

# **PONDEROSA COMMUNITY CLUB, INC. BYLAWS**

**Approved May 23, 2015**

## **1. MEMBERSHIP**

1.1 Definition of Member. A member is the individual(s), family group(s), or entity(s) described as an owner(s)/grantee(s) on deed(s) to land within the boundaries of Ponderosa Community Club, Inc., and as such immediately becomes subject to all rights, privileges and obligations of membership as set forth in these Bylaws, the Operating Procedures and all rules and regulations adopted by the Ponderosa Community Club, Inc., and/or the Board of Trustees.

1.1.1 Obtaining Membership. Membership in the Ponderosa Community Club, Inc., is obtained upon acquisition of ownership of one or more platted lots within the boundaries of Ponderosa Community Club, Inc., and may not be separated from ownership of any lot.

1.1.2 “Ponderosa Community Club, Inc.,” and “Ponderosa Estates” means platted and unplatted land described in the original Plats of Primitive Park recorded with the Chelan County Auditor, plus additions of Divisions thereto, being either privately held or held by the Ponderosa Community Club, Inc.

1.2 Definition of Corporation. The Corporation is Ponderosa Community Club, Inc., a nonprofit corporation and homeowners association governed by a Board of Trustees and responsible for the operation and management of Ponderosa Community Club.

1.3 Definition of a Lot. Lot shall mean any legal lot depicted on the face of the original plats of Primitive Park recorded with the Chelan County Auditor, plus additions and divisions thereto, but excluding all common areas, greenbelts, roads, or other land and improvements that are owned by the Corporation or dedicated to the public. No lot shall be further subdivided.

1.4 Limitations on Membership. Ownership of lots within the boundaries of Ponderosa Community Club, Inc., may not be used or manipulated in any manner in order to provide any person or entity who is not residing on the lot within the boundaries of the Ponderosa Community Club, Inc., access to or use of Ponderosa Community Club roads, facilities, services, or voting rights. Combining or subdividing any lots, or timesharing may not be used for the purpose of providing unauthorized persons or entities who would not otherwise qualify for membership, access to the Corporation’s property, roads, facilities, services, voting rights, or to modify a member’s obligation to pay assessments on a per lot basis.

1.45 Limitations on Use of Common Areas. Use of Ponderosa common areas, facilities, and services, is limited to owners, their families, social guests, and long term tenants who reside upon a lot. Short term tenants are any persons who reside upon a member’s lot for less than ten (10) days in exchange for money, goods, or services.

1.5 Member Voting Rights. Members shall be entitled to one vote regardless of the total number of lots owned within the Ponderosa. No more than one vote may be cast per lot. Voting rights may be suspended for members who are not in good standing.

1.6 Member in Good Standing. A member in good standing is one who has no delinquent maintenance and operations dues, special assessments, fees, or monetary penalties owing to the Corporation, and is not in violation of WATER Section 20.

1.7 Delinquent Member. A delinquent member is one who is more than sixty (60) days in arrears on any maintenance and operations dues, special assessments, fees, or monetary penalties of the Corporation, including delinquencies resulting from failure to notify the Association Manager of any change in ownership, and/or is in violation of WATER Section 20. All rights and privileges of the member are immediately suspended during the delinquency, while all responsibilities of the member for conduct and additional maintenance and operations dues, special assessments, fees and penalties remain in effect. The Board has the option to restore certain rights and privileges as described in "Delinquent Accounts" Section of the Operating Procedures, at its sole discretion, if satisfactory arrangements for payment have been made.

## **2. BOARD OF TRUSTEES**

2.1 Number of Trustees. The Ponderosa Community Club, Inc., shall be governed by a board of five (5) individuals, hereinafter called Trustees, as provided in the Articles of Incorporation, each of whom shall be a member in good standing, and each of whom has been elected or appointed as prescribed in these Bylaws. Only one owner of any lot and only one member of any family may serve at any given time on the Board of Trustees. A family is that group of persons related by blood, marriage, registered domestic partnership, or adoption.

2.2 Trustee's Responsibilities. The Board of Trustees shall be responsible for the maintenance, operation, preservation, repair, improvement, and/or replacement of the Corporation's property, including but not limited to the establishment and collection of dues, assessments, special assessments, fees, and liens; the prosecution and defense of Corporation legal matters; and the expenditure of funds related to these responsibilities.

2.3 Rules & Regulations. The Board of Trustees shall establish Operating Procedures, and any other reasonable rules and regulations, or policies and procedures which it deems necessary for the peace, comfort, health, safety and general welfare of the Corporation and its membership.

## **3. BONDING AND INSURANCE**

3.1 Property and Commercial General Liability Insurance. The Corporation using funds from the Maintenance and Operations Fund, and subject to such reasonable deductible as the Board may determine, shall purchase all risk or special cause of loss insurance coverage for the common areas insuring against loss or damage by fire or other hazards in an amount sufficient to cover at a minimum the full replacement value in the event of damage or destruction. The Board shall also obtain commercial general liability

insurance to insure the Board, Ponderosa, and any employees against any claim for property damage, bodily injury, and death of persons arising out of the operation, maintenance, and use of the common areas, host liquor liability, employer's liability insurance, automobile liability insurance, and such other risks customarily covered with respect to a homeowners association of similar size and location. The limits of liability shall be determined by the Board. Only the Board, or the Association Manager on behalf of the Board, is authorized to file claims under any Ponderosa insurance policy.

3.2 Fidelity Insurance. The Board shall obtain fidelity insurance coverage to protect against dishonest acts on the part of officers, trustees, employees, and all other persons who handle money or who are responsible for handling funds of the Corporation including volunteers and any others who serve without compensation. The Corporation shall be named as an obligee, and the coverage shall be not less than the estimated maximum of funds, including reserve funds, in the custody of the Corporation at any time during the term of the policy. The policy shall contain waivers of any defense for an exclusion applicable to persons who serve without compensation and who may not be considered an "employee" of the Corporation.

3.3 Other Insurance. The Board may obtain insurance to cover the Board from any other claims brought against them arising out of their action taken in furtherance of the Corporation's duties under these Bylaws such as E&O insurance coverage, any other reasonably available insurance it deems necessary for the operation of the Corporation.

3.4 Performance Bonds. The requirement of bonding for any contractor, and the amount of the bond, if required, shall be determined by the Board of Trustees, commensurate with the financial exposure to the Corporation.

#### **4. ELECTION/APPOINTMENT OF TRUSTEES**

4.1 Election Meeting. The election of Trustees shall be held at the Member's Annual Meeting, or at a special member's meeting called for that purpose.

4.2 Election Notice. The Notice of the Member's Annual Meeting shall contain a brief, unedited statement by each candidate and a ballot form containing the names of the candidates and spaces for at least two (2) write-in candidates. The Notice shall be posted at the Ponderosa Clubhouse and/or adjacent office building, and delivered with the Notice of Member's Annual Meeting in accordance with the meeting notice provisions of Section 9.5.

4.3 Trustee Position Vacancy. If a Trustee position becomes vacant before that Trustee's term of office expires, the Board of Trustees shall appoint, by a vote of a majority of the Trustees, a replacement Trustee to serve until the term of office expires.

#### **5. TERM OF OFFICE**

5.1 Term of Office. Each Trustee shall serve a term of three (3) years, unless that Trustee is filling a vacant position prior to the expiration of a vacant member's term, then only until the term of office for that position expires. Staggered terms shall be used

which will ensure that no more than two (2) terms of office will expire during any given year.

5.2 Unequal Terms. If positions are being filled for two or more Trustee positions of unequal terms, the nominee receiving the highest number of votes shall receive the position with the longest term of office.

## **6. REMOVAL OF A TRUSTEE**

6.1 Meeting Attendance and Automatic Resignations. Any Trustee who becomes a delinquent member or any Trustee who is absent from more than three (3) Board of Trustee meetings within a calendar year shall be considered to have tendered his/her resignation and shall be removed from office immediately and replaced by the Board of Trustees. Attendance is defined as being physically present at the meeting. A Board member may request an "excused absence". If this is approved by a majority of the Board, then the absence would not be counted as part of the three (3) allowed absences in a calendar year. For Board of Trustee Special Business Meetings or Executive Sessions only, being physically present at a meeting shall include participation by means of communications equipment by which all persons participating in the meeting can hear each other during the meeting, and shall constitute presences in person at the meeting.

6.2 Involuntary Removal of a Trustee. A Trustee may be involuntarily removed from office by a two-thirds (2/3) majority of the mailed-in or hand-carried paper ballots cast at a Board meeting or Special Members Meeting in which a discussion of his/her removal is on the agenda. See Section 11 VOTING for requirements.

## **7. OFFICERS**

7.1 Election of Officers. The Board of Trustees shall elect among them the following officers, who shall serve at the pleasure of the Board of Trustees.

7.1.1 President. The President's duties and powers shall be to direct the affairs of the Corporation as required by these Bylaws; to prepare the agenda and preside over all meetings of the Board of Trustees and of the members; to appoint committees necessary to the conduct the business of the Corporation; and to perform such other duties as may be assigned by the Board of Trustees. The President is responsible for all documents signed on behalf of the Corporation and may, with Board approval, bind the Corporation to contracts and other legally binding instruments. The President may delegate the signing of documents to the Association Manager or another Trustee. The President shall have the authority to empower any committees of one or more directors or members deemed necessary for the Corporation, but the appointment of any committee shall not relieve the President or the Board of its ultimate responsibility for the administration and management of the Corporation.

7.1.2 Vice-President. The Vice-President's duties and powers shall be to assume the President's duties and powers in the absence or disability of the President; to manage and be responsible for the timely performance of committees delegated by the President and to perform such other duties as may be assigned by the President. The

Vice-President shall review and approve the annual budget for the Social Committee and shall serve as the Board liaison for the Elections Committee.

7.1.3 Secretary. The Secretary's duties and powers shall be to create and preserve the Minutes of all meetings of the Board of Trustees, except Executive Sessions, and of all meetings of the members; to require, obtain, and preserve the Minutes of all committee meetings; to ensure a website is maintained and kept current; and to perform such other duties as may be assigned by the President.

7.1.4 Treasurer. The Treasurer's duties and powers shall be to ensure that a full and accurate accounting is maintained of all receipts and disbursements of the Corporation; that the books of the Corporation are maintained subject to generally acceptable accounting practices; that processes are in place and in practice to maintain the books and supporting documentation; to present financial reports as often as shall be required by the Board of Trustees; to verify that all state and federal taxes are paid on time; to ensure current and accurate lists of authorized signatories on accounts are maintained, including when Board Members enter or leave office; and to perform such other duties as may be assigned by the President.

The Treasurer shall serve as a secondary signatory for the Corporation and may, with Board approval, bind the Corporation to contracts and other legally binding instruments. The Treasurer may delegate the signing of documents to the Association Manager.

7.1.5 Director of Operations. The Director of Operation's duties and powers shall be to ensure comprehensive operational procedures are in place and are in practice to protect and maintain the Corporation's physical assets, including oversight of the maintenance, preservation and/or replacement of the Corporation's property, as needed; receive and review a monthly report of activities from the Association Manager; review and approve the annual budgets for the Buildings & Grounds Committee and for the Watershed Committee; and perform such other duties as may be assigned by the President. The Director of Operations oversees the Association Manager with regard to daily operations.

## **8. ASSOCIATION MANAGER**

8.1 Employment and Release. The Board of Trustees, by a simple majority vote of the entire Board, shall be responsible for the employment of an Association Manager. The Board of Trustees with an affirmative vote of seventy-five percent (75%) of the Board shall have the authority to terminate the Association Manager, provided that written notice has been given to the Association Manager prior to the vote.

8.2 Responsibilities/Accountability. The Association Manager's duties and powers shall be to manage the work associated with the management of the Ponderosa Community Club as delegated by the Board; select, appoint and release of staff, with the approval of the Director of Operations; maintain and operate Ponderosa Community Club facilities, office, and financial affairs through staff in accordance with the Bylaws, Operating Procedures, and Rules & Regulations; manage the maintenance and operations

budget and capital improvement budgets; bind the Corporation to contracts and other legally binding instruments at the direction of the Board; receive, handle and preserve Corporation correspondence, including newsletters, bulletins and similar items; to serve all notices required by law or these Bylaws; and to notify the Director of Operations of any citation from any governmental authority. The Association Manager is accountable to the Board of Trustees.

8.3 Board Participation. The Association Manager shall attend Board meetings as an ex-officio advisor. The Association Manager, or staff member(s) designated by the Association Manager, may attend other committee meetings as requested, and shall act in an advisory role.

## **9. MEETINGS**

9.1 Robert's Rules of Order. All meetings, including committee meetings, shall be conducted under Robert's Rules of Order, in all cases in which they are consistent with these Bylaws.

9.2 Board of Trustee Regular Business Meetings. The Board of Trustee's regular business meetings shall be scheduled on the second Saturday of each month, except January when a regular business meeting is at the option of the President. The meeting is to be held in the Clubhouse, or at an alternative location within Ponderosa Community Club, Inc., accessible to the members if the Clubhouse is not available. The date, time, place, and agenda of the regular business meeting shall be posted at the Ponderosa Clubhouse, and/or adjacent office building, and other means as determined by the Board, at least fourteen (14) days prior to each meeting.

9.3 Board of Trustee Special Business Meetings. The Board of Trustees may hold special business meetings at any time at their discretion. The date, time, and place of each special business meeting shall be posted at the Clubhouse at least fourteen (14) days prior to the meeting, unless emergency circumstances dictate a shorter notification period.

9.4 Executive (closed to members) Sessions. Upon the affirmative vote on a motion in an open meeting to assemble in Executive Session, the Board of Trustees may meet in Executive Session:

- To consider personnel matters;
- To consult with legal counsel or consider communications with legal counsel; and
- To discuss likely or pending litigation, matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the association.

The motion shall state specifically the purpose of the Executive Session. Reference to the motion and the stated purpose shall be included in the Minutes. The Board of Trustees shall restrict the consideration of matters during the Executive Session to only those specifically stated in the motion. No motion, or other action adopted, passed, or

agreed to in Executive Session shall become effective unless the Board of Trustees reconvenes in open meeting, reasonably identifies the subject matter, and votes in the open meeting on such motion or other action which is reasonably identified.

9.5 Member's Annual Meeting. The Member's Annual Meeting shall be held in May of each year during the holiday weekend observing Memorial Day. The meeting shall be held at the Ponderosa Clubhouse, or at an alternative location within Ponderosa Community Club, Inc., accessible to the members if the Clubhouse is not available. Members are to be notified of the date, time, place, and planned agenda of the meeting by mail at the address on the most current membership record, not less than fourteen (14) days, and not more than sixty (60) days prior to the scheduled meeting.

9.6 Member's Special Meeting. Member's Special Meetings may be called by the President, a majority of the Board of Trustees, or by written petition of the members presented to the President. The petition must be signed by at least fifty (50) members in good standing, must conform to the meeting notification requirements of Section 9.5 of these Bylaws and, if called by the members, the cost of printing and mailing the meeting notification shall be paid by those members requesting the special meeting.

## **10. QUORUM**

10.1 Quorum. No Corporation business may be conducted without a quorum.

10.2 Board of Trustee's Meetings Quorum. Seventy-five percent (75%) attendance of Trustees, or four (4) out of the five (5) Board of Trustee members, shall constitute a quorum for all Board of Trustee's meetings, except when there are two (2) or more vacancies on the Board of Trustees to be filled by appointment.

10.3 Member's Meetings Quorum. Attendance of a minimum of members in good standing entitled to cast fifty (50) membership votes shall constitute a quorum for any Member's Meetings.

## **11. VOTING**

11.1 Voting Limitation. Each member in good standing is entitled to one vote, regardless of the number of lots owned within Ponderosa Community Club, Inc. The Board of Trustees shall devise a system of voting which precludes voting by any member who is not in good standing or voting by any unauthorized individuals. There shall be no voting by proxy. Members may not vote during Board of Trustee meetings unless asked by the Board of Trustees for an advisory-only vote.

11.2 Ballot Contents and Distribution. Any nonprocedural matter that requires approval of the membership shall be by voting ballot, including but not necessarily limited to, Trustee elections and removal, Bylaw amendments, budget approval, and any special assessments. Ballots shall include a brief explanation of the matter to be voted upon and shall be delivered along with the meeting notice in accordance with the provisions of Section 9.5 or Section 9.6, as the case may be. Member shall return ballots

by mail or in person at the scheduled meeting held for that purpose. The Board may establish other reasonable rules to facilitate membership voting as deemed necessary.

11.3 Voting at Member's Meetings. At Member's Meetings, matters shall be decided by a simple majority of votes cast by members in good standing if a quorum is present, except the following issues, which require higher voting percentages for passage:

- Votes to remove a Trustee require affirmative votes of 2/3 of the votes of the Corporation, Section 6 (REMOVAL OF A TRUSTEE); and
- Votes to amend these Bylaws require a majority of the votes of the membership of the Corporation, if the votes of at least 40% of ballots delivered are cast, Section 26 (AMENDMENTS).

11.4 Voting at Board of Trustee's Meetings. Only Trustees shall vote on issues to be decided at Board of Trustee meetings, except that the Board of Trustees may call for an advisory vote of the members in attendance at its discretion. All issues brought to a vote shall be decided by a simple majority of votes cast, however, if the agenda of any meeting of the Board of Trustees includes the counting of ballots from the members, the requirements of Section 9.5 (MEETINGS), and Section 11 (VOTING) must be satisfied.

## **12. FISCAL YEAR**

12.1 Fiscal Year. The Corporation's fiscal year shall be the calendar year ending in December.

## **13. AUDITS AND REVIEWS**

13.1 Annual Review. The financial records of the Corporation shall be reviewed by an independent Certified Public Accountant as soon after the end of the fiscal year as is practicable. The results shall be presented at the May Annual Members' Meeting and the members shall be notified in the next newsletter following the review, that the results are available in the Ponderosa Office.

13.2 Audit. In accordance with RCW 64.38.045(3), the financial statements of the Corporation shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) of the votes cast by members at a meeting of the Corporation, at which a quorum is present, vote each year to waive the audit. If the members do not waive the audit, the funding for the audit will be allocated from the Maintenance & Operation Reserve Fund ("M&O Reserve Fund"). If an audit has not occurred in the previous six (6) years, the Board shall have an independent Certified Public Accountant conduct agreed upon procedures in the seventh year. The agreed upon procedures (narrower in scope than an audit) would be determined by the Board with appropriate input from professionals of their choosing. The timing of the audit and presentation and publication of results shall be done in accordance with Section 13.1 above.

## **14. STRATEGIC PLAN**

14.1 Three-Year Strategic Plan. The Board of Trustees shall establish a three (3)-year



Strategic Plan in order to provide continuity to the budget planning and asset management functions of the Corporation. The strategic plan shall be updated annually to eliminate those elements which have been completed, to modify unfinished elements in order to reflect current thinking, and to add new elements.

## **15. BUDGET**

15.1 Annual Budget. At the October Board of Trustee regular business meeting, the Board of Trustees shall present a budget for the upcoming fiscal year. The budget and an accompanying ballot will be delivered to the members for their approval or rejection. Ballots will be counted at the December Board of Trustee regular business meeting. The budget shall include planned expenses for each line item of maintenance and operations and capital improvements expense, as well as an allocation of the total of these expenses to each lot. The budget shall be managed on a line item basis. The budget shall not include a profit, but shall include reserve funds as described below. The proposed budget shall also include reserve study information as required by RCW 64.38.025(4). If the budget proposal is not approved by a majority vote of members, the budget last approved by the membership shall remain in effect. However, a new budget proposal may be prepared and presented to the members for adoption at a meeting called for that purpose.

15.1.1 If there are any surplus funds at the end of the fiscal year, the Board of Trustees shall apply these funds first to the next year's M&O Reserve Fund. If the M&O Reserve Fund is fully funded, and a surplus still remains, the Board of Trustees shall, at their discretion and without prior submission for approval of the members, apply the surplus funds to the Capital Improvements Reserve Fund or refund the surplus to the members, in the next budget. Any other use of the surplus monies must first be submitted for approval to the members.

15.1.2 Maintenance & Operations Reserve Fund. The annual budget for the fiscal year shall include funding for a M&O Reserve Fund to cover unforeseen maintenance and operations expenses which may arise during the fiscal year. The M&O Reserve Fund shall be maintained in each annual budget so the account is equal to 10% of that fiscal year's planned maintenance and operations expenses. Money from the M&O Reserve Fund may be spent by the Board of Trustees without prior submission for approval of the members.

15.1.3 Capital Improvements Reserve Fund. The annual budget for the fiscal year shall include funding for a Capital Improvements Reserve Fund in order to accumulate funds to finance future capital improvements needs. An amount shall be allocated in each annual budget equal to 10% of that fiscal year's planned maintenance and operations expenses. The money from the Capital Improvements Reserve Fund shall only be spent after approval by the members, and the money approved by the members for that specific capital improvement shall be reported upon monthly to the members in order to provide accountability and adequate money management.

15.1.4 Moratorium. A moratorium may be declared, one year at a time, on the accumulation of money into the Capital Improvements Reserve Fund when the Board of

Trustees deem, and the members approve, that the Capital Improvements Reserve Fund has sufficient funds to meet the capital improvement needs forecast for the next five years.

15.2 Actual vs. Budgeted Expenses. The Board of Trustees shall present a comparison of the actual expenses versus budgeted amounts for the prior fiscal year's operation, with an explanation of substantial differences.

## **16. MAINTENANCE AND OPERATIONS DUES**

16.1 Maintenance and Operations Dues. Annual maintenance and operations dues of the Corporation shall be allocated by the Board of Trustees by dividing the member-approved annual budget by the number of lots within Ponderosa Community Club, Inc.

16.2 Per Lot. The annual maintenance and operations dues shall be levied equally against each lot.

## **17. SPECIAL ASSESSMENTS**

17.1 Assessments. The Board of Trustees may propose special assessments in order to carry out their responsibilities set forth in these Bylaws and in any Operating Procedures. All special assessments shall be submitted for ratification by a vote of the members as provided in Section 11.3.

17.2 Per Lot. All special assessments shall be levied equally against each lot.

17.3 Accountability. The Association Manager shall oversee the accounting for receipts and expenditures on special assessments for specific purposes, and report on them monthly, so that project accountability can be maintained.

## **18. REFUNDS**

18.1 Refunds. If a member shall transfer/convey/sell all or part of their holdings in Ponderosa, any unexpired term covered by prepaid maintenance and operations dues, special assessments, or fees, shall transfer to the new member created by the transfer/conveyance/sale.

18.2 Unspent Special Assessments. Money collected via special assessment shall be retained until the project is complete. Any remaining unspent funds from a special assessment for a specific purpose shall be used to reduce the next annual budget request by transferring the unspent funds first to the M&O Reserve Fund. If the M&O Reserve Fund is fully funded, and unspent funds still remain, the Board of Trustees shall, at their discretion and without prior submission for approval of the members, apply the unspent funds to the Capital Improvement Reserve Fund or refund the surplus to the members, in the next budget following project completion. Any other use of the surplus monies must first be submitted for approval to the members.

## **19. BILLING, DELINQUENCIES AND NON-PAYMENT PENALTIES**

19.1 Billing and Delinquencies. Maintenance and operations dues, and special

assessments, shall be billed and shall be payable within thirty (30) days from the billing date. The Board of Trustees may elect to split any billing into equal increments with different due dates in order to ease the financial burden placed on the members.

19.2 Non-Payment Penalties. The Board of Trustees shall establish reasonable and adequate penalties to be assessed against delinquent accounts in order to ensure collection of the delinquent accounts and any costs of rebilling and collection. The penalties shall be documented in Article 15, Delinquent Accounts and Interest Charges, of the Operating Procedures.

19.3 Liens and Foreclosures. If the dues and/or special assessments are not paid within ninety (90) days from the due date, the Corporation shall file a lien against the lot upon which the dues or assessment was levied. Said lien shall be filed in the Office of the Chelan County Auditor. The lien may be foreclosed and enforced by a civil action in the Chelan County Superior Court in the manner prescribed for judicial foreclosure. The Chelan County Superior Court shall have the power to order the sale of the property upon which the lien attaches. In any action to foreclose the lien, the owner of the real property shall be joined as a party. The Corporation shall be awarded all fees and costs incurred in filing and foreclosing the lien, including reasonable attorney's fees.

## **20. WATER**

20.1 Potable Water and Hook-up Fee. The Corporation, and only the Corporation, shall provide a supply of potable water which meets county and state health, environmental, and fire codes to every member in good standing who requires it. The Corporation shall provide water hookup service to any lot within the boundaries of Ponderosa Community Club, Inc., when requested, subject to a reasonable hookup fee to be established by the Board of Trustees.

20.2 Right of Inspection. Any member by accepting water from Ponderosa, hereby grants the Board of Trustees and its authorized agents the right to enter upon the member's lot to inspect the member's water hookup as often as necessary to ensure conformance with health and safety standards, adequate maintenance and operation of the Ponderosa's water system, and compliance with the Bylaws, Operating Procedures, Covenants, and Rules & Regulations.

20.3 Water Connection Approval and Use. No member shall make use of Ponderosa's water supply for the benefit of their lot or connect to the Corporation's water system without the prior approval of the Association Manager. Water connections shall be made, maintained, and repaired only by the Corporation.

20.3.1 Water Shutoff Valves. All members with an authorized connection to the Ponderosa water supply are required to install and maintain, at their expense, a water shutoff valve for their lot.

20.4 Use of Ponderosa Water Outside the Ponderosa. Water from the Corporation's water system shall not be used outside the boundaries of Ponderosa Community Club, Inc., for any reason, except for fire emergencies.

20.5 Violation Penalties. Any violation of any of the provisions of this section shall result in penalties to be established by the Board of Trustees, which shall include immediate loss of member in good standing status and may include termination of water service.

## **21. ROADS**

21.1 Roads and Responsibility for Safety. The Corporation shall provide and maintain a system of roads, within Ponderosa Community Club, Inc., which is safe for travel year-round. Members acknowledge that safety is a shared responsibility, and that use of Ponderosa roads requires vehicle operators and pedestrians to assume responsibility for their own personal safety and that of any passengers which is appropriate to environmental conditions. At the Board's sole discretion, the Ponderosa may close roads, temporarily and post such signage, and adopt such rules governing the use of the roads as it deems advisable, when conditions require.

21.2 Camp 12 Road. Members acknowledge that Camp 12 Road is a county road and subject to the jurisdiction of Chelan County, and that the Corporation is not responsible for the quality or condition of this road.

21.3 Ponderosa roads are for the use of Ponderosa members and their families, guests, and tenants, and no Ponderosa road may be improved, altered, extended, expanded, or modified in any way, without the prior written approval of the Board, including unauthorized use of a Ponderosa road to provide properties located outside of Ponderosa with access to Ponderosa Estates and Ponderosa amenities. Any unauthorized use of the Ponderosa roads shall be subject to possible fines in accordance with the Operating Procedures, and any unauthorized access will be denied, and the roadway blocked if necessary, as determined by the Board.

## **22. GREENBELTS AND RANCH RESERVES**

22.1 Greenbelts and Ranch Reserves. Greenbelts and Ranch Reserves shall be managed and maintained in as natural a state as possible in order to protect and preserve the natural ecosystem (habitat and wildlife); to provide visual and physical separation between lots; and to provide for the enjoyment, education and social enrichment of the members. Greenbelts and Ranch Reserves shall not be:

- Sold, conveyed, transferred, or exchanged;
- Encroached upon by any members property;
- Altered in any way from their natural state, except for the following purposes:

a) Safety; removal of wood, trees or brush deemed to be hazardous by the Chelan County Fire Department or the Board of Trustees;

b) Environmental Management; restoration of the natural environment and enhancement of wildlife habitat, including promotion of healthy growth;

c) Corporation Operations; minimal development, and only as necessary, to accommodate the operational requirements of the Corporation (e.g. fire alarm and underground water and underground electrical supply needs, or other Corporation operations as deemed necessary by the Board); or

d) Community Enrichment; provision for non-disruptive, low impact, non-motorized, community interaction and enrichment opportunities as deemed appropriate by the members (e.g. walking/interpretive trails).

### **23. BOOKS AND RECORDS**

23.1 Retention and Preservation. Papers, instruments and documents of the Corporation shall be maintained by the Association Manager and Secretary and be available for inspection by any member in good standing during normal business hours. Any copies shall be made at the member's sole expense. Access to documents subject to legal privilege or employee records may be restricted by the Board of Trustees or as required by law.

23.2 Safe Deposit Box. Deeds, titles, easements, water and mineral rights, mortgages, loans, legal settlements, certificates of deposit and similar documents may be designated by the Board of Trustees for storage in a safety deposit box.

23.3 Originals and Inventory Control. Originals of the documents described in 23.2 may not be removed from the designated location, except when required by the Board of Trustees or Association Manager for litigation, sale, transfer, conveyance, financial auditing, or similar need when the original document is required. A written log of removals and returns shall be maintained.

### **24. INDEMNIFICATION AND HOLD HARMLESS**

24.1 No Personal Liability. So long as a Board member, committee member, officer, Association Manager, or Ponderosa employees has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by that person, that person shall not be individually liable to any other member, or to any other person, including the Corporation, for any damage, loss, or prejudice suffered or claimed on account of an act, omission, error, or negligence of such individual; provided that this section may not apply where the consequence of such act, omission, error, or negligence is covered by the Corporation's insurance.

24.2 Indemnification. Each Trustee, officer, committee member, Association Manager, and Ponderosa employees shall be indemnified by the Corporation against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, including appeals of such proceedings, by reason or having

held such position, or any settlement thereof, whether or not such person holds the position at the time the expense or liabilities are incurred, except to the extent such expenses or liabilities are covered by any type of insurance, and except in such cases where such person is adjudicated guilty of willful misfeasance in the performance of such person's duties. In the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Corporation.

## **25. DISSOLUTION OF THE CORPORATION**

25.1 Sale of Property and Easements. Upon the dissolution of the Corporation with the vote of at least 80% of the votes of the membership, the Corporation's property shall be sold and distributed in accordance with applicable law subject to outstanding debts owed by the Corporation as provided by statute, and as to any remaining property, in equal shares allocated to each lot. In that event, community realty abutting on the river shall be sold subject to preservation of adequate permanent easements granting public access to the river.

## **26. AMENDMENTS**

26.1 Amending the Bylaws. These Bylaws may be repealed or amended by a vote of the membership as follows:

- a) A majority of those ballots received by the voting deadline, if;
- b) No less than forty (40%) of the members delivered ballots actually cast their vote.

26.2 Amendment Notification Requirements. The notification to the members shall include a brief statement of the proposed amendment and shall be delivered in the manner specified in Section 9.5 or Section 9.6, as the case may be, not less than fourteen (14) days and not more than sixty (60) days prior to the meeting scheduled to consider the amendment, and only those ballots received by the deadline designated in the ballot shall be counted for purposes of tallying the vote as provided in Section 26.1.

## **27. RESERVE STUDIES**

In accordance with RCW 64.38, the Corporation shall conduct a reserve study annually, unless this would impose an unreasonable hardship, but at least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.