



KAILUA RACQUET CLUB

Bylaws

As Amended

November 2004

BY-LAWS OF KAILUA RACQUET CLUB, LIMITED

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BY-LAWS OF KAILUA RACQUET CLUB, LIMITED
AS AMENDED NOVEMBER 2004

IT IS HEREBY DECLARED that the following have been duly adopted as the By-Laws of Kailua Racquet Club, Limited (the "Club"), a Hawaii corporation.

ARTICLE I. MEMBERSHIP

Section 1. Eligible Persons. Any person of good moral character over the age of eighteen (18) may be elected and become a Member of the Club in the manner set forth in these By-Laws.

Section 2. Regular Memberships. Except where otherwise clearly intended, the terms "Member" and "Membership" wherever used in these By-Laws, shall be deemed to refer to and mean only regular Members and regular Membership in the Club, and shall not include persons who may be admitted to some or all of the privileges of the Club and by courtesy or for convenience termed "Members" of the Special classes hereinafter provided for.

The regular Members shall enjoy all of the rights and privileges of the Club, subject to the limitations set forth herein and in the House Rules. Each regular Member shall hold a proprietary interest in the assets of the Club. No share of stock in the Club shall be issued to an incoming Regular Member.

Only Regular Members of the Club shall hold a proprietary interest in the assets of the Club. Spouses of Regular Members however, may hold office. When a spouse is elected to the Board of Directors, the membership voting privilege is automatically transferred to that spouse for the period of time that the spouse holds that office.

Section 3. Special Memberships. In addition to Regular Memberships, Special classes of use Memberships ("Special Membership classes") may be established by the Board of Directors. The Members of these Special classes ("Special Members") shall enjoy the privileges of the Club and use of the Club facilities, subject to such restrictions as the Board of Directors may establish from time to time. The Special Members shall not have the right to vote or hold office, and shall not have a proprietary interest in the assets of the Club. The Board of Directors shall determine, and may change from time to time, the fees, dues and other charges applicable to Special Members. The Special Membership classes may be established, modified or terminated by a two-thirds (2/3rds) vote of the Board of Directors. These Special Membership classes will be defined in the House Rules and posted on the Club bulletin board.

Section 4. Limitations on Total Membership. The maximum number of Regular Members shall not exceed thirty (30) per each regulation size tennis court at the Club. The Board of Directors may establish limits for the number of Members in each Special Membership class as authorized in Section 3 of these By-Laws, but in no event shall the total number of adult tennis playing Memberships in all categories, Regular and Special (Kapuna and Military), exceed thirty (30) per each regulation size tennis court at the Club.

Section 5. Members May Hold but One Membership. No person shall be permitted to own or hold more than one Membership in the Club. For purposes of this provision, a married couple shall be considered as one person.

Section 6. Lost or Destroyed Certificates. Whenever a Membership certificate shall be lost or destroyed, or be wrongfully withheld, the Board of Directors by resolution may cancel such certificate and cause a new certificate to be issued in lieu thereof, upon such terms and conditions as it may require.

ARTICLE II. ADMISSIONS TO MEMBERSHIP

Section 1. Membership Committee. A Membership Committee shall be appointed by the Board of Directors to review Membership applications, hear protests, and make recommendations to the Board of Directors. The Membership Committee shall consist of not less than three (3) nor more than seven (7) Members. The Members of the Committee shall be appointed by the President with the approval of the Board of Directors.

Section 2. Applications for Membership, How Made. Any person who shall desire to become a Member of the Club shall present to the Secretary a written application signed by the applicant and a Member of the Club in good standing as a sponsor, accompanied by a deposit of an amount determined by the Board. The application shall be in such form as the Board of Directors may from time to time prescribe. The application shall set forth the name, occupation, marital status, place of residence and post office address of the applicant. The application shall include a written statement signed by the applicant acknowledging that upon admission, the applicant will abide by these By-Laws and the House Rules. The sponsor of the applicant shall state in the application the length of time the sponsor has known the applicant and certify that in the sponsor's opinion the applicant is a person of good moral character. If the sponsor is a Member of the Board of Directors, the sponsor shall not participate in the consideration of the application, except to testify on behalf of the applicant in the event of a protest, as provided below.

Section 3. Review and Posting of Applications. Upon receiving an application, the Secretary shall deliver it to the Membership Committee for review. The Membership Committee shall review the application and make a recommendation to the Board for or against approval of the application. Upon receipt of the recommendation of the Membership Committee, the Board shall consider the desirability of the applicant as a

Member, and determine whether or not the applicant should be nominated for election. If the Board approves of the applicant's nomination, the Secretary shall post a notice on the Club's bulletin board, setting forth the names of the applicant and the applicant's sponsor, the date of posting thereof, and the deadline for filing protests against the admission of the applicant.

Section 4. Protests. After the name of an applicant has been posted, any Member may file a written protest with the Secretary against the admission of the applicant, stating the reasons therefore.

In the event of a protest, the Board shall inform the sponsor of the protest, so that the sponsor may appear before the Board to testify on behalf of the applicant, before the Board takes further action. The Board may also meet with the protesting Member to discuss the reasons for the protest. The protesting Member shall provide such additional information as may be reasonably requested by the Board. The name of the protesting Member and the reasons for the protest shall not be recorded or be divulged to the applicant, the sponsor or any person other than the Board of Directors.

Section 5. Election. After the expiration of the deadline for filing a protest and the completion of any protest proceedings, the Board of Directors shall proceed to consider and ballot upon the names of the applicants separately in the order in which their applications were received by the Secretary. The affirmative vote of at least six (6) Members of the Board shall be required to elect an applicant. All proceedings upon elections shall be secret and confidential.

Section 6. No New Proposal Within a Year. Any person whose application is rejected shall not be proposed or considered for Membership again until after the expiration of one (1) year from the time of such rejection.

Section 7. Conditions to Admission. After the Board of Directors has voted on an application, the Secretary shall notify the applicant in writing whether the application was approved or rejected. No reasons shall be given for approval or rejection of an application. Upon election of an applicant, admission to Membership shall be contingent upon:

- (a) The availability of a Membership for purchase;
- (b) Payment to the Club of the then current Membership fee;
- (c) Payment of dues for the full current month in which the applicant's Membership certificate shall be issued; and
- (d) The issuance of a Membership certificate to the applicant.

Memberships will be made available to elected applicants for purchase in the order of election. In the event that no Memberships are available for purchase, the elected applicant(s) will be placed on a waiting list in the same order.

Section 8. Membership Fees. Commencing on October 26, 1997, an incoming Regular or Special Member shall be charged the then current Membership fee for such class. All such fees shall be nonrefundable. The Board of Directors shall determine the amount of the Regular and Special Membership fees from time to time.

With respect to Regular Memberships purchased prior to October 26, 1997, the price of such Memberships shall be fixed at the sum of \$1,250 for purposes of sale of such Memberships back to the Club pursuant to Article III, Section 9 of these Bylaws. The entry fee paid separately in connection with the purchase of such Memberships and admission of the purchasers thereof as Members shall remain nonrefundable.

Section 9. Special Memberships. The procedure for admission to the Special Membership classes established under Article I, Section 3 above shall be the same as those described in Sections 2 through 6 of this Article. Admission shall be subject to the availability of Memberships in the applicable Special Membership class, payment of the then-current Membership fee for such class and the first month's dues for such class, and compliance with such other terms and conditions as may be set forth in the House Rules. No Membership certificate will be issued to Special Members upon admission.

ARTICLE III. TRANSFER, TERMINATION AND SUSPENSION OF MEMBERSHIPS

Section 1. Transfer of Memberships.

A. Except as expressly provided herein, no Member may sell or transfer his or her Membership to any person other than the Club.

B. The surviving spouse of a deceased Member shall automatically assume ownership of the Membership of the deceased spouse, without payment of additional fees. A Regular Member who dies without leaving a surviving spouse may, by his or her will, assign his or her Membership to a son or daughter who is at least eighteen (18) years old, contingent upon such son or daughter being duly elected as provided in Article II, and contingent upon payment by such son or daughter of one-fourth (1/4) of the then current Membership fee. A Regular Member who dies without leaving a surviving spouse, and whose children are all below the age of eighteen (18) at the time of the Member's death, may by his or her will assign his or her Membership share to a son or daughter, contingent upon the appointment of a guardian for such son or daughter who approves of the assignment and agrees to pay the applicable dues and fees on behalf of such son or daughter, and contingent upon such son or daughter being duly elected as provided in Article II, and contingent upon payment of one-fourth (1/4) of the then current Membership fee.

C. A Regular Member may transfer his or her Membership to his or her spouse without the necessity of the spouse applying for Membership as provided herein, and without any Membership fee being required. Any transfer to the former spouse of a Member which is required of a court order in connection with the divorce of a Member may be made without any Membership or transfer fee.

D. A Regular Member may, during his or her lifetime, transfer his or her Membership to his or her son, daughter or parent, contingent upon such son, daughter or parent being duly elected to Membership as provided herein, and contingent upon payment by such son, daughter or parent of one-fourth (1/4) of the then-current Membership fee.

Section 2. Resignations Effective Only on Acceptance. A Regular or Special Member may at any time tender his or her resignation of Membership in writing delivered or mailed to the Secretary, but no resignation shall become effective until it shall be accepted by the Board of Directors. The Board of Directors may refuse to accept a resignation until the full payment of all such Member's indebtedness to the Club, and, with respect to Regular Members, the delivery of such Member's Membership certificate to the Secretary of the Club, duly endorsed for transfer to the Club. Any Regular or Special Member who has tendered his or her resignation shall remain liable for all dues, fees, assessments and other charges applicable to his or her Membership, until such resignation becomes effective.

Section 3. Expulsion and Suspension. By the unanimous vote of the Board of Directors, any Regular or Special Member may be expelled from the Club or suspended, as the Board may deem appropriate, for any conduct which in the judgment of the Board of Directors is dishonorable or disgraceful, or detrimental to the interest or reputation of the Club, or calculated to bring the Club or any of its Members into ill repute, either within or without the premises of the Club, or for any breach of the By-Laws or House Rules. If such Member is a director, he or she may, for any like cause, be expelled or suspended by the unanimous vote of all the other Members of the Board of Directors then in office.

Section 4. Hearing on Charges. Not less than three (3) days before action is taken by the Board of Directors on charges punishable by expulsion or suspension, the Member charged shall be furnished with a written statement signed by the Secretary of the charges against him or her, with notice of the time and place fixed for the consideration thereof. Such Member shall be at liberty to attend in person at such hearing and be heard in his or her own behalf on such charges. After the hearing the Board of Directors shall privately consider the charges and the evidence relating thereto and render a decision thereon. A condensed statement of such proceedings and decision shall be entered by the Secretary upon the minute book of the Club, and the decision thereupon shall be final and conclusive of said matter.

Section 5. Effect of Expulsion. Expulsion shall effect the immediate and permanent termination of all rights and privileges of the person expelled and his or her

Membership shall terminate immediately (or in the case of Memberships purchased prior to October 26, 1997 shall be subject to purchase by the Club as provided in Section 9 below).

A suspension shall effect the suspension of all rights and privileges of the person suspended for such period of time as the Board of Directors may determine.

Section 6. Discipline of Members. If an offense is such as may in the judgment of the Board be satisfied by apology or reparation, the Board may require the offender to make such apology or reparation and fix a time within which the same shall be done. Failure to comply with such requirements within the time specified shall be sufficient grounds for expulsion or suspension as the Board may deem just.

Section 7. Continuing Liability for Dues and Other Charges. The obligations of a Regular or Special Member or other person to pay any dues, assessment or other imposition or charge under any of these By-Laws and/or House Rules shall not be relieved by reason of the fact that he or she may be or have been expelled or suspended from or denied the privileges of the Club. If a Member dies without a surviving spouse and none of such Member's children is assigned his or her Membership and admitted as a Member, the obligation of such Member to pay dues and other amounts shall terminate immediately as of the date of such Member's death.

Section 8. Rights Terminated. If any Member shall resign, die or be expelled from the Club, said resignation, death or expulsion shall act as a release and assignment to the Club of all the rights, title and interest of such Member in and to his or her Membership and the privileges of the Club except as otherwise provided in Section 9 of this Article.

Section 9. Sale of Membership of Ex-Members. Except as provided below, upon the resignation, death, or expulsion of any Member who purchased their Membership prior to October 26, 1997, the resigning or expelled Member or the personal representative of a deceased Member (the "Grandfathered Member") shall be obligated to sell to the Club, and the Club shall be obligated to purchase, the Membership of the Grandfathered Member and such Member's share of stock in the Club, if any) for the sum of \$1,250.00 (the "Purchase Price"), provided that payment of the Purchase Price shall not be due unless and until such Membership is resold by the Club to an incoming Regular Member. The purchaser of such Membership shall not be entitled to any "grandfather" rights as provided herein. The Board of Directors shall be authorized to assign any share of Club stock purchased from a Grandfathered Member to be assigned to a non-profit corporation formed for the purposes of acquiring all of the stock of the Club and in connection with a merger or dissolution of the Club, to take title to the Club's assets and issue proprietary Membership interests to the then current Regular Members of the Club.

Upon receipt of payment of the Membership fee from an incoming Member, the Club shall pay to the Grandfathered Member the Purchase Price, less any indebtedness owed to the Club by the Grandfathered Member. There shall be no assured

time limit within which resale of a Membership will be done, other than a strict chronological offering of such Memberships for resale to incoming Members.

The Membership fee of any Member who purchased their Membership on or after October 26, 1997, shall be nonrefundable. Upon the resignation, death, or expulsion of any Member who purchased his or her Membership on or after October 26, 1997, the Membership interest of such Member shall terminate, such Member shall have no right to sell such Membership to any person, and the Club shall not be obligated to purchase such Membership or pay any amount to such Member.

Section 10. Special Membership. Special Memberships shall be non-transferrable and non-assignable and shall terminate immediately upon the resignation, death or expulsion of the holder thereof. Termination of Special Memberships shall be the same as described in this Article.

ARTICLE IV. EXTENSION OF PRIVILEGES TO NON-MEMBERS

Section 1. Spouses of Members. The spouse of any Regular or Special Member in good standing shall be entitled to the same privileges of the Club, except voting, as such Regular or Special Member respectively, without the payment of additional dues. Each Regular or Special Member shall be responsible for all indebtedness to the Club incurred by his or her spouse, dependents, and guests.

Section 2. Dependents. Each unmarried dependent of a Regular Member shall be entitled to all privileges of the Club, except voting, until the dependent has reached the age of 23 years.

Section 3. Guests. Each Regular and adult Special Member may have daily guests in accordance with current Club rules. The Board of Directors may, at its discretion, establish conditions, including the setting of fees, for short period "guest Memberships" through the issuance of guest cards. Guests may make charges to a Member's account only by written permission of the Member, which permission shall be given by the Member at the time the guest card or guest pass is requested, and shall be noted on the guest card or guest pass.

ARTICLE V. DUES, FEES, ASSESSMENTS AND CHARGES

Section 1. Amounts Fixed by Board. The amounts to be paid for entrance and dues shall be fixed by the Board of Directors by resolution duly entered upon the minutes of the Board, and be subject to change in like manner from time to time and provided that any increase of dues shall not take effect until at least thirty (30) days after notice thereof shall have been given to the Members. Dues shall commence on the first day of the month in which a Member is admitted.

Section 2. When Payable. The dues shall be payable monthly in advance to the Club (plus the amount of any government tax thereon). Any other indebtedness incurred or assessments levied during any month shall be due and payable on the first day of the succeeding month.

Section 3. Statement of Account. The Treasurer, not later than the tenth (10th) day of each calendar month, shall cause to be sent to each Member a statement of his indebtedness to the Club with the request that payment be made. If such dues and other indebtedness due shall not be paid on or before the twentieth (20th) day of the following month the same shall automatically become delinquent and the name of the delinquent Member and the amount of his unpaid account shall forthwith, without any action or order of the Board of Directors, be posted by the Treasurer on the Club's bulletin board and written notice shall then be given by the Treasurer to such delinquent Member that unless full payment shall be made within thirty (30) days after the date of such posting the delinquency will be certified by the Board of Directors and that the Membership may then be subject to termination by the Board.

Section 4. Suspension of Credit. After the posting of delinquency of a Member as above provided, such Member shall not be allowed any further credit in the Club while such delinquency shall continue.

Section 5. Cancellation of Membership For Delinquency. Failing such payment the Treasurer shall give notice thereof to the Board accordingly and the Board of Directors may then, without any other or further notice to the delinquent, cancel the Membership.

Section 6. Assessments. The Board may levy assessments upon all the Regular Members up to but not exceeding five hundred dollars (\$500.00) per Member in any one calendar year to meet any of the debts or obligations of the Club, and unless otherwise provided, the same shall be added to the monthly dues and be paid in like manner.

Section 7. Inactive Members. In cases where a Regular Member in good standing cannot use Club facilities for a period of over three (3) months (because, for example, of an extended illness or absence from Oahu), the Board of Directors may, upon request by the Member, declare the Member "inactive" and temporarily waive monthly dues. Inactive status shall be requested in advance if a Member plans an extended absence from Oahu or inability to use the Club is otherwise reasonably foreseeable. Inactive status may be granted retroactively only in case of serious illness or injury. During the inactive period a monthly service fee may be set by the Board subject to subsequent increases or decreases. Inactive Members will be subject to all general assessments. If, in the judgment of the Board, continuation of an inactive Membership is not within the interests of the Club, the Board may give the inactive Member the option of reactivating his or her Membership or resigning.

Section 8. Reinstatement. In the case of a former Regular Member who resigned in good standing and is reapplying for the same class of Membership, the Board may waive a portion or all of the Membership fee to the extent of the original fee payment. This does not apply where the Member, upon resigning, had sold or otherwise received a refund for his Membership.

ARTICLE VI. ORGANIZATION

Section 1. Board of Directors. There shall be a Board of Directors composed of nine (9) elected Regular Members. Although a Member may serve on the Board for more than one three (3) year term, the member cannot serve these terms consecutively.

Section 2. Principal Officers. The principal officers of the Club shall be a President, one (1) or two (2) Vice Presidents, a Secretary and a Treasurer, all of whom shall be appointed by the Members of the Board of Directors from their own number to serve for one (1) year subject to the provisions of these By-Laws.

Section 3. Other Officers. There may be such other officers and agents of the Club as the Board of Directors may deem requisite and appoint, all of whom shall serve at the pleasure of the Board.

Section 4. Committees. There shall be such standing or Special committees as may be authorized by the Board of Directors. Chairpersons shall be appointed by the President and approved by the Board, subject to change by the President at any time with like approval by the Board.

Section 5. Duties and Powers. The number of Members, duties, jurisdiction and powers of all committees shall be such as the Board of Directors shall from time to time determine, provided that no committee shall exercise any power which is expressly reserved to the Board of Directors in these By-Laws, and all committees shall at all times and in every respect be subject to the direction and control of the Board.

ARTICLE VII. MEMBERSHIP MEETINGS

Section 1. Annual Meeting. An annual meeting of the Members of the Club shall be held each year during the month of October at such time and place as the Board of Directors may determine for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the Members may be called by the Board of Directors as provided in ARTICLE IX. Also, a petition containing fifteen (15) or more signatures of Regular Members in good standing, directed to the

President and stating the desired purpose of a Special Membership meeting will make it incumbent upon the President to call such a meeting before the end of the following month.

Section 3. Notice of Meetings. Notice of meetings of the Members shall be given by the Secretary by posting on the bulletin board of the Club and by mailing the same to each Member at least ten (10) days prior to such meetings.

Section 4. Quorum. Twenty-five (25) Members present in person or duly represented by proxy at any Membership meeting shall constitute a quorum, provided that of such number at least fifteen (15) Members shall be present in person. Less than a quorum may adjourn over from time to time, without further notice, until a quorum shall be present.

Section 5. Vote Necessary to Authorize Sale, Mortgage, Etc., of Land. No business having for its object, either directly or indirectly, the sale, leasing, mortgage, exchanging or other disposition of any real property of the Club, or the sale, assignment, mortgage, pledge or hypothecation of any lease or contract owned by the Club affecting any real property, shall be entertained or transacted unless approved in writing by a majority of the total number of Regular Adult Members of the Club.

Section 6. Voting Rights. Each Member in good standing shall be entitled to one (1) vote.

Section 7. Proxies. A Member in good standing may be represented at any Membership meeting by any other Member in good standing, by a written proxy or power of attorney filed with the Secretary. In the event a Member cannot attend the general meeting, his or her spouse may hold the proxy. All acts done under such power shall be held to be the personal acts of the Member by whom such power was given. Unless limited by its terms such authority may continue in effect until notice of its revocation shall be filed in writing with the Secretary. No person other than a Regular Member of the Club in good standing shall be entitled to act as a proxy or attorney-in-fact for another Member, except that a Member's spouse may hold such Member's proxy.

ARTICLE VIII. ELECTION OF DIRECTORS

Section 1. Nominating Committee. At least thirty (30) days prior to the date of each annual meeting of the Members the President shall appoint (and thereafter fill any vacancy in) a Nominating Committee of five (5) Members from the Members of the Club, and name one of them as Chairperson thereof. Such Committee shall meet within five (5) days and shall within ten (10) days select from the Members of the Club in good standing the names of at least six (6) candidates for directors to be voted for and of whom three (3) are to be elected at the next ensuing Club election. Nominations from the floor will be received at Club elections. Nominations shall be posted at least ten (10) days prior to the

annual meeting. Nominees must have been Regular Adult Members of the Club for a minimum of two (2) years.

Section 2. Balloting by Absent Member. Any Member entitled to vote may, without attending the polls, sign and send into the Secretary a list of any four (4) or five (5) (whichever is the number to be elected that year) of the nominated candidates, which signed list, if actually received by the Secretary prior to the closing of the polls, shall serve as the ballot of such Member and concurrently with the closing of the polls such ballot shall be deposited in the box by the Secretary if it shall appear that such Member has not yet otherwise voted.

Section 3. Determination of Election. At the close of the polls the judges of election shall examine the register and number of ballots cast, count the votes, and report to the President, in writing, the result of the election. Of the candidates nominated as above provided the four (4) or five (5) (whichever is the number to be elected that year) who receive the highest number of votes shall by the President be declared elected. In case two (2) or more candidates shall each have received an equal number of votes and all of them cannot be elected, as above provided, a ballot shall be taken at said annual meeting (or at an adjournment thereof) as between such equal candidates, but no other, and as between them the candidate receiving the highest number of votes then cast shall be declared elected.

ARTICLE IX. DIRECTORS AND OFFICERS

Section 1. Directors are the Governing Body. Except only as otherwise provided in the Charter or By-Laws, all of the corporate powers and government of the Club shall be vested in a Board of Directors consisting of nine (9) Members all in good standing.

Section 2. Rotation in Board. At each annual meeting of the Members, three (3) Directors shall be elected in the manner hereinbefore provided to take the places of the three (3) who will then retire upon the expiration of their terms of office.

Section 3. Vacancies. Should a vacancy occur in the office of a director, the remaining Members of the Board by majority vote may appoint a Member of the Club to fill the vacancy to serve for the unexpired term so vacated, subject to the right of the Members to displace such appointee at any subsequent Members' meeting.

Section 4. Election of Officers. As soon as practicable after each annual meeting of the Members, the Board of Directors shall meet and elect from their own number the principal officers mentioned in Section 2 of Article VI of these By-Laws.

Section 5. Powers of Board of Directors. In furtherance of the general powers of the Board and in addition to all powers in them vested or implied by law and by any other provision of these By-Laws, the Board of Directors shall have power:

- (a) To appoint and control and at pleasure remove (without cause except in the case of any of said principal officers) any officers, agents and employees and to allow such compensation for their services as to the Board shall seem proper;
- (b) Consistently with these By-Laws to prescribe the duties of any officers;
- (c) To appoint or authorize the appointment of such standing and other committees as the By-Laws may authorize and as to the Board shall seem proper for carrying on the activities or affairs, and define their jurisdiction, duties and powers, provided that all committees shall be subject at all times to the control of the Board and be subject to change at the pleasure of the Board;
- (d) To make and enforce rules ("House Rules") not inconsistent with these By-Laws, regulating from time to time, the affairs and conduct of the Club and the conduct of its Members in connection with the Club, and of other persons admitted to any of the privileges of the Club or within its precincts; and to give effect to such rules of committee as shall meet with the approval of the Board; all as in the judgment of the Board shall seem advisable from time to time;
- (e) To determine and govern all matters affecting finances, discipline, decorum and harmony;
- (f) To make and authorize expenditures, and the purchase of supplies or personal property for the Club or for the use of accommodation of its Members;
- (g) To authorize emergency borrowings they may deem necessary not exceeding thirty five thousand dollars (\$35,000) in any one (1) year; provided that any issues of bonds or the making of any mortgage, trust deed, sale or lease of any real property shall always require the proper authorization of the Members. This power gives the board emergency capability to respond to unforeseen situations that need to be corrected immediately and for which there are insufficient funds in the club accounts. one example of an unforeseen emergency would be a hurricane where the roof of the club was compromised and an emergency work order to protect the contents of the club was necessary;

- (h) To call special meetings of the Members to consider specified subjects;
- (i) To censure, suspend, or expel any Member who shall be found guilty of any offense of the character mentioned in Article III of these By-Laws, and to expel any Member for non-payment of any indebtedness to the Club; and also to suspend or withdraw the privileges of the Club from any person admitted thereto under Article IV of these By-Laws, for cause.
- (j) If conditions are such that an existing loan or mortgage can be refinanced under more favorable terms, the Board may refinance the loan or mortgage without member approval as long as the principal on the new loan or mortgage does not increase.

Section 6. Quorum. Except as otherwise provided in the By-Laws, a majority of the Members of the Board of Directors shall constitute a quorum for the transaction of any business, provided that no act of the Board shall be valid unless approved or ratified by the concurring vote of not less than a majority of all its Members.

Section 7. Meetings. The Board of Directors shall meet quarterly at such time as the Board shall determine or authorize, and as often otherwise as called, upon such notice as the Board may require.

Section 8. Removal of a Director. Any director may be removed from the Board for cause and after a hearing by the vote of two-thirds (2/3rds) of the remaining Members of the Board.

Section 9. Vacancies. If any Member of the Board of Directors shall at any time cease to be a Member of the Club in good standing, or be absent from the Island of Oahu for more than four (4) months without the leave of the Board, his or her office as a director shall immediately become vacant without any action other than to record such fact in the minutes of the Board by order of the Directors.

ARTICLE X. DUTIES OF OFFICERS

Section 1. President. The President shall be the general executive officer of the Club; and have general supervision over its business affairs, and see to the proper observance and enforcement of all By-Laws, rules and regulations of the Club and any action or orders of the Board. The President shall preside at all meetings of the Members

and of the Board of Directors; with the authority or approval of a majority of the Directors, the President shall appoint all committees, and make changes therein; the President shall call such meetings of the Members and of the Board of Directors as are herein provided for, and such other meetings as shall seem required; and at the annual meeting of the Members the President shall render a report upon the general affairs of the Club during the previous year.

Section 2. Vice President. In the absence or disability of the President, either Vice President shall perform the duties of the President. If the President and Vice Presidents shall be absent from any meeting the Secretary shall call the meeting to order and preside until a temporary chairman of the meeting shall be chosen.

Section 3. Secretary. The Secretary shall keep a record of the proceedings of all meetings of the Club and of the Board of Directors and of all other matters confided to his or her care; give all notices required by the By-Laws except those required to be given by the Treasurer; keep the files and have general charge of and conduct the general correspondence of the Club; and attend to such other matters as are required of the Secretary by these By-Laws or as may be directed by the Board.

Section 4. Treasurer. The Treasurer shall keep all financial records and accounts of the Club; receive and deposit (with such depository or depositories as shall be named by the Board) all Club money and securities or evidences of property; give receipts for such moneys as are paid to him or her, pay such accounts and obligations as shall be approved for payment by the Board or by any authorized committee; and generally perform such other duties as are required by him or her by these By-Laws and as the Board of Directors shall from time to time direct. The Treasurer shall report annually to the Members upon the financial condition of the Club, and to the Board of Directors whenever required. The Treasurer may receive assistance from a part-time bookkeeper whose appointment and compensation will be determined by the Board. With the approval of the Board, the Treasurer may obtain such assistance and/or advice as may be appropriate from an independent CPA or CPA firm. Some, or all, of these responsibilities may be delegated to the Director of Operations by the Board.

Section 5. Signing of Documents. Two (2) principal officers shall sign all contracts, Membership certificates, bonds and other instruments in writing to bind the Club, which shall first have been approved or authorized by the Board of Directors. One (1) officer and the Club Manager may be authorized to sign small checks, the limitation as to amount to be set by the Board.

ARTICLE XI. INDEMNIFICATION

Section 1. Officers and Directors. The Club shall indemnify, defend, and hold harmless each and every officer and/or director of the Club from and against any and all claims, liabilities, fines, lawsuits, actions, and causes of action brought or asserted against such officer and/or director (except for claims, liabilities, fines, lawsuits, actions, and causes of action brought or asserted by the Club itself or on the Club's behalf) by reason of the fact that such officer and/or director took any action, or refrained from any action, in his or her capacity as an officer and/or director of the Club, provided that such officer and/or director acted in good faith and in a manner he or she reasonably believed to be in - or not opposed to - the best interests of the Club, and, with respect to any criminal charge or proceeding, the officer and/or director had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or equivalent, shall not, in and of itself, create a presumption that the officer(s) and/or director(s) involved did not act in good faith and in a manner which the officer and/or director reasonably believed to be in - or not opposed to - the best interests of the Club, nor a presumption that the officer and/or director had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Employees and Agents. The Club may, if the Board of Directors so decides, indemnify and defend agents and/or employees of the Club who are not officers or directors, upon the same terms set forth in Section 1 of this Article.

Section 3. Insurance. The Club may, if the Board of Directors so decides, purchase insurance in such amounts and on such terms as the Board deems appropriate, to provide for the defense and/or indemnification described in this Article.

ARTICLE XII. CLUB BULLETIN BOARD

A bulletin board shall be provided and maintained at such conspicuous place on the Club premises as the Board of Directors may determine, upon which all general notices shall be posted.

ARTICLE XIII. SEAL

The Club shall have a corporate seal, consisting of a circle bearing on its circumference the words "KAILUA RACQUET CLUB, LIMITED, HONOLULU, HAWAII," and in the center the words "INCORPORATED MAY 16, 1952." Its precise form may be determined by the Board of Directors from time to time and be altered at their pleasure.

ARTICLE XIV. DISSOLUTION

Upon the dissolution of the Club, after the payment of all debts to the Club, its properties shall be sold and converted into money, and after payment of all its debts, said money shall be distributed on a pro-rata basis among the Regular Members of the Club then in good standing.

ARTICLE XV. AMENDMENTS

Section 1. Vote Required. These By-Laws may be amended either:

- (a) By the vote of two-thirds (2/3rds) of all the Members present or represented at any annual or special meeting of the Members provided notice of the proposed amendments shall have been given in the notice of the meeting; or
- (b) By the concurring vote of not less than a majority of the Members of the Board of Directors, with the written consent of not less than one-half (1/2) of all the Members, PROVIDED that no amendment made under this subparagraph (b) shall become effective until it shall have been posted on the bulletin board for at least ten (10) days.

Section 2. Notice. At any meeting of the Members at which amendments to the By-Laws may be considered under notice given as provided in paragraph (a) of Section 1 of this Article, any amendment may be effected in any By-Law which shall be germane to the subject matter and not inconsistent with the general intent of the amendment mentioned in the notice.

