



YOU PLACE FOR ALL SEASONS

# SYLVAN SHORES PROPERTY OWNERS ASSOCIATION

## BY- LAWS

(AS AMENDED)

BY-LAWS  
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**BY-LAWS**  
**SYLVAN SHORES ASSOCIATION, INC.**

**ARTICLE I**  
**Definitions**

The following terms as used in these By-Laws are defined as follows:

- (A) “Association” means Sylvan Shores Association, Inc., a Minnesota non-profit corporation, composed of Owners of properties in Sylvan Shores, a recreational community developed by American Central Corporation, as the same may be shown on maps thereof, recorded from time to time in the Recorder’s Office of Todd County, Minnesota.
- (B) “Board” means the Board of Directors of the Association.
- (C) “By-Laws” means the By-Laws of the Association.
- (D) “Common Properties” means and refers to those areas of land shown on any recorded subdivision plat, including any building(s) or other improvements thereon, and also including any so designated properties subsequently acquired by the Association.
- (E) “Development” means Sylvan Shores.
- (F) “Developer” means American Central Corporation, its assigns and Successors.
- (G) “Lot” means any parcel within the Development as the same may be shown by lot number or tract number on maps thereof recorded from time to time.
- (H) “Member” shall mean all those Owners who are Members of the Association as provided in Article III, Section 2, hereof
- (I) “Owner” means-the record Owner, whether one or more persons or entities, of the fee simple title to any Lot that is part of the Subject Property. Owner shall also mean and refer to a contract for deed vendee (purchaser) of a Lot that is part of the Subject Property, who is entitled to possession of such Lot pursuant to said contract. “Owner” shall not include a mortgagee or a contract for deed vendor (seller) whose vendee is entitled to possession, unless and until such mortgage or contract for deed vendor has acquired both legal and

equitable title pursuant to foreclosure (in the case of a mortgage) or cancellation proceedings (the case of a contract for deed) or proceedings in lieu thereof.

**(J)** “Regulation” means the rules and regulations adopted and published from time to time by the Board.

**(K)** “Restrictive Covenants” means the Declarations of Restrictive Covenants imposed upon the Development, as duly recorded in the Registrar of Deed’s Office of Todd County, Minnesota, and applicable as restrictions upon title to all properties within or without the Development.

## **ARTICLE II**

### **Purpose**

**Section 1.** To conduct activities that will promote the recreation, general welfare, community welfare and social life of persons owning or residing on that certain real property known as Sylvan Shores.

**Section 2.** To own, acquire, build administer and maintain property, buildings and facilities devoted to the common use of Owners or residents of Sylvan Shores, to administer and enforce the covenants and restrictions contained in the Declarations of Restrictive Covenants and in these By- Laws, to collect and disburse assessments and charges as permitted by the Declarations of Restrictive Covenants and these By Laws to do all things necessary and incidental, as permitted by law and under the Articles of Incorporation, to promote the common benefit and enjoyment of property owners of Sylvan Shores, including but not limited to the fostering and advancing or regulations deemed to be in the best interest of the Association and Development known as Sylvan Shores.

## **ARTICLE III**

### **Membership**

**Section 1. Classes of Membership.** There shall be the following classes of membership:

- (A)** General Members.
- (B)** Associate Members.
- (C)** Honorary Members.
- (D)** Temporary Members.

**Section 2. General Member** shall include every person or entity who holds any equitable interest in any lot or lots included within "The Properties," as defined in the Restrictive Covenants, whether as land contract vendee or fee holder being subject to these covenants, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a General Member.

**Section 3. Associate Member**. If not otherwise a General Member, each of the following shall be entitled to Associate Membership in the Association; the spouse, domestic partner, children and/or legal wards of a General Member or Honorary Member, who have the same principal residence as the General Member or Honorary Member. Associate Members shall have no vote or right to notice of any regular or special meetings of Members. Except for voting rights the privileges and duties of Associate Members shall be the same as those of General Members, unless changed by resolution of the Board.

**Section 4. Honorary Member**. If not otherwise a General Member, the following shall be entitled to honorary membership in the Association pursuant to duly adopted resolution by the Board: persons whose services contribute directly to the Association, or who may be adversely affected or inconvenienced because of regulations and/or activities of the Association or its General Members. Honorary Members shall have no vote or right to notice of any regular or special meeting of General Members. The privileges and duties of Honorary Members shall be established from time to time by resolution of the Board, and need not be the same as those of General Members.

**Section 5. Temporary Members**. Invited guests are considered Temporary Members while accompanied by a General Member or Associate Member. Lessees are also considered Temporary Members. The privileges and duties of Temporary Members shall be established from time to time by resolution of the Board, and need not be the same as those of General Members.

**Section 6. Privileges of General Members and Associate Members**. General Members and Associate Members in good standing shall be entitled to the use and enjoyment of the Common Properties and facilities, subject, however, to provisions of the Restrictive Covenants and to such other regulations as may be established by the Board.

**Section 7. Suspension of Membership Privileges.** Membership privileges, including any voting privileges or right to use the Common Properties, shall be suspended as to General Members, Associate Members or Honorary Members under the following terms and conditions:

(A) Membership shall be automatically suspended where annual or special assessments (including any fines or penalties assessed under Article V of the Restrictive Covenants) are delinquent for sixty (60) days, unless the suspension is stayed due to hardship by action of the Board. Where membership has been suspended for non-payment of annual or special assessments, the membership shall be reinstated upon payment of said delinquent assessments, including any fines or penalties.

(B) Membership may also be suspended by action of the Board for infraction of the Restrictive Covenants, or for infraction of the published regulations of the Association, only after a 30 day written notice has been given.

(C) Assessments not paid when due shall be a continuing lien upon the property pursuant to Article V of the Restrictive Covenants.

#### **ARTICLE IV**

##### **Evidence of Membership and Transfer**

**Section 1.** In lieu of issuing membership certificates, the Board of Directors may, by resolution, authorize the issuance of evidence of membership in such form as the Board shall prescribe. Records shall be maintained at the registered office of the Association of the General Members, Associate Members and Honorary Members of the Association, which records will indicate the class and date of membership.

**Section 2. Transfer.** When a General Member ceases to be an Owner, such person's membership, and those Associate Members existing through relationships to such person shall cease, but such person shall remain liable for all Association charges incurred prior to the giving of written notice to the Association that such person is no longer an Owner.

**ARTICLE V**  
**Meetings of Members**

**Section 1. Place of Meeting.** All meetings of the Members of the Association shall be held at such a location as may be specified by the Board of Directors from time to time and as such time and place as the Board shall determine.

**Section 2. Annual Meetings.** There shall be an annual meeting of the Association to be held on the Saturday next preceding the first Monday of September, and at such time and place as the Board of Directors shall prescribe. Written notice of the annual meeting shall be mailed at least ten (10) days prior to the meeting to each Member entitled to notice of and to vote thereat, in the United States Mail, first class, postage prepaid, to the last known address of such Member as his name appears upon the books of the Association. Notice shall be deemed to be delivered when deposited in the mail.

**Section 3. Special Meetings.** A special meeting of the Association may be called by the Board of Directors, and shall be called by the President whenever requested in writing by 100 or more General Members who are in good standing. Such request shall clearly state the purpose for which the special meeting is to be called. Neither less than ten (10) nor more than forty (40) days written notice of special meetings shall be given by mail to each Member entitled to vote at such meeting. The notice shall be deemed to be delivered when deposited in the United States Mail, first class, postage prepaid, addressed to the Member's last known address, as recorded with the Association.

**Section 4. Contents of Notice.** Notice of special or annual meetings shall set out in reasonable detail the business to be brought before the meeting and each meeting shall be limited to the items set out in the notice in order that those casting absentee ballots may be permitted to express their desires. Members present may make suggestions covering items which they feel should be brought before the membership. If any such suggestions are approved by proper resolution of those Members present, and entitled to vote, it shall be the duty of the Secretary to present such resolution to the Members for consideration and action at the next regular or special membership meeting. It shall further be the duty of the Secretary to include with the notice of any regular or special membership meeting such suggestions or requests as may

be properly presented in writing and endorsed by 100 or more General Members in good standing, provided such requests are received at least sixty (60) days prior to the meeting date.

**Section 5. Waiver of Notice and Authorization without Meeting.** Notice of the time, place and purpose of any meeting of the Members, whether required by the applicable Statutes of the State of Minnesota, the Articles of Incorporation or these By-Laws, may be waived in writing by any Member. Such waiver may be given before or after the meeting, and shall be filed with the Secretary, or entered upon the records of the meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting, if authorized in writing, signed by all Members who would be entitled to notice of a meeting for such purpose.

**Section 6. Quorum.** The presence of the lesser of (a) 100 votes or (b) 50% of the total membership, either in person or by proxy, shall constitute a quorum for the transaction of business, except when the subjects of special assessments for capital improvements and change in basis and maximum of annual assessments are considered, wherein the quorum shall be as required in Article V of the Restrictive Covenants. If for any reason a meeting shall not be held on the date designated for lack of a quorum or otherwise, such meeting may be called and proceedings may be had thereat as at an annual or special meeting; provided, however, that the notice of such adjourned meeting shall be given not less than ten (10) days nor more than forty (40) days prior to the date thereof.

**Section 7. Voting.** Voting at membership meetings shall be by majority of the votes present as represented by persons and/or absentee ballots, unless a greater proportion is required by law or by the Restrictive Covenants. Each member in good standing entitled by these By-Laws to vote on matters properly coming before the membership shall be entitled to cast one vote for each lot in which the member holds an ownership interest.

**Section 8.** The order of business at the annual meeting shall be as follows:

- (A) Roll call.
- (B) Reading of the minutes of the previous meeting.



- (C) Reports of the Officers.
- (D) Reports of the Committees.
- (E) Unfinished business.
- (F) New business.
- (G) Election of Directors.

Robert's Rules of Order shall be followed at all annual and special meetings of Members.

**Section 9.** Members entitled to vote may cast their votes either in person or by absentee ballot when duly filed with the Secretary. The form of the absentee ballot shall be determined by the Board of Directors.

**Section 10.** A Member must be in good standing and must have paid all assessments due in order to participate in membership voting.

**Section 11.** It shall be the duty of the Secretary to prepare a list of the Members entitled to vote at each meeting against which list all Members voting, whether by absentee ballot or in person, shall be checked, either by the Secretary, or by some individuals designated by the Board of Directors.

## **ARTICLE VI**

### **Assessments to Property Owners Association**

**Section 1.** Each Owner of property subject to the Restrictive Covenants shall pay assessments to the Association, as authorized by Article V of said Restrictive Covenants.

**Section 2.** Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents in the Development and, in particular, for the improvement, maintenance and construction of roads and other facilities devoted to the common use.

**Section 3.** Annual assessments shall be levied pursuant to Article V of the Restrictive Covenants. The cost of recreational facilities, whichever may be increased or decreased pursuant to Section 5, Article V, of that authorized pursuant to Section 6, Article V, of said Restrictive Covenants.

**Section 4.** Annual assessments shall be due on the dates detailed in Section 7, Article V, of the Restrictive Covenants. The annual assessments for each succeeding year shall become due and payable on the first day of April of each year. No adjustments or pro-rations of assessments shall be made by the Association. For purposes of levying the assessment, assessments shall be considered as paid in advance and shall be levied against any original lot as defined in the Restrictive Covenants. The due date of any special assessment under Section 4, Article V, of the Restrictive Covenants shall be fixed in the Resolution authorizing such assessment.

**Section 5.** The Board shall prepare a roster of the properties and assessments applicable thereto at least thirty (30) days in advance of such assessment due date. Such assessment roster shall be kept in the office of the Association and shall be open for inspection by any Owner. Written notice of the assessment shall be sent to every Owner subject thereto.

**Section 6.** If any charge levied or assessed against any lot shall not be paid when due it shall then ipso facto become a lien upon the lot or lots owned by the persons owing such charge or charges and shall remain a lien against said lot or lots until paid in full together with interest as is hereinafter provided and other charges or costs which might become due as a result of non-payment or as is hereinafter provided Such charges as are provided for in the Restrictive Covenants shall bear interest at the rate of six percent (6%) per annum until paid in full If in the opinion of the Board such charges have remained due and payable for an unreasonable long period of time, they may, on behalf of the Association institute such procedures either in law or in equity either by way of foreclosure of such lien or otherwise to collect the amount of said charge in any court of competent jurisdiction The Owner of the lot and lots subject to the charge shall in addition to the amount of the charge at the time legal action is instituted, be obliged to pay any expense or cost including attorney's fees incurred by the Association in collecting the same.

**Section 7.** The lien for delinquent assessments provided for herein shall be subordinated to the lien of any mortgage or mortgages now or hereafter placed upon the properties pursuant to Section 10, Article V, of the Restrictive Covenants.

**Section 8. Exempt Property** The following property subject to the Restrictive Covenants shall be exempt from the assessments charge and lien created therein:

- (A) All properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use.
- (B) All Common Properties as defined in Article I, hereof.
- (C) All properties exempted from taxation by the laws of the State of Minnesota upon the terms and to the extent of such legal exemption.

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

## **ARTICLE VII**

### **Finance**

**Section 1.** The fiscal year of the Association shall end December 31<sup>st</sup> each year, unless changed by the Board of Directors.

**Section 2.** Not later than the last day of any fiscal year a budget of estimated income and expenditures for the ensuing fiscal year shall be adopted by the Board. This proposed budget shall be available for inspection by the Members at the office of the Association. A summary of the approved budget shall be included in the notice of the regular meeting of the Association.

**Section 3. Financial Report to Members.** The Directors shall cause to be sent to the Members within one hundred and twenty (120) days after the close of each fiscal year, financial statements as of the closing date of such fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles so as to present fairly the Association's financial condition and the results of its operations. Such statement need not be verified by a certified public accountant.

**Section 4.** The Board of Directors shall determine the official depository or depositories.

**Section 5.** The Treasurer shall be authorized to issue checks for expenditures incurred for the Association, provided that the amount of the check to be issued does not cause the amount of monies expended in that fiscal year for the activity or committee to exceed the amounts budgeted, in accordance with Article IX, Section 1(E).

**Section 6.** All checks shall be signed and counter-signed by any two of the following officers, the Treasurer, President or Vice President, in the absence of the President and/or any agent approved by the Board of Directors. Generally Accepted Accounting Principles (GAAP) will be followed.

**Section 7.** The Treasurer, and such other Officer as may be designated by the Board, shall be bonded in an amount determined by the Board. Indemnity bond premiums shall be paid by the Association.

## **ARTICLE VIII**

### **Special Assessments**

**Section 1.** It is declared the policy of this Association that special assessments are generally undesirable and shall be levied only in an emergency or under extraordinary circumstances.

**Section 2.** Special assessments shall be levied only upon the recommendation of the Board and with the consent of voting Members pursuant to Section 4, Article V, of the Restrictive Covenants.

**Section 3.** The due date of any special assessment shall be fixed in the Resolution authorizing such assessment. Special assessments not paid within thirty (30) days after the due date shall be collected pursuant to Section 9, Article V, of the Restrictive Covenants.

## ARTICLE IX

### The Board of Directors

**Section 1. Powers.** The Board of Directors shall have a general power to carry on the affairs of the Association.

In order to carry out this general power, the Board shall undertake the following:

(A) Designate a banking institution or institutions as depository for the Association's funds; and the Officer or Officers and agent authorized to make withdrawals therefrom and to execute obligations on behalf of the Association.

(B) Perform other acts the authority for which has been granted herein or by law, including the borrowing of money for Association purposes. A resolution by the Board that the interests of the Association require the borrowing of money shall be sufficient evidence for any person that the borrowing is for a proper corporate purpose. The Board may, if it determines that the same shall be reasonably necessary, assign, pledge, mortgage, or encumber any Association property as security for such borrowings, and it may pledge or assign future revenues of the Association as security therefore.

(C) The Board shall adopt such rules and regulations, (herein called Regulations), relating to the use of Association property, and sanctions for non-compliance therewith, as it may deem reasonably necessary for the best interests of the Association and its Members. The Board may also establish and levy reasonable fees for the issuance of building permits or the use of Association property. The Board shall also employ a sufficient number of persons to adequately maintain Association property. Further, the Board may adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the Chairman of the Board shall be final. Robert's Rules of Order shall be a guide for the conducting of all Board meetings.

(D) The Board shall, upon adopting the annual budget for the Association pursuant to Section 2, Article VII, taking into consideration other sources of income that the Association may have, levy the annual assessment per Article V of the Restrictive Covenants for each lot for the following year. Upon the adoption of the budget, the Board shall be bound by the same and shall not authorize expenditures which may exceed the total amount budgeted as aforesaid by more than fifteen percent (15%) without having called a special meeting of the Association to approve such variations.

(E) In addition to the foregoing general powers, the Board shall have the following additional powers:

- (i) The enforcement of applicable provisions of the Restrictive Covenants, By-Laws, and other instruments for the management and control of the Development;
- (ii) payment of taxes and assessments which are or could become a lien on the Common Property or some portion thereof;
- (iii) delegation of its powers to committee, officers or employees;
- (iv) contracting for materials and/or services for the Common Property or the Association with the term of any service contract limited to a duration of one year except with the approval of a majority of the members of the Association, except in those subdivisions where the terms of the management contract have been approved by the Federal Housing Administration or Veterans Administration;
- (v) contracting for fire, casualty, liability and other insurance on behalf of the Association; and
- (vi) entry upon any privately owned lot or unit where necessary in connection with construction, maintenance or repair for the benefit of the Common Property or the owners in common.

**Section 2. Number of Directors.** Directors shall be elected at the annual meeting of Members as provided for in Section 3 of this Article. The number of Directors shall be seven (7). Directors must be Members in good standing and must remain a member in good standing, as defined per Article III, Section 8, during their term in office and if not will be removed from the Board of Directors. No Director shall receive a salary for services performed unless he is also an employee of the Association. Directors and Officers may be compensated for reasonable expenses incurred while so acting.

**Section 3. Election of Directors.**

(A) Election of Directors shall be by written ballot as is hereinafter provided. In all elections of Directors, each member in good standing entitled to vote pursuant to Section 2, Article III, shall be entitled to vote as many votes as shall equal the number of votes which he is entitled to cast on any matter, but cumulative voting shall not be allowed. The voter shall be entitled to only one vote for each lot for each candidate.

(B) Between the first and fifteenth day of July, any Member in good standing may file with the Secretary of the Association a statement of his or her candidacy for election as a Director of the

Association for the term beginning immediately following the annual meeting of the Association held after the filing of such statement. The Secretary of the Association shall cause notice of each candidacy and a brief biographical statement of each candidate to be included in the notice of such annual meeting.

(C) All elections to the Board shall be made on written ballot which shall:

1. Describe the vacancy to be filled; and,
2. Set forth the names of those persons who have become candidates for the office of Director in alphabetical order.

Such ballots shall be prepared and mailed by the Secretary to each person entitled to vote simultaneously with the mailing of the notice of the annual meeting of the Association.

(D) One ballot shall be distributed for each lot to Members entitled to vote.

(E) After voting, ballots shall be returned in a sealed envelope marked "Ballot" but not marked in any other way. Each such "Ballot" envelope shall contain only one (1) ballot, and each voting member shall be advised that because of the verification procedures hereinafter set forth, the inclusion of more than one (1) ballot in any one "Ballot" envelope shall disqualify the return. Such "Ballot" envelope shall be placed in another sealed envelope which shall bear on its face the name and signature of the Member, their lot number, and such other information as the Board may determine will serve to establish his/her right to cast the vote or votes presented in the ballot or ballots contained therein. The ballots shall be returned to the Secretary of the Association by mail at such address as the Board may from time to time determine so as to be received no later than three (3) days prior to the annual meeting or by personal delivery to the Secretary at the annual meeting.

(F) Upon receipt of each return sent by mail the Secretary shall immediately place it in a safe or other locked place until the day fixed by the Board for the counting of such mailed ballots. On that day, the external envelopes containing the "Ballot" envelopes shall be turned over, unopened, to an Election Committee appointed by the President, consisting of a chairman, two tellers and two judges. Each candidate may appoint a representative to be present during the vote count. No other individuals are permitted to be present. The Election Committee shall then adopt a procedure which shall establish that the ballots have been submitted by Members in good standing. Such procedure shall be taken in such a manner that the vote of any Member shall not be disclosed to anyone including the Election Committee.

The outside envelopes shall thereupon be placed in a safe or other locked place, and the Election Committee shall proceed to the opening of the "Ballot" envelopes and the counting of the votes. If any "Ballot" envelopes are found to contain more than one (1) ballot all ballots contained in such envelopes shall be disqualified. The Election Committee shall complete the count of ballots by counting ballots delivered at the annual meeting and shall immediately certify the results of the count at the annual meeting and the terms of office of the Directors so elected shall commence immediately following such annual meeting,

(G) All outside envelopes, ballots and statements of candidacy shall be retained by the Secretary for a period of (1) year.

#### **Section 4. Election Protests and Appeals**

(A) The election committee shall be responsible for the conduct of elections and shall decide all controversies arising out of the election process.

Any member who feels aggrieved in connection with the conduct of the election shall file their grievance with the election committee within seventy two (72) hours after an event that caused the member to feel aggrieved. If the Election Committee finds merit in a grievance, it shall have the authority to direct and impose such remedy it deems necessary or proper.

(B) Appeals from the decision of the election committee shall be to the Election Appeals Committee described in Item (C) of this Article; shall be in writing; shall set forth all the relevant facts on which the appeal is based; and shall be filed with the Election Appeals Committee within five (5) days from receipt of the decision of the Election Committee.

(C) The President, with the approval of the Board of Directors, shall appoint an Election Appeals Committee which shall consist of the President and four (4) additional General Members, excluding current Directors. This committee shall have final authority to decide disputes, controversies and appeals arising out of elections. The Election Appeals Committee shall have authority to adopt rules and regulations as it deems desirable to promptly accomplish the objective of this Article. Where the Election Appeals Committee finds merit in an appeal, it shall have full authority to direct and impose such a remedy as it considers necessary or proper.

(D) Directors declared elected through applicable procedures shall assume and hold office pending final determination under the appeals procedures provided in this Article.



**Section 5. Proxies.** Except in connection with the election of Directors, every Member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such Member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for such proxy is to continue in force which in no event shall exceed three (3) years from the date of its execution.

**Section 6. Regular meetings.** Regular meetings of the Board of Directors shall be held at least every quarter, at such time and at such place as shall, from time to time, be determined by the Board of Directors. After adopting a regulation setting forth the times and places of regular meetings, no notice of such meetings shall be required.

**Section 7. Special Meetings.** Special meetings of the Board of Directors may be called at any time by the President and shall be called by the President or the Secretary whenever requested to do so in writing by a majority of the Board. Notice of special meeting shall be given to each Director at least twenty-four (24) hours prior to the meeting. A special meeting may be convened without notice if all Directors are personally present and all agree to holding of the meeting thereof at such time and place and waive all rights to notice thereof.

**Section 8. Electronic Meetings.**

**A.** Notice of Meeting.

A notice given by any director can be by electronic communication. The notice is deemed given if by;

- (1.) Facsimile communication, when directed to a telephone number at which the director has consented to receive notice;
- (2.) Electronic mail, when directed to an electronic mail address at which the director has consented to receive notice;
- (3.) Any other form of electronic communication by which the director has consented to receive notice.

**B.** Participation in Meeting by means of Remote Communication.

A director may participate in a board meeting by means of conference telephone or, if authorized by the board, by such other means of remote communication, in each case through which that director,

other directors so participating, and all directors physically present at the meeting may participate with each other during the meeting. Meeting must allow for simultaneous oral communication among all participating members equivalent to those meetings held in one room or area. Participation in a meeting by that means constitutes presence at the meeting. The Board of Directors shall establish rules for such meetings.

**Section 9. Presumption of Assent.**

A Director or Committee member who is present at a meeting of the board and/ or committee, when action is taken is deemed to have assented to the action taken unless;

- (a) Objects at the beginning of the meeting to the transaction of the business because the meeting was not properly called or convened and does not participate in the meeting, in which case the director is not considered to be present at the meeting.
- (b) Votes against the action at the meeting; or
- (c) Is unable to vote because the director has a material financial interest in the matter which is not disclosed of and approved of in accordance with Minnesota Statutes 317A.255 or a conflict of interest policy adopted by the Board.

**Section 10. Action With-out Meeting.** Any acts which may be taken at a meeting of the Board of Directors may be taken without a meeting if authorized by writing or writings signed by all of the Directors.

**Section 11. Quorum.** A majority of the Directors shall constitute a quorum to transact business of the Board, and the act of the majority of the Directors present at any meeting shall be deemed to be the act of the Board.

**Section 12. Term.** All Directors shall serve until their successors are elected. If the election would result in a completely new Board, the Directors with the top four highest votes will serve a two year term. The Directors receiving the fifth, sixth and seventh highest votes shall be elected to one year terms. If by resolution the Board of Directors increase the number of Directors, the highest number of votes for the top two thirds (2/3) will serve two year terms the remaining will serve one year terms. Thereafter,

Directors shall be elected to terms of two years. No Director can serve more than two (2) consecutive terms.

**Section 13. Resignations.** A Director of the Association may resign at any time by giving written notice to the Board of Directors, such resignation to take effect at the time of receipt of such notice or at any later date or time specified therein. Unless otherwise specified therein, acceptance of a resignation shall not be necessary to make it effective. Once a Director/Officer resigns their eligibility to become a Director and/or Officer will not be until after their original term would have ended.

**Section 14. Vacancies.** If the office of any Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the Directors then in office, although less than a quorum, by a majority vote, shall choose a successor who shall hold office for the remainder of the term of the vacancy. If the vacancy occurs for a Director who has served more than half a term in office, the vacancy will be filled by appointment of the Board. If half or less of the term has been served, the Board will first contact the nominee from the last election with the next highest votes and continue until all previous non-elected nominees has been exhausted prior to the Board making an appointment. If there are no nominees the appointment by the Board of Directors will serve until the next annual election.

**Section 15.** After each annual meeting, the Board of Directors shall select from the Board, Officers, per Article X, Section 1, consisting of a President, a Vice President, a Secretary and a Treasurer.

**Section 16. Succession.** No Officer or Director except the Secretary and Treasurer shall be eligible to serve consecutive terms in the same office more than once.

**Section 17.** The Board of Directors shall have the power to appoint such other Officers and agents and to hire such employees as may be necessary for the carrying out of the purposes of the Association.

**Section 18.** An Officer or agent may be removed and replaced by the Board of Directors.

**Section 19.** The Board of Directors may authorize the President to appoint such committees as the Board deems necessary to carry on the affairs of the Association, and it shall define the powers and duties thereof. The Committee so appointed shall hold office at the will of the Board of Directors. The President, with the approval of the Board shall appoint the following Committees, comprised of General Members who need not be Directors:

- (A) An Architectural Control Committee to assume the functions and responsibilities detailed in Article VI of the Restrictive Covenants.
- (B) An Association Properties Committee which shall be responsible, subject to Board approval, for operation, use and maintenance of the Common Properties, as defined in the Restrictive Covenants, including establishing such rules as may be necessary, to assure reasonable conduct and activities of Members, their families, tenants and guests within the development and to recommend to the Board reasonable admission and other fees for the use of Common Properties as may be required for their operation by the Association. The Committee may also recommend to the Board denial of use of the Common Properties to anyone due to the infraction by such person of rules adopted by the Committee.
- (C) An Election Committee. The President, with approval of the Board of Directors shall establish an Election Committee comprised of Members other than Director's. The Committee shall prior to the annual meeting of the Association provide a list of candidates who have volunteered to serve the Association as Directors. The Election Committee shall also assist the Board in the conduct of Association elections including dissemination of information regarding candidates for Director, preparation of ballots, arrangements for voting by proxy and other related matters.
- (D) A Finance Committee which shall assist the Treasurer and Board of Directors as the latter may direct in all financial, budget and accounting matters.

**Section 20. Removal of Directors.** A Director may be removed by three-fourths ( $\frac{3}{4}$ ths) vote of the Board of Directors for "just cause". "Just cause" shall include self-dealing, conflict of interest and negligence in performing the responsibilities of a Director. If a motion to remove a Director is made *at* a Board meeting, the motion shall not be acted upon until the next Board meeting. Notice of the motion shall be mailed to the Director whose removal is sought not less than twenty-one (21) days prior to the meeting when the motion is to be acted upon.

## ARTICLE X

### Officers

**Section 1. Officers.** The Officers of the Association, who shall be members of the Board of Directors, shall be the President, Vice Presidents, the Secretary, and the Treasurer and such other Officers and Assistant Officers as the Board may from time to time elect. Officers shall serve at the will of the Board. Any two or more offices may be held by the same person except the offices of President and Vice President or the offices of President and Secretary.

**Section 2. President.** The President shall be the Executive Officer of the Association, and shall serve as the chair of the Board of Directors. The President shall be ex officio a member of all committees except the Election Committee. The President shall conduct the affairs of the Association in accordance with these By-Laws and those policies promulgated by the Board of Directors. The President shall be responsible for the preparation of a full and true report as to the prior year to be submitted to the annual meeting and shall file said report with the Secretary where it shall be available for inspection by the membership.

**Section 3. Vice President.** In the absence of the President, or in the event of inability of the president to act, the Vice President Senior in tenure or as otherwise may be approved by the Board shall be empowered to act and shall thereupon be vested with the powers and duties of the President. The Vice Presidents shall also perform such other duties as the President may assign or as may be set forth in these By-Laws.

**Section 4. Secretary.** The Secretary of the Association shall keep the minutes of the business and other matters transacted at the meetings of the Members and of the Board. The Secretary shall mail, or cause to be mailed, all notices required under the By-Laws. The Secretary shall have the custody of the records and maintain a list of the Members and their addresses and perform all other duties incident to the office of Secretary. In the absence of the Secretary, or in the event of inability of the Secretary to act, the Assistant Secretary is empowered to act and shall thereupon be vested the powers and duties of the Secretary. The Assistant Secretary shall also perform other duties as the Board may decide. The Secretary may appoint Recording and Correspondence Assistants.

**Section 5. Treasurer.** The Treasurer shall have supervision of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incident to the office of Treasurer and as directed by the Board.

**Section 6. Vacancies.** If the office of any Officer or agent becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the Directors then in office, although less than a quorum, by majority vote, may choose a successor or successors who shall hold office at the will of the Board.

## ARTICLE XI

### General Provisions

**Section 1. Association Property.** No part of the net earnings of the Association shall inure to the benefit of or be distributed to its Members, Directors, Officers, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II hereof.

**Section 2.** No Member of the Association shall have, as an individual, any interest in or title to the assets of the Association, and such assets shall be devoted exclusively to the purposes of the Association.

**Section 3.** In the event of dissolution or other termination of this Association, all of its assets shall be assigned to an institution that qualifies for tax exemption under the Internal Revenue Code of 1986 as provided in Section 501(c) (3) or any amendments thereto or to any unit of State or local government as selected by the Board of Directors.

## **ARTICLE XII**

### **Obligation to Comply with Rules and By-Laws**

**Section 1.** Each Member of the Association and others shall abide by the provisions of these By-Laws as well as any Regulation adopted by the Board of Directors of the Association pursuant to these By-Laws. Failure to do so shall justify the Board in imposing sanctions upon such Member as is herein provided.

## **ARTICLE XIII**

### **Indemnification of Directors, Officers and Employees**

Any person who is involved without his/her consent in any legal action due to the fact that he/she is or was a Director, Officer or employee of the Association shall be indemnified by the Association against all expenses reasonably incurred by him/her in connection with or resulting from such legal action in the manner and to the full extent as allowed by the Laws of the State of Minnesota. Such expenses shall also include amounts paid by him/her with the consent of the Association acting through its Board of Directors in reasonable settlement of such actions except for those matters as to which it shall be determined that such person was derelict in his/her performance of his duties to the Association. This right of indemnification shall apply to matters arising both before and after the time of adoption of these Bylaws and shall not exclude any other legal right of indemnification to which such person may be allowed under Section 317A.521 of the Minnesota Non-Profit Corporation Act, or other applicable law.

## **ARTICLE XIV**

### **Amendments**

These By-Laws may be amended by affirmative vote of two-thirds (2/3rds) or more of the votes of the members of the Board of Directors who are present and entitled to vote on the proposed amendment at any meeting of the Board, provided that notice of the meeting and of the proposed amendment shall be given in accordance with these By-Laws; provided further that the Members of the Association, by a majority vote of the Members voting at a meeting duly called for the purpose, may prospectively revoke the authority of the Board to exercise the power to amend these By-Laws. In addition to the foregoing provisions for amendment of the By-Laws, the Members of the Association may amend the By-Laws by

an affirmative vote of fifty-one percent (51%) or more of the votes of all Members entitled to vote at a special meeting called for that purpose in accordance with the provisions of Article V, Section 3.

BY-LAWS ADOPTED  
SYLVAN SHORES BOARD OF DIRECTORS  
July 29, 1976

BY-LAWS AMENDED  
SYLVAN SHORES BOARD OF DIRECTORS  
March 27, 1977

BY-LAWS AMENDED  
SYLVAN SHORES BOARD OF DIRECTORS  
August 20, 1983

BY-LAWS AMENDED  
SYLVAN SHORES BOARD OF DIRECTORS  
June 11, 2016