

-COLUMBINE LAKE COUNTRY CLUB, INC.

Bylaws

Revision #36

Adopted April 12, 2025

Columbine Lake Country Club, Inc.
P.O. Box 714
Grand Lake, Colorado 80447
Telephone: (970) 627-8120
Email: Office@ColumbineLake.com

Table of Contents

Contents

Article I. Offices.....	2
Section 1.01 Principal Office	2
Article II. Members	2
Section 2.01 Qualification of Members	2
Section 2.02 Voting by Members	2
Section 2.03 Privileges and Rights of Members.....	3
Section 2.04 Suspension of Members	3
Section 2.05 Annual Dues.....	4
Section 2.06 Complaint Process	4
Article III. Board of Directors.....	4
Section 3.01 General	4
Section 3.02 Powers and Duties	4
Section 3.03 Tenure and Qualifications.....	5
Section 3.04 Board Member Conduct	5
Section 3.05 Fiduciary Obligation and Conflict of Interest Policy for Board of Directors	6
Section 3.06 Vacancies	7
Section 3.07 Officers.....	7
Section 3.08 Consultation with Legal Counsel	8
Section 3.09 Tenure of Officers	8
Section 3.10 Election of Officers	8
Article VI. Indemnification of Directors and Officers	9
Article IV. Meetings	9
Section 4.01 Monthly Meetings	9
Section 4.02 Annual Meetings.....	10
Section 4.03 Special Meetings.....	10
Section 4.04 Closed Executive Session Meetings.....	10
Section 4.05 Location of Meetings.....	11
Section 4.06 Remote Meetings	11
Section 4.07 Quorum.....	11
Article V. Parliamentary Authority.....	12
Article VI . Committees	12
Section 6.01 Architectural Review Committee.....	12
Section 6.01.01 Application to the ARC	13
Section 6.02 Other Committees	13
Article VII . Corporation Funds.....	14
Section 7.01 Reserve Fund	14
Section 7.02 Reserve Study	14
Section 7.03 Reserve Plan.....	15
Section 7.04 Reserve Fund Investment Policy	15
Article XVI. Amendments to Bylaws	16

Article I. Offices

Section 1.01 Principal Office

Columbine Lake Country Club (CLCC) is a nonprofit corporation subject to the Colorado Revised Nonprofit Act. The principal office and registered office/agent of the corporation in the State of Colorado is located at 351 Grand County Road 494, P.O. Box 714, 80447 Grand Lake, CO, County of Grand, State of Colorado.

The fiscal year of the corporation begins on the first day of July and ends on the last day of June in each year.

Article II. Members

Section 2.01 Qualification of Members

There shall be one membership to this corporation for each lot that is available for individual ownership according to the original plat of Columbine Lake Subdivision as it was recorded in the office of the Clerk and Recorder of Grand County, Colorado, Reception No. 110970 and the addition thereto recorded at Reception No. 129601.

In the event that any lots so depicted on these plats are combined in ownership or by amendment to those plats, the lots as depicted on the original plat and addition thereto, referenced herein, will still determine the number of memberships available.

The assessment of annual dues shall also be made based upon the reference to the original plat and addition thereto, Reception Nos. 110970 and 129601

Section 2.02 Voting by Members

2.02.1 Each lot shall have only one membership. Each membership is entitled to only one vote.

A. Multiple Owners of a Lot

When title to a lot is held by more than one owner, the vote allocated to the lot may be exercised by any one of the owners as agreed to by the owners. Should the owners of the lot be unable to agree upon how they will vote on any issue prior to the close of voting, their right to vote on such issue shall be forfeited.

B. Entity Lot Ownership

The vote allocated to a lot owned by an entity (such as a limited liability company or trust) shall be exercised by an individual duly authorized by the entity's governing documents to act on its behalf with respect to the lot. A vote received on behalf of an entity-owner shall be conclusively presumed

to be exercised by a duly authorized individual. Columbine Lake Country Club, Inc., its Board of Directors, employees, agents and the like, shall have no duty to confirm such authority.

2.02.2 To be eligible to vote, a member/owner must be in good standing and have paid all previous annual assessments and special assessments in full, including any late charges or any other fees or fines due.

2.02.3 Votes are to be cast electronically in accordance with the procedures established by the Board of Directors. Members may appoint a proxy to vote on their behalf by providing the CLCC office with a written statement via email no less than 30 days prior to an election or matter by which they are permitted to vote upon.

2.02.4 The Board of Directors shall appoint a panel of three persons from among the membership at large to validate the voting. One of the panelists shall be designated the supervisor of the process and shall attest to the validity of the voting.

For each member who returns a ballot, the panel shall verify the validity of lot ownership and whether the member is in good standing. The supervisor of the panel shall oversee the vote counting of the ballots and shall present the results to the Board of Directors.

2.02.5 A majority of the votes cast on a matter to be voted upon by the members shall be necessary for the adoption thereof unless a greater proportion is required by law or by these Bylaws.

Section 2.03 Privileges and Rights of Members

The membership appurtenant to a lot shall entitle the owner (s) of that lot and members of the immediate family to joint use of all of the privileges and rights of membership, unless suspended as hereafter provided. There shall be no difference in the rights and privileges between resident and non-resident members. If a corporation, partnership, trust, or other entity shall be the owner of a lot, then it shall have the right to designate the person(s) who shall be entitled to the rights and privileges of membership. The entity may designate not more than two (2) persons for each lot it owns, and those persons and members of their immediate family shall be entitled to joint use of the rights and privileges of membership. The term "immediate family" shall include spouses, civil-union partners, cohabiting life partners, parents, children, and siblings, grandparents.

Section 2.04 Suspension of Members

By majority vote of the directors of the corporation, any person or persons' privileges of membership may be suspended for:

- a) for nonpayment of charges due the corporation until such time as the same are fully paid; or

b) for failure to comply with rules and regulations of the corporation for such period of time as the directors deem advisable, not to exceed one year.

No such suspension shall relieve or discharge the membership from its obligations to pay charges of the corporation. Suspensions will occur only after member notification, except in the case of nonpayment of charges.

Section 2.05 Annual Dues

The Board of Directors may determine from time to time the amount of initiation fee, if any, and annual dues payable to the corporation by the members. Dues shall be payable in advance on the first day of July in each fiscal year. The Board of Directors may establish a payment schedule for the annual dues. Default and Termination of Membership When any member shall be in default in the payment of dues for the period of 60 days from the beginning of the period for which such dues become payable, his membership and/or membership privileges may thereupon be suspended or terminated by the Board of Directors in the manner provided in Article II of these Bylaws.

Section 2.06 Complaint Process

Complaints from the community or staff must be filed within 7 days after the occurrence or observation of a violation. Complaint forms are available at the office and on Appfolio. Details must lead to the identification of the violator in order for action to be taken on the complaint. Pictures and the names of witnesses who can confirm the violation should be provided. Information such as the address and/or vehicle identification of violators should be provided. If a hearing is set, the complainant and any witnesses should be prepared to testify.

Article III. Board of Directors

Section 3.01 General

The Board of Directors of the CLCC shall consist of a President; a Vice President, a Secretary, a Treasurer, and three other Directors. The Directors shall perform the duties prescribed by these bylaws and by the parliamentary authority adopted by the Bylaws. If the Board of Directors determines that an additional officer position is appropriate, that position may be filled by the Board of Directors. No Director shall hold more than one officer position.

The affairs of the corporation shall be managed by its Board of Directors.

Section 3.02 Powers and Duties

The Board of Directors shall be responsible for the management, maintenance, use of Columbine Lake, property and facilities of the corporation including, but not limited to, the following:

- (a) To manage the upkeep, maintenance, repair and replacement of all common elements. All the corporation's property, both real and personal, is to be kept in good order, condition and repair.

- (b) To establish, make, and enforce compliance with such rules and regulations as may be necessary for the operation, use, and enjoyment of all of the corporation's property with the right to amend the same from time to time. .

To fix, determine, levy, and collect periodic prorated assessments to be paid by the owner of each of the lots. To fix, determine, levy and collect special assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses, additional capital expenses, or emergencies. The Board of Directors may determine from time to time the amount of an initiation fee, if any.

- (c) To prepare and submit to the membership annually a proposed budget of the corporation for the coming fiscal year. The total amount of such proposed budget stands adopted unless disapproved by vote of two-thirds of the membership. The Directors may not expend more than the total amount of such budget but shall not be obligated to the allocation of funds provided for therein. Notwithstanding the foregoing, if a majority of the Directors determine a bona fide emergency exists they may make additional expenditures in excess of the total amount of the budget as they deem necessary to meet such emergency.
- (d) To levy special assessments when necessary. The special assessment may be disapproved by a vote of sixty-seven percent (67%) of the membership.
- (e) To establish terms and conditions upon which persons other than those entitled to the rights and privileges of membership as provided above, may be permitted to use the property and facilities of the corporation.
- (f) The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purpose of the corporation.

Section 3.03 Tenure and Qualifications

Each Director position shall be filled by election commenced within two weeks after the annual meeting of the membership. An elected director shall hold office for three (3) years from the time of their election and until a successor shall have been elected.

Directors shall be owners or, in the case of entity ownership, an individual duly authorized by the entity's governing documents to act on its behalf with respect to the lot. A Director may not concurrently be or have an immediate family member that is an employee of Columbine Lake Country Club. No more than one (1) member of the same immediate family may concurrently be a member of the Board of Directors. The term immediate family shall include spouses, civil-union partners, cohabiting life partners, parents, children, and siblings.

Section 3.04 Board Member Conduct

While participating in a monthly meeting board members shall remain seated and address their comments to the chair of the meeting, unless otherwise permitted by the chair. Remarks shall be confined to the merits of the pending question. All board and community members shall be treated with respect.

Outside of board meetings, board members shall refrain from making comments that undermine decisions made by the board as a whole and comments that disparage other board members.

Section 3.05 Fiduciary Obligation and Conflict of Interest Policy for Board of Directors

- a. All members of the Board of Directors shall at all time act as fiduciaries for the CLCC community.
- b. All members of the Board of Directors shall avoid conflicts of interest and conflicting interest transactions in their dealings with and representation of the Columbine Lake Country Club Homeowners Association (CLCC HOA) and shall avoid the appearance of impropriety in those dealings. "Conflicting interest transaction" means any contract, transaction, or other financial relationship between the CLCC HOA and a Board member, or between the CLCC HOA and a party related to a Board member, or between the CLCC HOA and an entity in which a Board member of the HOA is a director or officer or has a financial interest. A Board Member shall not participate in any discussion or vote if the Director has a personal or financial interest in the outcome of the vote. A Board Member who cannot vote because of a conflict of interest may be counted as present for purposes of establishing a quorum.
- c. No loans shall be made by the CLCC HOA to a Board member and Board Members shall not receive any compensation for their service on the board.
- d. Disclosure of Conflict of Interest or Conflicting Interest Transaction - At the commencement of any meeting of the Board, the Board shall afford an opportunity to all Board members to declare whether they have any conflicts of interest in any matter affecting the HOA that has not previously been disclosed. In advance of entering into a conflicting interest transaction, the interested Board member shall declare at an open meeting of the Board that a contract, transaction, or other financial relationship being contemplated or discussed by the Board may constitute a conflicting interest transaction with such Board member, and the interested Board member shall describe in detail all of the particular facts of the conflicting interest transaction and the conflict of interest giving rise thereto. If a Board member other than the interested Board member, in good faith, believes that the interested Board member has a conflict of interest, or that the contract, transaction or other financial relationship being contemplated or discussed might constitute a conflicting interest transaction, then such other Board member may disclose the facts upon which such belief is formed, and the remainder of the Board, not including the interested Board May 14th, 2022 11 Bylaws Revision #35 member, shall make a good faith determination as to whether a conflict of interest or conflicting interest transaction exists.

- e. Action upon Disclosure - After the interested Board member makes such a declaration, or the remainder of the Board determines that a conflict of interest or a conflicting interest transaction exists, the interested Board member may be counted as present for purposes of establishing a quorum of the Board, but the interested Board member shall not participate in a discussion of the matter giving rise to the conflict of interest or conflicting interest transaction, nor shall the interested Board member vote on the issue giving rise to the conflict of interest or the conflicting interest transaction.
- f. Validity of Action - No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the HOA, solely because (a) the conflicting interest transaction involves a Board member or a party related to a Board member or an entity in which the Board member is a director or officer or has a financial interest, or (b) the Board member is present at or participates in the meeting of the HOA's Board or of a committee of the Board that authorizes, approves, or ratifies the conflicting interest transaction, or (c) the Board member's vote is counted for such purpose if:
 - o the material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or
 - o the material facts as to the Board member's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Board members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the Board members entitled to vote thereon; or
 - o the conflicting interest transaction is fair as to the HOA.

Section 3.06 Vacancies

Any vacancy occurring in the Board of Directors may be filled by the Board of Directors for a term of office only until the next annual meeting and election of directors. At which point a director shall be elected for the remainder of the unexpired term. A vacancy shall be filled by the Board if the number of directors drops below five.

Section 3.07 Officers

3.07.01 President

The president shall be the principal executive officer and shall supervise and control all business and affairs of the corporation. The president shall preside all meetings of the members and of the Board of Directors. The President is responsible for management of the CLCC General Manager, and, by extension, all CLCC full and part-time staff. The President may sign, with the Secretary or any other proper officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other

instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors. The president shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors.

3.07.02 Vice President

In the absence of the President, or in the event of the president's inability or refusal to act, the vice president shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to the restrictions upon the President. The vice president shall perform such other duties as from time to time may be assigned by the president or board of directors.

3.07.03 Treasurer

The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation. The treasurer shall have the authority to sign on the financial accounts of the corporation so long as a second signature is provided by a signer authorized by the board. The treasurer shall perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

3.07.04 Secretary

The Secretary shall manage the preparation and approval processes for the minutes of all meetings of the members and of the Board of Directors. The Secretary shall perform such other duties as shall be assigned by the president or board of directors.

Section 3.08 Consultation with Legal Counsel

Contact with the attorney for the corporation shall be limited to matters impacting the CLCC community. Absent a vote of a majority of the board of directors, contacts with the attorney may only be initiated by the president.

Section 3.09 Tenure of Officers

Officers shall be elected at the monthly meeting following each annual election of Directors. The officers shall be elected by the Board of Directors to serve for one year and until their successors are elected. The term of office for officers shall begin immediately upon election. Officers may be removed from office at the discretion of the membership as provided by the parliamentary authority, or by a majority vote of the board.

Section 3.10 Election of Officers

Votes for contested positions on the executive board shall be taken by secret ballot. Ballots shall be counted by a neutral third party.

Article VI. Indemnification of Directors and Officers

The corporation shall be empowered to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceedings, whether criminal, civil, administrative, or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by him in connection with such action, suit or proceedings, if he acted in good faith and in a manner he reasonably believed to be in the best interests of the corporation and with respect to any criminal action or proceeding had reasonable cause to believe that his conduct was not unlawful.

Article IV. Meetings

Section 4.01 Monthly Meetings

The regular meeting of the Board of Directors shall be held on the second Saturday of each month commencing at 9:00 a.m. unless otherwise noticed by the Board of Directors. Directors shall attend regular meetings in person. A director who is not present in person for three monthly meetings during any fiscal year shall be deemed to have resigned. In the event that a board member has missed three monthly meetings due to extraordinary circumstances and wishes to remain on the board, the board member may petition the board prior to the next monthly meeting expressing their desire to remain on the board and stating the reason(s) for repeatedly failing to appear in person.

Not less than 48 hours prior to any regular meeting, an Agenda shall be distributed detailing the specific items which are to be addressed including:

- Call to Order
- Approval of Minutes
- Member's Forum
- Financial Reports
- General Manager Report
- Unfinished Business
- New Business

Items to be voted on in a meeting shall be identified in the Agenda.

Community members wishing to address the board and community may do so by attending the meeting and speaking for up to three minutes during the Member's Forum. The meeting chair may limit repetitive speakers and shall endeavor to have all viewpoints heard.

Letters written to the board shall be distributed to all board members and will be read at the

monthly meeting if requested by the member.

Given the small size of the Board of Directors, informality in meetings is permissible. Members may raise a hand to obtain the floor. Votes may be taken by a show of hands. Informal discussion of a subject is permitted while no motion is pending. The chair of the meeting may participate in all discussions and vote on all motions, but should vote last as to not unduly influence votes.

Section 4.02 Annual Meetings

The annual meeting of the members shall be held in May of each year on the Sunday of Memorial Day weekend at 1 p.m. unless otherwise noticed by the Board of Directors. The purpose of the annual meeting shall be to receive information on candidates for the Board of Directors, presentation of the proposed annual budget, and for the transaction of such other business as may arise. In addition, information shall be provided as to the general operations of CLCC and the rights and responsibilities of owners, the association, and its executive board under Colorado law.

The notice of any meeting of the owners shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, delivered by mail, and electronic communication to each member entitled to vote at such meeting, not less than ten, nor more than fifty days before the date of such meeting.

Section 4.03 Special Meetings

Special meetings of the members or the Board of Directors may be called by the President, by two or more members of the Board of Directors or by not less than one-tenth of the members having voting rights. Electronic notice of special meetings shall be given as early as possible and at least forty-eight hours before the meeting.

Section 4.04 Closed Executive Session Meetings

The Officers and Directors of the Board shall constitute the Executive Board. Meetings which restrict attendance to executive board members and such other persons as may be requested by the executive board are limited to:

- (a) Matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- (b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) Investigative proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting proceedings or matters from public disclosure;

- (e) Any matter, the disclosure of which would constitute an unwarranted invasion of individual privacy; including a disciplinary hearing regarding a unit owner and any referral of delinquency; except that a unit owner who is the subject of a disciplinary hearing or a referral of delinquency may request and receive the results of any vote taken at the relevant meeting; and
- (f) Review of or discussion relating to any written or oral communications from legal counsel.

4.04.01 Upon the final resolution of any matter for which the board received legal advice or that concerned pending or contemplated litigation, the board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information as it deems appropriate, about such matter in an open meeting.

4.04.02 Prior to the time the members of the executive board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussions as enumerated in Section 4.04(a) to (f).

4.04.03 The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session. If the executive session relates to a hearing requested by a Property Owner, the result of the hearing shall be included in the minutes.

All officers and other directors participating in an executive session shall maintain confidentiality as to all matters discussed. If attending remotely, each member of the board shall ensure that they are at a location where others cannot overhear any part of the discussion.

Section 4.05 Location of Meetings

The place of meeting shall be the Columbine Lake Community Center (Clubhouse) unless otherwise noticed by the Board of Directors.

Section 4.06 Remote Meetings

The Board of Directors may, at its discretion, designate that any monthly, annual, or special meetings of the members be conducted partially or exclusively by remote means. Such remote meetings may be conducted by telephone or video conference or such other means as the Board determines. Such remote meetings shall be conducted consistent with Colorado law. Members who participate in a remote meeting must supply their own communication devices. Remote appearance by a director at a regular monthly meeting does not equate to appearing in person.

Section 4.07 Quorum

A quorum is deemed present throughout any meeting if persons entitled to cast fifty percent of the votes are present at the beginning of the meeting. A quorum for any matter voted on

by the community shall be satisfied if at least ten percent of the available votes are cast. If a quorum is not present at any meeting of the Board of Directors, the Board may fix the time to adjourn, adjourn, recess or take measures to obtain a quorum. No business shall be conducted.

A majority of the votes cast on the matter to be voted upon shall be necessary for the adoption thereof unless a greater proportion is required by law, these Bylaws, or the parliamentary authority.

Article V. Parliamentary Authority

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern all meetings in all cases to which they are applicable and in which they are not inconsistent with any special rules of order that the Board of Directors may adopt.

Article VI . Committees

Section 6.01 Architectural Review Committee

The Board of Directors of Columbine Lake Country Club shall have the final responsibility for architectural control. The Board of Directors shall appoint an Architectural Review Committee ("ARC"), reporting directly to the Board, to act on its behalf in giving such approval or disapproval.

The Architectural Review Committee may establish standards, approved by the Board of Directors, involving aesthetic considerations of harmony of construction and color which it determines to be in the best interest of providing for an attractive community.

There shall be a minimum three (3) voting members of the Architectural Review Committee, who shall be appointed by a majority vote of the Board of Directors to serve a term of three (3) years. The ARC shall elect one of its voting members to serve as chairperson. ARC members may reapply for a position once a term has been served. The board shall assign a Board member to the ARC. The Board member shall not have a vote.

The General Manager of CLCC shall attend all meetings but does not have any voting privileges. The General Manager shall include an update on ARC activity in the monthly manager's report.

The ARC will meet at least once per month and a quorum is necessary for any decisions made to be official.

Vacancies on the ARC shall be made known to the membership of the CLCC homeowners. Applicants shall apply in writing to the CLCC Board President stating name, address (CLCC and other, if applicable), phone number, and clearly state why he/she wants to be on the ARC and the experience they have in work of this type.

Members may remotely attend an ARC meeting via phone or other technological means.

ARC members may be removed at any time by a seventy-five percent (75%) vote of the Board of Directors of the Columbine Lake Country Club for any reason whatsoever.

The ARC members shall not be entitled to any compensation for any services performed pursuant to the covenants.

Section 6.01.01 Application to the ARC

Before commencing any construction or exterior project, plans must be approved by the Architectural Review Committee. Building criteria and permit forms are available at the office and on Appfolio. All applications must be clearly submitted on said permit forms.

The ARC will make decisions based on the building criteria adopted by the Board of Directors, to the degree possible. The ARC has 30 days in which to approve or disapprove plans. The Architectural Review Committee and/or the General Manager must review and approve all exterior projects including but not limited to newly built houses, additions, garages, roofing, painting and staining, doors, decks, docks, windows, exterior lighting, fences, fire pits and any other structures which may affect the enjoyment of CLCC by other members. (See Declaration of Protective Covenants, Restrictions, Easements and Reservations, Article I, II, II 3.05, and Article V. Also see Building Criteria and Information on Appfolio.)

The office must be notified of any excavation of CLCC roads by email with 72 hours advanced notice.

Section 6.02 Other Committees

The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall contain at least one member of the Board of Directors. Except as otherwise provided in such resolution, members of each such committee shall be members of the corporation and the Board of Directors shall appoint and, if it determines that the best interests of the community would be served thereby, remove the members thereof.

If a chair is not designated when the committee is formed, the majority of each committee shall elect a chair to preside over all meetings.

Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Before making substantive recommendations or decisions on important matters, a committee must give members of CLCC the opportunity to appear before it and present

their views.

Article VII . Corporation Funds

Selection of Banks as Depositories and Providers of General Banking Services. The Board of Directors will approve by resolution any bank or financial institution that provides depository and other banking services for the Corporation. In determining eligibility for authorization, the Board of Directors may consider the location of a bank or institution's business operations, FDIC membership, or similar insurance coverage, and overall safety of the Corporations funds.

Section 7.01 Reserve Fund

The Corporation through its Board of Directors is obligated to maintain, repair, and replace certain improvements within the community.

Section 7.02 Reserve Study

1. The Board of Directors will conduct periodic reserve studies and prepare and update an asset replacement summary (the Reserve Summary) to include all common areas and improvements and a financial analysis of the requisite reserves as required by this policy.
2. The Board of Directors should consider the following factors when determining the schedule for interim updates to a reserve study:
 - a. Significant additions or replacements to the common areas since the last reserve study;
 - b. Wear and tear to common areas due to unseasonable weather or lack of maintenance;
 - c. Technological or product development improvements that could result in cost changes;
 - d. Substantial increases in cost of materials or labor;
 - e. Any scheduled maintenance, repairs, or replacements that the Association deferred or accelerated;
 - f. Whether reserve income was received as planned;
 - g. Whether reserve expenditures were incurred as planned;
 - h. The Corporations selected method of funding reserves.
3. The full reserve study will consist of a physical analysis and a financial analysis. Interim updates may consist of a physical analysis, a financial analysis, or both. A physical analysis includes an inventory of all improvements, defined as the Reserve Schedule, that the Corporation is responsible for maintaining, repairing, replacing or improving and a visual inspection of those items to determine their existing condition. A financial analysis includes an evaluation of the estimated remaining life of an item, the adequacy of existing reserve funds, projected future reserve income, projected future reserve needs, evaluation of replacement costs, and the ability to meet future reserve needs under the existing funding plan.

Section 7.03 Reserve Plan

1. The Corporation does not allocate reserve funds for improvements costing less than \$4,000 to repair or replace – defined as the reserve value threshold.
2. Expenditures from reserve funds must be approved by a majority of the Board of Directors.
3. The Board of Directors will endeavor to maintain the recommended funding level for the current and upcoming budget year, based upon the most recently updated Reserve Financial Study. Should unforeseen circumstances result in the reserve fund balance falling below eighty-five percent (85%) of the recommended funding level, the Board will endeavor to bring the fund balance back to the eighty-five percent (85%) threshold within three (3) years by increasing the allocations from regular annual assessments, or by special assessments, or from any other board approved funding source.
4. The Board of Directors may elect to apply funds from its operating account to maintenance, repair or replacement cost otherwise covered by reserve funds.

Section 7.04 Reserve Fund Investment Policy

1. *Investment Objectives.* All funds which are held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Corporation to accomplish the following objectives:
 - a. *Safety of Funds.* Safety of principal is the foremost objective of the investment program. The Association will undertake investments in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.
 - b. *Credit Risk:* The Corporation will minimize credit risk and the risk of loss due to the failure of the financial institution, by:
2. Limiting investments to the safest types of investments as provided for herein; and
3. Subject to the limitations herein, diversifying the investment portfolio to minimize potential losses on individual investments.
 - a. Interest Rate Risk: Structuring the investment portfolio so that investments mature sufficiently close to cash requirements for ongoing operations, thereby minimizing the potential need to sell investments prior to maturity; and
 - b. Investing all funds primarily in short- to intermediate-term investments.
4. *Liquidity of Funds.* The investment portfolio shall remain sufficiently liquid to meet

all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Corporation's reserve expenditures, annual reserve fund investments shall reasonably match the planned reserve fund expenditures for upcoming fiscal years.

5. *Types of Investments.* The reserve fund portfolio shall consist largely of money market accounts and/or certificates of deposit.
6. *Yield.* Subject to the restrictions on the types of investments, the Corporation's portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles. In meeting this objective, the Corporation, through the Board of Directors, will take into account the Corporation's investment risk, constraints, and cash flow needs.
7. *Annual Report.* As part of its annual financial report, the Board of Directors will prepare an investment report that lists the reserve fund investments held by the Corporation and the current market valuation of the investments. The report will include a summary of investment earnings during the prior fiscal year.

Article XVI. Amendments to Bylaws

These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if the Directors and Members are given at least two days written notice of intention to alter, amend, repeal, or adopt new Bylaws at such meeting.