


ERVIN COHEN & JESSUP LLP

MEMORANDUM

TO: Members of California Sports Car Club
FROM: John A. Meyers 
DATE: January 8, 2010
SUBJECT: Amendment to Bylaws

In basic outline, the Bylaw revisions cover membership rights and privileges; meetings of members; election, meeting and procedures of the Board of Governors and officers; books and records; indemnification of Governors and officers, amendment of the Bylaws and limitations on the powers of the Board. This selective summary is subject and subordinate to the proposed Bylaws which are the sole operative document.

The revisions do not alter the Articles of Incorporation.

The old bylaws have been amended a number of times by different lay members. The result has been some confusion and inconsistency in a number of areas. The revisions are intended to clarify by eliminating surplus language and inconsistency. The revisions also make certain substantive changes. The idea has been to conform the text to current practice and law, and provide greater flexibility to the volunteer Board of Governors.

The old bylaws also precede certain modern telecommunication, internet, and other technologies. The revisions empower the Board to adapt telecommunication, internet, electronic and other technologies to facilitate communication and notice to and from the Corporation with members, and improve voting, governance and the conduct of the business of the Corporation.

The old bylaws were unclear as to the mechanics of establishing the members entitled to vote and elect Governors, and the obligations of honorary members. The revisions clarify the equal voting rights of the four classes of voting members (Regular, Family, Associate and Life), and the dates on which members must be in good standing to vote and receive notice. The revisions clarify that honorary members are chosen by the Board based on their contributions to racing, auto sport or to the Club, have no voting rights, do not pay dues, but may speak and participate at member meetings and serve on advisory committees to the Board along with other voting members. New classes of members that alter existing voting rights must be approved by the membership. There are a number of mechanical modifications that make election and nominating procedures clearer and more understandable.

Substantive changes also include the elimination of a prohibition on revision of the Bylaws by the Board of Governors except as such amendments may alter election rules, voting rights, extend terms, eliminate term limits, or modify rules related to self dealing, in which case membership approval remains a requirement. Permitted revision by the Board in the future requires assent by 8 of the 9 Governors. An audit committee has been mandated and the former requirement that Board of Governor members may be permitted to obtain the voting proxies of other Governors has been eliminated as contrary to existing law. Quorum rules have been changed from a fixed number of members to a percentage of membership to reflect the ebb and flow of membership. Statutory reporting provisions have been set forth in the Bylaws to remind the Governors of their obligations to report on financial condition and other information to members. One item of note is that the Board may choose a non Governor and compensate that person for serving as the Regional Executive, or a Governor may continue that function without compensation. Here the notion was to provide for the option of professional management, while retaining past practice of a Governor serving as the unpaid Regional Executive.

The Board is empowered to establish rules and regulations for racing and conduct, and to expel or suspend members based upon complaint. The Bylaws establish fair procedures for members to contest any such adverse action.

The undefined concept of member-at-large has been eliminated since no past use of the idea is within current recollection. Meetings of the Board of Governors, other than those related to personnel, proprietary or competitive matters, have been made open to all members, and unelected members may be invited to serve on certain committees that the Board may establish from time to time to encourage members with specific interests or technical skills to assist the Board without the burden of the full duties of Governors.