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**BYLAWS OF THE
PINECREST PERMITTEES
ASSOCIATION**

A non-profit corporation

As Amended July 7, 2018

MEMBER DRAFT

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**ARTICLE I
MEMBERSHIP**

Section 1.1. Eligibility. All lessees or holders of special use permits from the U.S. Forest Service (the "Forest Service") for private cabins, resorts, hotels, stores, concessions, or institutions at Pinecrest, Tuolumne County, California, as more particularly set forth in the several classifications hereinafter provided, and only such lessees and permit holders, shall be eligible for membership in this non-profit corporation (the "Corporation"). Every such lessee and permit holder, whether or not a member of this Corporation, shall be subject to all the rules and regulations of the Corporation as provided in Forest Service Special Use Permits.

Section 1.2. Joint Ownership. In the event that such a lease of special use permit is held by two or more persons, the joint or common owners together shall hold only one membership and shall exercise only one vote in meetings and elections of this Corporation. In the event of disagreement among such joint or common owners, none of them shall be entitled to the privileges of the floor or the right to vote.

Section 1.3. Application for Membership. Any such lessee or permit holder may become a member of the Corporation upon (i) written application for membership, sent or delivered to the Secretary Treasurer of the Corporation at Pinecrest, California, and (ii) if other than by way of transfer of membership, payment of an initial assessment to be fixed from time to time by the Board of Directors.

Section 1.4. Classification of Memberships. Memberships in the Corporation shall be of the following classifications:

a) CLASS 1

Class 1 members shall consist of the lessees or permit holders for private cabins in the Pinecrest Tract, Pinecrest, Tuolumne County, California, and shall be divided into **three** groups based on whether the lessee or permit holder receives water

from the Corporation:

GROUP 1 [Town]. Shall consist of the lessees or permit holders of all private cabins, except cabins 1-12 & 352, 354-385

GROUP 2 [North Shore]. Shall consist of the lessees or permit holders of private cabins 1-12 (which do not receive water **or sewer services**).

GROUP 3 [South Shore]. Shall consist of the lessees or permit holders of private cabins 352, 354-385 (which receive seasonal water & sewer services).

b) CLASS 2

Class 2 members shall consist of the lessees or permit holders for hotels, stores or resorts.

c) CLASS 3

Class 3 members shall consist of the lessees or permit holders from private or organization camps.

d) CLASS 4

~~Class 4 members shall consist of those members of Class 1, 2 or 3 who gain primary access to their facilities from roads under permit to the Corporation from the Forest Service.~~

Section 1.5. Transfer of Membership. Membership in the Corporation may be transferred upon its books and records to a transferee or assignee of a lease or special use permit, provided that (i) the assignment or transfer of such lease or special use permit has been accepted by the Forest Service, and (ii) all unpaid dues and assessments, together with such penalties and interest as may be provided by these Bylaws and a \$50.00 transfer fee are first paid to the Corporation.

Section 1.6. Termination of Membership. Membership in the Corporation shall be terminated by an assignment or transfer of a lease or special use permit or expiration of the term of such lease or special use permit upon the records of the Forest Service. Membership shall be suspended or canceled by the Board of Directors in the event of failure of a member to pay dues or assessments or penalties and interest as required by these Bylaws, provided the member has had not less than 30 days' prior written notice of the proposed action and the reasons therefor, and the opportunity to be heard by the Board of Directors, orally or in writing, not less than five days before the effective date of the suspension or cancellation.

Section 1.7. Reinstatement of Membership. A suspended or canceled membership shall be reinstated by the Board of

Directors upon payment of all delinquent dues and assessments together with penalties and interest and a \$50.00 reinstatement charge.

ARTICLE II DUES OR ASSESSMENTS

Section 2.1. Fixing of Dues and Assessments. Dues and assessments shall be fixed and determined by the Board of Directors with due regard to the benefits received by various classes of members and the groups within such classes and with particular regard to whether the Corporation furnishes water to such classes or groups of members.

Section 2.2. Payment of Dues and Assessments. Each member shall pay such dues and assessments as shall be determined for his class of membership by the Board of Directors. Annual dues and assessments shall be due and payable on receipt (approximately January 1st, and shall be delinquent after March 1st of that year. Assessments billed at any other time of year shall be delinquent if not paid within 60 days of the date of mailing. A member, who is delinquent in payment of his dues or assessments shall be given 30 days' written notice of the delinquency, and if such delinquency (including interest and penalties thereon) is not cured within such 30-day period, such person or any other person at or using his facility shall not be permitted to take or to receive water or any other services or benefit from the Corporation for so long as the delinquency remains.

Section 2.3. Delinquency Charge. In the event a member is delinquent in the payment of his dues or assessments, a delinquency charge equal to the greater of \$50.00 or ten percent (10%) of the delinquent amount shall be added to and made a part of the dues and assessments of such delinquent member and, after 30 days, interest on the delinquent balance shall be assessed at a rate equal to five percentage points more than the Federal Reserve discount rate in effect at the time. In no event shall all overdue charges exceed the highest rate permitted by law.

Section 2.4. Road Maintenance. Dues and assessments levied upon members of Class 4 for the purpose of road maintenance and snow removal operations shall be accounted for separately and used only to support these operations and for capital expenditures for these purposes.

ARTICLE III

PROPERTY RIGHTS

Membership in this Corporation shall confer no vested or other rights other than those specifically conferred in these Bylaws.

ARTICLE IV VOTING RIGHTS

Each member in good standing shall be entitled to one (1) vote at all meetings and elections of this Corporation. Cumulative voting shall not be permitted. Voting by proxy shall be permissible, provided that such proxy is in writing and filed with the Secretary prior to the meeting or election at which such proxy is to be exercised. Voting by written ballot shall be permissible as to all matters, provided the number of members voting by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. **Beginning in 2020 the Board of Directors may be elected by electronic ballots, provided that such ballots are submitted or filed with the Secretary prior to the meeting or election at which such vote is to be exercised.**

ARTICLE V MEETINGS OF MEMBERS

Section 5.1. Annual Meetings. An annual meeting of the members of the Corporation shall be held at a time and place to be selected by the Board of Directors, provided that the time and place of such meeting shall be selected with a view to the greatest convenience of a large number of the members. If the Board of Directors shall fail to fix a time and place for such meeting, said meeting shall be held on the 4th day of July at 10:00 o'clock a.m. in the amphitheater at Pinecrest, Tuolumne County, California.

Section 5.2. Special Meetings. Special meetings may be called by the Board of Directors, the President, or by five (5) percent or more of the members.

Section 5.3. Notice of Meetings. Notice of all meetings of the members shall be given in writing and mailed or personally delivered at least two (2) weeks and not more than 90 days in advance of the date of such meeting.

Section 5.4. Quorum. One hundred (100) members, personally or by proxy, shall constitute a quorum at all annual or special meetings of the members.

ARTICLE VI BOARD OF DIRECTORS

Section 6.1. Number of Directors. The Board of Directors of this Corporation shall consist of eleven (11) directors; six (6) directors shall be ~~at large~~ from Class I-**Group 1, one (1) director shall be from Class I-Group 2 and one (1) director shall be from Class I-Group 3**, one (1) director shall be from Class 2, and two (2) directors shall be from Class 3. ~~At least one director shall be elected from those holding cabins fronting on the lake and without road access.~~ In the event a director ceases to be a member, he shall thereupon cease to be a director without action other than a notation of such fact on the minutes of the Board of Directors.

Section 6.2. Term.

a) Directors shall be elected **annually** for staggered terms of three (3) years. The rotation shall be as follows: A) in 1991 ~~[2020]~~, and every ~~three third~~ years thereafter, there shall be four directors elected, two from Class 1-**Group 1, one from Class 2, and one from Class 3**; B) in 1992 ~~[2021]~~, and every ~~three third~~ years thereafter, there shall be four directors elected, all from Class 1; C) in 1993~~[2022]~~, and every ~~three third~~ years thereafter ~~[2020]~~, there shall be three directors elected, two from Class 1 **(one Group 2 and one Group 3)** and one from Class 3.

b) **The newly elected Director(s) will assume office at the next scheduled Regular Board Meeting**

Section 6.3. Vacancies. Vacancies upon the Board of Directors may be filled by the remaining directors for the **remaining** unexpired terms.

Section 6.4. Quorum. Five (5) directors shall constitute a quorum sufficient for the transaction of all business of the Board of Directors.

Section 6.5. Compensation. Directors of the Corporation, as such, shall serve without compensation.

ARTICLE VII POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 7.1. Powers. The activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors. Such general powers shall include but not be limited to the following powers:

a) To appoint, elect, and remove agents, officers, vendors, attorneys, accountants and employees, prescribe their duties and fix their compensation.

b) To call meetings of the members when they deem it necessary, and in any case, within thirty (30) days after the written request therefor of five (5) percent or more of the members of the Corporation.

c) To conduct, manage, and control the business of this Corporation, and to make rules and regulations not in conflict with the laws of the State, the rules and regulations of the Forest Service, or the Articles of Incorporation and Bylaws of this Corporation for the guidance of the officers and members and for the management of the affairs of this Corporation.

d) To authorize all expenditures and incur indebtedness on behalf of the Corporation, to purchase real or personal property, and to contract with individuals, firms, or corporations for work or services, provided, however, that said Board of Directors shall not have power to incur indebtedness or expend funds in excess of the budgeted amount without prior authorization by a vote of the members of the Corporation.

e) To levy dues and assessments to meet budget requirements against the classes and groups of members of this Corporation in equal or unequal amounts with due regard to the benefits and services to be derived by the respective classes or groups.

Section 7.2. Duties. The duties of the Board of Directors shall include but not be limited to the following:

a) To keep in a minute book a record of all the meetings and proceedings of the members, the Board of Directors, and any committees thereof.

b) To distribute to the members at or before the annual meeting a balance sheet as of the end of the latest fiscal year showing the assets and liabilities of the Corporation, and a report of the condition of the Corporation's affairs.

c) To present to the members for review and comment a budget for the next fiscal year **postmarked or electronically submitted at least 45 days prior to the start of the next fiscal year** ~~least sixty (60) days prior to the start of the next fiscal year.~~

The names, addresses, and telephone numbers of all Board members shall be included with the budget draft. The Board of Directors shall include in the budget a contingency amount equal to at least fifteen percent (15%) of the operating budget. The Board of Directors shall not collect this amount as part of the yearly assessment but shall have the authority to borrow to meet contingent occurrences or to assess the membership as needed up to the amount budgeted for contingency.

d) To supervise all officers, agents, and employees and see that their duties are properly performed.

e) To meet at least quarterly and when called by the President.

f) To adopt not later than December 15th a budget of estimated income and expenditures for the ensuing calendar year, to determine the assessment for each member thereof and to cause to be mailed to each member not later than January 1st a notice of the amount assessed against said member for that year. At the meeting called for the purpose of adopting the budget, permittees, by prior written request, may speak regarding the budget under rules set by the Board of Directors.

g) To set the annual assessment for members in Class 4 and to adjust this assessment as needed to provide for road maintenance and snow removal.

h) To name a public accountant for the Corporation's books of account, which shall be audited at least once each year.

i) To designate substitutes from the Board of Directors to sign checks for the Corporation if the President, Vice-President, and Secretary-Treasurer are unavailable.

j) To adopt procedures pursuant to which non-members may receive copies of materials mailed to members upon payment of a reasonable charge to cover the costs thereof.

k) The Board may vote to take actions based on an electronic poll of the Board. Such polls will be documented and presented to the Board at the next scheduled Regular Board Meeting and ratified for the Minutes.

ARTICLE VIII OFFICERS

Section 8.1. President. Subject to such powers, if any, as may be delegated by the Board of Directors to an Executive Committee, the President shall be the chief executive officer and, subject to the control of the Board of Directors, shall have general

supervision and direction of the business and affairs of the Corporation; he shall preside at all meetings of the Board of Directors and at all meetings of the members; he shall generally supervise the business of the Corporation and direct the work of its officers; he shall approve and sign checks for the expenditure of money for the Corporation and shall perform all the duties that devolve upon such office; he shall call meetings of the Board of Directors at his pleasure and he shall be required to call such a meeting within ten (10) days after receipt of written demand of five (5) directors. The President must be a member and director of the Corporation.

Section 8.2. Vice-President. In the absence, incapacity, or unwillingness to act of the President, the Vice-President shall perform the duties of the President, and he shall also perform such other duties as may be prescribed for him by the Board of Directors. The Vice-President must be a member and director of the Corporation.

Section 8.3. Secretary-Treasurer. The Secretary-Treasurer shall, if present, act as Secretary of all meetings of the directors and the members. He shall conduct the correspondence of the Corporation under the direction of the President. He shall keep all records and accounts and collect the assessments and dues, penalties, interest, and other charges of the Corporation. He shall perform all the duties generally required of a Secretary-Treasurer. The Secretary-Treasurer shall submit a written report of the financial affairs of the Corporation at all meetings of the directors. The books of the Secretary-Treasurer shall be open for inspection by any member of the Corporation, the Board of Directors, and the Forest Service of the Stanislaus National Forest at all reasonable times upon reasonable notice. Under the direction of the President, the Secretary-Treasurer shall receive and disburse the funds of the Corporation and he shall have custody of all property, documents, and records of the Corporation. The Secretary-Treasurer must be a member or employee of the Corporation but need not be a Director.

Section 8.4. General Manager. The Board of Directors may from time to time appoint a General Manager with such duties as it may prescribe. The General Manager may but need not be a member of the Corporation. The Board of Directors may delegate to the General Manager the authority to hire, fire, discipline, and direct other employees or agents of the Corporation. **The General Manager cannot obligate the Corporation for amounts over \$25,000 without Board Approval.**

Section 8.5. Compensation. The Board of Directors may provide for the President, **Vice President** and/or the Secretary-Treasurer and/or the General Manager to be compensated for serving as such. ~~No other officer of the Corporation shall be compensated for such services.~~

ARTICLE IX NOMINATIONS

Section 9.1. Nominating Committee. At each annual meeting, the members shall elect a nominating committee composed of five members, to be selected from nominees proposed by the Board of Directors or by any member in writing up to one hundred (100) days prior to the election meeting. The nominating committee elected at one annual meeting shall nominate candidates for directors for the succeeding annual election.

Section 9.2. Other Nominations. Additional nominations for the office of director may be made in writing up to one hundred (100) days prior to the election meeting from by any member. If there are more nominees than vacancies, the persons receiving the highest number of votes shall be elected, provided that at all times at least one director shall be a holder of a permit for a cabin fronting on the lake, and without road access as provided in Section 6.1.

ARTICLE X INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

The Corporation shall, to the maximum extent permitted by the California Corporations Code, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in the connection with any proceeding arising by reason of the fact any such person is or was an agent of the Corporation. For purposes of this Article X, an "agent" of the Corporation includes any person who is or was a director, officer, employee, or other 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.

ARTICLE XI MISCELLANEOUS

Section 11.1. Rules. The then most current edition of "Roberts' Rules of Order" shall be the parliamentary authority for all matters of procedure not specifically covered by these Bylaws.

Section 11.2. Pronouns. Masculine pronouns used in these Bylaws include the feminine and neuter genders, and singular pronouns include the plural.

ARTICLE XII AMENDMENTS

Section 12.1. Vote Required. These Bylaws may be amended or repealed and new bylaws may be adopted by the vote or written assent of a majority of the members entitled to vote or the vote of the majority of a quorum at a meeting duly called for that purpose provided: i) not less than 130 members approve the change; and (ii) at least ninety (90) days' notice of any proposed change has first been given to all members.

Section 12.2. Restriction. Amendments to the Bylaws or the adoption of new bylaws in conflict with the rules and regulations of the Forest Service shall be void.

Section 12.3. Amendments. This document was originally adopted on January 19, 1950 and has been amended May, 1981; July 4, 1987; June 30, 1990 & July 1, 2000 prior to this amendment, July 7, 2007.

END OF BYLAWS

NOTES

MEMBER DRAFT