

Summary of Bylaw amendments proposed for introduction at 2022 annual meeting and consideration and approval at the 2023 annual meeting

**1. Amend Art I Sec 3** to be clear an approved new member must purchase share(s) at \$25/share. Add the following to the end of that section:

Upon election to membership, the elected member shall purchase from the Association such amount of shares of stock as he or she desires and shall pay to the Association \$25 for each share purchased.

**2. Amend Art I Sec 4** regarding termination of membership – revise existing language to clarify and add two new subsections to provide that resigning member must return shares to Association and Association shall pay \$25/returned share to any member whose membership terminates under any of the circumstances listed in Sec 4 and any outstanding balances as of termination must be paid.

Delete the following:

Membership in the corporation is terminated either:

(A) By the death of the member. A deceased member's stock may be transferred as provided by Article II, Sections 4 and 5, or by the surrender to the Association by delivery of the member's certificate or certificates of stock, duly endorsed over to the Association.

(B) By transfer or sale of the entire amount of the member's stock in the corporation.

(C) By delivery of the member's resignation in writing, payment of any outstanding obligations of the member to the Corporation, and the member's certificate or certificates representing his entire stock holdings in the Corporation, duly endorsed over to the Corporation, to any Director of the Corporation.

Replace with the following:

Any person whose membership is terminated remains liable to the Association for any unpaid obligations owed by him or her to the Corporation. The Corporation shall pay to any terminated member \$25 for each share of the Corporation stock transferred to the Corporation provided the member has complied with provisions of this article. Membership in the Corporation will terminate with the following events:

- (A) At such time as the member ceases to qualify for membership in accordance with Article I, Section 1.
- (B) At the death of the member. The deceased member's stock shall be transferred as provided in Article II, Section 4 or 5 or by sale of said shares to the Corporation at \$25 per share.
- (C) By transfer or sale of all of the member's stock in the Corporation.

- (D) By written resignation by the member delivered to the Corporation with all of his/her stock certificates properly endorsed over to the Corporation.
- (E) Any person whose membership is terminated remains liable to the Association for any unpaid obligations owed by him/her to it.
- (F) The Corporation shall pay to any terminated member \$25 for each share of the Corporation stock transferred to the Corporation provided the member has complied with Article I, Section 4(E).

**3. Amend Art II Sec 1** regarding total number of authorized shares – raise from 500 to 550, or perhaps to 750. We have more than 400 shares issued and outstanding now and we want to encourage new shareholders and/or additional shares to support the Association so need to raise the maximum number to allow for those additional shares. Here is how this section would read if we increase the number from 500 to 750:

The total number of shares of stock issued by the Corporation is Seven Hundred Fifty (750) with a value of \$25 per share. A minimum of Twenty (20) shares shall be issued for each of Lots 2 through 23 (excepting vacant lots) presently owned by one or more members of the Association of Pinewoods Camp Association Subdivision and Twenty (20) for Lots 7 through 24 of Sovereign Park Subdivision and that part of Lot 23 owned in connection therewith also presently owned by one or more members of the Association.

**4. Amend Art II Sec 2** to delete reference to paper share certificates and instead provide for electronic records to provide evidence of share ownership.

Change the heading of Section 2 from “Stock Certificates” to “Record of Ownership.”

Delete the following existing Section 2:

Every stockholder shall be entitled to a certificate of his or her shares under seal of the Corporation and signed by the President and Secretary.

Replace with the following:

The record of stock ownership shall be determined by the list kept by the Secretary of the Corporation and may be in paper or electronic form. Existing and outstanding stock certificates shall continue to provide proof of ownership but certificates will no longer be issued for new or transferred shares.

**5. Amend Art III Sec 4** regarding Board of Directors responsibilities and powers – clarify language and raise amount of expenditure allowed without membership approval from \$1000 to \$5000 – to allow the board to approve typical and standard expenditures, such as dining hall equipment, facility repairs or maintenance, and other ordinary and usual expenses which often exceed the current limit of \$1000. We have actually been doing this as part of the resolution we

adopt at the end of each annual meeting – this has been mostly at the request of our bank, but we should bring our bylaws up to date with that practice. To accomplish this, Art III Sec 4 would read as follows:

The Board of Directors shall have the management and control of the business, finances, rights and interests, buildings and all property, real and personal, of the Corporation and shall have jurisdiction over the lands of the Corporation and all streets, alleys and highways passing over and through the Corporation's land, or which said Corporation may cause to be constructed, laid out or maintained therein. The Board of Directors shall make rules and regulations for the management of Association Business and for activities permitted or prohibited within the entire area of Pinewoods Association. It shall purchase, own, hold and dispose of real and personal property or estate only in such manner as a majority of the shareholders may direct. The Board of Directors shall in no case in any one year authorize any expenditure or incur any liability on behalf of such corporation to exceed Five Thousand (\$5,000.00) Dollars unless authorized by a majority of all the shares of stock of said Corporation in a meeting duly assembled. Any such action by the shareholders shall specify the specific annual dollar amount, which shall then remain in effect indefinitely until changed by a further vote of the majority of all shares.

**6. Amend Art III Sec 6, 7, and 8** to clarify existing language and give board broader discretion to set and raise share and cottage (caretaking) dues (limit annual increases to no more than 20% and eliminate \$25 limit on special assessments even with membership approval at annual meeting); and add legal fees to costs recoverable for past due accounts. Sections 6, 7, and 8 would read as follows:

#### Section 6 – Dues

The Board of Directors shall have the power to establish and levy annual or twice annual dues upon each share of stock, to be paid by the owner(s) thereof, the sums realized thereby to be used for the purpose of paying the expenses, attending the care, management, operation, and control of the grounds and property kept, occupied, operated, or used for the purposes set forth in the articles of association.

#### Section 7 – Special Dues

By a majority vote of all of the stockholders at a special meeting called for that purpose, the stockholders may authorize the Board of Directors to levy special dues not to exceed an increase of Twenty Percent in any one year, and such special dues shall be used only for the purpose of paying any existing indebtedness of said Corporation, or for improving and bettering the lands and property of this Corporation, or for providing protection from loss or damage by fire or water, or for erecting, purchasing, improving, or maintaining any Corporation facilities or common areas.

## Section 8 – Collection of Debts and Dues

Debts incurred by members and dues levied by the Board of Directors shall be paid promptly upon billing, otherwise finance and billing charges may be incurred, said charges to be set by the Board of Directors. The Corporation shall have a lien upon the stock of any member for all debts due and unpaid and may take any legal action to collect such debt or foreclose such lien as shall be allowed by the laws of the State of Michigan, and may recover any legal or accounting fees associated with the collection of such debt or lien. In addition to any other remedy available at law, the President shall have the right to refuse to count the vote of any stockholder who is delinquent in the payment of debts and dues at any meeting of the stockholders.

**7. Amend Art IV Sec 2** to delete reference to corporate seal.

**8. Amend Art IV Sec 3** to reduce, consolidate, and clarify items to be included in annual Treasurer's report.

Delete the following:

Such report shall contain at least the following information:

- First,        The amount of capital actually paid in to the Corporation.
- Second,     The amount invested in real estate, with a general description of the same.
- Third,       The amount of personal estate, with a general description thereof.
- Fourth,     The amount of Corporate debts and credits as near as may be.
- Fifth,       A general condensed statement of their business and financial condition.
- Sixth,       The name of each stockholder, his or her residence, and the number of shares held by that person as appears by the books of said corporation at the date of such report.

Replace with the following:

Such report shall contain at least the following information:

1. An operating report for the prior fiscal year.
2. A year-end balance sheet with a comparison to the prior year end.
3. The budget for the current fiscal year.
4. The name of each stockholder, his or her residence, and the number of shares held by that person as appears by the books of said corporation at the date of such report.

**9. Amend Art V Sec 1** to allow for virtual as well as in person meetings:

Section 1 – Place and Method of Meetings

All meetings of the stockholders of the Corporation shall be held at the Pinewoods Dining Hall and indicated in the Notice of the Call of the Meeting unless, in the opinion of the Board of Directors, this is not reasonably feasible. This and other meetings may be held virtually or in a hybrid virtual and in person format at the discretion of the Board of Directors.

**10. Amend Art V Sec 4** to provide specifically for old and new business as permitted annual meeting subjects. Subsection (g) would read as follows:

Transaction of such other business as may properly come before the meeting including new and old business

**11. Amend Art VII Sec 1** to clarify existing language regarding amendment of bylaws:

These Bylaws may be amended, altered, added to or repealed by the affirmative vote of the majority of all of the shares entitled to vote at any Annual or Special Meeting of the Shareholders if notice of the proposed amendment, alteration, addition or repeal is contained in the call of the meeting.

**Additional possible amendments which may require more detailed discussion and consideration:**

In addition to the above recommended amendments, the board has discussed additional amendments to clarify who can be a Pinewoods member, and what transfers require board and membership approval and how that should work. These amendments began with some simple clarifying language, but further review and consideration exposed some more substantive issues and inconsistencies.

The first of these proposals is to **Amend Art II Sec 4** regarding transfer of shares within families to clarify existing language (including providing for transfer without certificates while still

providing for transfer of paper shares as applicable) and also clarify that transfers to existing shareholders, not just within families, do not require board or membership approval, as long as the 20 share per cottage minimum is met.

Amend the section heading from “Family Stock Transfers” to “Stock Transfers Between Shareholders.”

Delete the following:

Shares of stock in the Corporation shall be transferable between members of a family who have been duly elected to membership in the Association, only upon the books of the Corporation by surrender of the certificate duly executed by the owner(s) or their lawful attorney constituted in writing, or by a fiduciary duly appointed by any Court having jurisdiction of the estate of any owner. New stock certificates from such transfers will be reissued by the Corporation at no additional charge.

Replace with the following:

Shares of stock in the Corporation shall be transferable between persons who have been duly elected to membership in the Association with no approval required by the board of directors or the membership. A transfer of stock in the Corporation to another member of the shareholder's family who is not already an approved shareholder shall not require approval by the board of directors, provided that the new shareholder shall be approved for membership at the next annual meeting of the Corporation. The person wishing to transfer any such shares, either to an existing shareholder or a member of the family who has not already been approved for membership, shall notify the Secretary of the Corporation in writing of the number of shares being transferred and the name(s) of the person(s) to whom the shares are being transferred, and, if a certificate has been issued for such stock, surrender the Certificate representing the shares to be transferred to the Corporation, duly executed by the owner(s) or their lawful attorney constituted in writing, or by a fiduciary duly appointed by any Court having jurisdiction of the estate of any owner. Upon receipt of the notice of transfer in the case of a transfer to another existing shareholder, or upon approval of the new shareholder for membership at the annual meeting, the Secretary of the Corporation shall reissue the transferred shares to the designated transferee at no additional charge, provided that all outstanding balances owed with respect to such shares shall be paid prior to transfer.

A related amendment would **amend Art II Sec 5**. This amendment is to make clear that a transfer of shares to an existing Association member/shareholder is the only transfer that does not require notice to and approval by the board of directors and then the membership at the next annual meeting. All other transfers, whether within or outside the family or to a person who is not already a shareholder, must first be presented to the board of directors and then to the membership at the next annual meeting. The board suggests deleting the cumbersome and obsolete requirement to first tender the shares to the Corporation (which has a year to consider whether to accept the shares), along with the related language allowing the person wishing to transfer shares to go ahead with the transfer if the Corporation declines to purchase the shares.

Delete existing Section 5:

Section 5 – Non-family Stock Transfers

Any person wishing to transfer his or her stock in the Corporation to any person who is not a member of his or her family shall first tender his or her stock to the Corporation in writing submitted to the Board of Directors. The Corporation shall have a period of one year from and after such tender to purchase such stock. If declined by the Corporation, the owner shall have the right to sell his or her stock at a price no less than that at which it was offered to the Corporation, to any person who shall be duly elected a member. Provided, however, that stock acquired and owned by persons not duly elected members of the Corporation shall not be entitled to the privileges of membership in the Association nor to the use of its property nor to vote at any meeting of the Corporation.

Replace with the following:

Section 5 – Stock Transfers to a Person Not Already a Shareholder

Any person wishing to transfer his or her stock in the Corporation to any person who is not already a shareholder of the Corporation shall notify the Secretary of the Corporation in writing. The proposed transfer shall not occur unless and until approved by (a) the board of directors of the Corporation and (b) the majority of the shareholders at the next annual meeting of the Corporation. Stock acquired and owned by persons not already duly elected members of the Corporation shall not be entitled to the privileges of membership in the Association nor to the use of Corporation property nor to vote at any meeting of the Corporation until such persons are approved for membership at the annual meeting of the Corporation.

The board considered adding language to make clear that anyone can become a shareholder upon approval by the board and the membership, whether or not a member of an existing family and whether or not the person is a member of a family owning a property within Pinewoods Association – **Art I Sec 1** currently restricts membership to persons who are members of a family already owning a property within Pinewoods. If the changes proposed above are made, **Art I Sec 1** also should be amended. The board believes Pinewoods will best flourish under a more inclusive definition of membership, and that at a minimum the broad and expanding definition of what constitutes a “family” and a “member of a family” requires a definition of those terms (which are not currently defined in the bylaws) and those definitions should be inclusive, expansive, and flexible.