend Club funds, without consultation with and approval by the Manager or the authorization of the Board. Two signatures are required for all expenditures over \$10,000, those being the Club President and Club General Manager. The Club General Manager has signing authority for all expenditures under \$10,000.

6.8 Capital Expenditures.

(a) Definition. A capital expenditure is acquisition, improvement, or replacement of Club property, which costs more than \$5000 and has a useful life of more than three years.

(b) Funding. Capital expenditures can be funded either by (1) the budget as an identified capital expenditure; (2) a withdrawal from the replacement reserve account if approved by the Board; (3) Assessment funds; or (4) Borrowing.

(c) Bids. At least two bids on proposed capital expenditures are required, unless the Board decides to allow a single source bid.

(d) Exceptions. The Manager or President can authorize payment of cost overruns on capital expenditures not to exceed 10% of the Board authorized expense. The Manager shall also have authority to initiate capital projects critical to the maintenance and welfare of the Club or of an emergency nature not exceeding \$10,000, subject to approval of the Board President.

6.9 Dissolution. The voluntary dissolution of the Club can be initiated by (1) a two-thirds vote of the Board or (2) a petition from 33% of the Members. A vote on the dissolution of the Club shall only be conducted at a meeting of the Members. The quorum required for a meeting of the Members called to vote on dissolution is 67% of the Members. The vote required to dissolve the Club is a two-thirds (2/3) vote of the Members present at the meeting in person or by proxy.

6.10 Asset Distribution. Upon any sale, liquidation, dissolution, or winding up of all or substantially all of the assets of the Club, whether voluntary or involuntary, the then current Equity Members shall be entitled to a pro-rated share, with one share for each Membership, of the remaining property and rights of the Club after payment of all debts and obligations. In a voluntary dissolution, the then existing Members are those Equity Members, whether active or inactive, who are Members on the date of the Board vote initiating the dissolution or on the date the Member petition is submitted to the Secretary. In an involuntary dissolution, the then existing Members are those Equity Members, whether active or inactive, who are Members on the date the action or proceeding is initiated which results in the involuntary dissolution.

ARTICLE VII INDEMNIFICATION

7.1 Right to Indemnification. Each individual (hereinafter an "Indemnitee") who was or is made a party or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "Proceeding"), by reason of the fact that he or she is or was a director or officer of the Club or that, while serving as a director or officer of the Club, he or she is or was also serving at the request of the Club as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation or of a foreign or domestic partnership, joint venture, trust, employee benefit plan or other enterprise, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, partner, trustee, or agent or in any other capacity while serving as such director, officer, employee, partner, trustee, or agent, shall be indemnified and held harmless by the Club to the full extent permitted by applicable law as then in effect, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, taxes or penalties and amounts to be paid in settlement) incurred or suffered by

such Indemnitee in connection therewith, and such indemnification shall continue as to an Indemnitee who has ceased to be a director, officer, employee, partner, trustee, or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators; provided, however, that no indemnification shall be provided to any such Indemnitee if the Club is prohibited by the Washington Nonprofit Corporation Act or other applicable law as then in effect from paying such indemnification; and provided, further, that except as provided in Section 7.2 of this article with respect to proceedings seeking to enforce rights to indemnification, the Club shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized or ratified by the Board. The right to indemnification conferred in this Section 7.1 shall be a contract right and shall include the right to be paid by the Club the expenses incurred in defending any Proceeding in advance of its final disposition (hereinafter an "Advancement of Expenses"). Any Advancement of Expenses shall be made only upon delivery to the Club of a written Undertaking (hereinafter an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this Section 7.1 and upon delivery to the Club of a written declaration (hereinafter a "Declaration") by the Indemnitee of his or her good faith belief that such Indemnitee has met the standard of conduct necessary for indemnification by the Club pursuant to this Article.

7.2 Right of Indemnitee to Bring Suit. If a written claim for indemnification under Section 7.1 of this article is not paid in full by the Club within sixty days after the Club's receipt thereof, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty days, the Indemnitee may at any time thereafter bring suit against the Club to recover the unpaid amount of the claim. If successful, in whole or in part, in any such suit or in a suit brought by the Club to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expenses of prosecuting or defending such suit. The Indemnitee shall be presumed to be entitled to indemnification under this article upon submission of a written claim (and, in an action brought to enforce a claim for an Advancement of Expenses, where the required Undertaking and Declaration have been tendered to the Club) and thereafter the Club shall have the burden of proof to overcome the presumption that the Indemnitee is so entitled. Neither the failure of the Club (including the Board or independent legal counsel) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances nor an actual determination by the Club (including the Board or independent legal counsel) that the Indemnitee is not entitled to indemnification shall be a defense to the suit or create a presumption that the Indemnitee is not so entitled.

7.3 Nonexclusivity of Rights. The right to indemnification and the Advancement of Expenses conferred in this article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or Bylaws of the Club, general or specific action of the Board, contract or otherwise.

7.4 Insurance, Contracts and Funding. The Club may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Club

or who, while a director, officer, employee or agent of the Club, is or was serving at the request of the Club as an agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss asserted against or incurred by the individual in that capacity or arising from the individual's status as a director, officer, employee or agent, whether or not the Club would have the power to indemnify such person against such expense, liability or loss under the Washington Nonprofit Corporation Act. The Club may enter into contracts with any director, officer, employee or agent of the Club in furtherance of the provisions of this article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this article.

7.5 Indemnification of Employees and Agents of the Club. The Club may, by action of the Board, grant rights to indemnification and Advancement of Expenses to employees and agents of the Club with the same scope and effect as the provisions of this article with respect to the indemnification and Advancement of Expenses of directors and officers of the Club or pursuant to rights granted pursuant to, or provided by, the Washington Nonprofit Corporation Act or otherwise.

7.6 Persons Serving Other Entities. Any individual who is or was a director, officer or employee of the Club who, while a director, officer or employee of the Club, is or was serving (a) as a director or officer of another foreign or domestic corporation of which a majority of the shares entitled to vote in the election of its directors is held by the Club, (b) as a trustee of an employee benefit plan and the duties of the director or officer to the Club also impose duties on, or otherwise involve services by, the director or officer to the plan or to participants in or beneficiaries of the plan, or (c) in an executive or management capacity in a foreign or domestic partnership, joint venture, trust or other enterprise of which the Club is an equity interest holder or in which a wholly owned subsidiary of the Club is a general partner or has a majority ownership or interest shall be deemed to be so serving at the request of the Club and entitled to indemnification and Advancement of Expenses under this article.

ARTICLE VIII RECORDS

The Club shall keep at its principal office or its registered office in this state:

1. current Articles of Incorporation and Bylaws;
2. correct and adequate records of accounts and finances;
3. a record of the names and addresses of the officers, directors, and Members; and
4. minutes of proceedings of the Board and minutes, if any, that may be maintained by a Board Committee.

**ARTICLE IX
AMENDMENTS**

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted by a vote of a majority of the entire Board.

* * *

CERTIFICATE OF ADOPTION

The foregoing Bylaws were read, approved, and duly adopted by the Board of Directors of Mercerwood Shore Club on May 18, 2009, and the President and Secretary of the Club were empowered to authenticate such Bylaws by their signatures below.

Board President

Secretary