

**BYLAWS**  
**OF**  
**CHRISTMAS LAKE HOMEOWNERS ASSOCIATION**

(as revised on April 24, 2022)

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**BYLAWS**  
**OF**  
**CHRISTMAS LAKE HOMEOWNERS ASSOCIATION**

**ARTICLE I**

**Offices**

**Section 1. Registered Office.** The registered office of the Christmas Lake Homeowners Association (the “Association”) in the State of Minnesota is as stated in the Articles of Association of the Association (the “Articles”), or other place within the State as the Board of Directors may designate from time to time.

**Section 2. Principal Office.** The principal office of the Association is the residence address on Christmas Lake of the President of the Association, or at such other place as the Board of Directors may designate from time to time. The business of the Association shall be deemed transacted from the principal office and the records of the Association shall be kept there or at another place as the Board of Directors may designate from time to time.

**Section 3. Other Offices.** The Association may have other offices in and outside the State of Minnesota as the Board of Directors may determine.

**ARTICLE II**

**Members**

**Section 1. Members.** The Members of the Association are:

- (a) all households which have an interest in being a member of the Association and which either:
  - (1) own a home or real property on Christmas Lake (each an “Owner Member”), or
  - (2) have a legal right to access Christmas Lake by a recorded easement which runs with the title to their owned property (each an “Associate Member”), or
- (b) any other individuals or households which (i) have an interest in or affinity for Christmas Lake or its surrounding community, (ii) generally support the goals and efforts of the Association, (iii) are not a commercial entity, and (iv) are approved for membership by the Board of Directors (each a “Friend of the Lake Member”), and

which, in each case, pay annual dues in the amount determined by the Board of Directors from time to time. A household owns a home or real property on Christmas Lake if one or more individuals in the household hold a fee simple or life estate interest in the real property. The ownership interest may be held directly, or indirectly such as through a trust or corporation which the individual(s) have the ability to control. “Member,” when used in these Bylaws, includes all Owner Members, Associate Members, and Friend of the Lake Members. The public landing is not considered an easement for the purposes of these Bylaws.

**Section 2. Termination of Membership.** A Member ceases to be a Member when the Member either (1) notifies the Association in writing that they are terminating their membership, or (2) fails to meet the requirements for membership in Article II, Section 1 including without limitation the failure to pay annual dues in the amount determined by the Board of Directors or these Bylaws. Termination of membership does not entitle a former Member to a refund of dues previously paid to the Association.

**Section 3. Record Date.** For the purpose of determining Members entitled to notice of and to vote at any meeting of Members or any adjournment thereof, or in order to make a determination of Members for any other proper purpose, the Board of Directors of the Association may, but need not, fix a date as the record date for any determination of Members, which record date, however, may in no event be more than fifteen (15) days prior to any such intended action or meeting.

**Section 4. Dues.** Owner Members, Associate Members, and Friend of the Lake Members will pay dues in amounts set by the Board of Directors from time to time. On an exceptional basis the Board may allow a Member to pay all or part of their dues in kind or by providing services to the Association.

### **ARTICLE III** **Meetings of Members**

**Section 1. Regular Meeting.** The regular meetings of all the Members of the Association will be held on such date and at such time and place as may be designated by the Board of Directors in the notice of meeting. At each regular meeting the Members will transact such business as may be appropriate for action by Members. The Board of Directors may determine that one or more meetings of the Members be held solely by means of remote communication. This authorization may be general or confined to specific instances.

**Section 2. Special Meetings.** Special meetings of the Members, for any purpose or purposes appropriate for action by Members, may be called by the Board of Directors, or by ten percent (10%) or more of the votes of the Members of the Association. A person or persons entitled to call a special meeting of the Board of Directors may make a written request to the Secretary to call the meeting. The Secretary will give written notice of the meeting in the manner provided below, and the meeting will be held within thirty (30) days but not less than fourteen (14) days after receipt of the request to call a special meeting. If the Secretary fails to give notice of the meeting within three (3) days from the day on which the request was received by the Secretary, the person or persons who requested the special meeting may fix the time and place of meeting, and give notice of the special meeting. The Board of Directors may determine that one or more meetings of the Members be held solely by means of remote communication. This authorization may be general or confined to specific instances.

**Section 3. Notice of Meetings.** Except where a meeting of all Members is an adjourned meeting and the date, time, and place of such meeting were announced at the time of adjournment, notice of all meetings of Members stating the date, time, and place thereof, and any other information required by law or desired by the Board of Directors or by such other person or persons calling the meeting, and in the case of special meetings, the purpose of the meeting, must be given to each Member of record entitled to vote at such meeting not less than fourteen (14) nor more

than sixty (60) days prior to the date of such meeting. Notice of a meeting to be held solely by means of remote communication must include a statement identifying the means by which Members may participate in the meeting.

The notice must include proposed agenda items, but the failure to include an agenda item in the notice will not prevent action from being taken with respect to that item other than amendment to the Articles or Bylaws of the Association. Notice of a meeting at which an amendment to the Articles or Bylaws of the Association will be proposed must contain the substance of the proposed amendment.

Notice must be delivered personally, sent by facsimile communication to a telephone number at which the Member has consented to receive notice, sent by electronic means to an email address or via other electronic means or platforms at which the Member has consented to receive or regularly receives notice, or posted on an electronic network on which Members regularly receive or which the Member has consented to receive notice or by such other means as the Secretary deems fair and reasonable under the circumstances. Notice is effective when given.

Any Member may waive notice of any meeting of Members. Waiver of notice is effective whether given before, at, or after the meeting and whether given orally, in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, except where the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of that item at the meeting.

**Section 4. Quorum.** Twenty percent (20%) of the votes of all Members entitled to vote at a meeting of the Members constitutes a quorum at a meeting of Members for the purpose of taking any action other than adjourning such meeting. If an Associate Member is present at a meeting and has authority to exercise the right to vote the one vote attached to the easement which gives the Associate Member access to the lake (or if several Associate Members who share an easement are present and one or more of them have authority to vote the share for that easement), then the vote for that easement will constitute one vote toward a quorum of Members. If a quorum is not represented at a meeting, the votes of the Members present will constitute a quorum for the sole purpose of adjourning the meeting, and the majority of the votes of the Members so present may adjourn the meeting to a date, time, and place they may announce at the time of adjournment. Any business that might have been transacted at the adjourned meeting if a quorum had been present, may be transacted at the meeting held pursuant to such an adjournment and at which a quorum is represented. If a quorum is present when a duly called or held meeting is convened, and later in the meeting the withdrawal of a number votes of Members entitled to vote leaves less than the number required for a quorum, then no further business may be transacted except that the majority of the votes of the Members present may adjourn the meeting to a date, time, and place for the meeting to continue as they may announce at the time of adjournment.

**Section 5. Voting.** The Members take action by the affirmative vote of a majority of the votes by Members present and entitled to vote on the action except where a different vote is required by law, the Articles, or these Bylaws. Each Owner Member is entitled to one vote. Associate Members with lake access rights over the same easement are entitled, collectively, to

one vote. Associate Members who share lake access rights over the same easement must decide how to exercise their one vote. Proxy voting is not permitted except as specifically provided for Associate Members in Article III, Section 6, and for all Members in Article III, section 8 below. Friend of the Lake Members have no voting rights.

**Section 6. Member of Record.** If more than one Associate Member shares access to the lake over the same easement, in order exercise the vote tied to the easement the Associate Members (or any one of them) sharing the easement must inform the Secretary in writing of the name of the person who has the authority to vote for the easement (the “Associate Member of Record”) and identify the easement by address or name and/or other identifying characteristics. Neither the Secretary nor the Association has any duty to investigate the veracity of the notification and can rely on this notification when counting votes of Members. The Secretary and the Association will consider the notification to be valid until it receives from one or more of the Associate Members sharing the easement written notice changing the Associate Member of Record. If an easement has only one Associate Member, that Associate Member is automatically the Associate Member of Record for the easement. In the event that the Secretary or Association receives conflicting information concerning the Associate Member of Record for any easement the Secretary or the Association may (but is not required to) ask the Associate Members sharing the easement to clarify the conflict. Until the Associate Member of Record is clarified to the reasonable satisfaction of the Secretary the Association may ignore the vote associated with that easement.

If more than one household jointly owns property on Christmas Lake, those households may be Owner Members if they meet the Owner Member requirements in Article II, Section 1, but the property is entitled to only one vote. In order to exercise the vote tied to that property the Owner Members (or any one of them) jointly owning the property must inform the Secretary in writing of the name of the person who has the authority to vote for the property (the “Owner Member of Record”) and identify the property address. Neither the Secretary nor the Association has any duty to investigate the veracity of the notification and can rely on this notification when counting votes of Members. The Secretary and the Association will consider the notification to be valid until it receives from one or more of the Owner Members jointly owning the property written notice changing the Owner Member of Record. In the event that the Secretary or Association receives conflicting information concerning the Owner Member of Record for any property the Secretary or the Association may (but is not required to) ask the Owner Members sharing the easement to clarify the conflict. Until the Owner Member of Record is clarified to the reasonable satisfaction of the Secretary the Association may ignore the vote associated with that property.

**Section 7. Action Without Meeting of Members.** Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting by written action signed by all of the individuals entitled to vote on a question before a meeting of the Members. This written action is effective when signed by all of the individuals entitled to vote on it or at such different effective time as is provided in the written action. For purposes of this Section, an electronic signature satisfies the requirement of a signature so long as the electronic communication containing the electronic signature provides sufficient information from which the Association can reasonably conclude that the communication was actually sent by the purported sender. If a certificate concerning a Member action is to be filed with the Secretary of State, the officer signing the certificate on behalf of the Members must indicate on the certificate that such action was taken

pursuant to Minnesota Statutes Section 317A.445.

**Section 8. Action by Written Ballot.** An action that may be taken at a regular or special meeting of Members, including the election of Directors, may also be taken without a meeting if the Association mails, emails or otherwise delivers to every Owner Member and Associate Member a written ballot describing the proposed actions, providing an opportunity to vote for or against each proposed action, and requiring that the person completing the ballot provide the address of their property on Christmas Lake, or, for Associate Members, the address, name or other identifying characteristics of their easement. Solicitations under this Section must indicate the number of votes necessary to meet quorum requirements, the percentage of approvals necessary to approve each action and the time by which the ballot must be received by the Association to be counted. Approval under this section is valid only if the number of ballots received 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 of which the total number of votes cast was the same as the number of votes cast by ballot. Written ballots may be delivered personally, sent by facsimile communication, sent by email, posted on an electronic network together with a separate notice to the Member of the specific posting, or mailed, first class postage prepaid.

**Section 9. Meeting Solely by Means of Remote Communication.** A regular or special meeting of the Members may be held solely by one or more means of remote communication, including electronic communication, conference telephone, video conference, virtual meeting using the internet, or such other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis, if the same notice is given of the meeting as would be required for a meeting at a designated place, and if the number of votes of Members participating in the meeting is sufficient to constitute a quorum at the meeting. Participation in a meeting in this manner constitutes presence at a meeting. When a meeting is conducted under this Section, reasonable measures must be implemented to ensure each person deemed present and entitled to vote at the meeting (a) is an individual entitled to vote at meetings of the Members under Section 5 of this Article, and (b) has a reasonable opportunity to participate in and vote on matters at the meeting.

**Section 10. Individual Participation in Meetings by Means of Remote Communication.** A Member may participate in a meeting of the Members by any means of remote communication, including conference telephone, electronic communication, video conference, virtual meeting using the internet, or such other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis, through which that Member and other Members so participating and all Members physically present at the meeting may participate with each other during the meeting. Participation in a meeting in this manner constitutes presence at the meeting. When an individual participates in a meeting under this Section, reasonable measures will be implemented to ensure each individual deemed present by remote communication and entitled to vote at the meeting (a) is an individual entitled to vote at meetings of the Members under Section 5 of this Article, and (b) has a reasonable opportunity to participate in and vote on matters at the meeting.

#### **ARTICLE IV**

## **Board of Directors**

**Section 1. General Powers.** The business and affairs of the Association are managed by or under the direction of the Board of Directors. In addition to the powers conferred upon the Board of Directors by these Bylaws, the Board of Directors may exercise all powers of the Association and perform all acts which are not prohibited to it by law, by the Articles or by these Bylaws, all as may be amended.

**Section 2. Number.** The Board of Directors of the Association will be composed of not less than three (3) nor more than eleven (11) Directors, as determined from time to time by the Board of Directors of the Association. No decrease in the number of Directors pursuant to this section may cause the removal of any Director then in office.

**Section 3. Qualifications.** Directors may only be adult natural persons. Directors must be a Member or part of a household which is a Member, and be prepared to demonstrate their willingness to accept responsibility for governance and their availability to participate actively in governance activities. Directors should bring a variety of interests and expertise to the Association and reflect the Christmas Lake community. No vacancy in the number of Directors on the Board of Directors will render any Board action void or voidable. At no time may more than 25 percent of the Directors be Associate Members or Friend of the Lake Members. An individual who is part of a household that is both an Owner Member and an Associate Member will be treated as an Owner Member for purposes of applying this 25 percent limit.

**Section 4. Election of Directors.** Notwithstanding anything in these bylaws to the contrary, Directors are elected by the Members. The election may take place by an action by written ballot. Any Member applying to be a candidate for a seat on the Board of Directors must disclose to the Members any direct or indirect interest or a relationship which would trigger the Conflict of Interest Policy stated in Article X, Sections 1 and 2. If there is one open seat on the Board of Directors, then the candidate receiving the greatest number of votes wins the election. If multiple Board of Director seats are open, then the same number of candidates as there are open seats with the highest number of votes win the open seats. For example, if there are three open seats then the three candidates with the highest vote totals are elected to those seats. A candidate does not need to receive a majority of the votes cast to be elected.

**Section 5. Term of Office.** The Directors are elected to three (3) year terms. Each Director serves until the expiration of their term of office, and thereafter until their successor has been elected or until their death, resignation, removal, or failure to qualify as a Director. The Board of Directors may establish staggered terms for the Directors so that approximately one-third (1/3) of Directors are elected each year. All Directors have equal voting rights.

**Section 6. Appointment of Successor Directors.** Vacancies on the Board of Directors caused by the expiration of a term of office will be filled by a vote of Members as allowed in Article III of these Bylaws.

**Section 7. Vacancy.** Vacancies on the Board of Directors of elected Directors other than those caused by the expiration of term of office may be filled by the appointment of a Director by the remaining Directors of the Association. A Director appointed to fill a vacancy holds office for

the remainder of the unexpired term of their predecessor.

**Section 8. Removal of Directors.** Any Director may be removed, at any time, with or without cause, upon the affirmative vote of a majority of all Directors then in office, excluding the Director proposed for removal.

**Section 9. Resignation.** Any Director may resign at any time by giving written notice of such resignation to the Secretary of the Association. Such resignation will be effective upon delivery, unless a later date is specified in the notice.

**Section 10. Compensation.** Directors may not receive compensation for acting as directors, but Directors may receive reasonable compensation for services rendered in other capacities in furthering the purposes of the Association as set forth in the Articles. The Association may purchase officers' and Directors' liability insurance without obtaining reimbursement of all or any part of the premium without violating these Bylaws.

## **ARTICLE V**

### **Meetings of the Board of Directors**

**Section 1. Place of Meetings.** The Board of Directors may hold its regular and special meetings at such places, within or without this state, as determined by the President or their designee. If no place is determined, the meeting will be held at the Association's principal place of business. The Board of Directors may determine that one or more meetings of the Board of Directors be held solely by means of remote communication. This authorization may be general or confined to specific instances.

**Section 2. Regular Meetings.** The Board of Directors will hold at least one (1) regular meeting each year at such time and place as the Board of Directors, or the President, determines. At each regular meeting, the Board of Directors will conduct such business as may properly come before the meeting.

**Section 3. Special Meetings.** Special meetings of the Board of Directors may be called by: (a) President, or (b) upon written request of any two (2) or more Directors of the Association. A person entitled to call a special meeting of the Board of Directors may make a written request to the Secretary to call the meeting. The Secretary will give written notice of the meeting in the manner provided below, and the meeting will be held between three (3) and fourteen (14) days after receipt of the request to call a special meeting. If the Secretary fails to give notice of the meeting within three (3) days from the day on which the request was received by the Secretary, the person or persons who requested the special meeting may fix the time and place of meeting, and give notice thereof. If no place is identified, the meeting will be held at the Association's principal place of business.

**Section 4. Notice of Meetings.** Not less than ten (10) days' written notice of a regular meeting and not less than three (3) days notice of a special meeting of the Board of Directors, excluding the day of the meeting, will be given to all Directors. Said notice should include proposed agenda items, but the failure to include an agenda item in the notice will not prevent

action from being taken with respect to such item, except that notice of a meeting at which an amendment to the Articles of the Association will be proposed must contain the substance of the proposed amendment. Notice of a meeting to be held solely by means of remote communication must include a statement identifying how the Directors may participate in such meeting.

Notice must be delivered personally, sent by facsimile communication, sent by email, posted on an electronic network together with a separate notice to the Director of the specific posting, mailed, first class, postage prepaid, or by such other means as the Secretary deems fair and reasonable under the circumstances.

Any Director may waive notice of any meeting of the Board of Directors in writing before, at or after a meeting. The attendance of a Director at any meeting constitutes a waiver of notice of such meeting, unless he or she objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of that item at the meeting. The waiver must be filed with the person who has been designated to act as secretary of the meeting, who will enter the waiver upon the records of the meeting.

**Section 5. Quorum and Voting.** The presence of a majority of the members of the Board of Directors constitutes a quorum for the transaction of business at any meeting of the Board of Directors, but the Directors present at any meeting, although less than a quorum, may adjourn the meeting from time to time. If a quorum is present when a duly called or held meeting is convened, but during the meeting the withdrawal of Directors originally present leaves less than the proportion or number otherwise required for a quorum, then no further business may be transacted except that the Directors present may adjourn the meeting to a time, date and place stated at the time of adjournment. At any meeting of the Board of Directors, each voting Director present at the meeting is entitled to cast one (1) vote on any question coming before the meeting. Except as otherwise provided in these Bylaws, a majority vote of the voting Directors present at any meeting is sufficient to transact any business. Proxy voting is not permitted.

**Section 6. Rules of Procedure.** The Board of Directors may adopt or establish rules of procedure for conducting meetings provided such rules are not inconsistent with the Association's Articles of Incorporation, these Bylaws or Minnesota law. In the absence of Board action, the President may establish rules of procedure for conducting meetings provided such rules are not inconsistent with the Association's Articles, these Bylaws or Minnesota law.

**Section 7. Action without Meeting.** An action required or permitted to be taken at a Board Meeting may be taken by written action signed by the number of Directors that would be required to take the same action at a meeting of the Board of Directors at which all Directors were present; provided, however, that a Board of Directors' action requiring Member approval may be taken by written action only if signed by all of the Directors then in office. If any written action is taken by less than all of the Directors entitled to vote, all Directors entitled to vote must be notified immediately of its text and effective date. The failure to provide such notice, however, does not invalidate such written action. A Director who has not signed or consented to the written action has no liability for the action or actions taken thereby. A written action is effective when it is signed by all of the Directors required to take the action unless a different effective time is provided

in the written action. For purposes of this Section, an electronic signature satisfies the requirement of a signature so long as the electronic communication containing the electronic signature sets forth sufficient information from which the Association can reasonably conclude that the communication was actually sent by the purported sender.

**Section 8. Meeting Solely by Means of Remote Communication.** Any meeting among Directors may be conducted solely by one or more means of remote communication, including electronic communication, conference telephone, video conference, virtual meeting using the internet, or such other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis, through which all of the Directors may participate in the meeting, if the same notice is given of the meeting as would be required for a meeting, and if the number of Directors participating in the meeting is sufficient to constitute a quorum at a meeting. Participation in a meeting in this manner constitutes presence at a meeting.

**Section 9. Individual Participation in Meetings by Means of Remote Communication.** A Director may participate in a meeting of the Board of Directors by means of conference telephone, or if authorized by the Board of Directors, by such other means of remote communication including electronic communication, video conference, virtual meeting using the internet, or such other means by which persons not physically present in the same location may communicate with each other on a substantially simultaneous basis, through which that Director and other Directors so participating and all Directors physically present at the meeting may participate with each other during the meeting. Participation in a meeting in this manner constitutes presence at the meeting.

## **ARTICLE VI**

### **Officers**

**Section 1. Number.** The Association will have the following officers: (a) a President; (b) a Secretary; and (c) a Treasurer. They must be natural persons that the Board of Directors elects or appoints from among the members of the Board of Directors. Subject to these Bylaws, the Board of Directors may also elect or appoint one or more additional officers or assistant officers as it may deem convenient or necessary. Except as provided in these Bylaws, the Board of Directors will fix the powers and duties of all officers.

**Section 2. Election and Term of Office.** All officers of the Association will be elected annually by the Board of Directors. Officers of the Association must be Directors of the Association and will hold office at the discretion of the Board of Directors. An officer holds office until their successor has been elected or until his or her prior death, resignation or removal from office as hereinafter provided. An individual may hold more than one office of the Association at the same time.

**Section 3. Removal and Vacancies.** Any officer or agent elected or appointed by the Board of Directors holds office at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the Directors present. Any vacancy in an office of the Association may be filled by action of the

Board of Directors. The removal of any individual as an officer of the Association does not automatically affect the removed individual's employee status with the Association if they were an employee at the time of removal.

**Section 4. President.** Unless provided otherwise by a resolution adopted by the Board of Directors, the President has general active management of the business of the Association, presides at meetings of the Board of Directors, sees that all orders and resolutions of the Board of Directors are carried into effect, signs and delivers in the name of the Association any deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the Association, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles, these Bylaws, or the Board of Directors to some other officer or agent of the Association, may maintain records of and certify proceedings of the Board of Directors, and will perform such other duties as may from time to time be prescribed by the Board of Directors. The President has the general powers and duties generally vested in the office of a Chief Executive Officer of a corporation and has such other powers and will perform such other duties as the Board of Directors may prescribe from time to time.

**Section 5. Treasurer.** Unless provided otherwise by a resolution adopted by the Board of Directors, the Treasurer is the chief financial officer of the Association, keeps accurate financial records for the Association, deposits all moneys, drafts, and checks in the name of and to the credit of the Association in such banks and depositories as the Board of Directors may designate from time to time, endorses for deposit all notes, checks, and drafts received by the Association as ordered by the Board of Directors, disburses Association funds and issues checks and drafts in the name of the Association as ordered by the Board of Directors, renders to the President and the Board of Directors, whenever requested, an account of all such officer's transactions as chief financial officer and of the financial condition of the Association, and performs such other duties as may be prescribed by the Board of Directors or the chief executive officer from time to time. The Board of Directors may delegate the responsibilities of the Treasurer to one or more Members, volunteers, or employees of the Association, provided, however, that such individual(s) are subject to the oversight and control of the Treasurer. The Treasurer at all times retain the ultimate responsibility for the financial affairs of the Association.

**Section 6. Secretary.** The Secretary is responsible for ensuring that all actions and the minutes of all proceedings of the Board of Directors and Members are recorded in a form that is available to the Board of Directors and Members, and is responsible for all documents and records of the Association, except those connected with the office of the Treasurer. He or she will give or cause to be given any required notice of meetings of the Board of Directors and Members, and will perform other duties and have other powers as the Board of Directors may from time to time prescribe.

**Section 7. Other Officers.** The Board of Directors may appoint such Vice President(s), Assistant Secretary(s) or Assistant Treasurer(s) to perform the duties of and exercise the powers of the President, Secretary or Treasurer, respectively in the absence or disability of such officer and may appoint such other officers in its discretion from time to time. Any other officers will hold office at the discretion of the Board of Directors and has powers, perform duties and be responsible to other officers as the Board of Directors may prescribe.

## **ARTICLE VII**

## **Committees**

**Section 1. Committees.** The Board of Directors may establish one or more committees. Committees have the authority of the Board of Directors in the management of the business of the Association to the extent provided in the resolution establishing the committee(s). Committees, however, are at all times be subject to the direction and control of the Board of Directors. Committee members must be natural persons.

**Section 2. Ex Officio Member.** The President of the Association, or a representative appointed by the President, is an *ex officio* member, without voting rights, of each committee of the Association.

**Section 3. Committee Procedures.** The provisions of these Bylaws apply to committees and their members to same extent they apply to the Board of Directors and Directors, excluding, however,, the provisions with respect to meetings and notice of meetings, absent members, written actions and valid acts. Each committee may keep minutes of its proceedings and will report its actions and recommendations to the Board of Directors.

## **ARTICLE VIII**

### **Fiscal Matters**

**Section 1. Accounting Year.** The accounting year of the Association is the calendar year.

**Section 2. Contracts.** The Board of Directors may authorize such officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be either general or confined to specific instances. Contracts and other instruments entered into in the ordinary course of business may be executed by the President or, in the absence of or pursuant to a delegation by the President, by such officer designated to act in the place of or in the absence of the President, without specific Board of Directors authorization.

**Section 3. Loans.** No loans may be contracted on behalf of the Association, and no evidence of indebtedness other than checks, drafts or other orders for payment of money issued in the ordinary course of business may be issued in its name unless authorized by the Board of Directors of the Association. Such authorization and approval may be general or confined to specific instances.

**Section 4. Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money issued in the name of the Association must be signed by such officer or officers, agent or agents of the Association and in such manner as may be determined by resolution of the Board of Directors or by the President or Treasurer upon delegation by the Board of Directors.

**Section 5. Deposits.** All funds of the Association not otherwise employed must be deposited to the credit of the Association in banks, trust companies or other depositories or financial institutions as the Board of Directors or the President or Treasurer upon delegation by

the Board of Directors may select.

**Section 6. Maintenance of Records: Audit.** The Association will keep at its registered office or in a secure electronic format accessible to the Board of Directors correct and complete copies of its Articles and Bylaws, accounting records, any voting agreements, and minutes of meetings of Members, the Board of Directors, and committees having any of the authority of the Board of Directors; all for the last six (6) years. All other records are open to inspection upon the demand of any member of the Board of Directors. The Board of Directors may cause the books and records of account of the Association to be audited by certified public accountant(s), to be selected by the Board of Directors, at such times as it may deem necessary or appropriate.

**Section 7. Corporate Seal.** The Association does not have a corporate seal.

## **ARTICLE IX**

### **Indemnification**

The Association will indemnify its officers, Directors, Members, committee members and employees against judgments, penalties, fines, including without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys' fees, and disbursements incurred by these persons in connection with a proceeding in which they are or are threatened to be made a party by reason of their action on behalf of the Association to the fullest extent permitted under Minnesota law. In order to receive this indemnification, however, a person must: (1) not already be indemnified by another organization in connection to the same proceeding and the same acts or omissions; (2) have acted in good faith with respect to the acts or omissions complained of; (3) have received no improper personal benefit; (4) in the case of a criminal proceeding, have had no reasonable cause to believe their conduct was unlawful; and (5) in the case of a civil proceeding, have reasonably believed that he or she was acting in the best interests of the Association.

## **ARTICLE X**

### **Director Conflict of Interest**

**Section 1. Policy.** It is be the policy of the Association that all officers, Directors, and committee members scrupulously avoid any conflict between their own respective individual interests and the interests of the Association in any and all actions taken by them on behalf of the Association in their representative capacities. Officers, Directors, and committee members will comply with all applicable governmental statutes, ordinances and regulations, including, but not limited to compliance with Minnesota law governing conflicts of interest, Minnesota Statutes Chapter 317A.251, or any successor statute thereto.

**Section 2. Definitions.** The following are considered a "direct or indirect interest or a relationship" which would trigger this Conflict of Interest Policy. As a result, the requirements of Section 3 below must be met if the Association is contemplating a transaction with any of the following:

- a. an officer, Director, or person in a position to exercise substantial influence over the affairs of the Association, or a member of the family of such person (a member of the family is a spouse, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister);
- b. an organization in which an officer, Director or person in a position to exercise substantial influence over the affairs of the Association, or a member of the family of such person, is a Director, officer, or legal representative; or
- c. an organization in which an officer, Director, or person in a position to exercise substantial influence over the affairs of the Association, or a member of the family of such person, has a material financial interest.

**Section 3. Procedures.** The Association may enter into a transaction involving a Conflict of Interest *if any of the following are true:*

- a. **Fairness and Reasonableness:** The contract or transaction was fair and reasonable to the Association. Whether a contract or transaction is fair and reasonable to the Association will be determined by looking to the time the contract or transaction was authorized, approved or ratified. The party asserting the validity of the contract or transaction has the burden of establishing the contract or transaction's fairness and reasonableness to the Association.
- b. **Disclosure of Material Facts to Board:** The material facts about both the contract or transaction and a Director's interest in the contract or transaction are either fully disclosed or known to the Board of Directors. In such cases, the contract or transaction must be authorized, ratified, or approved in good faith by a majority of the Board of Directors. The vote of any interested Director does not count for purpose of determining what constitutes a majority vote, and the presence of any interested Director at a meeting at which such a vote is taken does not count in determining the presence of a quorum.

If this Section 3 is satisfied, a Director of the Association may be a party to the contract or transaction and may be present at the meeting at which the contract or transaction was authorized, approved, or ratified, but may not vote on approving such transaction.

**Section 4. Compensation.** A member of the Board of Directors whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation. When establishing the compensation of any officer, Director or other individual in a position to exercise substantial influence over the affairs of Association, the Board must approve such compensation in advance of its payment, obtain and rely on appropriate data as to comparability (such as compensation surveys) prior to making its decision, document in writing the date and terms of the approved compensation arrangement, record in writing the decision made by each individual Director who voted on the compensation arrangement, and document the basis for its decision.

**Section 5. Publication of Policy.** A copy of this policy should be furnished to each officer, Director, or committee member who is presently serving the Association or who may hereafter

become associated with the Association. This policy shall be called to the attention of the Board of Directors at least annually at a regular meeting thereof, and this action then recorded in the minutes of the meeting. In addition, at the beginning of every meeting of the Board of Directors any Director present who has a direct or indirect interest or a relationship which would trigger the Conflict of Interest Policy as stated in Article X, Sections 1 and 2 above must disclose that conflict to the other directors, unless the Director has previously disclosed the conflict to the Board of Directors and that disclosure is part of the minutes of a Board of Director meeting.

**ARTICLE XI**

**Amendments**

The Association's Articles and Bylaws may be altered, amended or restated by the Board of Directors to omit or include any provision which could be lawfully omitted or included at the time of the amendment, provided that the Members of the Association must approve all such amendment(s) before the same become effective except that the Board of Directors may amend the Articles to change the Association's registered address without Member approval.

**CERTIFICATION**

The undersigned, as Secretary of Christmas Lake Homeowners Association, a Minnesota nonprofit Association, hereby certifies that the foregoing Bylaws of the Association were adopted by the Board of Directors on the 24<sup>th</sup> day of April, 2022.

  
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Joe Shneider, Secretary