



PROPOSED BYLAWS AMENDMENTS

Regular Meeting of the Board of Directors

August 25, 2018

9:00 AM

The Clubhouse at Burnt Mill Beach Club

- **New Bylaw Amendment – Article II, MEMBERS, Section E. Enforcement of Bylaws and Rules – Appeal Procedure**
- **New Bylaw Amendment – Article III, DIRECTORS, Election Schedule**
- **New Bylaw Amendment – Article V, OFFICERS, Schedule, Rotation and Succession**

Copies of the proposed revisions are available in the ALA office and are posted on the ALA Website and Community Bulletin Board.

Per Article VIII of the Bylaws, these postings serve as the required 15 day notice to the Members of the proposed revisions to the Bylaws.

Posting Date: August 9, 2018

ARTICLE II MEMBERS

SECTION E. Enforcement of Bylaws and Rules

1. The Board shall have the power to reprimand, fine, suspend or expel any member for any conduct of the member, his family, or a guest thereof resulting in a violation of any Bylaws or rule of the Association, or for conduct determined by the Board to be generally detrimental to the Association or to its objectives as set forth in Section B of Article I hereinabove.
2. No Residential Members may be expelled or suspended, and no Residential Membership may be terminated or suspended, except only after a hearing before the Board or a committee appointed by it for such purpose, which hearing shall be conducted in accordance with Section 7341 of the California Corporations Code, as same may be amended from time to time. The Board may, from time to time, establish additional rules and procedures for the conduct of any such disciplinary hearing. Any hearing where a potential fine of greater than \$15,000.00 may be imposed shall only be heard before the Board. The Board also has the authority to review any committee decision and after a hearing, modify any ruling in the Board's discretion, provided, however, that it gives notice of such hearing to the Member and the applicable committee within thirty (30) days of the committee's date of its Ruling Notice. Additionally, any Member who fails to appear at a hearing ~~(or provide a written response to the applicable committee prior to the hearing, hasn't requested the Board appeal in writing within thirty (30) days from the date of the Committee's Ruling Notice and hasn't paid in full any fine imposed within said thirty (30) days of the date of the Committee's Ruling Notice)~~ will lose the right to appeal to the Board any disciplinary action imposed by any committee.
3. Any Residential Member who has been suspended or expelled from membership and whose membership has been suspended or terminated may be reinstated by the Board upon such terms and conditions as determined from time to time.
4. Notwithstanding anything contained in these Bylaws to the contrary, the Association shall have the right to take immediate action, such as chain up dock slips, not issue boat registrations, impound boats, or tow vehicles, for non-payment of slip fees, dues or any other monies due the Association without holding the hearing identified in Article II, Section E.2. above. Violations which may subject the Residential Member to possible suspension or termination of his/her Residential Membership will still require the disciplinary hearing referenced in Article II, Section E.2. above prior to the suspension or termination of same.
5. The Association shall also have the right to remove, at the sole cost of the offending member, any improvements (including landscaping) placed within ALA property without prior ALA approval, consent or permission; the Association may facilitate such removal without the hearing identified in Article II, Section E.2. above.
6. The Board shall be the sole hearing tribunal for any hearings related to harassment of staff. Except for a Campaign Guidelines violation (which the Election Committee has sole jurisdiction per Article III, Section D.5(g)), the Board shall also have the authority and right to hear any violation of the Association's governing documents which the Board deems to be of such a serious nature, that the Board (and not the applicable committee) shall take original jurisdiction and be the sole hearing tribunal for the alleged violation.
7. If there is any inconsistency related to enforcement and sanctions between this Section E. and any rule or regulation of the Association (including, but not limited to, any Committee rule and/or regulation) then the provisions of this Article II, Section E. of the Bylaws shall control and supersede any such inconsistent rule or regulation.
8. In the event of a conflict between the ALA Bylaws and the language of the 1964 Agreement, the language of the 1964 Agreement shall control.
9. Any dispute between ALA or ALA Members regarding any pier site, dock, or fixture on the reserve strip or reserve strip additions or any property owned by ALA or pertaining to any membership in ALA shall be resolved by binding arbitration. The arbitration shall take place in San Bernardino County before one

arbitrator who shall be agreed upon by all parties to the dispute. In the event the parties are unable to agree upon an arbitrator, the dispute shall be resolved by a panel of three arbitrators. If there are two parties to the dispute, each party shall choose one arbitrator and the two arbitrators chosen shall choose the third arbitrator. If ALA is a party to the dispute and more than one member is involved in the dispute, ALA shall choose one arbitrator and the members shall collectively choose one arbitrator and the two arbitrators chosen shall choose the third arbitrator. The cost of the arbitration shall be split equally by the parties to the arbitration. If allowed by California law, contract or the ALA Bylaws, the Arbitrator shall award the prevailing party attorney fees and costs. The award of the arbitrator shall not be appealable.

10. If any ALA member takes any action to circumvent any ALA Bylaw, Rule or Policy, the ALA has the right to void the action taken and may expel the member from ALA after a hearing before the Board of Directors.

ARTICLE III DIRECTORS

SECTION A. Number and Term

The Association shall have seven (7) directors. ~~and the term of office shall be for three (3) years commencing at the October meeting of the Board following the election. The 2018 Board of Directors Election will take place as scheduled for the South, East and At Large A Districts. The winners of the South and East District election in 2018 will serve for four years. The winner of the At Large A District election in 2018 will serve for two years.~~

Thereafter, ALA will hold a Board of Directors Election every even year with 3 Districts (At Large A, At Large B and the West District) up for election in 2020 and 4 Districts (the Grass Valley, the North, the East, and the South District) up for election in 2022. Each Director elected will serve a 4-year term. Subsequent elections will take place every two years.

One Residential Member shall be elected from each of the five districts ~~identified below in this Article III~~; a candidate running for a particular district shall only be elected by the owners of a lot/unit within that particular district (that have a Residential Membership assigned to such lot/unit) consistent with the voting rights set forth in these Bylaws. Two directors shall be elected At Large; all members may vote for Directors At Large consistent with the voting rights set forth in these Bylaws.

Directors shall serve until their resignation or until their successors are duly seated. Newly elected Directors shall be seated/installed as the last item of business at the open meeting of the Board in October of the year of expiration of the term of office.

Except for a personal injury and/or property damage claim, any Director who files or joins a lawsuit or administrative claim against the Association ("Adversarial Proceeding") shall be deemed to have vacated his/her Director seat and automatically resigned from the Board of Directors ("Automatic Resignation"). Said resigned Director shall not qualify or be eligible to run for the Board of Directors until such time as the Adversarial Proceeding has been dismissed or otherwise resolved. To avoid an Automatic Resignation and in furtherance of the duties of a Director, all Directors are encouraged to communicate and, thereafter, meet and confer with the entire Board of Directors to discuss facts and issues that such Director believes can lead to an Adversarial Proceeding.

For any District in which there is no election because there is no candidate, the District shall be declared to have a vacancy as of the Board meeting in October at which other Directors are duly seated.

SECTION B. Districts and Election Rotation

The Association shall have the following 5 Districts:

1) East District as further identified in Exhibit A attached hereto and made a part hereof by this reference.

2) South District as further identified in Exhibit B attached hereto and made a part hereof by this reference.

3) North District as further identified in Exhibit C attached hereto and made a part hereof by this reference.

4) West District as further identified in Exhibit D attached hereto and made a part hereof by this reference.

5) Grass Valley District as further identified in Exhibit E attached hereto and made a part hereof by this reference.

The rotation of election of directors for districts and At Large A and B seats will be as follows:

~~In September 20062020, the East District and South District seats 3 Districts (At Large A, At Large B and the West District) will be up for election and every three-four years thereafter.~~

~~In September 20072022, the West District and At Large Office A seats will be up for election and every three years thereafter. 4 Districts (the Grass Valley, the North, the East, and the South District) will be up for election and every four years thereafter.~~

~~In September 2008, the North District, the Grass Valley District and the At Large Office B seats will be up for election and every three years thereafter.~~

SECTION C. Qualifications

The Directors of the Association shall be elected/appointed in accordance with these Bylaws. There is no quorum requirement for an election of Directors.

To be qualified to be nominated, elected, appointed and/or remain a director of the Association, the Residential Member must qualify and remain qualified as follows:

1. Have attained an age of legal majority under the laws of the State of California;
2. Be the owner of a minimum twenty-five percent (25%) fee simple interest of an improved residential lot or unit (if ownership is in the form of a trust or business entity, a minimum 25% beneficial interest in the trust or business entity) in the district to which office election is sought or, anywhere in Arrowhead Woods if the office sought is an "at-large" position;
3. Be a Residential Member in good standing as that term is defined under Article II, Section A;

~~4.~~ Must be the only Residential Member of the improved residential lot or unit running for election to the Board of Directors and/or serving on the Board of Directors. The Board of Directors shall establish a procedure to verify that all candidates meet the eligibility standards set forth in this Article III, Section C. Any candidate determined by such process to not meet the eligibility standards may appeal that decision to the Board of Directors, but must do so in writing and no later than seven (7) days after the decision is mailed;

~~5.4.~~ Must not be a Director in another District or At Large Office. If a Director wishes to run for a seat in a different District or an At Large Office (and upon confirmation that he/she is otherwise qualified to run for that seat) then he/she must first immediately resign their current seat before he/she is eligible to run for a different District or an At Large Office (provided they are a Residential Member in good standing). This limitation does not apply to a Director whose term is expiring at the end of the election cycle at issue;

~~56.~~ Must not have a pending Adversarial Proceeding against the Association;

~~67.~~ Must agree to protect the privacy rights of the individual Residential Members and, as such, agrees that the definition of "books and records" as that term is defined within these Bylaws does not include any and all email addresses, phone numbers and/or mailing addresses that are in the possession of the Association; and

~~7.~~ Must sign the nomination application (those existing directors as of June 1, 2015, must also sign a document to reflect his/her agreement to Article III, Section C.7., in order to remain a director of the Association).

~~8.~~ Must sign and return the executed Board Member Conflict of Interest form, Board Member Non-Disclosure of Confidential Information form and the Code of Conduct form. The abovementioned forms have been approved by the Board of Directors and will be presented to the Director for signature by the General Manager.

SECTION D. Election Procedures/Campaign Materials

1. Nomination of Candidate

Each person seeking to become a qualified candidate for election as director to a specific district must obtain the signatures of seven (7) members in good standing in that district, and such candidate may not be a candidate in any other district or at-large in the same election.

A person seeking to become a candidate for Director At-Large shall obtain seven (7) signatures from Residential Members in good standing.

The candidates themselves, individually, must obtain the seven (7) signatures of Residential Members in good standing and may not delegate the securing of said signatures to any other person ("Signature Requirement"). The candidate shall also attest to compliance with this Signature Requirement as part of his/her nomination application. No prospective candidate substitutions may be made by the candidate, another Residential Member and/or the Association.

Incumbent Directors who were elected as opposed to appointed do not need to obtain signatures when running for re-election.

As part of the nomination application, candidates must agree to comply with the Campaign Guidelines and agree to pay in a timely manner any fines imposed by the Election Committee if the Election Committee determines that a violation of the Campaign Guidelines (identified in Article III, Section D.5. below) has occurred.

The candidate must sign and return the Board Member Conflict of Interest form, the Board Member Non-Disclosure of Confidential Information form and the Code of Conduct form. The abovementioned forms have been approved by the Board of Directors and will be presented to the candidate for signature with the nomination application.

2. Election Committee

For any Board of Directors election, the Board shall appoint an Election Committee consisting of no less than three (3) nor more than five (5) Residential Members inclusive of the Chair. The Election Committee should be appointed on or before July 31 for any annual Board of Directors election and for any other Director election (recalls or special elections); the Election Committee

shall be appointed as soon as possible and prior to the commencement of the election cycle at issue. Election Committee members shall be Residential Members. Election Committee members shall not endorse and agree not to endorse any candidate and shall not be a member of the Board of Directors, a candidate for the Board of Directors, and/or related to or reside in the same household as a member of or a candidate to the Board of Directors (the qualifications in this sentence shall collectively be referred to as "Additional Qualifications"). The Election Committee shall verify that all candidates meet the qualifications set forth in Article III, Section C. of these Bylaws and have signed and returned the nomination application that verifies that the candidate has agreed to the items set forth in Article III, Section C, subsections 7. and 8. above. Although the Association's staff confirms the Signatures Requirement, any questions or issues related to compliance with the Signature Requirement can be forwarded by staff to the Election Committee for determination of compliance. Any candidate determined by the Election Committee to not meet the eligibility qualifications identified above may appeal the Election Committee's decision to the Board of Directors but must do so in writing no later than seventy-two (72) hours after the Election Committee has delivered its ruling to the candidate at issue.

Any alleged violation brought to the attention of the Election Committee shall be investigated forthwith by the Election Committee. Should the Election Committee decide that it reasonably appears that there may have been a violation, it shall, as soon as possible following such decision, give at least 48-hours written notice of the alleged violation to the candidate to cease and desist, as well as notice of the date, time and location of the hearing set to afford the candidate the opportunity to appear before the Election Committee. The hearing on the alleged violation shall be set no later than five (5) days after the giving of the notice. At the hearing, the candidate or his/her representative shall be given the opportunity to rebut the allegation of a violation. The Election Committee shall make a written finding as to whether a violation occurred and, if so, any extenuating circumstances. If a violation is found to have occurred, the Committee may impose a fine against the candidate up to an amount of \$1,000.00 per violation. Notice of the ruling and any sanction imposed shall be given in writing to the candidate within forty eight (48) hours of the hearing. Fines imposed by the Election Committee shall be due and payable within 30 days of the ruling notice unless the Election Committee identifies a longer period of time.

3. Inspector(s) of Election

The Board of Directors shall appoint the Inspector(s) of Election consistent with Article III, Section D. 4. below. The Inspector(s) of Election must comply with both (a) the Additional Qualifications and (b) either be an independent third party under a written contract approved by the Board of Directors or be a Residential Member. The Inspector(s) of Election shall have all of the powers contained within Corporations Code Section 7614. The Inspector(s) of Election shall also determine the number of Residential Memberships entitled to vote and the voting power of each Residential Membership, shall facilitate the receipt of the written, electronic or telephonic ballots, hear and determine all challenges and questions in any way arising out of or in connection with the right to vote, count and tabulate the written, electronic or telephonic ballots, determine and announce the results of the election and shall further perform any acts which may be proper to conduct the election with fairness to all Residential Members in accordance with Corporations Code Section 7614 and these Bylaws.

- (a) **Voting by Written Ballot.** The Inspector(s) of Election may also appoint and oversee additional persons to verify signatures and to count and tabulate written ballot votes ("Inspector Designees") as the Inspector(s) of Election deems appropriate. All written ballot votes shall be counted by the Inspector(s) of Election (and Inspector Designees) in an open setting allowing Residential Members and nominees to witness the counting and tabulation of written ballot votes. Anyone who

is not an Inspector of Election and/or an Inspector Designee must remain at least fifteen feet (15') away from the counting table. No person may interfere with, harass or otherwise communicate with the Inspector(s) of Election and/or Inspector Designees while the opening of written ballots and tabulation are taking place (other than when the Inspector(s) of Election requests to communicate with a person such as corporate counsel or management related to the election process). The Inspector(s) of Election can cause the removal of any observer who causes interference with or disrupts the counting or tabulation process. Once the Inspector(s) of Election have finished counting, the Inspector(s) of Election will thereafter announce the results of the election, including any electronic or telephonic ballot voting results. No person, including any Residential Member and/or employee of the Association, shall open or otherwise review any written ballot prior to the time and place at which the written ballots are counted and tabulated by the Inspector(s) of Election (Inspector Designees such as staff, can review written ballot envelopes to assist the Inspector(s) of Election but cannot open such written ballot envelope to review the written ballot until the written ballot counting commences by the Inspector(s) of Election).

4. Election Schedule

(a) The board of directors shall appoint one (1) ~~or three (3) inspector(s) of election~~ Inspector of Elections on or before July 31.

(b) August 1 through August 15: Nomination applications are available at the Association Office. The prospective candidate must pick up the nomination application in person.

(c) Deadline for filing nomination papers at the Association office shall be August 15 at 5:00 p.m.

(d) In the event of a contested election (whether it is a District and/or at large seat), two events shall be held - one candidates' forum and one candidates' meet and greet ("Candidates' Events") - both Candidates' Events will be held on two different dates between August 16 and the first Saturday of September as noticed by the Association; the Association shall publicize the Candidates' Events by posting a notice on the Association's website, posting a notice on the community board outside the Association's administrative building as well as by publication in a local newspaper serving Arrowhead Woods. The candidates' forum shall be moderated by a neutral third party and candidates shall not assert influence over the selection of the forum moderator. For purposes of this section, a "neutral third party" cannot be: a) a board member or a candidate running for the board of directors, b) a person related to a board member or to a candidate running for the board of directors, or c) a person who has endorsed a candidate(s). There shall be no moderator for the candidates' meet and greet. Candidate participation in the Candidates' Events shall be optional.

(e) September 1, 5:00 p.m.: Deadline for distribution of written, electronic or telephonic ballots to Residential Members in good standing.

(f) Deadline for return of ballots is September 22 at 5:00 p.m. If September 22 falls on a Sunday, then any written ballots must be returned no later than 5:00 p.m. of the next business day.

(g) Second Saturday in October: Deadline for announcement of election results.

(h) Fourth Saturday in October: Seating of newly elected Directors.

(i) Recount: There shall only be one recount (which shall be performed by the Inspector of Elections) provided it is requested within ten (10) days from the date that the Inspector of Elections announces the election results. Any Residential Member asking for the recount must remit to the Association a deposit to pay for the cost of the recount by the Inspector of Elections. If the recount changes the outcome of the election, then the deposit shall be refunded to the Residential Member requesting the recount. If the recount does not change the outcome of the election, the deposit shall be retained by the Association to pay the Inspector of Elections for the cost of the recount.

ARTICLE V OFFICERS

For purposes of these Bylaws and / or any other governing document of the Association, wherever the term "presiding officer" is used, it shall mean the President, or in the absence of the President, the Vice-President.

SECTION A. Officers

The Officers of the Association shall be the: President, Vice President, ~~and~~ Secretary ~~and~~ Treasurer.

All ~~of said~~ Officers shall be ~~known as and comprise the executive committee of the Association members of the Executive Committee of the Association.~~

~~The Association may also have such other officers as may be appointed by the Board. No person may hold more than one (1) office, except for Secretary/Treasurer.~~

SECTION B. ~~Election~~ Installation of Officers

As soon as the newly elected Directors are seated/installed at the end of the ~~regularly scheduled~~ Board meeting in October, the new Board shall meet to ~~elect~~ install the ~~o~~Officers of the Association. ~~The officers shall serve for one (1) year or until their successors are elected, except as indicated herein. Each officer shall hold his or her office at the pleasure of the Board and the Board may remove an officer from office either with or without cause with a majority vote of all Directors. An officer may resign at any time by giving notice to the Board, the President or the Secretary/Treasurer. Any Director seeking the office of President shall have served as a Board Member for the previous six (6) months.~~

~~The 2018 Board of Directors Election will take place as scheduled for the South, East and At Large A Districts. The winners of the South and East District election in 2018 will serve for four years. The winner of the At Large A District election in 2018 will serve for two years.~~

~~The Board will replace the President and Vice President positions on an annual basis based upon a rotation schedule that has been determined at the open Board meeting on July 28, 2018. The rotation schedule has been determined by drawing numbers from a hat.~~

The rotation cycle is:

1. East
2. South
3. North
4. West
5. Grass Valley
6. At Large A
7. At Large B

~~On the anniversary of the installation of the President and Vice President positions, Directors from each District will all serve in the position of President and Vice President. The next Director in order in the rotation will serve as President. The second Director in order in the rotation will serve as Vice President and will serve as President in the next rotation thereafter. When the rotation is completed and all District Directors have served in the position of President and Vice President/the rotation will begin again.~~

~~In the event a Director appointed to the position of President resigns, the Vice President shall be appointed President and shall serve as President for the remainder of the term of the President who resigned. Thereafter, that person shall be appointed for a one year term as President.~~

~~In the event a Director appointed to the position of Vice President resigns the next Director in the rotation shall be appointed Vice President for the remainder of the term of the Vice President who resigned. Thereafter, that person shall be appointed for a one year term as President thereafter.~~

~~A Director must have served at least six (6) months on the current Board of Directors in order to be eligible to be President. In the event a Director with less than 6 months on the current Board of Directors is next in line in the rotation to be President, that Director will serve as Vice President and the next Director in order will serve as President.~~

~~The Secretary and Treasurer will be appointed by a majority vote of the Board on an annual basis when the President and Vice President, Secretary are seated.~~

~~The term for all Officers shall be one year.~~

~~Any or all Officers can be replaced at any time by majority vote of the Board of Directors.~~

SECTION C. Vacancies in Office

Vacancies in office shall be filled by appointment of the Board, ~~or by the President~~ until such appointment can be made by the Board.

SECTION D. President

The President shall preside at all meetings of Residential Members and meetings of the Board, chair the Executive Committee and shall otherwise have the duties and responsibilities as set forth in these Bylaws.

SECTION E. Vice President

The Vice President shall, in the absence or disability of the President, perform all of the duties of the President, and when so acting shall have the powers of, and be subject to the restrictions upon, the President.

SECTION F. Secretary/~~Treasurer~~

The Secretary/~~Treasurer~~ shall also keep or cause to be kept at the principal office of the Association a book of minutes of all meetings of directors and Residential Members, with the time and place of holding, how called or authorized, the notice thereof given, the name of those present at directors' meetings, the number of Residential Members present or represented at a Residential Member's meeting, and the proceeding thereof.

~~The Secretary/Treasurer, as the term is used herein, also includes any and all acts of a recording secretary, if any, whose activities shall be under the supervision of the Secretary/Treasurer.~~

SECTION G. Treasurer

The ~~Secretary~~/Treasurer shall keep or cause to be kept and maintained adequate and correct books of account showing the receipts and disbursements of the Association, and an account of its cash and other assets, if any.

The ~~Secretary~~/Treasurer shall cause to be deposited all monies and other valuables of the Association with such depositories as are designated by the Board, and shall disburse the funds of the Association as may be ordered by the Board, and shall render to the President or the Board, upon request, statements of the financial condition of the Association.

The ~~Secretary~~/Treasurer shall also serve as chairperson of the Finance Committee.

SECTION H.G. Executive Committee (Suspended by Board of Directors until further notice: Board Approved on: May 19, 2018)

The Executive Committee of the Board shall be comprised of the President, Vice President, and ~~Secretary~~/Treasurer. Any two (2) of them acting together constitutes a quorum. The President shall be the chairperson of the Executive Committee.

The ~~e~~Executive ~~e~~Committee shall be empowered to meet with legal counsel, accountants and other technical advisers, and among themselves to discuss and formulate recommendations to the full Board.

The ~~e~~Executive ~~e~~Committee shall be empowered to give guidance on such matters or to such advisers, but their opinions and actions shall be advisory only and not be in any way binding upon the Board.

The ~~President-Board of Directors~~ and/or ~~e~~Executive ~~e~~Committee shall have the authority to answer questions and give direction to the General Manager as such direction may be required from time to time.

Executive Committee meetings are closed sessions. Except for when an individual Board member is the subject matter during a portion of the Executive Committee discussion (in which case, the Board member shall recuse himself/herself in a similar fashion as if it was a closed session), Board members may attend Executive Committee meetings but shall not participate in any discussions or any deliberations unless approved by a majority of the Executive Committee. An Executive Committee meeting may be called by the President, any two members of the Executive Committee or the General Manager. An Executive Committee meeting can be noticed on 24 hours' notice (via email, facsimile, letter or phone).