

KONA KAI SWIM & RACQUET CLUB

BYLAWS

Effective as amended October 19th, 2006 at the General Membership Meeting

ARTICLE I. NAME & PURPOSE

- Section 1. Name
The name of the corporation is the KONA KAI SWIM & RACQUET CLUB, hereafter referred to as the CLUB. The address of the Club is 680 Hubbard Avenue, Santa Clara, CA 95051-5852.
- Section 2. Purpose
The Club is a corporation organized under the laws of the State of California as a non-profit corporation for the purpose of promoting community activities of a recreational nature for its members.

ARTICLE II. MEMBERSHIP

- Section 1. Limitations
The Club shall be composed of family memberships. Membership shall be limited to 270 families. This number may be adjusted upward or downward by a two-thirds majority vote of those present or represented by proxy at a General Meeting of the Membership.
- Section 2. Family Membership Privileges
Membership rights will be extended to all members of the immediate family of each Club member. This membership shall consist of: husband, wife and children of same who reside in the parents' household. Member shall register the names and ages of those members entitled to Club privileges. The Board of Directors shall be empowered to define and approve special cases where membership may be extended to a person or persons of a household who are not part of the normal parent-child family relationship.
- Section 3. Types of Membership
There shall be the following classifications of membership:
- A. Participating Membership
Membership rights will be extended to all members of the immediate family, and as defined above. The membership shall carry full voting privileges and be subject to all Club dues, fines and assessments.
 - B. Suspended Membership
A suspended member shall not have membership rights to Club facilities or functions. He shall, however, be subject to all dues, fines and assessments.
 - C. Temporary Membership
In the event the Club does not have 270 participating memberships, temporary memberships may be granted by the Board of Directors for a period of three (3) months only. Temporary memberships will enjoy all rights and privileges of the club, except the right to vote and to sell their membership, and will be subject to all rules and regulations and fines of the Club. A temporary membership may be terminated for cause by the Board of Directors. Prior to the granting of a temporary membership, the applicant will be required to pay in advance a non-refundable fee of fifty dollars (\$50) plus an amount not less than three times the then current monthly dues of participating memberships, the exact amount to be determined by the Board of Directors. The fee of fifty dollars (\$50) may be applied to the purchase of a Club-owned participating membership at any time during the three month term of a temporary membership.

Section 4.

Sale of Membership

Memberships may be sold in accordance with the following:

A. Sale by a Member

1. A participating member in good standing may sell at any time to a person of his choice subject to approval by the Board. The sale price may be set by the member, but must be equal to or greater than the total amount of any money owed the Club. Notice of intention to sell must be made in writing to the Office Manager.
2. Transfer of membership and transfer of all funds involved in the transaction must be made through the Club. All money owed the Club, including the transfer fee, will be deducted by the Club from the sale price, and the remainder shall be paid the seller. A transfer fee, set annually by the Board, is due at the time the Club membership is approved. The Club will have a thirty (30) day option to buy the membership at the requesting member's minimum price.

B. Sale by the Club

1. A member may request that his membership be sold by the Club with a written request to the Office Manager. The written request must specify the member's selling price. Requesting member may change the minimum price at any time by writing to the Office Manager. Upon approval of the request by the Board, the membership may be sold under conditions set forth in Section 4, sub-section B, paragraphs 3, 4, 5, and 6. The Club will have a thirty (30) day option to buy the membership at the requesting member's minimum price.
2. An expelled member will have thirty (30) days from date of expulsion to sell his membership as stated in Section 4. After a period of thirty (30) days, the Club may sell the membership in accordance with the conditions set forth in paragraph 6 below.
3. The Club shall keep a chronological "Club Selling List" of those memberships to be sold by the Club.
4. The Club shall keep a chronological "Club Waiting List" of those persons who have requested in writing their desire to purchase a membership. The list shall include the maximum price the requesting person will pay for a membership. The list will include only those requesting persons approved by the Board for membership. Prospective members not approved shall be notified by the Secretary within fifteen (15) days after the Board decision.
5. The written request must specify the minimum price the member would accept. The Club will keep a chronological list of those members wishing to sell. The seller's membership will be sold when they are the highest ranking member with the lowest asking price. That is to say that they have been on the list AT THAT PRICE longer than other members at that price. When the seller's price is met the membership will be sold. The member will be notified after the sale is made.
6. Memberships which become Club-owned by virtue of an expulsion or donation of his membership by a member, may be sold by the Club at a price to be determined by the Board of Directors. These sales have priority over those to be sold in the chronological Club Selling List.
7. Transfer of membership and transfer of all funds involved in the transaction must be made through the Club. All money owed to the Club, including the transfer fee, will be deducted by the Club from the sale price and the remainder shall be paid to the seller. A transfer fee is due at the time the Club membership is approved.

8. A member who has requested that his membership be sold by the Club and has been placed on the Club Selling List may, at any time before the membership is sold by the Club, sell his membership as stated in Article II, Section 4, Paragraph A.

- Section 5. Suspension of Membership
Any member of the Club, after notice and hearing, may be suspended from the rights and privileges of Club Membership by a majority vote of the total Board of Directors for violation of the Bylaws or rules of the Club, or for other conduct, either within or outside the premises of the Club, deemed by the Board of Directors to be detrimental to the welfare, interest or character of the Club, or for default in payment of any amount owed to the Club exceeding three months dues. Such suspension shall not operate as a forfeiture of membership. A member shall remain liable in all respects for all of his indebtedness to the Club, including indebtedness accruing during the period of his suspension.
- Section 6. Expulsion of Member
Any member, after notice and hearing, may be expelled by a two-thirds (2/3) vote by the Board of Directors for a violation of the Bylaws or rules of the Club or for other conduct either within or outside the premises of the Club, deemed by the Board of Directors to be detrimental to the welfare, interest, or character of the Club, or for default for a period of six (6) months in payment of any amount owed to the Club. When the membership is sold, the member shall receive the proceeds of the sale, less transfer fee and any amount owed to the Club, unless the expulsion is for reasons of indebtedness, in which case the member shall not receive any of the proceeds from the sale.
- Section 7. Procedure in Case of Suspension or Expulsion
No member shall be suspended or expelled except after notice and hearing by the Board of Directors. The accused member shall be given written notice of the hearing at least seven (7) days prior thereto, setting forth a specification of the charges against him. The member shall be expected to appear and be heard at such hearing. Failure to appear shall constitute acceptance of the Board ruling. The decision of the Board of Directors pursuant to the provisions of either Article II, Section 5 or 6 shall be final and conclusive unless the appeal procedure Article II, Section 8, is invoked.
- Section 8. Appeal Procedure for Suspension or Expulsion
A member who has been suspended or expelled by the Board of Directors may appeal to the membership at large by obtaining twenty five (25) signatures of voting members on a petition within thirty (30) days after the Board's action. The petition shall contain a statement by the Board at the time it is presented for signatures. If sufficient signers are found, the Board must call a Special Meeting of the membership (see Article VI, Section 2) within thirty (30) days after being presented with the petition. A majority vote at the meeting shall be binding and final. If signatures of fifty one percent (51%) of the voting memberships are obtained on a petition for reinstatement, the member shall be reinstated to full participating privileges. However, the Board may reopen the matter at the next General Membership meeting in order to present its case.

ARTICLE III. FEES, ASSESSMENTS, DUES, FINES, AND LOANS

- Section 1. Transfer Fee
The transfer fee shall be set forth in Article II, Section 4.2.
- Section 2. Assessments
Assessments will not be levied upon any member unless such assessment shall be agreed upon by a two-thirds (2/3) majority vote of those members present or represented by proxy at a Special or Annual General Membership meeting. Notice of the proposed assessment

must be given to the membership in writing at least fourteen (14) days prior to the General Membership meeting at which the matter is to be voted upon.

- Section 3. Dues
Membership dues shall be established by the Board of Directors, and any changes therein shall be subject to a two-thirds (2/3) majority vote of the total Board of Directors. The Membership shall be notified sixty (60) days prior to the time the change of dues shall take effect.
- Section 4. Fines
A schedule of fines will be established by a two-thirds (2/3) majority vote at a meeting of the Board of Directors and published annually, together with the general operating rules of the Club.
- Section 5. Loans
If the Board of Directors should consider the securing of any loan, for whatever reason, written notice shall be given to the membership of a Special Membership meeting to consider such loan at least fourteen (14) days prior to the date set for such meeting. This written notice shall include the specific purpose(s) for which the loan is intended, as well as all other details of such loan. The percentage of the Membership present or represented by proxy at said meeting required to approve said loan shall be identical with the percentage requirements for approval of assessments as contained in Article III, Section 2.

ARTICLE IV. DIRECTORS AND ELECTIONS

- Section 1. The Board of Directors
The Board of Directors of Kona Kai shall be comprised of a total of seven (7) members. The Board shall annually elect from within its members a President, Vice President, Secretary and Treasurer.
- Section 2. Election of Directors
Election of Directors shall take place at the Annual General Meeting of the members, to be held during the third week in October of each successive year. Only members in good standing are qualified to become Directors. Directors shall be elected at the Annual General Meeting for a period of two (2) years and until the election and qualification of their successor. Three (3) Directors shall be elected in each even-numbered year. The remaining Directors shall be elected in each odd-numbered year. The newly elected Directors shall take office beginning November 1st of the year of their election. No member may be nominated for election to a directorship unless he is present at the meeting or his written consent has been filed with the Secretary prior to said meeting. A Board member who has served two consecutive terms (4 years) must sit out at least one year before running for the Board again.
- Section 3. Vacancies
In the event a vacancy shall occur on the Board of Directors for any reason other than the expiration of a regular term, then such vacancy or vacancies shall be filled by the Directors from the members of the Club in good standing, and the person selected shall hold office until the expiration of the term of the Director replaced.
- Section 4. Removal of Directors
If cause is believed to exist for removal of a Director(s), a Special Meeting of the members to present charges shall be called in accordance with Article VI, Section 2. After presentation of arguments pro and con for indictment and trial, a vote shall be taken. A majority vote for the indictment shall require that the membership be so notified and that a Special Meeting of the members be again called within sixty (60) days for the purpose of conducting trial. After proper hearing of arguments and presentation of evidence, a vote shall be taken. A two-thirds (2/3) majority vote shall be required to effect a removal.

ARTICLE V. DUTIES AND POWERS OF THE DIRECTORS

- Section 1. The President
The President shall preside over all meetings of members and the Board of Directors; shall sign all contracts and other instruments which have first been approved by the Board of Directors; may call special meetings of the Board of Directors; and subject to the will of the membership, generally shall direct the affairs of the Club. He shall appoint all committees and shall have the power to remove any member therefrom. He shall prescribe, whenever necessary, the duties of officers, directors and employees of the Club whose duties are not otherwise defined.
- Section 2. The Vice President
In the absence or inability or refusal to act of the President, the Vice President shall exercise all authority and perform all duties granted to or enjoined upon the President by law or by these Bylaws.
- Section 3. The Secretary
The Secretary shall keep a record of all proceedings of the meetings of the Board of Directors and of the membership; shall serve all notices as required by law or by these Bylaws; shall maintain appropriate records of the membership of the Club; and maintain such records as may from time to time be assigned by the Board of Directors or the President or be required by these Bylaws.
- Section 4. The Treasurer
The Treasurer shall monitor and verify the receipt of all moneys due to the Club and all payments of obligation which have first been approved by the Board of Directors. The Club Manager shall be authorized to sign checks for a “not to exceed” dollar amount, specified by the Board of Directors. All checks exceeding this amount must be countersigned by the Club Treasurer. The Treasurer shall present a report of the Club’s financial standing at each Annual Membership meeting and at the Board of Directors meetings as directed by the President, and submit this report to the Secretary in writing to be entered into the minutes. The Treasurer shall have a list of all property belonging to the Club and be custodian of all tax papers, insurance papers, licenses, permits, etc. The Treasurer shall monitor all Club tax data and returns prepared and submitted by the bookkeeper to comply with all Federal, State and Local authorities. The Treasurer and the Club Manager shall be bonded by the Club.
- Section 5. Directors at Large
Directors at Large shall have such duties and authority as shall be delegated to, or placed upon them by the Board of Directors or the President.
- Section 6. Powers and Duties of the Board of Directors
- A. To conduct the business of the Club between regular meetings of the membership where the decision of such matters cannot reasonably await a regular meeting, provided that any action taken by the Board of Directors shall be consistent with these Bylaws and with existing resolutions of the membership.
 - B. All Corporate powers of the Club.
 - C. The power to call special meetings of the Directors or the members.
 - D. Shall appoint an auditing committee to audit the books of the Club within twenty one (21) days after closing of the books, December 31st of each year, and shall receive and enter into the minutes of the Board of Directors the report of the Auditing Committee.
 - E. To set forth rules of conduct and safety and to take such actions as is necessary to enforce same.

- F. To establish procedures for hiring Club employees.

ARTICLE VI. MEETINGS

- Section 1. Annual Meeting of the Members
An Annual General Meeting of the members of the Club shall be held during the third week of October of each calendar year at such date, hour, and place as shall be designated by the Board of Directors. Written notice and agenda of said meeting shall be given at least fourteen (14) days prior thereto. Members wishing to place items of business on the agenda shall submit these items in writing to the Secretary of the Club thirty (30) days prior to the meeting.
- Section 2. Special Meetings of the Members
Special General Meetings of the members may be called by the board of Directors or by the President, and the President shall call such a meeting upon written request to the President of at least ten percent (10%) of the members in good standing. A Special Membership Meeting must be called by the President within fourteen (14) days after he shall have received proper written request. Said written request shall set forth the purpose of said meeting. Only such matters as are referred to in the request shall be considered at the Special Membership Meeting. Notice of time, place and purpose of said Special Meeting shall be given to the membership by mail at least seven (7) days prior to the meeting.
- Section 3. Quorum
Not less than twenty five percent (25%) of the membership in good standing as represented in person or by proxy, shall constitute a quorum at any meeting of the members, except as otherwise indicated in these Bylaws, except to adjourn from day to day or until such time as may be deemed proper by the members present. There must be a quorum at all times to transact business. Proxies may be given only to members of the Club and shall be limited to voting on those items of business on the written agenda distributed to members prior to the meeting.
- Section 4. Meeting of the Board of Directors
Meetings of the Board of Directors shall be held at least once a month on the call of the President. Notice and agenda of any meetings shall be given to each Director by the Secretary at least three (3) days prior to the date set for the meeting. A majority of the members of the Board of Directors shall constitute a quorum for the purpose of any Directors meetings, and if less than a quorum is present, the meeting shall have the authority only to adjourn from day to day or until such time as the Directors present may deem proper.

ARTICLE VII. RECORDS

- Section 1. Records
The records of this Club shall consist of its Articles, these Bylaws, a list of memberships, complete minutes of all the meetings of the Board of Directors or its members, statements reflecting the financial affairs of the Club, and such other records as may be specifically required by these Bylaws or designated from time to time by the Board of Directors. All of said records shall be opened to the inspection of any member of the Club at any reasonable time.

ARTICLE VIII. PRINCIPLES AND PRACTICES

- Section. 1. Principles
Democratic principles shall govern, and this organization shall be cooperative. Each family membership eligible for voting as specified in Article II, Section 3, in good standing shall be entitled to one vote at the membership meetings except in voting for Directors

when each membership shall be entitled to one vote for each Director position requiring election, but may only place a maximum of one vote for any one nominee.

- Section 2. Practices
All meetings of this Club shall be conducted under Robert's Rules of Order, except as otherwise provided herein.

ARTICLE IX. AMENDMENTS

- Section. 1 Amendments
These Bylaws or any part therein, may be adopted, amended or repealed by a two-thirds (2/3) majority vote of those present or represented by proxy at a General Meeting of the membership, and shall become effective on or after acknowledgement of receipt by the appropriate office of the State of California or shortly thereafter, as specified in the Bylaw change. Proposed amendments to the Bylaws shall be submitted to the membership in writing two weeks prior to the General Meeting at which they are to be voted upon.

ARTICLE X. DISSOLUTION

- Section 1. Dissolution
The Club may only be dissolved by a two-thirds (2/3) majority vote of the full membership. Members may vote by Club issued proxy or by voting at a General Meeting of the membership. If dissolution is approved, net proceeds shall be distributed equally among all participating members.