

BYLAWS
OF THE
TIMBERLAKE CIVIC ASSOCIATION, INC.

Adopted April 25, 1999

BYLAWS OF TIMBERLAKE CIVIC ASSOCIATION, INC.

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**BYLAWS
OF
TIMBERLAKE ESTATES CIVIC ASSOCIATION, INC.**

**ARTICLE I
NAME AND PURPOSES**

Section 1. The name of this Corporation shall be "Timberlake Estates Civic Association, Inc."

Section 2. When the term "Timberlake Estates" or "Timberlake" is used without qualification, it shall be understood to refer to property within Units 1 and 2 of Robert Bartlett's Timberlake Estates. When the term "Corporation" or "Association" is used without qualification, it shall be understood to refer to the Timberlake Civic Association, Inc., a not-for-profit corporation.

Section 3. The seal of the Corporation shall contain the name of the Corporation, the year of its creation and the words "Corporate Seal - Illinois." The Secretary shall be in charge of the seal and will use it as directed by the Board of Directors.

Section 4. The purposes of the Corporation as stated in the Certificate of Incorporation are: Civic; and in the furtherance to secure the necessary improvements and safeguards for, and further the welfare of, the property owners of the section of Lake County embraced in its membership.

The Corporation also has such powers as are now or may hereafter be granted by the "General Not-For-Profit Corporation Act" in the State of Illinois.

Section 5. Timberlake Estates Civic Association, Inc. shall hold title to all real property dedicated to the use of the property owners of Timberlake Estates.

**ARTICLE II
MEMBERSHIP**

Section 1. As provided in the Deed Restrictions, every lot owner within Timberlake Estates shall be a member of the Association. The only qualification for membership shall be ownership of one or more lots.

Section 2. Membership standing within the Association shall be defined and qualified as follows:

- A. Each person owning or purchasing one or more lots within Timberlake Estates as an individual shall have one membership.
- B. Two or more persons owning or purchasing one or more lots within Timberlake Estates as persons, entities, or otherwise, shall constitute one membership.
- C. A membership, as defined in A. and B., preceding, who has paid the current year's assessments is a member in good standing and, as such, is entitled to the rights and privileges provided by the Association.
 1. If a member who has paid the current year's assessment sells his property, the new owner shall be a member in good standing until the end of that fiscal year.
 2. If a member has not paid the current year's assessment and sells the property, the new owner must pay his pro-rated assessment based upon twelve equal monthly payments per year.
 3. If a member, who has paid the current year's assessment, purchases and moves to another property in Timberlake Estates, his paid status moves with the member.
- D. When the word "member" or "membership" is used without qualification, it shall be understood to require that membership to be in good standing.

ARTICLE III OFFICERS AND DIRECTORS

Section 1. The affairs of the Association shall be managed by its Board of Directors in accordance with the Bylaws, Deed Restrictions, and Resolutions of the Association.

Section 2. The Board of Directors shall consist of nine members of the Association: Five officers and four directors.

Section 3. Election of officers shall take place each year at the Annual Meeting, as follows: Odd-numbered years, election of President, Financial Secretary, Treasurer and two Directors: Even-numbered years, election of Vice President, Secretary and two Directors. All terms shall be for two years. Newly-elected officers shall assume their duties March 1.

Section 4. The Board of Directors shall meet at least eight times a year. The date and time of these meetings shall be determined by the Board. Meeting dates and times shall be published at least twenty (20) days in advance and members are encouraged to attend.

Section 5. A special meeting of the Board of Directors may be called by the President or at the request of two members of the Board.

Section 6. Notice, stating the place, date and time of Special Meetings of the Board including the purpose or purposes for which the meeting is called, shall be delivered not less than forty-eight hours prior to the meeting to all Board members, unless a written waiver of such notice is signed by the person(s) entitled to such notice. Minutes, including the purpose or purposes for which the meeting was called, shall be sent to all members within seven days following the meeting.

Section 7. Any member of the Board may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified in the resignation notice, or by agreement of the Board member and the Board. Acceptance of the resignation shall not be necessary to make it effective.

Section 8. Any member of the Board may be removed from office by the affirmative vote of at least two-thirds of the members present and voting at any Regular or Special Meeting of the Association, provided the meeting notice, sent at least 20 days in advance of the meeting, gives notice of the intent to vote for removal.

Section 9. In the event that a vacancy should occur in any elected office, notice will be sent to all members. The notice shall include a copy of this Section, and Article IX, Section t. The Board may appoint an interim member, by a 2/3 vote, who will serve unless replaced by a vote of the membership at a special meeting of the Association, called by the membership within 30 days of the notice, in accordance with the provisions of Article IX, Section 6, or until replaced at the next annual meeting.

Section 10. No Board member shall receive any compensation for services rendered in connection with his or her office.

Section 11. The Association, subject to the approval by a majority of the membership, may indemnify every director and officer, his heirs, executors and administrators, against losses, costs and expenses, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made party by reason of his being or having been a director or officer of the Association except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification may be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved.

ARTICLE IV DUTIES OF OFFICERS

Section 1. President The President shall

- A. Be the chief officer of the Association.
- B. At all times be informed of the general and financial affairs of the Association.
- C. Preside at Association and Board meetings.
- D. With the approval of the Board, appoint all committee chairpersons, except the Nominating Committee.
- E. With the Secretary, sign contracts as directed by the Board.
- F. Countersign checks in accordance with the Bylaws.
- G. Perform all duties pertaining to such affairs affecting the general welfare of the Association.

Section 2. Vice President. The Vice President Shall:

- A. Assist the President at all times, and serve in the President's absence. Should the President become disabled, die, or resign, the Vice President shall serve as President for the unexpired term.
- B. Have general supervision over all standing committee activities.

Section 3. Secretary. The Secretary shall:

- A. Record and preserve the proceedings of Association and Board meetings.
- B. Be custodian of the Corporate seal.
- C. Notify the general membership and the Board members of Board meetings.
- D. Compose and/or handle the official correspondence of the Association and the Board.
- E. Maintain the resolutions of the Association and make the resolutions available at every meeting of the Board and the Association.
- F. Assure that matters of unfinished business are properly raised for action at meetings of the Association.

- G. Send all notices for Association meetings in accordance with the Bylaws
- H. With the President, attest to or sign contracts as directed by the Board.

Section 4. Treasurer. The Treasurer shall:

- A. Receive all monies collected, giving receipt therefore, and together with funds from any other source, deposit the same in accounts at financial institutions which have been approved by the Board of Directors.
- B. Disburse funds in accordance with these Bylaws.
 - 1. Association monies shall be paid out only by checks signed by the Treasurer and countersigned by the President, or in the President's absence, the Vice President, or by financial institution transactions as authorized by the Board. Amounts under ten (\$10) dollars may be paid by petty cash.
 - 2. Authorization of the checks shall be by invoice or receipt signed by the responsible officer, director, committee chairperson, or other member with program responsibility and within line-item budget allocations.
- C. Keep an accurate account of assets and liabilities.
- D. Make a detailed report at each regular meeting of the Association and the Board of Directors regarding the Association's financial condition.
- E. Prepare the budget in accordance with these Bylaws.
- F. Prepare the Annual Report to be submitted to the Secretary of State of Illinois as required by the "General Not-for-Profit Corporation Act" of the State of Illinois.
- G. Be responsible for filing federal and state tax returns, reports or other documents as may be required by law.
- H. Be responsible for the prompt payment of federal, state, county or other fees, if any, as required or directed by the Board.

Section 5. Financial Secretary. The Financial Secretary shall:

- A. Prepare and send financial statements to all members within 30 days after the annual meeting.
- B. Collect annual assessments and remit same to the Treasurer with reasonable promptness.

- C. Provide the President, at annual and semi-annual meetings, a list of all members in good standing.
- D. Submit to the Board, upon request, a list of all members not in good standing.

Section 6. Directors. Directors shall:

- A. Be responsible to see that the Board operates in accordance with the Bylaws, Deed Restrictions, and Resolutions of the Association.
- B. Be members of the Timberlake Estates Improvement Committee.

Section 7. Each officer of the Association shall submit a written report of their activities to the membership at the Annual Meeting of the Association.

ARTICLE V DUTIES AND POWERS OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall be responsible for conducting the business of the Association, as approved by the membership at Regular and Special meetings of the Association. The Membership retains the highest authority in the Association and delegates to the Board of Directors, the administration between meetings of the Association, of those programs and budget approved by the members of the Association. Therefore, the Board, in accordance with the Bylaws, Articles of Incorporation and Resolutions of the Association and the Deed Restrictions, shall have the following duties and powers to administer the approved programs and budgets:

- A. To adopt and publish reasonable rules and regulations governing the use, operation and maintenance of Lot C, C-1, areas owned by the Association and the waters of Timberlake.
- B. To the extent set forth in the Deed Restrictions, provide for the maintenance, repair, and improvement of Lot C, C-1, any other common area owned by the Association and to the waters of Timberlake.
- C. To supervise all officers, agents and employees of this Association and to see that their duties are properly performed.
- D. To cause the annual budget to be prepared, an annual assessment notice to be delivered to each Association member, and assessment payments to be collected, all in accordance with and as set forth in the Deed Restrictions, these Bylaws, or the Resolutions of the Association.

- E. To employ an independent contractor, or other employees, including accountants and attorneys, as the Board deems advisable to administer the approved programs and budget.
- F. To invest funds from time to time in accounts in financial institutions which have been approved by the Board of Directors.
- G. To receive, take by gift, to own, hold, hold as trustee, use and otherwise deal in and with any property, or any interest therein conditioned upon the approval of the membership in accordance with these Bylaws.
- H. To review and approve standing committee chairpersons, except Nominating Committee; and to create any other committees as deemed necessary for the consummation of business of the Association.
- I. To procure and maintain accident liability, fidelity, directors' and officers' liability and any other insurance coverage in such amounts and insuring against such risks as the Board deems desirable.
- J. To exercise rights, powers, duties and authority vested in or delegated to the Board or to the Association by applicable statute, now or hereinafter effective, or by the State of Illinois "General Not-For-Profit Corporation Act," the Deed Restrictions, Resolutions, or these Bylaws of the Association and limited to the extent that the members have right to oversee and approve such activities.
- K. To cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members when such statement is requested in writing by at least ten members in good standing.

Section 2. The Board of Directors shall have no authority to grant exceptions or exemptions to the Deed Restrictions, unless authorized otherwise by the Deed Restrictions.

Section 3. The Board of Directors shall have no authority, without the express approval of the membership, to enter into any agreement, through annexation or otherwise, that may affect the legal status, or deeded rights and privileges of the members to private use of Lot C and C-1, any other area owned by the Association or to the waters of Timberlake.

ARTICLE VI QUALIFICATIONS OF OFFICERS AND DIRECTORS

Section 1. All members of the Association shall be eligible to hold office. Qualifications for officers and directors of the Association shall be:

- A. A member in good standing.

- B. Have indicated their willingness to serve, if elected, and to fulfill the duties of the office.
- C. Have served on a committee for at least one year.
- D. In addition, candidates for President must have served as an officer or director for at least one year.

Section 2. Each membership shall be entitled to hold only one elected office at any one time (elected office defined as officer, director or Nominating Committee member).

ARTICLE VII NOMINATIONS OF OFFICERS AND DIRECTORS

Section 1 The Nominating Committee, consisting of a chairman and four (4) members shall be nominated and elected by the members attending the Semi-Annual meeting.

Section 2. The Nominating Committee shall investigate and recommend potential candidates for each of the offices of the Association to be filled by election at the annual meeting of the Association.

Section 3. The chairperson of the Nominating Committee, with the approval of a majority of the Nominating Committee, shall submit a list of at least one candidate for each office to the Board of Directors, at least seventy five (75) days in advance of the annual meeting. The Secretary shall distribute the slate of nominees to the membership, for review, at least sixty days in advance of the annual meeting.

Section 4. Other nominations may be made by the membership within fifteen days of publication of the Nominating Committee slate by submitting a petition to the Board of Directors signed by five members in good standing and indicating the office for which the nominee is a candidate.

Section 5. The Nominating Committee will investigate the qualifications of nominees submitted by petition, and will approve the nomination, provided the candidate meets the qualifications of Article VI (Page 7).

Section 6. The Nominating Committee will submit to the Board of Directors the final list of all qualified candidates for office at least thirty days in advance of the Annual Meeting.

Section 7. The Board of Directors shall prepare a secret ballot listing all candidates for office and employ voting procedures that ensure the privacy of the members. The Association shall confirm that the persons using said ballot are members in good standing. This ballot shall be used for election of officers and directors at the Annual Meeting of the Association.

ARTICLE VIII COMMITTEES

- Section 1. At the first meeting of the Board of Directors following the Annual Meeting, the President, with the approval of the Board, shall appoint a committee chairperson for each standing committee, except Nominating Committee.
- Section 2. Chairpersons of standing committees shall be members of the Association. Committee members who are not members of the Association shall be appointed subject to approval by the Board.
- Section 3. It is recommended that each standing committee should have a minimum of three members, except as specified in Section 6. The number of members may be increased from time to time by the chairperson of the committee with approval of the Board.
- Section 4. Such other committees as defined by the Board and deemed necessary for the consummation of the business of the Association shall be appointed by the Board from time to time.
- Section 5. Committee chairpersons shall submit written reports of their committee's activities and recommendations to the Board and shall report to the membership at the Annual Meeting of the Association. These reports shall become part of the minutes of the Meeting and be made available to the members upon request to the Secretary.
- Section 6. The standing committees and their duties are as follows:
- A. **Building Committee** shall:
 1. Review and approve architectural plans for new construction and exterior renovations for conformance to the Deed Restrictions.
 2. Report to the Board violations of the Deed Restrictions which pertain to property use and improvements.
 - B. **Bylaws Committee** shall:
 1. Prepare appropriate resolutions for consideration at meetings of the Association as directed by the Board.
 2. Assist or advise in preparing resolutions which a member offers for consideration.
 3. Offer necessary resolutions for amendment when Bylaws are found to be inconsistent or inadequate.

4. Submit proposed resolutions for amendment to the Board at least thirty (30) days prior to the meeting where action will be taken. Resolutions for amendments require approval at an Association meeting and shall be submitted to the Board of Directors by the Bylaws and Rules Committee to be acted upon in accordance with Article XVI (page 20).

C. **Civic Affairs Committee** shall:

1. Represent the Association at meetings of other civic or governmental groups.
2. Investigate matters of civic importance and report to the Board of Directors.

D. **Financial Review Committee** shall:

1. Have a minimum of three members.
2. Review all financial books of the Association and prepare reports in accordance with Article XII, Section 3, (page 16), of the Association Bylaws.
3. May recommend that an independent audit be conducted.

E. **Grounds Committee** shall: Supervise maintenance of and improvements to lots C and C-1 and the entrance signs.

F. **Lake Management Committee** shall: Recommend, implement and oversee lake-related policies and activities, such as weed control, fish management, water sampling, and boating activity.

G. **Publicity Committee** shall:

1. Publish a newsletter.
2. Periodically publish a directory of residents by name, lot number, address and phone number.
3. Perform other publicity and public relations duties as directed by the Board.

H. **Safety Committee** shall:

1. Employ lifeguard(s).
2. Organize and supervise swimming instruction and life guarding programs and other beach activities.
3. Organize beach monitor and neighborhood patrol programs, as well as other safety matters such as road signage, fire prevention, and safety education.

4. Revise and publish beach rules and regulations subject to Board approval.

I. **Social Committee** shall:

1. Plan and supervise social activities approved by the Board and conducted under Association auspices.
2. Welcome new residents to Timberlake.
3. On behalf of the community, send flowers and/or appropriate messages of support to Timberlake residents.

J. **Timberlake Estates Improvement Committee** shall:

1. Consist of the four current Directors and all past presidents of the Association who are members of the Association.
2. Develop long-range plans and investigate possible improvements within Timberlake as proposed by the Board or individual members.
3. Authorize all resolutions or recommendations for expenditure from the Reserve or Major Project Fund which shall be approved by a majority vote of the committee.
4. Approve only programs for improvement with sufficient detail as to the improvement and cost requirements and to which a majority of the members of the committee agree.
5. Submit suggestions/committee members' proposals for vote as specified in Article XIII, Section 10 (Page 19).

K. **Ways and Means Committee** shall: Recommend fund-raising ideas to the Board of Directors and implement such programs after approval by the Board.

Section 7. **Nominating Committee**

- A. The Nominating Committee is an elected position for each committee member. The requirements and procedures of this committee are detailed in Article VII (Page 8).

ARTICLE IX MEETINGS OF THE ASSOCIATION

Section 1. Meeting of the Association

- A. Meetings of the Association shall be Regular or Special.
- B. Regular meetings are the Annual Meeting and the Semi-Annual Meeting.
- C. Special Meetings can be called at any time as provided in Section 7.

Section 2. Location All meetings of the Association shall be held in the Timberlake Estates area or within reasonable driving distance as determined by the Board of Directors.

Section 3. Notices

- A. Notice of all Association meetings shall be sent by the Secretary to all members, both those in good standing and those who are not, at least ten (10) days prior to the date of the meeting.
 - 1. Notices to those living outside Timberlake shall be delivered by U.S. mail to their last known address as shown in the records of the Association.
 - 2. Any member can request that their notices be delivered by U.S. mail or other available means by making this request known to the Secretary.
 - 3. Delivery by any of these means at the property owner's last known address shall be deemed due legal notice.
- B. In the event that a vote will be taken to remove a Board member, notice shall be sent by the Secretary to all members, both those in good standing and those who are not, at least twenty (20) days prior to the date of the meeting.
- C. If amendments to these By-laws are to be considered at an Association meeting, the actual text of proposed amendments shall be sent with the notice of the meeting to each member at his or her last known address as shown on the records of the Association.

Section 4. Materials with Notices

- A. The place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called.
- B. An agenda
- C. Minutes of the previous regular and any Special meeting

- D. A list of standing resolutions of the previous meeting
- E. A ballot for voting on motions
- F. A return envelope for absentee ballots
- G. Reprint Article XI, Section 6 (page 15), concerning voting procedures to be used at the meeting.
- H. Other materials as may be required or desired

Section 5. The Annual Meeting

- A. The purpose of the Annual Meeting of members is to elect the officers and directors, approve a budget, and to transact such other matters as may properly come before the members.
- B. The Annual Meeting shall be held the second Saturday of February. The date can be advanced or postponed by the Board for a period not to exceed two weeks.
- C. The Agenda for the Annual meeting shall include:
 - 1. An election of officers and directors
 - 2. Approval of the Budget
 - 3. Such other matters as may properly come before the members.

Section 6. The Semi-Annual Meeting

- A. The purpose of the Semi-Annual Meeting of members is to nominate and elect a chairperson and four members of the Nominating Committee, receive an accounting of the prior year's budget and to transact such other matters as may properly come before the members.
- B. The Semi-Annual Meeting of the Association shall be held on the second Sunday of September. The date of this meeting may be advanced or postponed by the Board for a period not to exceed two weeks.
- C. The Agenda for the Semi-Annual Meeting shall include:
 - 1. Nomination and Election of a chairperson and four members of the Nominating Committee

2. Presentation of a report that accounts for the prior year's income and expenditures, budget items, the General Operating, Reserve, and Major Project Funds.
3. Presentation of the Financial Review Committee Report
4. Such other matters as may properly come before the members.

Section 7. Special Meetings

- A. The purpose of Special meetings is to consider matters which may arise under exigent circumstances, or which require the approval of the members, or for any other reasonable purpose.
- B. Special Meetings of the members may be called by any of the following:
 1. The President, or
 2. A majority of the Board of Directors, or
 3. Upon the written request of ten members
- C. The specific purpose(s) of each Special Meeting shall be stated in the meeting notice. Only those stated purposes shall be considered at the meeting.

ARTICLE X QUORUM

Section 1. Twelve persons who are members in good standing plus five (5) Board members shall constitute a quorum for meetings of the Association. A minimum of nine affirmative votes shall be required to pass a motion.

Section 2. Five Board members shall constitute a quorum for meetings of the Board of Directors. A majority or minimum of four affirmative votes, whichever is greater, shall be required to pass a motion.

Section 3. Four members shall constitute a quorum for meetings of the Nominating Committee. A minimum of three votes shall be required to nominate a candidate.

ARTICLE XI VOTING RIGHTS AND PROCEDURES

- Section 1. Each membership is entitled to one vote and to hold one elected office at any one time which shall be exercised by one individual representing that membership. Memberships not in good standing are entitled to a voice but no vote.
- Section 2. The Board shall prepare motions required to conduct the business of the Association meeting, so far as is known beforehand. A ballot for these motions shall be submitted to the membership for vote by absentee ballot. Members present and members absent shall use this ballot for their vote. The ballot with return envelope shall be sent with the meeting notice. Absentee ballots may be returned by voters to the home of any Board Member via hand-delivery, U.S. Mail or by bringing to the meeting.
- Section 3. Members present at an Association meeting shall have the right to discuss and ask questions concerning motions in the meeting notice before casting their ballot.
- Section 4. Members present may make motions to amend or otherwise change motions following Robert's Rules of Order. Motions to amend/reconsider shall not be considered after the matter has been submitted for absentee ballot.
- Section 5. Motions included with the meeting notice shall be decided by vote of the members present and absent.
- Section 6. Members present may move that any motion from the floor shall be decided by absentee ballot. The motion must be made prior to the vote and affirmed by a minimum of five (5) members present.
- A. Follow-up absentee ballots shall be prepared by the Secretary with notice including discussion of the motions with pro and con statements for the purpose of informing members of the issues. Notice shall include date, time and place for counting absentee ballots; members are encouraged to attend. Such notice and ballot with return envelope shall be delivered to members not more than thirty (30) days following the date of the meeting. Members shall return their absentee ballots not more than fifteen (15) days following the date of sending out of the follow-up absentee ballots.
 - B. Follow-up absentee ballots may be returned by voters to the home of any Board Member via hand delivery or U.S. Mail or by bringing to the tallying.
- Section 7. Three election tellers shall be appointed from the membership by the President. None of the tellers shall be a candidate for elected office.
- Section 8. Majority vote carries all motions except elected offices. Plurality vote carries elected offices.

Section 9. Those members not in good standing may cast a ballot provided they become members in good standing by paying the current year's assessment and casting their ballot before the ballots are counted.

ARTICLE XII FISCAL MANAGEMENT

Section 1. The fiscal year of the Association shall begin March 1.

Section 2. The Treasurer's and Financial Secretary's reports shall be detailed financial reports in writing, and shall be entered in full into the minutes. Copies of these reports shall be made available to the members upon request to the Secretary.

Section 3. At the close of each year, all books of the Association shall be turned over to the Financial Review Committee to review and prepare a report. The written report of the Financial Review Committee for the preceding fiscal year shall be submitted at the Semi-Annual meeting and entered in the minutes. Additional reviews are required whenever the Financial Secretary and/or Treasurer terminate their duties. The Financial Review Committee may recommend that an independent audit be conducted.

ARTICLE XIII BUDGETS, ASSESSMENTS AND CAPITAL IMPROVEMENTS

Section 1. **Purpose of Assessments** The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the members of Timberlake Estates and for the improvement and maintenance of the common areas.

Section 2. **Estimating a Budget** The Treasurer, with the cooperation and approval of the Board of Directors, will estimate and propose a preliminary budget which shall itemize all anticipated Association costs of administration, services, maintenance and improvements which will be required during the ensuing calendar year. The Board has the responsibility to ensure that the estimated budgeted line items are necessary expenditures.

Section 3. **Notice of Preliminary Budget** The Preliminary Budget will be sent to the Membership at least sixty (60) days in advance of the Annual Meeting. The members may recommend changes to the Preliminary Budget. Such recommended changes must be made in writing to the Treasurer within fifteen (15) days of delivery of the Preliminary Budget. The Treasurer shall bring to the Board for consideration each recommendation for change he has received from members concerning the budget, along with his recommendation concerning each.

Section 4. **Submitting Proposed Budget to Membership** Following distribution of the preliminary budget to the Membership and after reviewing and adopting recommended changes, if any, the Board shall distribute a proposed budget to the membership at least ten (10) days in advance of the Annual Meeting.

Section 5. **Budgeted Items** The budget shall include, but is not limited to the following items:

- A. **Income.** Anticipated income and any anticipated net access funds from the current year, and anticipated interest from all accounts.
- B. **Expenditures.** Anticipated costs of administration, services, maintenance and improvements for the ensuing calendar year, including funding for the Reserve and Major Project Funds, in sufficient detail to allow for the approval or denial of budgetary line items. Each line item shall be budgeted using a zero-based budget, meaning that each item will be estimated only from anticipated projects or costs, not the previous year's budgeted amount. Should a line item allocation be exceeded, or anticipated to be exceeded, the Board must approve such an expenditure from the budgeted Contingency line item amount. The Board is not authorized to exceed the budget without approval of the membership.
- C. **Assets.** Total cash and liquid assets of the Association include, but are not limited to:
 - 1. The General Operating Fund
 - 2. The Reserve Fund
 - 3. The Major Project Fund
 - 4. All other accounts held in the name of the Association
- D. **Supporting Information.** The current year budget for each line item, an estimate of current year spending for each line item and a detailed explanation of changes exceeding \$500.00 in the proposed and finalized budgets compared to the current and preceding years' spending.

Section 6. **Accounts**

The Association shall establish and maintain the following accounts. Except for the Contingency line item, funds shall not be shifted nor moved from one line item to another:

- A. **General Operating Fund.** The General Operating Fund shall pay for all budgeted items, costs of administration, services, maintenance and improvements. The budget shall include a line item entitled Contingency, not to exceed ten (10) percent of the average of the previous three years' expenditures of the General Operating Fund.

- B. Reserve Fund.** The Association may build up and maintain a Reserve Fund for emergencies and contingencies. This would include extraordinary expenditures not anticipated or originally included in the Annual Budget which may become necessary during the year. A portion of the Reserve Fund may be applied to defray the cost of a budgeted special item, as specified in Section B5 below, or to provide a portion of the funding for a major project.
1. If the Annual Budget proves inadequate for any reason, including non-payment of any member's assessment, expenditures shall be first charged against the budget's contingency line item amount.
 2. The amount budgeted and held in the Reserve Fund shall not exceed one-hundred percent (100%) of the average of the previous three (3) years expenditures of the General Operating Fund.
 3. Monies held in the Reserve Fund shall be held in a separate and distinct account.
 4. Interest accrued from this fund shall be applied as income for the General Operating Fund for the following year.
 5. Funds may only be expended upon recommendation of the Timberlake Estates Improvement Committee, the Board and the approval by the members at a Special Meeting called for that purpose, or at a Regular Meeting, provided that the purpose and amount of the expenditure shall be stated in the notice.
- C. Major Project Fund.** From time to time, it may be necessary to prepare for a major project that would require funds in excess of the maximum permitted under the Reserve Fund. The Major Project Fund will permit the Association to accrue funds for specifically identified and approved projects.
1. Funds may only be accrued upon approval by the members at a Special Meeting called for that purpose or at a Regular Meeting provided that the purpose and amount of the major project/capital improvement shall be stated in the notice.
 2. It is anticipated that funds held in the Major Project Fund shall continue to accrue from year to year until expended on the identified project.
 3. Monies held in the Major Project Fund shall be held in a separate and distinct account.
 4. Upon the completion, or cancellation, of a project, excess funds shall be applied as income for the following year, as provided in Article XIII, Section 5A (Page 17).

Section 7. **Voting**

The finalized budget for the ensuing year shall be voted upon at the Annual Meeting of the Association and adopted by a majority vote.

Section 8. Assessments Each membership shall be assessed an Annual Fee, which payment shall be due upon receipt of the statement from the Financial Secretary. At the Annual Meeting, the Board will approve an amount of assessment anticipated to raise sufficient funds for the budget approved by the membership at the Annual Meeting. This amount shall be levied equally upon all members. The Assessment for new members shall be prorated according to Article II, Section C2 (Page 2). The Financial Secretary shall send written notice of such Assessment to every membership within 30 days of its adoption.

Section 9. Contributions and Fund Raising Contributions from members of other sources, or monies received through fund raising efforts of the Ways and Means Committee will be placed in the General Operating Fund unless specifically designated for inclusion in the Major Project Fund.

Section 10. Approval of Capital Improvements

- A. Suggestions for capital improvements requiring funds from the Reserve or Major Project Fund shall be submitted to the Timberlake Estates Improvement Committee at least forty-five (45) days in advance of the Annual or Semi-Annual Meeting. The Timberlake Estates Improvement Committee shall submit suggestions for such major projects/capital improvements to the Board of Directors at least thirty (30) days in advance of the Annual or Semi-Annual Meeting.
- B. A ballot for such recommended major projects/capital improvements shall be distributed to the membership with the meeting notice.
- C. A Special Meeting may be called for the purpose of reviewing, and voting upon such recommended major project/capital improvements by the members present and the members absent.

**ARTICLE XIV
ENFORCEMENT AND SEPARABILITY**

Section 1. Invalidation of any one or more of the provisions of the Bylaws, Deed Restrictions, or Resolutions by judgment or court order shall not affect the validity of any other provisions, which shall remain in full force and effect.

Section 2. Failure of enforcement of any provisions of the Bylaws, Resolutions, or Deed Restrictions shall not affect any subsequent rights of enforcement.

ARTICLE XV PARLIAMENTARY AUTHORITY

"Robert's Rules of Order, Revised," shall govern in all cases not in conflict with these Bylaws.

ARTICLE XVI AMENDMENTS

Section 1. These Bylaws may be amended at any regular or special Association meeting by a two-thirds (2/3) vote of members eligible to vote and voting.

Section 2. Proposed amendments from the membership shall be offered in writing, signed by three members, and submitted to the Board of Directors any time during the year but not later than ninety days prior to the Association meeting at which the vote upon such amendments is to be taken.

Section 3. Notice of proposed amendments shall be sent with the notice of the meeting, in accordance with Article IX, Section 3 (Page 12).

Section 4. Proposed amendments shall be presented for vote at the next meeting of the Association unless withdrawn in writing by all submitting members.

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