

AMENDED AND RESTATED BYLAWS

OF

GOVERNORS CLUB PROPERTY OWNERS ASSOCIATION, INC.



February 2020

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OF
GOVERNORS CLUB PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

The capitalized words used in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants and Restrictions for Governors Club recorded in Book 538 at Page 505 of the Chatham County Registry, as the same may be amended, renewed or extended from time to time, unless the context shall prohibit.

ARTICLE II

OFFICES

- Section 1. Principal Office. The principal office of the Master Association shall be located at the Governors Club Property Owners Association's Community Building, 10134 Governors Drive, Chapel Hill, North Carolina, 27514 or at such place as the Board of Directors may adopt by resolution.
- Section 2. Registered Office. The registered office of the Master Association required by law to be maintained in the State of North Carolina shall be identical with the principal office of the Master Association, unless changed by resolution of the Board of Directors.
- Section 3. Other Offices. The Master Association may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate by resolution or as the affairs of the Master Association may require from time to time.

ARTICLE III

MEETINGS OF MEMBERS

- Section 1. Membership and Voting Rights. Classes of membership and voting rights of Members shall be as particularly set forth in Article 3 of the Declaration.
- Section 2. Place of Meetings. All meetings of Members shall be held at the principal office of the Master Association, or at such other place, either within or without the State of North Carolina as may be designated in the notice of the meeting.

- Section 3. Annual Meetings. A meeting of the Members shall be held at least annually for the purpose of announcing board of director election results and for the transaction of such other business as may be properly brought before the meeting. Such annual meeting shall be held on such date as may be fixed by the Board of Directors, or if no date is so fixed, then on the third Sunday in November in each and every year.¹
- Section 4. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.
- Section 5. Special Meetings. Special meetings of the Members may be called at any time by the President or the Board of Directors of the Master Association and shall be called by the President at the written request of not less than ten percent (10%)² of all the Members entitled to vote at such meeting. Special meetings shall be held at such times as may be fixed in the call and stated in the notice of such meeting or waiver thereof.
- Section 6. Notice of Meetings. Written notice of each meeting of Members shall be given to each Member of record entitled to vote at such meeting. Such notices shall state the place, date and hour of the meeting and shall be delivered not less than ten (10) nor more than sixty (60) days before the date of such meeting, either personally or by mail or via an electronic mail address provided for such purpose by the Member, by or at the direction of the President or the Secretary, or other person calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the record of Members of the Master Association, with postage thereon prepaid.³
- The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the declaration or bylaws, any budget changes, and any proposal to remove a director or officer, as well as any other matters required by the provisions of the North Carolina Nonprofit Corporation Act. In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called.
- Section 7. Adjournment of Meetings. If a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as the original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the

¹ Revised by Board of Directors amendment, September 2013

² Revised by Board of Directors amendment, February 2020

³ Change in notice period and notice requirements amended by controlling language of N.C.G.S. Section 47F-3-108. Electronic notice language revised by Board of Directors amendment, September 2013.

adjournment is taken. At the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 8. Voting Lists. At least ten (10) days before each meeting of the Members, the Secretary of the Master Association shall prepare an alphabetical list of the Members entitled to vote at such meeting or any adjournment thereof, and the address of each such Member, which list shall be kept on file at the registered office of the Master Association for a period of ten (10) days prior to such meeting, and shall be subject to inspection by any Member at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the entire time of the meeting.

Section 9. Quorum. At all meetings of the Members, the presence at the commencement of such meetings, in person, by proxy or by written ballot conducted in accordance with North Carolina law, of one-tenth of all Members entitled to vote thereat shall constitute a quorum for the transaction of any business, except that at a substitute annual meeting of Members the number of Members there represented in person, even though less than one-tenth of all Members entitled to vote thereat, shall constitute a quorum for the purpose of such meeting. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by a vote of the majority of the Members voting on the motion to adjourn; and at any adjourned meeting at which quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 10. Voting. Members shall vote by written ballot except when the Board of Directors authorizes a vote in person or by written proxy. Unless otherwise prohibited by law, the Board may adopt a web-based or other electronic based method of voting which allows owners to cast votes electronically. Any electronic voting system approved by the Board may be used in conjunction with, but not in lieu of, regular or special meetings at which persons may still cast their votes by written ballot, or in person or by proxy, as determined by the Board. If electronic voting is to be utilized, the Board must clearly identify in the meeting notice that electronic voting will be available, the method by which the Owner can access the electronic voting option or electronically submit or cast the Owner's vote, and the date and time by which the electronic voting will close. For purposes of determining quorum, any votes cast electronically will count towards determining whether or not a quorum was present.

Notwithstanding the foregoing, the election of directors shall be conducted in the following manner:

At least thirty (30) days before the annual meeting of the Members, but no more than forty-five (45) days before such meeting, the Association shall mail or deliver a notice

of election to all Owners entitled to vote thereon, along with a ballot which shall list all candidates. The notice shall state the date and time by which the ballot must be returned to the Association in order to be counted. Quorum shall be determined as of the date and time stated in the notice of election for return of ballots. Each Owner shall cast his ballot by checking the names of not more than the number of directors to be elected. The ballot shall be returned to the Association via regular or electronic mail, or otherwise delivered to the Association, by the date indicated on the notice of election. The Board may also use in conjunction with the written ballot, an electronic form of voting established pursuant to the requirements of this Section 10. Unless otherwise provided by law, the use of proxies for the election of directors is prohibited.⁴

Section 11. Electronic Transactions. The use of electronic transactions and transmissions by the Members and the Board is authorized in lieu of other forms of communication to the fullest extent allowed by North Carolina law, including without limitation, the Planned Community Act, Nonprofit Corporation Act and Article 40 of Chapter 66 of the North Carolina General Statutes. The Board may enact reasonable rules, regulations and policies governing the use of electronic forms of communication.⁵

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Master Association shall be managed by its Board of Directors.

Section 2. Number, Term and Qualifications. The number of persons constituting the Board of Directors shall be nine (9)⁶. Directors shall serve for terms of three (3) years which term shall commence upon election and be staggered. Each Director shall hold office until his/her successor has been duly elected or until his/her resignation or removal, whichever occurs earlier. No Director may be elected to more than two (2) consecutive three-year terms. All Directors must meet the requirements outlined in Article 4, Section 8 to be eligible for election.⁷

Section 3. Election of Directors. The Members shall elect nine (9) Directors.⁸ . All Directors shall be elected prior to the annual meeting in accordance with Section 10 of Article III and by strict plurality with those persons who receive the highest number of votes being deemed to have been elected. There shall be no cumulative voting.

⁴ Revised by Board of Directors amendment, September 2013

⁵ Revised by Board of Directors amendment, September 2013

⁶ Revised by Board of Directors amendment, August 2015; revised by operation of Forty-First Amendment to Declaration of Covenants and Restrictions dated October 29, 2018 and recorded in Book 2015, Page 205, Chatham County Registry.

⁷ Revised by Board of Directors amendment, February 2020

⁸ Revised by Board of Directors amendment, August 2015

- Section 4. Removal. Directors may be removed with or without cause by a majority vote of the Members in accordance with Section 10 of Article III, at a duly convened meeting called for such purpose. If any director is removed, a new director may be elected at the same meeting. Notwithstanding the foregoing, a Director who fails to attend three (3) meetings of the Board of Directors within any twelve (12) month period shall be automatically removed. However, upon majority vote of the Directors then in office, a Director's failure to attend a meeting may be excused for good cause, and such excused absence shall not be counted in determining whether or not a Director is automatically removed under this section.⁹
- Section 5. Vacancies. Any vacancy occurring in the Board of Directors may be filled by a majority vote of the remaining directors even though less than a quorum. A Director appointed by the Board to fill a vacancy shall serve until the next annual meeting of the membership at which time the class of Members who originally elected the Director shall elect a Director for any remaining unexpired term. If the Board of Directors, in their sole discretion, chose not to fill the vacancy it shall be filled by the class of Members who elected the vacating Director at the next annual meeting of the membership. Any directorship to be filled by reason of an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of the membership.¹⁰
- Section 6. Chairman of the Board. There shall be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.
- Section 7. Architectural Review Board. The members of the Architectural Review Board shall be appointed in accordance with Section 10.1.1 of the Declaration. Authority to change the number of members on the Architectural Review Board, to appoint the chairman of the Architectural Review Board, to fill vacancies on the Architectural Review Board and other matters relating to the operation of the Architectural Review Board shall at all times be governed by the provisions of the Declaration as they may be amended and/or extended from time to time. The Architectural Review Board shall establish and enforce criteria for the construction of improvements within Governors Club in accordance with the provisions of the Declaration. The Architectural Review Board shall have such other powers and authorities as set forth in the Declaration and as may be determined by the Board of Directors of the Master Association. The Chairman of the Architectural Review Board shall submit an annual proposed budget for the Architectural Review Board for approval by the Board of Directors. The Board of Directors shall consult with the Chairman of the Architectural Review Board regarding any changes to the proposed

⁹ Revised by Board of Directors amendment, July 2013

¹⁰ Revised by Board of Directors amendment, July 2013 and September 2018

budget. If the Board of Directors and the Chairman of the Architectural Review Board cannot otherwise agree, then the Board of Directors shall approve a budget which shall not be less than the budget for the previous year adjusted in the same proportion as the most recently reported change in the Consumer Price Index published by the U.S. Department of Labor.

Section 8. Nominating Committee for Members for Board of Directors.

(a) Composition. The Board of Directors shall, by majority vote, appoint a Nominating Committee consisting of five (5) members who shall be appointed for one (1) year terms, as follows:

- (1) Two (2) Nominating Committee members shall be members of the Board of Directors (“Director-Members”), except that no director serving as President of the Board shall be permitted to serve on the Nominating Committee. A Director-Member who is appointed to the Nominating Committee may serve a maximum of two (2) consecutive terms; however, the Board shall stagger or otherwise limit appointments so that in any single year, no more than one (1) Director-Member will be in his second term of service. A Director-Member who has served two (2) consecutive terms is eligible for re-appointment to the Nominating Committee after a period of one (1) year following the last day of membership on the Nominating Committee.

The Chairperson of the Nominating Committee shall be a Director-Member, who shall serve in such capacity for a (1) year term. A Director-Member who has previously served as Chairperson is eligible to again serve as Chairperson after a period of one (1) year following the last day of service as Chairperson.

- (2) Three (3) Nominating Committee members shall be appointed from among qualified Owners who are not officers or members of the Board of Directors (“Owner-Member”). An Owner-Member is not qualified to serve on the Nominating Committee if the Owner has been an officer or member of the Board of Directors within the preceding three (3) years. An Owner-Member who is appointed to the Nominating Committee may serve no more than once every five (5) years.

(b) Nominating Procedure. The Nominating Committee shall nominate the number of candidates necessary to fill existing vacancies in the Board of Directors, but shall also in its discretion be permitted to nominate additional candidates. The Committee shall use the following schedule to the extent possible in the nominating process:

Days Before Annual Meeting	Action
115	Committee solicits Owners for potential questions to ask candidates.
110	Committee announces whether it will limit the number of nominations to the number of vacancies in the Board, or whether it will nominate more candidates than there are vacancies, and provides rationale for same.
95	Committee announces candidates and provides candidates' biographical information to Owners.
90	Committee announces to Owners candidates' responses to questions presented by Committee.
55	Nomination petitions by Members per Article IV, Section 9 of Bylaws are due.
35	Committee hosts event for Owners to meet candidates.

Only an individual who has been an Owner in good standing for at least two years immediately preceding the date of the annual meeting is eligible for nomination by the Committee. For purposes of this paragraph, "in good standing" shall have the same meaning as Section 3.5 of the Declaration of Covenants and Restrictions.

- (c) Removal of Nominating Committee Members. Any Committee member appointed by the Board of Directors may be removed by the Board of Directors, with or without cause. In the event of death, resignation or removal of a Committee member, his successor shall be selected by a majority of the Board to serve the remainder of the term. Unless specifically requested by the Board, the Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation or removal of a Committee member.¹¹

Section 9. Nominations by Members. In addition to nomination by the Nominating Committee, Members of the Master Association, who are not members of the Nominating Committee or the Board of Directors, and who are entitled to cast ten percent (10%) or more of the total votes eligible to be cast in the election of Directors, may also nominate candidates for the Board of Directors by petition signed by them and filed with the Secretary of the Master Association at least fifty-five (55) days prior to the annual meeting of Members of the Master Association. Only an individual who has been an Owner in good standing for at least two years immediately preceding the date of the annual meeting is eligible for nomination by the Committee. Prior to nomination of such persons, it must be ascertained that each person so nominated is or will be willing to serve as a Director if elected. The names of any such nominee(s), after having been certified by the Secretary or any other officer that they are qualified for election and

¹¹ Revised by Board of Directors amendment, September 2013; August 2015; March 2016; and February 2020

have been nominated in accordance with these Bylaws, shall be included on the written ballot submitted to the Members for election of Directors.¹²

ARTICLE V

MEETING OF DIRECTORS

- Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held as soon as reasonably possible after the annual meeting of Members. In addition, the Board of Directors may provide, by resolution, the time and place, within the State of North Carolina, for the holding of additional regular meetings.
- Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, by the Chairman of the Board or by any two directors. Such meetings may be held within the State of North Carolina, as fixed by the person or persons calling the meeting.
- Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by telephone or any other means of communication, including via an electronic mail address provided for such purpose by the Director. Such notice need not specify the purpose for which the meeting is called.¹³
- Section 4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
- Section 5. Quorum. The presence of a majority of the directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.
- Section 6. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Members of the Board or of any committee that the Board appoints may participate in a meeting of the Board or committee by conference telephone, video conference, or similar method of communication, provided all persons participating in the meeting can hear each other simultaneously. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

¹² Revised by Board of Directors amendment, September 2013; August 2015; and February 2020

¹³ Revised by Board of Directors amendment, May 2013

Section 7. Presumption of Assent. A director of the Master Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Master Association within two (2) business days after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Informal Action by Directors. Action taken by the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE VI

OFFICERS

Section 1. Officers of the Master Association. The officers of the Master Association shall consist of a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time elect. The Chairman of the Board of Directors shall always serve as President of the Master Association. Any two or more offices may be held by the same person, except the offices of President and Secretary, but no officer may act in more than one capacity where the action of two or more officers is required.

Section 2. Election and Term. The officers of the Master Association shall be elected by the Board of Directors and each officer shall hold office until his successor shall have been elected and qualified, or earlier upon his death, resignation, removal or disqualification.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Master Association will be served thereby; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. President. The President shall be the principal executive officer of the Master Association, subject to the control of the Board of Directors, and shall in general supervise and control all of the business and affairs of the Master Association. The President, when present, shall preside at all meetings of the Members. He shall sign, with the Secretary, or any other proper officer of the Master Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases

where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Master Association, or shall be required by law to be otherwise signed or executed. The President shall perform all duties incident to his office and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President, or as the case may be, Vice Presidents, in the order of their election unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 6. Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Master Association and see that the seal of the Master Association is affixed to all documents the execution of which on behalf of the Master Association under its seal is duly authorized; (d) keep a register of the address of each Member which shall be furnished to the Secretary by such Member; (e) keep or cause to be kept in the state of North Carolina at the Master Association's registered office or principal place of business a record of the Master Association's Members, giving the names and addresses of all Members and prepare or cause to be prepared voting lists prior to each meeting of Members as required by law; and (f) in general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Master Association; receive and give receipts for moneys due and payable to the Master Association from any source whatsoever, and deposit all such moneys in the name of the Master Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article VII of these Bylaws; (b) prepare, or cause to be prepared, a true statement of the Master Association's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the Master Association's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and thereat kept available for a period of at least ten years; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these Bylaws.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND DEPOSITS

- Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Master Association, and such authority may be general or confined to specific instances.
- Section 2. Loans. No loans shall be contracted on behalf of the Master Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.
- Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Master Association, shall be signed by such officer or officers, agent or agents of the Master Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.
- Section 4. Deposits. All funds of the Master Association not otherwise employed shall be deposited from time to time to the credit of the Master Association in such depositories as the Board of Directors may select.

ARTICLE VIII

GENERAL PROVISIONS

- Section 1. Seal. The corporate seal of the Master Association shall be in a form adopted by resolution of the Board.
- Section 2. Waiver of Notice. Whenever any notice is required to be given to any Member or director by law, by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.
- Section 3. Indemnification and Limited Liability. Any person who at any time serves or has served as a director or officer of the Master Association shall have a right to be indemnified by the Master Association to the fullest extent permitted by N.C. Gen. Stat. Sections 55A-8-51 through 55A-8-57 and shall be afforded limited civil liability in accordance with N.C. Gen. Stat. Section 55A-8-60.

The Board of Directors of the Master Association shall take all such action as may be necessary and appropriate to authorize the Master Association to pay the

indemnification required by this Bylaw, including, without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Members of the Master Association.

Any person who at any time after the adoption of this Bylaw serves or has served as a director or officer of the Master Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Section 5. Fiscal Year. The fiscal year of the Master Association shall be fixed by resolution of the Board of Directors.

Section 6. Amendments. The power to alter, amend or repeal these Bylaws or to adopt new Bylaws shall be vested in the Board of Directors; provided, however, the Board of Directors shall not have the power to alter, amend or repeal the Bylaws or to adopt new Bylaws in any way that is inconsistent with the Declaration of Covenants and Restrictions for Governors Club.

CERTIFICATION OF VALIDITY OF AMENDED AND RESTATED BYLAWS OF
GOVERNORS CLUB PROPERTY OWNERS ASSOCIATION, INC.

By authority of its Board of Directors, Governors Club Property Owners Association, Inc. hereby certifies that the foregoing instrument is a valid restatement of the Bylaws of said corporation, incorporating all amendments thereto as of the date written below. The specific amendments and board resolutions adopting same are catalogued in the corporate records of the Association.

This 18th day of February, 2020.

GOVERNORS CLUB PROPERTY
OWNERS ASSOCIATION, INC.

By:


President

ATTEST:


Secretary