

**BY-LAWS OF THE HIGGINS LAKE PROPERTY OWNERS' ASSOCIATION**  
Roscommon, Michigan

**ARTICLE I – Name**

1.1 The name of this association shall be the Higgins Lake Property Owners' Association, hereinafter referred to as the Association, a 501(c) (4), private, not for profit organization.

**ARTICLE II – Mission Statement and Objectives**

2.1 The Mission Statement adopted by the Association is: To protect, preserve, and enhance the quality of Higgins Lake and its surrounding watershed.

2.2 The objectives of the Association shall be to further and protect the interests and rights of property owners at Higgins Lake, Roscommon County, Michigan.

a. The Association, by these articles, directs its attention, in every respect, to the use of lake front property around the entire lake.

b. Through its governing body (Article VI) engage in activities to safeguard the environment, especially the water quality of Higgins Lake.

c. When appropriate, bring to the attention of local, township, county and state government officials, incidents and conditions that affect the future environment and water quality of Higgins Lake.

d. Publicize, through the local media, those activities that the Association performs, or is engaged in, contributory to safeguarding the environment.

**ARTICLE III – Membership**

3.1 Any person who owns or whose immediate family (defined as spouse, children, siblings, parents and grandparents, by blood, marital relationship or adoption) owns, resides at or uses property which is located on or within one-half mile of Higgins Lake shores shall be eligible for Membership in the Association, subject to approval by the Board of Directors. The latter may also accept other interested persons to Membership in the Association. Association members are hereinafter referred to as Members.

3.2 The membership year for Members shall be January 1 - December 31.

3.3 Each Member shall have one (1) vote. Payment of dues shall be made prior to the Annual Meeting to be eligible to vote.

**ARTICLE IV – Headquarters**

4.1 The Board of Directors shall approve the location of the headquarters of the Association and the establishment and location of any additional offices of the Association.

**ARTICLE V – Meetings of the Members**

5.1 The Annual Meeting of the Members shall be held at a suitable meeting place not over 10 miles from Higgins Lake on a Saturday between Memorial Day and Labor Day and at a time and place determined by the Board of Directors.

5.2 Special meetings of the Members may be called by the Board of Directors at a place and time determined by the said Board. Upon petition of fifty Members in good standing, requesting a special meeting, the said Board shall call such a meeting.

5.3 Notice of the Annual Meeting and all other business meetings of the Members shall be sent by U.S. Mail at least 20 days prior to the date designated for the meeting, and to the mailing address indicated by the respective Member.

5.4 Quorum – Presence in person, or by proxy duly signed and witnessed, of Members representing at least 10 percent of the total membership shall constitute a quorum at any business meeting of all the Members. A majority vote of the Members constituting a quorum shall be necessary to carry a proposal.

5.5 The business at the Annual Meeting shall cover the following:

- a. Call to order.
- b. Approval of Minutes of last Annual Meeting, as provided to Members.
- c. Report of the Secretary, as necessary.
- d. Report of the Treasurer.
- e. Report of the President.
- f. Reports of Standing and Special Committees, as appropriate.
- g. Any other pertinent business or reports.
- h. Announcements and open discussion.
- i. Election of Directors.
- j. Adjournment.

5.6 Voting Rights – All Members shall have the same and equal voting rights, regardless of the number of dwellings or lots they may own. Such voting rights may be exercised either in person or by proxy duly filed with the Secretary, prior to or at the time of any Association meeting.

5.7 Meeting Reports – Following the Annual Meeting and/or any Special Meetings, the Association shall prepare and mail to the Members a full and detailed report of such meetings, and from time to time, in writing, advise the Members of important activities and events related to the Association.

#### **ARTICLE VI – Governing Body**

##### **6.1 Board of Directors**

a. The Board of Directors, consisting of a minimum of eleven (11) members, shall be vested with the responsibility and authority to manage the affairs, funds, property and finances of the Association and may, from time to time, adopt rules governing the operation of the Association, its Officers, Committees and employees.

b. Six voting members of the Board of Directors shall constitute a quorum for conducting official Association business.

c. Directors shall be elected by the Members at the Annual Meeting, for a term of three (3) years, and the terms of the elected Directors shall be staggered so that each year the terms of a minimum of three (3) Directors expire and a minimum of three (3) Directors are elected. Term of office for Directors shall commence on the date of election at an Annual Meeting of the Members. A vacancy incurred in any unexpired term shall be filled promptly by the Board of Directors. Appointment by the Board to such vacancy shall be subject to ratification by the Members at the next Annual Meeting.

d. Upon the recommendation of the Executive Committee, a Director may be removed with or without cause by the affirmative vote of a majority of the Board of Directors.

##### **6.2 Board Meetings**

a. The Board of Directors shall hold such meetings as it deems necessary, at a time and place determined by the Board.

b. Special Meetings - Special meetings of the Board of Directors may be called by the President or by any three (3) or more of the Directors, upon three (3) days notice to each Director, given personally or by mail, telephone, fax, or email, which notice shall state time, place and purpose of the meeting.

c. The President may propose action for a written or electronic ballot decision of the Board of Directors when, in his/her opinion, prompt decision or action regarding Association matters is required between regular meetings and there is not sufficient time to hold a meeting or the proposed action does not justify the time and expense of a meeting.

d. If a Board Member is unable to attend a scheduled meeting of the Board, he/she may vote on a proposed action by written or electronic ballot or by proxy. The written or electronic ballot must be addressed to the President and received by him/her no later than 24 hours before the scheduled meeting.

### 6.3 Board Powers

a. General Powers as to Negotiable Paper - The Board of Directors shall, from time to time, prescribe the manner of making signature or endorsement of checks, drafts, notes, acceptances, bills of exchange, obligations and other negotiable paper or other instruments for the payment of money and designate the Officer or agent who shall from time to time be authorized to make, sign, or endorse the same on behalf of the Association.

b. Powers as to Documents - The Board of Directors may authorize an Officer or agent to enter into any contract or execute or deliver any conveyance or other instrument in the name of the Association, and such authority may be general or confined to specific instances. When the execution of any contract, conveyance, or other instrument has been authorized without specification of the Officers authorized to execute, the same may be executed on behalf of the Association by the President.

c. Compensation - Directors shall serve without compensation but may be reimbursed for actual, reasonable and necessary expenses incurred by a Director in his or her capacity as Director. Notwithstanding the foregoing, any Director may receive reasonable compensation for professional services performed on behalf of the Association and may be reimbursed for expenses incurred in relation to such services, if such services are determined by the Board of Directors to be reasonably necessary to carry out the purposes of the Association.

d. Appointment of Executive Secretary and Other Agents - Nothing herein shall limit the right of the Board of Directors to hire employees, consultants or subcontractors and to pay reasonable compensation for services performed by such persons on behalf of the Association.

### 6.4 Executive Committee

a. The Executive Committee of the Board of Directors shall be made up of the Officers of the Board - President, Vice-President, Secretary, and Treasurer, all with full vote. The Immediate Past President may also serve on the Executive Committee in an advisory role, without vote.

b. The Executive Committee shall function as an advisory body to the Board of Directors and President with the authority to act for and in behalf of the Board between regular meetings of the Board. The Executive Committee shall have such additional specific powers and duties as may from time to time be delegated by resolution of the Board of Directors.

c. The following powers and duties of the Members and/or the Board of Directors may not be delegated to the Executive Committee, which is prohibited from acting on any such matter: 1. amending, altering, or repealing the By-Laws; 2. removing or appointing or filling any vacancy among the Directors, Officers or Executive Committee; 3. amending, altering or repealing any resolution of the Directors; 4. authorizing the sale, lease, exchange or mortgage of assets of the Association; 5. adopting a plan of merger or consolidation with another corporation; 6. fixing compensation of paid officers and employees and 7. expelling any Member from Membership in the Association.

## **ARTICLE VII – Officers**

7.1 When necessary, following the Annual Meeting of the Members, but no later than August 31, the new Board of Directors shall convene and elect from the Board's membership a President, Vice-President, a Treasurer and a Secretary. These Officers shall constitute the Executive Committee.

7.2 The principal Officers of the corporation shall be the President, Vice-President, Secretary, and Treasurer, all of whom shall be members of the Board of Directors.

7.3 Effective June 25, 2005, the Officers as provided herein shall serve for three (3) consecutive years, beginning when they are elected at the Special Meeting of the Board after the Annual Meeting, or until their successors are elected and accepted. A President-elect may be elected by the Board, upon an announcement by the President of his/her intention not to seek re-election at the end of his/her term.

7.4 The President shall be the Chief Executive Officer and shall preside over all meetings of the Members and the Board of Directors and shall appoint all Committees in accordance with Article VIII-Committees.

7.5 The Vice President shall serve in the absence of the President, assuming all duties and powers of the President during the latter's absence or inability to serve.

7.6 The Secretary shall oversee the recordkeeping of all books, records and corporate documents and shall perform such other duties as the By-Laws or Board of Directors prescribes.

7.7 The Treasurer shall have custody of all corporate funds and securities and shall keep in books belonging to the Association, full and accurate accounts of all receipts and disbursements. He/she shall deposit all monies and other valuable effects in the name of the Association and in such depository as may be designated by the Board of Directors. He/she shall furnish a bond, if required, and as may be designated by the Board of Directors, the cost of such bond to be borne by the Association.

7.8 The Secretary, or designated staff, shall attend all meetings of the Association Members and of the Board of Directors and shall keep or cause to be kept in a book provided for that purpose, a true, complete and permanent record of the proceedings of such meetings. The Secretary, or designated staff, shall attend to the giving and serving of all notices of Association meetings pursuant to these By-Laws, shall have custody of the books, records and corporate seal of the Association, and shall perform such other duties as the By-Laws or the Board of Directors prescribe.

7.9 Each Officer, upon retirement from office, shall deliver to the Secretary all important records concerning Association matters which have been collected during his/her term of office.

## **Article VIII-Committees**

8.1 Candidates for election of Directors shall be nominated by a Nominating Committee, consisting of three (3) members of the Board of Directors appointed by the President.

8.2 An Audit Committee, consisting of three (3) members of the Board of Directors, shall be appointed by the President to audit the books of the Treasurer and any other Association records concerning financial matters.

8.3 The President may designate other Committees (other than the Executive Committee) as deemed desirable to carry out the Mission and Objectives of the Association. The President may exercise this power at any time in writing or orally at any meeting of the Board of Directors. In doing so the President shall specify in writing the composition, duration, duties, powers and authority of the Committee, not inconsistent with these By-Laws. The President shall appoint Committee Chairs from the Board of Directors. Committee Chairs may select Committee members, which shall be Members of the Association

and approved by the Board. Committee chairs and members shall serve for one (1) year or until their successors are appointed. Such Committees and members thereof serve at the pleasure of the Board of Directors.

8.4 Each Standing Committee shall be made up of at least three (3) members of the Board of Directors.

8.5 Vacancies on any such Committee shall be filled by the Committee Chair, or if the Chair is unable to do so, by the President, subject to approval by the Board.

8.6 The President may serve as ex officio members on all Committees.

8.7 The Executive Committee shall annually review the functions and operations of the Committees of the Association and report on the same to the Board of Directors.

#### **Article IX – Financial**

9.1 Funds for meeting the ordinary operating expense of the Association shall be raised by means of annual dues. A special assessment may be levied upon approval of a majority of Members present voting at the annual meeting of the Association.

9.2 Contributions, bequests, and endowments may be accepted upon approval of the Board of Directors. Such funds shall be kept separate and used for purposes specified by the donors.

9.3 Prior to the beginning of each fiscal year, a Committee of the Board of Directors shall estimate the income and ordinary expenses for the coming year, determine the funds necessary to carry out Association activities for the same period, prepare a budget for the year and submit it for approval to the Board of Directors. At the end of each fiscal year, the Association's financial report will be prepared for the Membership.

9.4 Compensation – The Directors and elected Officers shall serve without compensation except for the provisions in Article VI.6.3.c. Compensation for other officers or agents of the Association may be allowed by the Board of Directors.

9.5 No expense shall be incurred by a Director, Officer, Committee Chairman, or other Agent on behalf of the Association except as authorized by the Board of Directors.

#### **Article X – Fiscal Year**

10.1 The fiscal year shall start January 1 and end December 31 of each year.

#### **Article XI-Dissolution**

11.1 Upon termination, dissolution or winding up of the Association, the Board of Directors shall, after paying or making provisions for the payment of all liabilities of the Association, distribute all assets of the Association to an organization designated by the Board of Directors, in accordance with federal regulations.

#### **Article XII-Indemnification**

12.1 Pursuant to MCL 450.2209 (c), the personal liability of a volunteer director or volunteer officer to the corporation, its shareholders, or its members, for monetary damages for a breach of the director's or officer's fiduciary duty is eliminated. This provision does not eliminate or limit the liability of a director or officer for any of the following:

a. A breach of the director's or officer's duty of loyalty to the corporation, its shareholders or its members.

b. Acts or omissions not in good faith, or that involve intentional misconduct or a knowing violation of law.

c. A violation of MCL 450.2551.

d. A transaction from which the director or officer derived an improper personal benefit.

e. An act or omission occurring before the effective date of the provision granting limited liability.

f. An act or omission that is grossly negligent.

12.2 Pursuant to MCL 450.2209 (e), the corporation assumes the liability for all acts or omissions of a volunteer director, volunteer director, volunteer officer, or other volunteer, occurring on or after the effective date of this provision, provided all the following are met:

a. The volunteer was acting or reasonably believed he/she was acting within the scope of his/her authority.

b. The volunteer was acting in good faith.

c. The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct.

d. The volunteer's conduct was not an intentional tort.

e. The volunteer's conduct was not by a tort, arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed, as provided in Section 3135 of the Insurance Code of 1956, Act No. 218 of the Public Acts of 1956, being Section 50000.3135 of the Michigan Compiled Laws.

12.3 Pursuant to the above, and MCL 450.2556, any actions arising out of the acts or omissions of a volunteer director, volunteer officer, or other volunteer of the corporations, shall not be brought or maintained against the volunteer director, volunteer officer or volunteer directly, but rather, the claim shall be brought and maintained only against the corporation.

#### **Article XIII – Amendments**

13.1 These By-Laws may be amended by the Board of Directors provided the change does not directly concern the qualification, term of office, or personal gain of a Director. All amendments made by the Board of Directors shall be effective until the next meeting of the Members at which time the amendments, to be continued in force thereafter, shall be ratified by a majority vote of the Members constituting a quorum at that meeting. The By-Laws may be amended by the Members at any business meeting of the Association, provided the regular notice for such meeting, sent to all Members, includes a notice of the proposed change.

Approved by Members- July 15, 2006