

LILY COVE IMPROVEMENT COMPANY, INCORPORATED
Clearlake, Lake County, California

CONSTITUTION AND BY-LAWS

PREAMBLE

- WHEREAS: The members (property owners) of Lily Cove Improvement Company, Inc. have acquired a Quit Claim Deed on beach property in Subdivision #3, Clearlake, Lake County, known as Lily Cove; this said property was filed in the County of Lake, in the County Court House, in book 282, page 70, the 25th day of July, in the year One Thousand Nine Hundred and Fifty-seven (July 25, 1957.) This lake front property in Subdivision #3, known as the strip of land bordering the lake from Johnson triangular lot to the Fuqua lot #1, Block 5-A. This said property was surveyed August 18, 1960, by T.L. O'Connor (L.S. 2581.) One-half (1/2) inch iron rod is used for markings. Concrete has been put around said iron stakes to keep them in their permanent places.
- WHEREAS: On the 18th day of February in the year One Thousand Nine Hundred Sixty (February 18, 1960) in the Official Records of Lake County, in Lakeport, in Book 325, page 300, the following property was recorded: Lot #1, in Block 9, as shown on that map entitled, "Clearlake Park Subdivision #3." This property was purchased by most corporation members, and,
- WHEREAS: This choice and valuable beach property and park has been unattended and neglected for many years, and
- WHEREAS: The Lake County Title Company has advised us that the beach is not community property, and
- WHEREAS: We members (property owners) in Lily Cove Improvement Company, Inc. do hereby associate ourselves together and agree, one with the other, in consideration of their mutual interests to improve, keep up and maintain the above-mentioned beach and property.

CONSTITUTION AND BY-LAWS

(Revised 9-2007)

ARTICLE NO. 1 - NAME

The name of this corporation shall be the "Lily Cove Improvement Company, Incorporated." It shall be a non-profit corporation organized under the laws of the State of California, relating to non-profit organizations.

ARTICLE NO. 2 - OBJECTS AND PURPOSES

Section No. 1

To associate ourselves together to protect, forever maintain, beautify and improve all property within this boundary as mutual benefit to all members.

Section No. 2

Resolved that Section No. 1 of the Articles of Incorporation be amended to read as follows: Without limiting in any way the foregoing, this corporation intends, initially and primarily, to develop certain property in Subdivision #3, Clearlake Park, Lake County, State of California, for the mutual benefit of the members of the Corporation for their use and pleasure.

Resolved further, that said amendment is hereby adopted and approved. (Passed 1-14-61)

ARTICLE NO. 3 - PRIVILEGES AND RESTRICTIONS

Section No. 1

The beach property, described and referred to in the PREAMBLE to these By-Laws, shall be used by the members and their guests for recreational purposes only. All guests of members using facilities of corporation shall be governed by corporation By-Laws. Members shall be held responsible for the conduct of their guests.

Section No. 2

Members are to be allowed launching and mooring space (excluding airborne watercraft) for their boats and landing craft in designated area when available. Members and guests shall do so at their own risk. Trailers, tents, and vehicles are not to be permitted space on the beach property. There shall be no commercial enterprise of any kind or nature erected or placed on the property. Any members using units on his or her property for purpose of renting to the general public for his or her personal profit will not be permitted to make available any privileges or rights to beach as a guest to said renters. (Amended 4-22-72)

Section No. 3

Parking shall be permitted only on Lot #1, Block 9, Subdivision #3, in a designated area only. No unattended overnight parking will be permitted on cove property. (Amended 9-3-94)

Section No. 4

Every member shall conduct himself/herself in an orderly fashion.

Section No. 5

Each member will be allowed to moor two boats provided that the second boat does not preclude another membership from mooring at least one boat. In this event, the second boat must be removed. All boats must be removed from the docks between October 31 and March 31 of each year. Temporary docking of boats during this period is allowed for a period not to exceed two (2) weeks with the owner assuming all responsibility for any possible damage to docks and/or boats. (Amended 5-27-91)

Section No. 6

The privilege of allowing guests to use the facilities of the L.C.I.C., as intended by this article, enables members to share those facilities with friends and/or family members on a periodic basis (occasional vacations, week-ends, etc.)

This guest privilege was never intended as a vehicle for the use of the facilities on a permanent or semi-permanent basis by those individuals who will not or cannot seek membership in compliance with this constitution.

The concept of the "permanent guest" is abhorrent to the Lily Cove Improvement Company. It is a violation of the spirit of guest privileges, as well as a manifested abuse thereof.

If any member is found to have abused this privilege, as determined by a vote of the Board of Directors, that member will be so informed by certified letter. The accused will also be informed that continued abuse during the subsequent 12 month period will result in loss of membership by the accused with no possibility of reinstatement. If it appears to a majority of the Board of Directors of this organization that a member has caused or permitted one or more additional abuses of this privilege during said 12 month period, it may so determine by majority vote and the following procedure shall apply:

1. The provisions of these procedures shall be sent annually to all the members;
2. If two-thirds (2/3) of the membership at a regularly noticed meeting, or a special meeting called for that purpose, concludes that such violation or violations have taken place, they may resolve to expel, suspend or terminate said member's privilege or privileges and specify the reasons therefor. At least 15 days' prior written notice of such determination and the reasons therefor shall be given to the offending member before such expulsion, suspension or termination shall be effective. Notice may be given by personal service to such member or members, or may be mailed, first class mail, postage prepaid, properly addressed to the address of the member(s) shown on the books of record of this association with the officer giving such notice to prepare a declaration of mailing setting forth such facts. If a membership is owned by more than one person, including a husband and wife, a single notice is sufficient if mailed to the address of record or served on one of the members, unless the other spouse and/or additional owners of the same parcel specifically and in writing request that they receive notice of any such action and specify the mailing address at which they may be notified. The member shall be given an opportunity to be heard, orally or in writing, not less than five days before the effective date of the expulsion, suspension or termination by a person or body authorized to decide that the proposed expulsion, suspension or termination not take place. Such hearing may be before the entire board or before one of the officers or directors designated by a majority of the board for such purpose.

3. This provision is adopted, and shall be governed by the spirit and letter of California Corporations Code Section 7341 as it may be amended from time to time. It is further the intent that any such action shall only be done in good faith and in a fair and reasonable manner providing reasonable due process to the subject member. To avoid conflict, in any situation where a member believes there may be a conflict, he is encouraged to confer with the appropriate officers or directors of this organization to resolve the difference amicably.

Section No. 7

If any member is found to have abused the provisions of these By-Laws, as determined by a vote of the Board of Directors, that member will be so informed by certified letter. The accused will also be informed that continued abuse during the subsequent 12 month period will result in loss of membership by the accused with no possibility of reinstatement. The following procedure shall apply:

If two-thirds (2/3) of the membership at a regularly noticed meeting, or a special meeting called for that purpose, concludes that such violation or violations have taken place, they may resolve to expel,

suspend or terminate said member's privilege or privileges and specify the reasons therefor. At least 15 days' prior written notice of such determination and the reasons therefor shall be given to the offending member before such expulsion, suspension or termination shall be effective. Notice may be given by personal service to such member or members, or may be mailed, first class mail, postage prepaid, properly addressed to the address of the member(s) shown on the books of record of this association with the officer giving such notice to prepare a declaration of mailing setting forth such fact. If a membership is owned by more than one person, including a husband and wife, a single notice is sufficient if mailed to the address on record or served on one of the members, unless the other spouse and/or additional owners of the same parcel specifically and in writing request that they receive notice of any such action and specify the mailing address at which they may be notified. The member shall be given the opportunity to be heard, orally or in writing, not less than five days before the effective date of the expulsion, suspension or termination by a person or body authorized to decide that the proposed expulsion, suspension or termination not take place. Such hearing may be before the entire board or before one of the officers or directors designated by a majority of the board for such purposes. (Amended 10-24-92)

ARTICLE NO. 4 - MEMBERSHIP AND DUES

Section No. 1

Membership in this Corporation is limited to owners of buildable lots, as prescribed by county and city building codes, lying within an area within Subdivision #3, Clearlake Park, as shown on the official map thereof filed in the office of the County Recorder of Lake County, California, on June 6, 1923, in Book 3 of Town Maps on pages 36 to 40 inclusive, whose exterior boundaries are described as follows: Beginning at the waters of Clear Lake, along the southwesterly center line of Monterey Drive; generally easterly to intersection with center line of San Joaquin, of said subdivision; thence generally westerly on said center line of San Joaquin Avenue, to its intersection with the most westerly arm of Mesa Drive, in said subdivision; thence generally southerly on Mesa Drive, to its intersection with the waters of Clear Lake. (Amended 5-12-73) (Amended 11-17-84)

Section No. 2

Present members, who are not members by virtue of owning lots outside of the area described in Section No. 1, may retain their membership by payment of all dues and assessments that may be levied by the Corporation. However, if more than one (1) lot is owned by a member outside of the area described in Section No. 1., members must designate which lot their membership belongs to, and membership shall be transferred with the sale of that designated lot. If not transferred with the sale of designated lot, membership shall expire upon transfer of title of such lot and may not be renewed.

Section No. 3

Any present member owning one or more lots within stated boundaries may reserve one (1) membership as long as he owns one (1) lot within the boundaries, as described in Section No. 1.

Section No. 4

Membership application shall be presented, in writing, to the Secretary with legal description of property showing ownership as it is to be recorded. All applications to be reviewed and acted upon by the Board of Directors at their first meeting after application has been received by the Secretary. Notwithstanding how title is held, only two titleholders of a parcel of property containing an active membership shall be allowed membership privileges in the association. At the time of application for membership in the association, or of transfer of membership to said titleholders, written notice shall be presented to the association designating these two titleholders as those having membership privileges. (Amended 10-15-94)

Membership applications requesting approval of transfer or purchase, which have been presented in a manner prescribed by this section, and in accordance with these bylaws, shall be reviewed by the Executive Board of Directors. Should said application be approved by the Executive Board of Directors, a *numbered Certificate of Membership shall be provided to that member, or members. The Certificate of Membership shall include, but not be limited to, the legal names of the owners, as well as the legal description of the lot holding the membership. Likewise, this Certificate of Membership shall also contain a designated number for said membership, as well as an authorization stamp, notarizing the transfer, or purchase of said membership. The original Certificate of Membership shall be maintained by the member, but a conformed copy shall be held by the Secretary in the member's file. (Amended 9-99)*

Section No. 5

The initiation fee for membership shall be Twenty Thousand dollars (\$20,000.00). (Amended 1981) (Amended 8-87)

Section No. 6

The dues shall be Three hundred fifty dollars (\$350.00) per year payable in advance. Members, including designated representative working at one or more Board of Directors' organized or authorized work parties, shall be issued by the President, Secretary, or Treasurer, a written dues credit of \$225.00 to be applied to the following fiscal year's dues. It is the responsibility of the member to ask for his/her credit on the day of the work party. Credit is non-transferable. No membership shall be allowed to submit more than one Two hundred twenty-five dollar credit toward dues payment. Members with more than one membership will have to earn credit for each membership. (Amended 10-24-92, 9-2-95, 9-1-07)

Section No. 7

There shall be no honorary non-dues paying members in this organization. (Amended 9-3-83)

Section No. 8

The dues shall be paid between July 1 and October 31 of each year. (Amended 5-27-95)

Section No. 9

If dues and assessments are not paid by October 31 of each year, a penalty of \$50.00 shall be levied. If the dues plus the penalty are not paid by the following December 31, membership shall be forfeited. (Amended 5-26-84) (Amended 10-15-05)

If assessments are not paid by October 31 of each year, a note shall be signed for the Secretary (copy to the Treasurer) for the amount of the assessment plus 10% interest. If this note is not paid by the following December 31, membership shall be forfeited. (Amended 5-27-95)(Amended 10-15-05)

Anyone who has lost his/her membership shall apply for same as a new member. (Amended 8-19-62)

The Board of Directors shall be empowered to negotiate or reinstate special cases concerning delinquencies in dues and/or memberships.

Section No. 10

Member shall have no vote or voice at the general meeting if his/her dues are delinquent.

Section No. 11

Dues are transferable. (Amended 5-27-91) Members who have not paid their assessment of One Thousand dollars (\$1,000.00) for Lot #1, Block 9, cannot transfer their membership to new owner upon sale of property. Members who have paid their One Thousand dollar (\$1,000.00) assessment for Lot #1, Block 9, may transfer their membership with sale of property. (Amended 8-19-62 and 4-22-72)

Section 12

Owners of lots eligible for membership, as prescribed in ARTICLE NO. 4, Section No. 1, may purchase memberships from the Association, not to exceed a maximum of 70 (Seventy) memberships total, regardless of their standing. The value of said membership is established in ARTICLE NO. 4, Section No. 5. Once the maximum number of memberships has been reached, no additional memberships shall be made available by the Association. The contents of this article are not intended to affect those members who have already purchased memberships. Furthermore, this article will not preclude the sale or transfer of existing memberships to property owners eligible under ARTICLE NO. 4, Section No. 1. (rev. 01-06)

ARTICLE NO. 5 - RULES OF ORDER PROCEDURE

Section No. 1

The procedure at all meetings of this organization shall be that set forth in *Roberts Rules of Order*, except as otherwise provided in these By-Laws.

Section No. 2

The order of business shall be:

1. Approval of minutes of the previous meeting
2. Correspondence and reports from the President and Treasurer
3. Committee reports (if any)
4. Old Business
5. New Business
6. Business from the floor
7. Adjournment

ARTICLE NO. 6 - OFFICERS

Section No. 1

The officers of this organization shall be: President, Vice-President, Secretary, Treasurer, and three (3) Directors. (Amended 8-19-62)

Section No. 2

The officers shall be elected for a period of two (2) years or until their successors are elected. Three (3) Directors shall be elected to serve two (2) years. The election of officers and the election of Directors shall take place on alternate years. (Amended 9-79)

Section No. 3

No Officer or Director shall receive a salary.

Section No. 4

Any Officer or Director disposing of his/her property shall vacate said office immediately.

ARTICLE NO. 7 - DUTIES OF OFFICERS

Section No. 1

President: Shall be the Chief Executive Officer of this organization; shall preside at all meetings and shall be chairman of the Board of Directors; shall issue calls for all regular and special meetings and shall have the power to appoint all committees; shall be responsible for the supervision of all committees; shall call all meetings of the Board of Directors; shall appoint any officer or Director in case of a vacancy in office with the approval of the Board. The President shall be allowed reasonable and necessary expenses in directing or administering the affairs of this organization. The President may pay out of the treasury up to One Hundred dollars (\$100.00) in an emergency if he/she thinks it is in the best interest of the Corporation.

Section No. 2

Vice-President: Shall preside at all meetings in the absence of the President. If, for any reason, the office of President shall become vacant, the Vice-President shall succeed to that office until the next election.

Section No. 3

Secretary: Shall attend all meetings of the organization and the Board of Directors; shall keep a permanent record of all transactions; shall issue to new members, upon approval and acceptance, a membership card, guest card, Constitution and By-Laws, Rules and Regulations, and boat numbers (2 sets).

Section No. 4

Treasurer: Shall be custodian of all monies received and shall immediately deposit all monies in a bank designated and approved by the Board of Directors; shall pay out funds of this organization only upon authorization of the Board of Directors (all checks must be signed by the Treasurer and countersigned by the President or Secretary); shall pay all insurance premiums annually; shall pay annually the taxes on beach properties; shall complete a detailed itemized annual financial report to be distributed to each member present at the general meeting of Labor Day week-end. (Amended 10-24-92)

ARTICLE NO. 8 - BOARD OF DIRECTORS

Section No. 1

There shall be a Board of Directors, consisting of seven (7) members, who shall manage and control the affairs and property of this organization. They shall meet at the call of the President or a petition signed by a majority of the Board of Directors. A quorum shall consist of five (5) members. The Board shall consist of the President, Vice-President, Secretary, Treasurer, and three (3) elected members as specified in ARTICLE NO. 6, Section No. 1. (Amended 8-19-62 and 9-79)

ARTICLE NO. 9 - MEETINGS

Section No. 1

Meetings of this organization shall be held semi-annually -- in May, Saturday of Memorial Day week-end; and in September, Saturday of Labor Day week-end at a place and time designated by the Board of Directors. A quorum shall consist of fifteen (15) members. (Amended 12-15-73 and 10-9-76)

ARTICLE NO. 10 - VOTING

Section No. 1

A majority vote of voting members shall govern the actions of this organization, except as specified in ARTICLE NO. 14, Section No. 1.

Section No. 2

Each membership shall be allowed only one (1) vote, which may include children of the member's family, 18 years or age or older. Members must be present to cast their vote. Voting by proxy shall not be allowed.

Section No. 3

If two or more persons own a membership, only one (1) shall vote at any meeting. Person voting shall be designated before the meeting, and members shall be notified at the opening of the general meeting.

ARTICLE NO. 11 - APPROPRIATIONS AND EXPENDITURES

Section No. 1

No appropriations or expenditures over One Hundred dollars (\$100.00) shall be made without the consent and approval of the Board of Directors.

ARTICLE NO. 12 - NOMINATIONS AND ELECTION OF OFFICERS

Section No. 1

Elections shall be held every two (2) years. (See ARTICLE NO. 6, Section No. 2) The nomination and election of the officers and Directors shall be held on the same day and time, with the installation taking place immediately. Each membership shall be credited with one (1) vote. The person or persons receiving the highest number of votes shall be declared elected. All votes shall be by secret ballot unless there be no competition; in such cases, the Secretary shall cast a unanimous ballot. The President shall appoint an election committee of three (3) to direct and complete the election.

ARTICLE NO. 13 - DISSOLUTION

Section No. 1

This corporation shall not be dissolved without the written consent of nine-tenths (9/10ths) of the existing members in good standing.

ARTICLE NO. 14 - AMENDMENTS

Section No. 1

This Constitution and By-Laws may be amended at any regular meeting of the organization by a two-thirds (2/3) vote of the members present, or by a written two-thirds (2/3) vote by mail, signed by owner-member (no proxy), provided that a copy of the proposed change be mailed to each member thirty (30) days in advance of the vote. (Amended 1-8-72)

RULES AND REGULATIONS
for
MEMBERS, FAMILIES AND GUESTS

1. No throwing of rocks.
2. No diving, swimming, or throwing people from boat floats.
3. No breaking or destroying trees and shrubs.
4. No throwing of cans, bottles, or trash on the beaches or in water.
5. No boating or skiing equipment to be left on the floats.
6. No children in boats (other than their own) tied at the docks.
7. No parking of cars or trucks on the lake side of the road.
8. Speed limit for boats in the cove is five (5) miles per hour.
9. No skiing within 200 feet of swimming beach or boat docks.
10. Personal watercraft may be placed on the beach between the boat docks and the first drainage pipe which runs from the retaining wall toward the water's edge. Paddle boats may be placed in the designated area below the cove barbecue pit.
11. No vehicles to be parked past the beach house at any time.
12. No boats to be anchored in swimming area.
13. All dogs to be leashed on cove property.
14. Work Party Rules:

Time Schedule:

Work party to be held on a Saturday from 9:00 a.m. to 4:00 p.m. or earlier if all scheduled work is completed.

Discount Slips:

Slips to be given out at 4:00 p.m. (earlier if all scheduled work is completed. This will be determined by the President)

Eligible Workers:

Only one member is required to attend a work party. The authorized substitute may be sent.

Job Assignments:

Work assignment sheets will be posted at 9:00 a.m. on the morning of the work party. The President will assign a foreman for each job and will specify the number of workers needed for each job. Member will then select his own project.

To Be Provided by Workers:

Each worker will provide his own tools; such as: hammers, shovels, rakes, etc., depending on his selection of job assignments.

To Be Provided by Board Members:

The Board will provide all materials other than tools. The Board will also provide lunch and beverages.

Work Party Board Meeting:

A Board meeting will be scheduled at least 2 weeks prior to a work party. Jobs will be planned and work assignment sheets will be made. All necessary materials for each job will be purchased a week prior to the scheduled work party. Preliminary measurements and plans will be done at this time.

15. In order to minimize the possibility of congestion and damage to the docks and boats, no boat with a beam greater than 7'0" shall moor between the docks but shall moor to the outside of the docks. Temporary inside mooring shall be allowed only when launching and removing a boat from the cove.
16. The first dock section adjacent to the launch ramp shall be reserved for temporary mooring of boats being launched or removed from the cove. No boat shall moor at this location for more than 20 minutes at a time.
17. Special Use Requirement: The Executive Board of the Lily Cove Improvement Company requires a certificate of insurance from the host's homeowner's policy for parties of over fifteen people, listing Lily Cove as additional insured. This is to be presented to the Secretary with date and time of event noted.