

Bylaws

Payne Company, Inc

Revised January 20, 2017

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BYLAWS

PAYNE COMPANY, INC.

A Tennessee Nonprofit Mutual Benefit Corporation

ARTICLE 1

Name

The name of the corporation is Payne Company, Inc. (“The Corporation”). The name of the club operated by the Company shall be Club Payne (“The Club”).

ARTICLE 2

General Purpose and Principal Office

The Corporation is a mutual benefit corporation formed for the specific purpose of owning, maintaining, improving and using the Byrd Maynard Payne Family property located at Corporation headquarters 174 Owen Payne Lane, Tazewell, Claiborne County, Tennessee 37879 (“Lone Mountain Homestead”).

ARTICLE 3

Power of Amendment

These bylaws may be amended and any additional provisions so authorized may be added hereto; provided the provisions of these Bylaws shall not be changed, modified, repealed or expanded in such a manner as to be inconsistent with Charter of this corporation.

The power to amend any part of Article 11 is restricted to the Members of the Corporation.

ARTICLE 4

Meetings and Voting

Section 4.1 – Annual Meeting

The Board of Directors of the Corporation will host an annual meeting at the Lone Mountain Homestead (“LMH”).

If fewer than five (5) members plan to attend the annual meeting, the Board may hold the annual meeting solely by conference call.

Section 4.2 – Special Meetings

Special Meetings may be called by a majority vote of the Board of Directors or by a vote of ten-percent (10%) of the membership. Written notice of thirty (30) days is required unless otherwise specified in these bylaws.

Any Member vote taken with or without a meeting requires thirty (30) days written notice to Members.

Section 4.3 – Voting

Since the members of the Club live so far away from the Lone Mountain Homestead, it is important to use any technical means available for enabling members to cast their votes as easily as possible.

Methods of Voting – At the discretion of the Board, votes cast by Members, including elections, will be implemented in any reasonable manner (e.g., in person, telephone, online, email, mail-in).

Voting Power – The number of votes that may be cast by a member is based on their dues and approved donations in the current member year. [see 5.2]

Voting Power Chart – A list showing Voting Power

Record Date – The cut-off date established by the Board of Directors to determine eligible contributions prior to a vote

Contributions made after the Record Date will not be counted toward voting power for that particular vote.

Contribution made after the Record Date for a vote to dissolve will not be included in the Member's Total Annual Giving ("TAG").

Quorum – Seventy-five percent (75%) of all Member votes entitled to be cast shall constitute a quorum.

Notice - For the purposes of these Bylaws, all references to "notice" shall mean written notice, whether via electronic or standard mail.

ARTICLE 5 **Members**

Section 5.1 - Membership Rights and Requirements

- A) The Club will have Members. Only those individuals who are direct descendants of Byrd Maynard Payne and Sally A. M. Jennings Payne by natural birth or legal adoption (the "Descendants") are eligible to join. This restriction may not be changed by amendment, deletion, resolution or any other action by the Board of Directors, the Officers, or the Membership for the life of the Corporation.

- B) Eligible individuals may join the Club by paying dues set by the Board of Directors each membership year.
- C) Membership in the Club conveys the following benefits:
 - Voting Rights [see 5.2]
 - Rights to hold elective office
 - Dissolution Rights [see Article 11]

Section 5.2 Voting Rights and Voting Power

- A) Club Members may vote on any matter that requires a vote of the Members.
- B) Annual dues set by the Board will be considered one vote. Members may increase their Voting Power by making additional monetary contributions.
 To illustrate, if annual dues are set at \$25:

1 x Annual Dues:	\$25 = 1 vote
4 x Annual Dues:	\$100 = 4 votes
10 x Annual Dues:	\$250 = 10 votes
20 x Annual Dues:	\$500 = 20 votes
50 x Annual Dues:	\$1250 = 20 votes
- C) No member shall acquire more Voting Power than twenty (20) votes.
- D) The Membership Chairman shall maintain a current Voting Power Chart.
- E) Each Member’s Voting Power shall expire at the end of the Club’s fiscal year.

Section 5.3 - Dissolution Rights of Members and Descendants

Members, previous and current, will have Dissolution Rights in the Corporation, as defined in Article 11.

Members and descendants who hold direct ownership of the Lone Mountain Homestead apart from that owned by the Payne Company, Inc. have no Dissolution Rights, as defined in Article 11.

Section 5.4 - Rights to use the Lone Mountain Homestead

All Descendants are entitled to use the Lone Mountain Homestead under the terms set by the Board.

Section 5.5 - Member Records

The following records will be kept by the Secretary and be available to any member upon request:

1. Membership Roster
2. Voting Power Chart
3. Total Aggregate Giving (“TAG”) Chart
4. LMH Terms of Use
5. Income Statement and Balance Sheet

ARTICLE 6 Directors

Section 6.1 - Powers and Meetings

- A) The Board of Directors is responsible for managing the property, affairs, and business of the Corporation. The powers of the Board are subject to provisions and limitations of Tennessee Nonprofit Corporation Act, Section 48, Chapters 51- 101, *et seq.*, (the “Act”) as well as the provisions adopted in this Company’s Charter and these Bylaws. Pursuant to Section 48-58-202 of the Act, the Board of Directors may agree to take any action required or permitted by a vote without a meeting in a written consent signed by each member of the Board of Directors setting forth the action so taken, In addition, meetings of the Board of Directors may be conducted by electronic or telephonic means in place of the physical presence of the Board of Directors at such meetings.
- B) In a matter being considered and voted upon by the Board of Directors, the Voting Power provisions contained in Section 5.2, above, do not apply, but rather each member of the Board of Directors will have only one (1) vote.
- C) In a matter being considered and voted upon by the Members, each member of the Board of Directors may exercise his or her Voting Power as does any other member.

Section 6.2 – Qualifications, Number, Term

- A) Nominees to be directors must be current Club members and, therefore, must be direct descendants of the Byrd M. and Sally AM Jennings Payne Family. .
- B) The Board of Directors shall be composed of at least three members and no more than nine members.
- C) Directors shall serve terms of five (5) years.

Section 6.3 – Nominations, Elections, and Choosing of Chairman

An election for Directors will take place every five (5) years.

If nine (9) or fewer members are nominated, the list of names will be put forward to the Membership and voted on as one slate. A simple majority of votes cast is required.

Within two weeks of election, the Board will, by simple majority, select a Chairman whose responsibility will be to organize and run meetings of the Board.-

The Chairman will serve for the entire term of the Board.

If a vote taken by the Board requires a simple majority, the Chairman will vote only if needed to break a tie.

Section 6.4 - Vacancies on the Board

If a Director leaves the Board for any reason, the other Directors may replace him or her by a simple majority vote; however, it is not mandatory that replacement be made unless the number of Directors falls below three (3).

It will be important for any sitting Director to make sure they remain a member of the Club in good standing each year of their five (5) year term. No Director will be eligible to vote on any matter unless he or she is in good standing at the time any vote commences.

Section 6.5 - Removal of Directors

Directors serve at the pleasure of the membership since they are elected by the membership. Section 48-58-108(a) through (i) of the Act allows the membership to call a Special Meeting for the stated purpose of removing a Director, with or without cause, and at times other than the quinquennial elections of Directors. All requirements of calling this Special Meeting according to state statute or these Bylaws must be met. For purposes of this Section 6.5, thirty (30) days notice of such Special Meeting must be provided to the membership with a request for a response from the membership within thirty (30) days. If the vote to require a Special Meeting does not require a physical meeting as described in Article 5, the procedure to hold the vote as stated in Article 7.3 will apply. It is also noted here that no Director may be removed by the membership with less votes than is required to elect that director as defined by procedure to elect in Article 7.3.

The Directors may also remove another Director with cause as stated below. A simple majority vote of the Board is required to issue a Notice of Intent to Remove with stated cause and with a reasonable stated period of time to remedy. A sixty-six percent (66%) vote of the Board will then be required in order to issue a Resolution of Removal Possible causes that may allow possibility of Formal Board Resolution to remove are:

- Failure or inability to perform their duties.
- Failure to attend electronic or physical meetings without prior notice of absence
- Failure to remain a member in good standing
- Illegal activity

Section 6.6 - Board Quorum

All elected Directors shall constitute a quorum for the purpose of conducting any business of the Corporation, unless specifically defined otherwise by the Act. In the case of a meeting called to deal with an emergency deemed to require Board support, any two (2) members of the Board can authorize emergency remedies subject to full review of the entire Board as time permits.

ARTICLE 7 **Officers**

Section 7.1 – Offices and Powers

- A) Officer appointments will be determined by a majority vote of the Board of Directors. Officers need not be elected Directors but must be current members in good standing and should be capable of and qualified for the requirements of the office.
- B) Duly appointed officers may appoint their own assistant officers if approved by the Board of Directors as provided in Section 48-58-401(b) of the Act. These assistant officers may perform duties required of the officer but the appointee will not have the voting or management rights of an officer. An assistant officer does not have to be a member of the corporation; however, the appointing officer will be held accountable to the Board and the Membership for the supervision and actions of any assistant they recommend for appointment.

Section 7.2 - President

- A) Subject to the oversight by the Board of Directors the President shall supervise, direct and control the activities, affairs and other officers of the Corporation. The President shall have all powers and duties required to carry out the responsibilities of the office as delegated by the Board and Bylaws.
- B) The President shall keep or cause to be kept all original property files including deeds, surveys, and lists of all capital improvements to the property. The President shall provide copies of the documents for Corporation files kept at the principal office, and copies for the Secretary and the Treasurer.
- C) The President shall serve as House Manager or appoint an assistant to perform that duty.

Section 7.3 - Vice President

- A) If the President is absent or disabled, the Vice President shall perform all the duties of the President and shall have all the powers of the Office.
- B) The Vice President shall assist the President in his duties if and when requested to do so by the President.

Section 7.4 - Secretary

- A) The Secretary shall keep or cause to be kept, at a location convenient for the Secretary and copies of same at such other place as the Board may direct, a book of minutes of all physical meetings, proceedings, and actions of the Board. The minutes of the meetings shall include the time, place and general purpose of the meeting; the notice given; the names of those present and a general outline of items discussed, motions passed and decisions made and will distribute same to the Membership as requested or required.

- B) In the case of an electronic meeting; e-mail messages, summary notes of phone calls, and resolutions developed and signed shall serve as the “minutes” for the meeting. For purposes of distribution to Members the Secretary is authorized to condense any electronic meeting materials into a summary document for distribution to the Membership as requested or required.
- C) The Secretary shall keep, at a location convenient for the Secretary, a copy of the Charter and the Bylaws of the Corporation. If the Board so directs a copy of the documents shall also be kept at the principal office of the Corporation and a copy shall also be posted on the official company website when available.
- D) The Secretary shall distribute or cause to be distributed all notices of meetings of the Board.
- E) The Secretary will be responsible to create and keep all Member Records required in Article 5.5.
- F) The Secretary shall serve as Membership Chairman or appoint an assistant to serve in that capacity.
- G) The Secretary shall have such powers and perform such other duties as the Board and Bylaws require or allow.

Section 7.5 - Treasurer

- A) The Treasurer shall keep and maintain adequate and correct account records concerning all monies received by the Corporation and expenses paid on behalf of the Corporation..
- B) The President and Treasurer are expected to report to the Board all dues and fees paid, contributions made and any other monies received for the benefit of the Corporation, and to report all payments for expenses. The Board shall approve any final accounting for income and expenses, in summary form, to be distributed to the Members on an annual basis either via mail or posted to the Club website.

Section 7.6 – Removal of Officers

- A) Officers are appointed by and serve at the pleasure of the Board of Directors.
 - a. Directors may serve as officers.
- B) In the event the Board finds cause to remove an officer, a two-thirds (2/3) vote of all Directors is required for removal.
 - a. This vote may be initiated by submission of a resolution of the current officers stating reason for recommendation for removal and replacement.
- C) Possible reasons for removal.
 - a. Failure to execute the duties of the office.
 - b. Failure to remain a member in good standing.
 - c. Failure to attend telephonic, electronic or physical meetings without prior notice.
 - d. Illegal activity.

ARTICLE 8
Employees and Contractors

As a nonprofit mutual benefit corporation no payment out of income or surplus can be made to any Member, Officer or Director nor shall same inure to the benefit of any Member, Officer, Director or other private individuals. One exception is that the Corporation shall be authorized and empowered to pay reasonable compensation for required goods and/or required services provided to the Corporation. Such payments include employees and contractors who may or may not be members; however, the Board must exercise careful oversight to avoid perceived, real or potential conflicts of interest. The Board, with officer recommendation, may approve application of said compensation to members, officers, or Directors to accrued Payne Club dues, fees or assessments. Any Member, Officer, or Director receiving said compensation will abstain from any vote determining selection or compensation amount for goods or services rendered in these circumstances.

To date all family contributions of labor and materials have been largely on a volunteer basis. Independent outside contractors have been used on major maintenance and improvement projects. Both practices are expected to continue into the foreseeable future.

In all cases, it is the goal of the Board that detailed records be kept by the Treasurer, to ensure the value of all donations of goods and services as well as actual payments to all outside contractors are documented. This will ensure Members have an accurate record of contributions, costs and results of all activities required to operate, maintain and improve the Lone Mountain Property.

ARTICLE 9
Investment Powers

Section 9.1 – Surplus Funds

In the normal course of operating the Corporation, surplus funds may remain in any given year from the following sources:

- Unused company funds collected from member dues and/or user fees of members and guests.
- Collection of any user fees determined to be over established or required amounts.
- Contributions from members or non-members for voluntary improvements or expenses, defined or undefined.

Section 9.2 – Operating Expenses

All monies described in 9.1(A) shall be used in the calculation of dues or user fees for the following year unless the Members or Board votes to apply those surplus funds to another specific purpose.

Any surplus funds collected, except those defined in 9.1(c), are unrestricted and may be used as needed and as determined by a majority vote of the Board.

Amounts collected should only be deposited in risk free accounts such as interest bearing checking or savings accounts. In the event our membership grows to the point that large operating balance surpluses are expected, portions of these funds may be deposited in short-term certificates of deposits upon the majority approval of the Board of Directors.

Section 9.3 – Capital Expenses

All other monies collected during or remaining at the end of the year as described in Article 9.1(c) are considered Capital Funds and must used for capital expenditures.

The Board, with a majority vote, may invest any balance of Capital Funds. The Board also has the right to delegate these investment decisions to be made by no less than two (2) qualified Directors and/or Members.. For example, the Board, by majority vote and as evidenced by a duly executed resolution, may delegate investment authority to the President and Treasurer subject to the guidelines in this Section and any additional recommendations included by the Board as part of the resolution.

Article 9.4 - Investment Approval

In all cases, the final power to invest Capital Funds or surplus funds for any duration or in any type of fund or account or security will be made by the Board, according to the specifications in Article 9.3, by a simple majority.

ARTICLE 10

Powers to Buy Assets or Sell Corporation Assets

Section 10.1 – Purchasing Assets

The Board must have a majority vote to make a recommendation to the Membership to purchase, or borrow funds to purchase, additional assets to be owned by the Corporation.

The Membership must approve by two-thirds (2/3) vote the purchase, or borrowing of funds to purchase, additional assets to be owned by the Corporation.

Section 10.2 – Selling Assets

In any circumstance other than Dissolution [See Article 12]:

- a. The Board of Directors must have a majority vote to make a recommendation to the Membership, and obtain Membership approval to sell any asset or partial asset of the corporation.
- b. The Membership must approve by two-thirds (2/3) vote the sale of any or all of the assets of the Corporation.

If at any time the above requirements are met in order to sell any or all of the assets of the Corporation, First and Second Rights of Refusal as defined in Article 12.5 will apply.

ARTICLE 11
Dissolution with Distribution of Assets

Our Charter does not address requirements for dissolution but the statutes allow for either the Charter or the Bylaws to specify additional requirements for either the Board or the Membership to follow, along with other statutory requirements, in recommending or voting to dissolve. It is emphasized that dissolution is not desired nor was contemplated when the following additions were included in these Bylaws, and in fact we have elected to institute standards into our Bylaws requirements which exceed statutory minimums for dissolution.

It should also be emphasized that a plan for distribution of assets in the event of dissolution must be specified according to Section 48-52-102(a)(9) of the Act. Section 11.6 of these Bylaws is in direct compliance with that statute.

The following sections describe the instances in which dissolution may be considered for or by our Corporation.

Section 11.1 – Failure to Support – Director Initiated Dissolution

It was the goal of the Founders that the Lone Mountain Homestead never be sold but rather be preserved for future use by Descendants. It must be recognized that future generations may not hold the same desire or that external factors could force the property to be sold. Therefore, it is our hope and expectation that any liquidation of the property is most likely to take place years into the future, if ever, and that there will have been many generations of members involved in managing and supporting the property.

In the event the Club membership falls and remains so low that the Directors decide the operation is no longer viable, a proposal to the membership recommending dissolution of the Payne Company, Inc., and therefore the Club, may take place. All elected Directors must approve by a two-thirds (2/3) vote the submission to the Membership of a resolution to propose such an action. Restrictions on approval of this proposal are as follows:

Written notice of sixty (60) days to all Members is required to call a Special Meeting for this purpose;

Voting in accordance with Section 4.3, above, will apply if the Directors choose not to require a physical meeting for this action; and

A seventy-five percent (75%) vote of the Members is needed to pass the motion to dissolve. Any Member failing to respond within thirty (30) days to a request for a vote after three attempts by the Secretary, one of which must be sent by registered mail, will be recorded as a YES vote to dissolve.

In the event all the above requirements are met, the provisions required by statute and these Bylaws will determine distribution of Dissolution Rights (i.e. see Section 11.6, below).

Section 11.2 – Eminent Domain

It should be noted that a forced sale of the current property does not necessarily require that the Payne Company, Inc. or the Club be dissolved. The members, for example, could vote to relocate to another site using the proceeds received from an eminent domain sale of the property.

In an eminent domain action the Board has the responsibility to assure that payment for fair market value is received. Doing so requires at least three appraisals by qualified appraisers. Should an average of the three amounts be higher than the offer from the governing body at action, the Board has the responsibility to engage in negotiations or litigation to arrive at a fair offer. During or after this process and transaction is complete, the Board must solicit the Members to determine whether they favor relocation or dissolution. A Special Meeting will be called with notice in order to determine the choice of the Membership. Terms of Section 7.3 will apply if the Directors do not require a physical meeting.

Requirements for Relocation after an Eminent Domain action are as follows:

A simple majority vote of Members is required to initiate Board action to find suitable or affordable alternatives for relocation, including but not limited to professional relocation of the house;

A two-thirds (2/3) vote of Members is required to proceed with the purchase of an alternative location for the Payne Family Club; and

A seventy-five percent (75%) vote of Members is required to purchase an alternative location if any mortgage is required in order to purchase or build on said property.

Requirements for Dissolution after Eminent Domain action are as follows:

A two-thirds (2/3) vote of Members will be required to dissolve the Corporation after an eminent domain action; and

Membership rights, as defined in Section 11.6, below, shall be determined on the date of the successful vote to dissolve.

If neither a relocation proposal nor a proposal to dissolve the Corporation after an eminent domain action can be passed by the required two-thirds (2/3) vote of the Members, then the Board may approve the same by a two-thirds (2/3) vote of all Directors.

Section 11.3 - Membership Initiated Dissolution

Statutes allow for the Membership to call a Special Meeting to voluntarily dissolve the Payne Company, Inc. and therefore the Payne Family Club (i.e. TCS 48-64-102(a)). The Membership is not required to provide cause to initiate attempted action to dissolve.

A Membership Initiated Action for Dissolution will follow the same process as a Director Initiated Action for Dissolution as set forth in Section 11.1 (a) through (c), above.

Section 11.4 – Dissolution or Reorganization

In the event the Board or the Membership votes according to statute, Charter, or Bylaw provisions to Dissolve, it is the stated right of the Board or the Membership, in the same vote to Dissolve, to agree to reorganize according to the laws of the State of Tennessee and transfer without sale all assets of the Corporation to the new Corporation.

Section 11.5 - Offers of First and Second Rights of Refusal

Other than forced dissolution by eminent domain, any successful vote to dissolve the Payne Company, Inc., without the attached approval of reorganization, will result in the sale of the Lone Mountain House. In this event, the Lone Mountain House will first be offered by written notice to current Members who have maintained membership without interruption for the previous ten (10) years including the current Member Year (the “First Right of Refusal”) and sold to the Member making the best offer over the current tax appraised value as recorded by the Claiborne County Tax Assessor.

If no qualifying Member exercises the First Right of Refusal to purchase the Lone Mountain House within thirty (30) days of receiving written notice of sale, the Board of Directors shall choose one appraiser to determine fair market value of such property.

The Lone Mountain House will then be offered for sale via written notice at the appraised fair market value to any and all Payne Descendants, as defined in Section 5.1(A), above (the “Second Right of Refusal”). The Payne Descendant(s) offering the highest bid shall be entitled to purchase the property by providing written notice to the Board of Directors within thirty (30) days such Descendant received written notice of the Second Right of Refusal. If neither the First Right of Refusal nor Second Right of Refusal is exercised with thirty (30) days notice of same, the Board may list the Lone Mountain House for sale on the open market.

Section 11.6 – Formula for Determining Dissolution Rights

If the Corporation is dissolved other than for the purpose of reorganization, the proceeds of the sale of assets will be distributed to all Members, past and current. The Percentage Dissolution Rights (“PDRs”) of each Member will be directly proportional to the total amount contributed since the Club began in 2009.

The total of each Member’s contributions will be considered that Member’s TAG, and will be maintained on a chart (“TAG Chart”).

The TAG Chart will include the totals of:

- All monetary payments by a Member to the Club;
- Any payment made by a Member to a third party on behalf of the Club, as approved by the Directors;
- TAG transfers; and
- The Member’s PDR.

Member’s who have maintained membership for ten (10) consecutive years, may complete a TAG Transfer Form to transfer all or part of their TAG to any other Member who has maintained membership for five (5) consecutive years. If, at the time of death, a Member has no TAG Transfer Form on file, the

value of all past contributions will be lost.

The TAG Chart will be updated:

At least annually, at the end of the Club's fiscal year;

Immediately after submission of a TAG Transfer Form; and

On the day Members are notified that a vote to dissolve the Corporation will take place.

After Dissolution occurs, no distribution to Members will occur until after:

All current liabilities associated with the Club are paid; and

All expenses involved with sale and dissolution are paid.

Section 11.7 – Power of Amendment

These dissolution rights outlined in this Article 11 cannot be amended, changed, or deleted by resolution or any other action of the Board of Directors or the Membership for the life of the Corporation.