

BY-LAWS
OF
CAROLINAS BALLOON ASSOCIATION, INC.
(A Non-Profit Corporation)

ARTICLE I
OFFICES

The principal office of the Corporation shall be located in the City of Graham, County of Alamance, and State of North Carolina. The Corporation may also have such offices at such other places within or without the State as the Board of Directors may from time to time determine.

ARTICLE II
MEMBERS

1.(a) The persons signing the Certificate of Incorporation as Incorporators shall be the first members of the Corporation, unless they shall have resigned as such members or unless membership shall otherwise have been terminated. Thereafter, the eligibility and qualifications for membership, and the manner of and admission into membership shall be prescribed by resolutions duly adopted by the Board of Directors of the Corporation or by such rules and regulations as may be prescribed by the Board of Directors. All such resolutions or rules and regulations relating to members adopted by the Board of Directors of the Corporation, and shall be deemed to be a part thereof. Such resolutions or rules and regulations adopted by the Board of Directors may prescribe, with respect to all members, the amount and manner of imposing and collecting any initiation fees, dues or other fees, assessments, fines and penalties, the manner of suspension or termination of membership, and, except as may hereinafter otherwise be provided, the rights, liabilities and other incidents of membership.

(b) The right or interest of a member shall not terminate except upon the happening of any of the following events: death, resignation, non payment of fees and/or costs, expulsion, dissolution or liquidation of the Corporation.

2.(a) The Annual Meeting of Members of the Corporation shall be held on such date or dates as shall be fixed from time to time by the Board of Directors of the Corporation. The first Annual Meeting shall be held on a date within twelve months after the formation of the Corporation. Each successive Annual Meeting shall be held on a date not more than twelve months following the preceding Annual Meeting. Special Meetings of members may be held on such date or dates as may be fixed by the Board of Directors of the Corporation from time to time and by the members on such date or dates as shall be permitted by law.

(b) Any Annual or Special Meeting of Members may be held at such place within or without the State as the Board of Directors of the Corporation may from time to time fix. In the event the Board of Directors shall fail to fix such place or time, or in the event members are entitled to call or convene a Special Meeting in accordance with law, then, in such event, such meeting shall be held at the principal office of the Corporation.

(c) Annual or Special Meetings of Members may be called by the Board of Directors or by any officer of the Corporation instructed to do so by the Board of Directors, except to the extent that directors may be required by law to call a meeting, and shall be called by the Secretary on behalf of the members, when required to do so by law.

(d) Written notice stating the place, day and hour of the meeting shall be given for all meetings. Such notice shall state the person or persons calling the meeting. Notice for an Annual Meeting shall state that the meeting is being called for the election of directors and for the transaction of such other business as may properly come before the meeting. Notices of Special Meeting shall state the purpose or purposes for which the meeting is called. At any Special Meeting, only the business stated in the Notice of Meeting may be transacted thereat, except that other business may be transacted if a majority of the quorum vote to waive said notice requirement. Notice of Meeting shall be given either personally, by notice in the news letter or by first class mail not less than 10 days nor more than 50 days before the date of the meeting, to each member at his address recorded on the records of the Corporation, or at such other address which the member may have furnished in writing to the Secretary of the Corporation. Notice shall be deemed to have been given when deposited with postage prepaid in a post office or other official depository under the exclusive jurisdiction of the United States Post Office. Any meeting of members may be adjourned from time to time. In such event, it shall not be necessary to provide further notice of the time and place of the adjourned meeting if announcement of the time and place of the adjourned meeting is given at the meeting so adjourned. In the event the Board of Directors fixes a new record date for an adjourned meeting, a new notice shall be given, in the same manner as herein provided. No notice need be given to any member who executes and delivers a Waiver of Notice before or after the meeting. The attendance of a member in person or by proxy at the meeting without protesting the lack of notice of a meeting, shall constitute a waiver of notice by such member. Any notice of meeting to members relating to the election of directors, shall set forth any amendments to the By-laws of the Corporation adopted by the Board of Directors, together with a concise statement of the changes made.

(e) At every meeting of members, there shall be presented a list or record of members as of the record date, certified by the officer responsible for its preparation, and upon request therefor, any member who has given written notice to the Corporation, which request shall be made at least 10 days prior to such meeting, shall have the right to inspect such list or record at the meeting. Such list shall be evidence of the right of the persons to vote at such meeting, and all persons who appear on such list or record to be members may vote at such meeting.

3. At each Annual Meeting of Members, the Board of Directors shall present an Annual Report. Such report shall be filed with the records of the Corporation and entered in the minutes of the proceedings of such Annual Meeting of Members.

4.(a) Meetings of the members shall be presided over by the following officers, in order of seniority - the Chairman of the Board (who shall be the President), Executive Vice President, Vice President or, if none of the foregoing is in office or present at the meeting, by a Chairman to be chosen by a majority of the members in attendance. The Secretary or an Assistant Secretary of the Corporation shall act as Secretary of every meeting. When neither the Secretary nor an Assistant Secretary is available, the Chairman may appoint a Secretary of the meeting.

(b) The order of business at all meetings of members shall be as follows:

- Roll call.
- Reading of the minutes of the preceding meeting.
- Report of standing committees.
- Officers' reports.
- Old business.
- New business.

5. Every member may authorize another person to act for him by proxy in all matters in which a member may participate, including waiving notice of any meeting, voting or participating in a meeting, or expressing consent or dissent without a meeting. Every proxy shall be signed by the member or his attorney in fact, and shall be revocable at the pleasure of the member executing it, except as otherwise provided by law. Except as otherwise provided by law, no proxy shall be valid after the expiration of eleven months from its date.

6. The directors may, but need not, appoint one or more inspectors to act at any meeting or any adjournment thereof. If inspectors are not appointed, the presiding officer of the meeting may, but need not, appoint inspectors. Each appointed inspector shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall determine the number of memberships outstanding, the voting power of each, the number of memberships represented at the meeting, the existence of a quorum, and the validity and effect of proxies. The inspectors shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result and do such acts as are proper to conduct the election or vote of all members. The inspectors shall make a report in writing of all matters determined by them with respect to such meeting.

7. At any meeting of the membership, following proper notice to the membership as stated hereinabove, a quorum shall consist of a majority of the members present at such meeting at the assigned beginning time for the transaction of any business. The members present may adjourn the meeting despite the absence of a quorum. Each membership shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Except to the extent provided by law, all other action shall be by a majority of the votes cast, provided that the majority of the affirmative votes cast shall be at least equal to a quorum. Whenever the vote of members is required or permitted, such action may be taken without a meeting on the written consent setting forth the action taken signed by all the members entitled to vote.

8. The Board of Directors of the Corporation shall fix a record date for the purpose of determining members entitled to notice of, to vote, to express consent or dissent from any proposal without a meeting, to determine members entitled to receive distributions or allotment of rights, or for any other proper purpose. Such record date shall not be more than 50 days nor less than 10 days prior to the date of such meeting or consent or the date on which any distribution or allotment of rights, as the case may be, is to be made. In the event no record date is fixed, the record date for the determination of members entitled to vote at a meeting of members shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held. The record date for determining members for any purpose other than that specified in the preceding sentence shall be the close of business on the day on which the resolution of directors relating thereto is adopted. Establishment of a record date shall apply to any adjournment of any meeting, unless a new record date is fixed by the Board of Directors for such adjourned meeting.

9. The Board of Directors may cause to be issued certificates, cards or other instruments permitted by law evidencing membership in the Corporation. Such membership certificate, card or other instrument shall be non-transferable, and a statement to that effect shall be noted on the certificate, card or other instrument. Membership certificates, cards or other instruments, if issued, shall bear the signatures or facsimile signatures of an officer or officers designated by the Board of Directors and may bear the seal of the Corporation or a facsimile thereof.

ARTICLE III

BOARD OF DIRECTORS

1. The Corporation shall be managed by a Board of Directors. Each director shall be at least 18 years of age, and shall be a member of the Corporation during his directorship. The initial Board of Directors shall consist of Twelve (12) persons, thereafter, the number of directors constituting the entire Board shall be no less than three. Subject to the foregoing, the number of the Board of Directors may be fixed from time to time by action of the members or of the Directors. The number of Directors may be increased or decreased by action of the members or the Board of Directors, provided that any action by the Board of Directors to effect such increase or decrease shall require the vote of a majority of the entire Board of Directors. No decrease shall shorten the term of any director then in office. The Board of Directors shall consist of the duly elected President, Past President, Vice President, Secretary, Treasurer, Safety Officer, and Directors from each region. Said Directors/Officers shall be elected by the membership by the majority of those ballots cast in each said election.

2. Regional Directors - Regional Directors shall be elected by the membership from each respective Region. The initial geographic areas shall be designated as: Eastern North Carolina; Central North Carolina; Piedmont North Carolina; Western North Carolina; Virginia; South Carolina. The geographic area for each region shall be as prescribed by the Board of Directors. Each Regional Director shall provide news updates to the club meetings and the newsletter, help with membership drives in their region, act as a Carolina Balloon Association, Inc. Ambassador to local clubs and meetings.

3. The first Board of Directors shall consist of those persons elected by the Incorporators or named as the initial Board of Directors in the Certificate of Incorporation of the Corporation, and they shall hold office until the first Annual Meeting of Members, and until their successors have been duly elected and qualify. Thereafter, at each Annual Meeting of Members, the membership shall elect directors to hold office until the next Annual Meeting. Each director shall hold office until the expiration of the term for which he was elected, and until his successor has been duly elected and qualified, or until his prior resignation or removal as hereinafter provided.

4.(a) Any or all of the members of the Board of Directors may be removed with or without cause by vote of the members of the Corporation. The Board of Directors may remove any director thereof for cause only.

(b) A director may resign at any time by giving written notice to the Board of Directors or to an officer of the Corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board of Directors or such officer. Acceptance of such resignation shall not be necessary to make it effective.

5. Newly-created directorships or vacancies in the Board of Directors may be filled by a vote of majority of the Board of Directors then in office, although less than a quorum, unless otherwise provided in the Certificate of Incorporation of the Corporation. Vacancies occurring by reason of the removal of directors without cause shall be filled by a vote of the members. Any director elected to fill a vacancy caused by resignation, death, or removal shall be elected to hold office for the unexpired term of his predecessor.

6.(a) A regular Annual Meeting of the Board of Directors shall be held immediately following the Annual Meeting of Members. All other meetings shall be held at such time and place as shall be fixed by the Board of Directors from time to time.

(b) No notice shall be required for regular meetings of the Board of Directors for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, the President or by a majority of the directors then in office.

(c) Written, oral, or any other method of notice of the time and place shall be given for special meetings of the Board of Directors in sufficient time for the convenient assembly of the Board of Directors. The notice of any meeting need not specify the purpose of such meeting. The requirement for furnishing notice of a meeting may be waived by any director who signs a Waiver of Notice before or after the meeting or who attends the meeting without protesting the lack of notice to him.

7. Except to the extent herein or in the Certificate of Incorporation of the Corporation provided, a majority of the entire members of the Board of Directors shall constitute a quorum. At any meeting held to remove one or more directors a quorum shall consist of a majority of the Directors present at such meeting. Whenever a vacancy on the Board of Directors shall prevent a quorum from being present, then, in such event, the quorum shall consist of a majority of the members of the Board of Directors excluding the vacancy. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except to the extent provided by law and these By-laws, the act of the Board of Directors shall be by a majority of the directors present at the time of vote, a quorum being present at such time. Any action authorized by resolution, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

8. The Chairman of the Board, shall be the duly elected President of the Corporation and shall preside at all meetings of the Board of Directors. In the absence of the Chairman (President), the Vice President shall preside. In his absence of both the President and Vice President and any other director and/or office chosen by the Board, shall preside.

9. The President may designate, an executive committee and other standing committees. Such committees shall have such authority as the President may delegate, except to the extent prohibited by law. In addition, the Board of Directors may establish special committees for any lawful purpose, which may have such powers as the Board of Directors may lawfully delegate subject to the authority granted in the Articles of Incorporation and/or Bylaws.

ARTICLE IV

OFFICERS

1. The Membership shall elect a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, one or more Assistant Treasurers, and such other officers as they may determine pursuant to Article III hereinabove.

2. Each officer shall hold office until the Annual Meeting of the Board of Directors, and until his successor has been duly elected and qualifies. The Board of Directors may remove any officer with cause at any time.

3.(a) President. The President shall be the chief executive officer of the Corporation, shall have the responsibility for the general management of the affairs of the Corporation, and shall carry out the resolutions of the Board of Directors.

(b) Vice President. During the absence or disability of the President of the Corporation, the Vice President, or, if there be more than one, the Executive Vice President shall have all the powers and functions of the President. The Vice President shall perform such duties as may be prescribed by the Board of Directors from time to time. The Vice President shall aid the President with his/her duties and subject to the instruction of the President, shall organize and head up a safety seminar committee for the production of the annual safety seminar.

(c) Treasurer. The Treasurer shall have the care and custody of all of the funds and securities of the Corporation, and shall deposit said funds in the name of the Corporation in such bank accounts as the Board of Directors may from time to time determine. The Treasurer shall, when duly authorized by the Board of Directors, sign and execute all contracts in the name of the Corporation when countersigned by the President; he may also sign checks, drafts, notes and orders for the payment of money, which shall have been duly authorized by the Board of Directors and countersigned by the President.

(d) Secretary. The Secretary shall keep the minutes of the members. He shall have custody of the seal of the Corporation, and shall affix and attest the same to documents duly authorized by the Board of Directors. He shall serve all notices for the Corporation which shall have been authorized by the Board of Directors, and shall have charge of all books and records of the Corporation.

(e) Safety Officer. Provide information on safety to the Carolina Balloon Association, Inc. and act as a Safety Councilor to pilots that have strayed from the safe way of operating a balloon. Also aid the Vice President with suggestions for the annual safety seminar.

(f) Past President. The Past President shall advise and assist the President.

ARTICLE V

MEMBERSHIP

1. Membership shall consist of Membership and Honorary Membership.

2. Membership: A member shall be entitled to all rights, titles, privileges, offices, and ranks as such members. Initiation fee and annual dues shall be set by the Board of Directors.

3. Honorary Membership: Honorary Membership shall be extended to those persons to whom the Board of Directors, by a simple majority, may confer said membership from time to time. Honorary members shall not vote nor are they eligible to hold an office.

4. A member may withdraw from the Club upon notification to the Secretary in writing.

5. A member may be expelled by a majority vote of the members voting at any regular or special meeting of the members. Twenty (20) 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 Club called for this purpose. Any complaints of misconduct, violation of these Constitutional By-Laws or Federal Aviation Regulations shall be submitted to the Board of Directors in writing. The Board shall appoint an investigating committee consisting of a minimum of three (3) Club members and chaired by the Safety Officer. Upon recommendation to the Board of Directors by the Investigative Committee the suspect member shall be notified of proposed action by the Board of Directors.

6. Current Members of the Carolinas Balloon Association shall become the initial members of the Carolinas Balloon Association, Inc. effective upon the inception of this incorporation. The initiation fee as to said initial members shall be waived.

ARTICLE VI

MEMBER PAYMENTS

1. Initiation Fees: A person duly elected to the Club as provided for by these By-Laws shall be deemed a member upon payment of an initiation fee. The initiation fee shall be determined by the Board of Directors and may be changed from time to time at the discretion of the Board of Directors.

2. Dues: Each member shall be assessed annual dues in the amount determined by the Board of Directors, said dues to be payable one (1) year in advance, due on the date of acceptance into membership and thereafter the first day of each January. The annual dues may be changed from time to time at the discretion of the Board of Directors.

3. Delinquency: Any member who has failed to pay the dues or any other sum due to the Club within sixty (60) days after said sums shall be due, shall be considered a delinquent member and shall be automatically suspended from the Club and prevented from engaging in any other Club activity. When a delinquent member fails to pay any sum owed to the Club, or at the discretion of the Board of Directors, to make suitable arrangements with the Board for the payment thereof within thirty (30) days of the due date, the member shall automatically be considered as indicating his intention to withdraw from the Club.

ARTICLE VII

CLUB FINANCES

1. No member may authorize expenditures or otherwise incur financial obligations in the name of the Club except as expressly provided for in these By-Laws or other regulations duly promulgated by the Club membership.

2. Individual members will be reimbursed for any personal expenditures when such expenditures are for Club operation or benefit provided they are approved by the Board of Directors.

3. No member, officer, Director or any other individual shall obligate the Club financially or in any manner without the approval of a majority of the Club Directors.

4. The Treasurer is expressly authorized to pay any and all expenses as necessary for the production and/or mailing of the newsletter, mailing of notices to Club members, Directors, officers, and/or other parties as necessary, and in general to provide notices, correspondence, mailings, and/or other requirements necessary to keep the membership informed and to run the general business of the corporation.

ARTICLE VIII

MISCELLANEOUS

1. The Corporation shall keep at the principal office of the Corporation, complete and correct records and books of account, and shall keep minutes of the proceedings of the members, the Board of Directors, or any committee appointed by the Board of Directors, as well as a list or record containing the names and addresses of all members.

2. The corporate seal shall be in such form as the Board of Directors shall from time to time prescribe.

3. The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law.

4.(a) All By-laws of the Corporation shall be subject to alteration or repeal, and new by-laws may be made, by a majority vote of the members entitled to vote in the election of directors, at a special and/or annual meeting of the members called for such purpose.

(b) The Board of directors shall have the power to make, alter or repeal, from time to time, By-laws of the Corporation, except that the Board may not amend or repeal any by-law in which control thereof is vested exclusively in the members. If any by-law regulating an impending election of directors is adopted, amended or repealed by the Board, there shall be set forth in the notice of the next meeting of members for the election of directors, the by-law so made, amended or repealed, together with a concise statement of the changes made.

5. The net savings or surplus remaining after all operating costs and other expenses have been paid shall remain in the Club's Treasury to be delegated as shall be determined by the Board of Directors. The net surplus in any event shall not be distributed to the members for their individual use.

6. Dissolution of the Club requires the recommendation of the Board of Directors, and the approval by majority vote of the members at a called meeting. The meeting shall not be held until after a thirty (30) day notice of purpose, in writing, has been distributed to the membership.

Assets to be distributed upon recommendation of the Board of Directors and approved by a vote of the majority of the membership at the above mentioned called meeting. The assets, in any event, shall not be distributed to the members or any other individual for private use.

ARTICLE IX

VOTE BY PROXY

1. Upon due notification to the Secretary of the corporation, a member may choose to vote by proxy ballot as to any annual and/or specially called meetings if he/she is unable to attend the called meeting. If a member does not return the proxy vote to the election committee and provide the proper notification to the Secretary of the corporation, the ballot shall be considered to be "abstaining".

This the 19th day of September, 1992.

Natalie Haley
CHAIRMAN

ATTESTED:

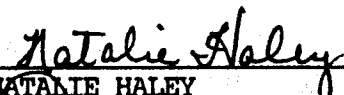
Karen Gould
SECRETARY

BYLAWS

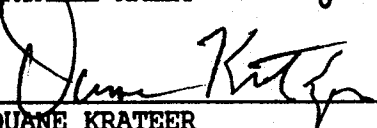
September 19, 1992

CONSENTED TO:

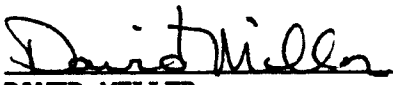
PRESIDENT


NATALIE HALEY

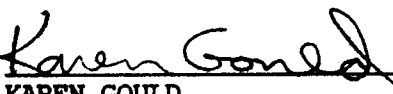
PAST PRESIDENT


DUANE KRATEER

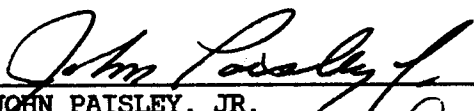
VICE PRESIDENT


DAVID MILLER

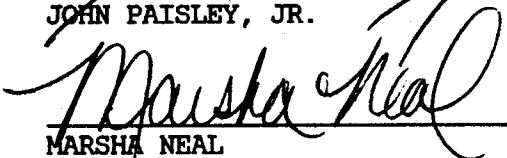
SECRETARY


KAREN GOULD

TREASURER


JOHN PAISLEY, JR.


SAFETY OFFICER


MARSHA NEAL

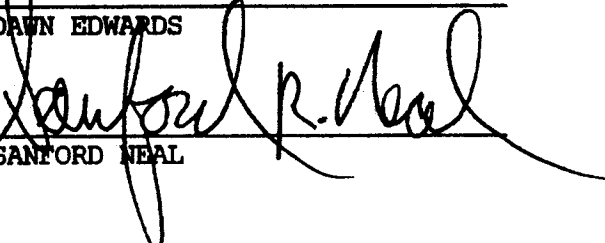
EASTERN NC DIRECTOR

PETE COLWELL

CENTRAL NC DIRECTOR


DAWN EDWARDS

PIEDMONT NC DIRECTOR


SANFORD NEAL

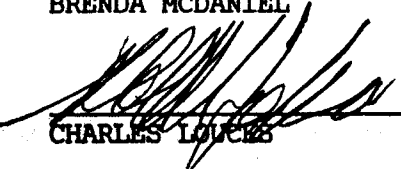
WESTERN NC DIRECTOR

PHIL BANKS

VIRGINIA DIRECTOR

BRENDA MCDANIEL

SOUTH CAROLINA DIRECTOR


CHARLES LOUCHE