

BY-LAWS OF THE HIGHLANDS COUNTRY CLUB  
AMENDMENTS AND ERRATA INCORPORATED

PRINCIPAL OFFICE

1.1 Location. The principal office for the transaction of business of the corporation is fixed and located at 110 Hiller Drive, in the City of Oakland, County of Alameda, State of California.

MEMBERSHIP

2.1 Classes. The membership of the Club shall consist of Founder Members, Charter Members, and Associate Charter Members. The term "Proprietary Member" as used in these By-Laws shall refer to Founder and Charter Members.

2.2 Founder Members. A Founder Membership in the Club is reserved for the owner of each single family dwelling unit in Hiller Highlands (Tract 2765, City of Oakland). There is no membership initiation fee for such owner if the owner joins Highlands Country Club within ninety (90) days after close of escrow. Any purchaser of a home in Hiller Highlands who does not join Highlands Country Club within ninety days after close of escrow will be charged a membership fee upon joining the Club. The fee shall be determined from time to time by the Board of Directors. Any Founder-Member who has dropped membership and wished to reinstate at a later date shall be required to pay the lesser of the membership or back dues from the date he/she dropped membership.

2.3 Charter Members. 200 Charter memberships are reserved for the general public. Charter memberships are transferable. They are voting, proprietary memberships. No Charter membership shall be sold if by such action the ratio of Charter memberships to Founder memberships would exceed eighty (80%) percent.

2.4 Associate Charter Members. Associate Charter memberships are temporary, non-voting memberships. The number of Associated Charter memberships, the period of duration of such memberships, the initiation fee, and the renewal of membership fees shall be set by the Board of Directors. No Associate Charter membership shall be terminated prior to renewal time for other than disciplinary reasons. No initiation fee or renewal fee of an Associate Charter membership shall be refunded; except as provided in Sec. 2.9 and 2.10.

2.5 Eligibility for Members. All owners of single family dwellings in Hiller Highlands (Tract 2765) are eligible for Founder membership, consistent with Sec. 2.2 of these By-Laws. Eligibility of applicants for Charter membership and Associate Charter membership shall be determined by a 10-member Membership committee to be appointed by the Board of Directors. The Membership committee shall consist of six and four Charter members. The affirmative vote of seven members of the Committee shall be necessary to elect a Member, and that decision shall be final unless overruled by the Board of Directors. The Board of Directors may prescribe from time to time, procedures and policies regarding membership not inconsistent with these By-Laws.

2.6 Evidence of Members. Membership shall be evidenced by recording the member's name, address, and date of membership in the Club's membership book, and also by the issuance of a membership certificate to such member. Such certificates shall state that the Highlands Country Club is a non-profit corporation, and that membership may not be transferred except according to these by-laws and after approval by the Club. Upon transfer of a membership, the Club shall issue a new certificate of membership upon receipt of the former member's certificate for cancellation.

2.7 Transfer of Members. Transfer of memberships shall not be permitted except as follows: The member shall endorse and deliver his membership certificate to the Secretary of the Club, together with a request that his membership be transferred, and a membership application completed by the proposed transferee. Upon approval by the Membership Committee of the proposed transferee (or, in the case of Founder memberships, upon verification by the Club that the prospective transferee has become the owner of a dwelling unit within Hiller Highlands), the Secretary shall enter the transfer in the membership book, cancel the transferor's certificate, and

issue a new certificate to the transferee. Transfer of Associated Charter memberships shall be limited to immediate family members only. Any transfer fees shall be set by the Board of Directors.

2.8 **Resignation of Members.** Members of any class may resign at any time, by indicating their intention in writing to the Board of Directors. However, no resignation shall be accepted or take effect until all indebtedness to the Club shall have been paid by the resigning Member. All interest in and to the property and privileges of the Club of such resigning Member shall cease and revert to the Club, and such resignation shall operate as a release and assignment to the Club of the right, title and interest of such Member in and to the property, assets and privileges of the Club.

2.9 **Discipline.** The Board of Directors shall have authority to limit or prohibit any activity which in their judgement is not in the best interest of the Club. Every member of the Club is charged with knowledge of the rules of the Club. A member shall be charged with the cost of replacing or repairing any damage to Club property caused by him or his guest. Violation of these By-Laws or Rules of Club shall be cause for suspension or the Member's privileges, or loss of membership consistent with due process rights of the Members. All disciplinary matters shall be submitted to the Membership Committee for their review and recommendation. Such recommendation shall be reviewed by the Board of Directors. All disciplinary action shall be a majority vote of all Members of the Membership Committee and of the Board of Directors. Any Member subject to disciplinary action as a result of the recommendation of the Membership Committee and subsequent decision of the Board of Directors shall be afforded the opportunity for independent review by three Members selected from a Disciplinary Appeal Committee. This Committee shall be appointed by the Board of Directors for this purpose each year and composed of six past Directors of the Club. The Appeal Committee vote shall be by a simple majority. The Appeal Committee function shall be only to confirm or reject the recommendation of the Board of Directors, after reviewing all relevant matters pertaining to the circumstances surrounding the alleged infraction. In case of dismissal of a Club Member, the Board of Directors only shall have the authority and discretion whether to remit any portion of Membership Fees to the dismissed Member.

2.10 **Conversion.** If found eligible by the Membership Committee, an Associate Membership may be converted into a Charter membership if there is a vacancy in the latter class of membership. The Board of Directors may allow the value of the unexpired period of the Associate Charter membership to be applied against the cost of the Charter membership or as a dues credit, upon the recommendation of the Club Manager.

## MEETINGS OF MEMBERS

3.1 **Annual Meetings.** The annual meeting of members shall be held at 10 a.m. at the Clubhouse, 110 Hiller Drive, Oakland, California, on fourth Saturday in January of each year. At the annual meeting, Directors shall be elected, reports of the officers of the Club shall be considered and any other business may be transacted that is within the powers of the Members. Notice of annual meetings is expressly dispensed with. At each annual meeting, the Board of Directors shall submit a budget illustrating projected income and projected expenditures (both capital and operating) for the next succeeding fiscal year. A proposed budget shall be submitted to the Members in advance of the annual meeting to be provided as a part of the notice of meeting (if any) or to be mailed with the monthly billing of dues mailed to Members immediately prior to the annual meeting. A budget for the next succeeding fiscal year shall be adopted by vote of the Members at the annual meeting.

3.2 **Special Meetings.** Special meetings of the Members, for any purposes whatsoever, may be called at any time by the President, by the Board of Directors, or by Members holding not less than 10% of the voting power.

3.3 **Notice of Special Meetings.** On request in writing to the President or Secretary, sent by certified mail or delivered to the officer in person, by any persons entitled to call a special meeting of Members, the officer forthwith shall give notice to the Members entitled to vote that a meeting will be held at a time, fixed by the officer, not less than ten nor more than thirty days after the receipt of the request. The purpose of the meetings and matters may be considered at the meeting shall be specified in the notice. Notice shall be delivered personally or shall be deposited in the mail, at least ten days prior to the date of the meeting. In case of a meeting called to consider a plan of merger or consolidation, the notice period shall be twenty days.

3.4 Place of Meetings. All meetings of the Members shall be held at the Clubhouse.

3.5 Adjourned Meetings. Any Member's meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present at the meeting.

3.6 Notice of Adjourned Meetings. Notice of each such adjourned meeting shall be given in like manner as provided for special meetings, except that the time thereof may be shortened from ten to five days.

3.7 Voting. Each Founder Membership and each Charter membership shall be entitled to one Yote. Associate Charter Members shall not be entitled to vote, or to notice of meetings, but they may attend such meeting at their option. The vote at any Member's meeting may be by voice; provided, that all elections for Directors must be by ballot on demand made by a Member at any election before the voting begins. The Board of Directors may a time not exceeding thirty days preceding the date of any meeting of Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting and in such case only Members of record on the date so fixed shall be entitled to notice of and to vote at any such meeting. In the event no such record date is fixed by the Board of Directors, the record date for the determination of Members entitled to notice of an to Yote at any such meeting shall be the twentieth day preceding the date of such meeting, as of 8 a.m. of such day.

3.8 Absentee Voting. Every member entitled to vote may request in writing not less than five days in advance of a meeting of Members, an absentee ballot on which shall be listed the names of the nominees for the Board of Directors. This ballot must be picked up by the requesting Member. To be valid, such absentee ballot must be returned by certified mail or delivered in person to the officer calling the meeting not later than 24 hours prior to the date and time set for the meeting. If mailed by certified mail, delivery shall be presumed timely if postmarked not later than 48 hours prior to the date and time set for the meeting. The envelope in which the absentee ballot is returned shall be duly signed by the Member so voting. Any member submitting an absentee ballot under the terms of this Section shall not be permitted to vote in any other matter on any issue for which the absentee ballot was submitted.

3.9 Proxies. There shall be no voting by proxy.

3.10 **Quorum.** Members representing 15% of the voting power of this corporation present in person shall be requisite to and shall constitute a quorum at all meetings of Members. The present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

3.11 Action Without Meeting. Any action that, under any provision of the General Non-Profit Corporation Law of California, may be taken at a meeting of the Members, except approval of any agreement for merger or consolidation of the corporation with other corporations, may be taken without a meeting if authorized in a writing signed by all of the persons who would be entitled to vote upon such an action at a meeting, and filed with the Secretary of the Club.

## DIRECTORS

4.1 Powers. Subject to the limitations of the Articles of Incorporation, of these By-Laws, and of the General Non-Profit Corporation Law of California as to action that must be authorized or approved by the Members, and subject also to the Declaration of Covenants, Conditions and Restrictions -- Hiller Highlands Recreational Area (Alameda County Recorder's Series No. AY-86411), all corporate powers shall be exercised by or under authority of, and the business and affairs of the Club shall be controlled by, the Board of Directors. Notwithstanding the foregoing, the Board of Directors shall not incur any obligation on behalf of the Club or make any proposed

disbursement of \$32,000 (to be indexed annually by the Consumer Price Index as given by the Bureau of Labor Statistics 112000) or more for a single purpose other than current operating expenses without prior approval of the membership (as given in the budget for the fiscal year in which the obligation is to be incurred or disbursement made or by special meeting of the Members called for such purpose).

4.2 Number of Directors. The authorized number of Directors is as provided in the Articles of Incorporation, and may be changed only by amendment of the Articles.

4.3 Qualifications. All Directors must be proprietary Members of the Club. No Club employee may be a Director.

4.4 Election and Term of Office. The Directors shall be elected at each annual Member's meeting. But if the annual meeting is not held, or if the Directors are not elected the Directors may be elected at any special meeting of Members held for that purpose. The term of office of each Director shall be until the annual meeting of Members and the election of successor. (Any proprietary member may intention to seek election to the Board of Directors by submitting a written notification Club Secretary, no later than December 15th preceding the Annual Meeting.) This action shall cause the individual to be a Nominee. He/she may submit biographical data which shall be disseminated to the voting members as prescribed by the Board of Directors. Other nominations may be made from the floor at the Annual Meeting. A minimum of one Founder and one Charter member shall be elected to serve on the Board of Directors at all times. Beginning in March, 1982, all members of the Board of Directors shall be limited to serving three consecutive terms and shall be eligible for re-election or re-appointment to the Board of Directors after a lapse of one complete year.

4.5 Vacancies. Any vacancy occurring on the Board of Directors may be by a vote of the majority of the remaining Directors. A Director so chosen shall serve until the next meeting designated for the election of Directors and the election of his successor. At that time, if there is one year remaining in the term, a Director shall be elected to complete the remaining one year. The Members may elect a Director at any time to fill a vacancy not filled by the Directors.

4.6 Committees. The Board of Directors is empowered to appoint such committees as it deems appropriate for the successful operation and benefit of the Club. Committees shall serve at the pleasure of the Board of Directors and will report directly to the Board through their respective chairmen. The duties of each committee shall be prescribed by the Board of Directors. Beginning in March 1982, no individual shall serve as a chairman on any committee for more than three successive years, nor may his/her spouse immediately succeed him after that period. After an absence from chairmanship of a committee for one full year, any Member may again serve as chairman of a committee for another period of three successive years.

4.7 Club Manager. The Board of Directors may employ a Club Manager, who may be delegated authority to exercise general operation of the Club under Direction of the Board of Directors, and may employ and dismiss employees under his supervision, except that no Assistant Manager shall be employed or dismissed without consent of the Board of Directors.

4.8 Compensation. Directors shall not receive any salary or compensation for services as a Director of the Corporation. No Director may be an employee of the Club.

4.9 Indemnity of Directors and Officers. The Board of Directors is empowered to pass a resolution by a majority vote of its Members setting forth the conditions under which the Corporation will indemnify the Directors, officers, employees and agents against liability incurred in the scope or their duties.

## MEETING OF DIRECTORS

5.1 Call. Special meetings may be called at any time by the President, or if he is absent or unable or refuses to act, by the Vice-President, or by any two Directors.

5.2 Annual Meeting. Without call or notice other than this By-Law, the Board of Directors shall hold its annual meeting immediately following each annual meeting of the Members.

5.3 Place of Meeting. The annual meeting of the Director shall be held at the Clubhouse. Special meetings may be held at the Clubhouse, or at any place within the County of Alameda designated in the notice of the meeting.

5.4 Notice. Notice of the annual meeting is dispensed with. Written notice of the time and place of special meeting shall be delivered personally to each Director, or sent to each Director by mail or telegram at least two days before the meeting. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if that time and place are at the meeting adjourned.

5.5 Waiver of Notice. The Transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as though held at a meeting duly held after regular call and notice, if "a quorum is present and if either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be with the corporate or made a part of the minutes of the meeting.

5.6 Quorum. A majority of the authorized number of Directors constitutes a quorum of the Board for the transaction of business.

5.7 Voting. Each Director shall have one vote. other than Directors shall not have the power to

5.8 Adjournment. In the absence of a quorum, a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjournment meeting" of a meeting need not be given to absent Directors if the time and place are at the meeting adjourned. "

5.9. Action without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of the General Corporation Law may be taken without a meeting. If all members of the Board shall individually or collectively consent in writing to such action, and such written consent is filed with the minutes of the proceedings of the Board.

5.10. Meetings. All meetings of the Board of Directors shall be open to Members of the Club. Notice of the time and place of all special meetings of the Board shall be posted conspicuously in the Clubhouse. Attendance of Members at Board meetings under the terms hereof shall not be deemed to vest Members with any right to vote at meetings of the Board of Directors. In addition, the Board of Directors shall be expressly authorized to conduct executive sessions for the following purposes: "To consider the appointment, employment, or dismissal of an employee of the Club and/or to hear complaints and charges against such employee, to consider matters affecting employees's salaries and fringe in general; to consider all matters between the Club and its attorney within the confines of the attorney-client privilege. "

## OFFICERS

6.1 Designation of Officers: The of the Club shall be a President, a Vice-President, a Secretary and a Treasurer. The Club may also have, at the discretion of the Board of Directors, one or more additional Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. other than the President need not be directors.

6.2 Election. The of the Club shall be elected by the Board of Directors. Each officer shall hold his until he shall resign, or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

6.3 Removal and Resignation. Any officer may be removed, either with or without cause by a majority of

the Directors at any regular or special meeting of the Board.

6.4 **Vacancies.** A vacancy in any office for any cause, shall be filled in the manner provided or authorized herein for regular elections or appointments to such office.

6.5 **President.** The President shall be the Chief Executive Officer of the Club and shall, subject to control of the Board of Directors, have general supervision, direction and control of the affairs and of the other officers of the Corporation. He shall preside at all meetings of the Members and at all meetings of the Board of Directors and shall have the general powers and duties of management usually vested in the office of President of a corporation, plus such other powers and duties as may be prescribed by the Board of Directors and the By-Laws.

6.6 **Vice-President.** In the absence or disability of the President, the Vice-President, or if more than one, in order of their rank as fixed by the Board of Directors, shall perform all the duties of the President, and when so acting, shall have all powers of, and be subject to all the restrictions upon the President. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the By-Laws.

6.7 **Secretary.** The Secretary shall or cause to be kept a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Members, with the time and place of the notice thereof given, the names of those present at all Members' meetings, and all proceedings thereof. The Secretary shall give or cause to be given notice of all meetings of the Members and of the Board of Directors required by the By-Laws, or required bylaw, to be given, shall keep the seal of the Corporation. The Secretary shall maintain a membership book containing the name and address of each Member, the date when he became a member, and the date upon which his membership ceased, if applicable. The Secretary shall also have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws. Portions of the Secretary's duties may be assigned to an Assistant Secretary or Corporation employees.

6.8 **Treasurer.** The Treasurer shall keep and maintain adequate and correct accounts of the properties and transactions of the Club, including accounts of its assets, liabilities, receipts, disbursement, gains and losses. He shall deposit or cause to be deposited all monies and other valuables in the name to and the credit of the Club with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Club as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all his transactions as Treasurer and of the financial condition of the Corporation, shall render at such annual meeting a report to the Members of the financial condition of the Club and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

## INITIATION FEES AND DUES

7.1 **Initiation Fees.** The initiation fees for the classes of membership shall be fixed from time to time by the Board of Directors, subject to the approval of any governmental agency having jurisdiction over such matters.

7.2 **Dues.** The dues for each class of Membership shall be fixed from time to time by the Board of Directors.

7.3 **Payment.** All initiation fees shall be due and payable upon notice of qualifications for Club membership. Dues and all other indebtedness incurred by the Member, shall be billed monthly, and shall become delinquent on the twentieth day of the month in which the bill is mailed. If any such delinquent account is not paid in full prior to the next monthly billing, ten percent (10%) shall be added to the account, the name of the Member shall be posted as being delinquent, and the Member shall not be permitted to incur any further debt to the Club or use its facilities until his delinquency is paid.

7.4 **Enforcement of Delinquent Dues and/or Initiation Fees.** The Board of Directors shall take whatever legal action is appropriate under the laws of the State of California to collect all delinquent monies owned to the Corporation by Members.

AMENDMENT OF BY-LAWS

8.1 **Amendment.** These By-Laws may be amended by the affirmative vote of 2/3 of the membership present at a special meeting of Members called for the purpose or at the annual meeting of Members. Any proposed change in the By-Laws shall be published in the Club Bulletin at least 15 days prior to the voting on such change, or in lieu thereof, a letter shall be sent to each Club Member 10 days prior to voting on such change, publishing any proposed change(s) in the By-Laws.

8.2 **Restrictions on Amendment.** No amendment of the By-Laws shall affect the right of each owner of a single family dwelling in Hiller Highlands to become a voting, proprietary Member of the Club, unless such amendment, is consistent with the Corporation By-Laws, Articles of Incorporation, and Covenants, Conditions and Restrictions.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected Secretary of the Highland Country Club, a non-profit Corporation;
2. That the foregoing By-Laws, comprising nine pages, constitute the By-Laws of said corporation, as originally adopted by meeting of the Board of Directors thereof duly held on March. 11, 1968, and amended at subsequent times by the Board of Directors, and in its entirety by the Membership held for that purpose on November 5, 1983.

IN WITNESS WHEREOF, I have hereunto subscribed my name and the seal of said Corporation.

*Is/* Richard H. Gatley, III