



PALMETTO DUNES™
PROPERTY OWNERS ASSOCIATION
RESIDENTIAL RESORT COMMUNITY

Annual Meeting

The 2020 Annual Meeting of the Palmetto Dunes Property Owners Association will be held on Saturday, October 17th at 9am at the Omni Resort. Unfortunately, according to our Bylaws the Annual Meeting cannot be held electronically. Although we plan to stream the meeting, owners cannot participate in the meeting or vote electronically. Topics that require owner voting can only be done via proxy card or in person at the meeting. Therefore, we are encouraging owners to complete and submit their proxy card at least 15 days before the meeting to establish a quorum.

In an effort to protect the health and safety of our property owners and staff we will be implementing social distancing guidelines and mask requirements at the meeting. Once again, we are asking that you submit a proxy card for the purposes of conducting the meeting with the safety and health of the membership and staff as our primary concern.

Proxy cards were included in your July and September *Palmetto Perspective*. Proxy cards can also be completed online: www.pdpoa.org/annual-meeting. We kindly ask that you promptly return your proxy card so we are able to achieve a quorum prior to the meeting.

Whether you're appointing the Board Secretary or another person to vote as your proxy, all proxies must be returned to the PDPOA office 15 days prior to the Annual Meeting. Postage is pre-paid; all you need to do is fill it out and drop it in the mailbox.

Annual Meeting documents included in this packet:

1. Annual Meeting Agenda
2. 2019 Annual Meeting Minutes
3. 2019 Financials
4. Board Candidate Bios and Q&A
5. Proposed Bylaw Amendments

Annual Meeting Agenda

Annual Membership Meeting Agenda

October 17, 2020 | 9:00 a.m.

Omni Resort | 23 Ocean Lane in Palmetto Dunes

Our MISSION

To enhance the quality of life, strive to protect the natural environment, and improve the resources of our community for all those who live, invest, work, and play here.

Our VISION

For Palmetto Dunes to be regarded as the best and most sought-after residential resort community on the east coast.

Our VALUES

Accountable | Ethical | Forward-thinking/Proactive | Innovative | Responsible | Transparent

-
- I. Welcome and Introductions
 - II. Call Annual Meeting to Order
 - III. Declaration of Quorum
 - IV. Approval of 2019 Annual Meeting Minutes
 - V. Bylaw Amendment Proposal
 - VI. Board Nominations
 - VII. Report on Land Planning & Infrastructure
 - VIII. Report on Security and Pass Office Operations
 - IX. Report on Development
 - X. Report on Finances
 - XI. Outgoing Director Presentation
 - XII. Adjournment
 - XIII. Q&A

Ballots for election of directors and bylaw amendment approval will be collected at the end of the meeting.

**We kindly remind you to silence your cell phone during the meeting. Thank you for your cooperation. **

2019 Annual Meeting Minutes

PDPOA Annual Membership Meeting

October 12, 2019 – 9:00 a.m.

PDPOA Administrative Office | 16 Queens Folly Road in Palmetto Dunes

Board Members Present: Bill Watkins, Brian Fahey, Gayle Cleaveland, Doug Luba, Elizabeth Belenchia, Mark O’Neil, Lee Smith

Board Members Absent: Bill Caywood, Wilbur Strickland, Mike Vaccarro

Chief Executive Officer: Andrew Schumacher

ARB Manager: Monica Stites

Chief of Security: Jim Griner

Principal Planner: Ben Brown

Recording Secretary: Elizabeth Simpson

Brian Fahey, PDPOA Board of Directors Chair, called the meeting to order at 9:04 a.m.

Gayle Cleaveland, Secretary, declared that a quorum exists (530) and the meeting may continue.

Gayle Cleaveland called for the following motion. It was made by Barry Davis, seconded by Steve Napoli, and was approved unanimously:

“I move that we waive the reading of the 2018 annual meeting minutes.”

Gayle Cleaveland then called for the following motion. It was made by Lois Rogers, seconded by Neil Hilsen, and was approved unanimously:

“I move that we accept the 2018 Palmetto Dunes Property Owners Association Annual Meeting minutes as presented.”

Gayle Cleaveland called for the following motion. It was made by Brian Watkins and was approved unanimously.

“The PDPOA Nominating Committee unanimously recommends the following individuals be nominated for a 3-year term on the PDPOA Board of Directors: Jerry Bowling, Mark Carroll, and Ric Gorman.”

Report on Infrastructure Improvements and Land Planning – Ben Brown

Report on Security Operations – Jim Griner

Report on Development– Monica Stites

Report on Finances – Mark O’Neil

Amenity Update – Andrew Schumacher

Outdoing Director Presentation – Andrew Schumacher

Brian Fahey called for a motion to adjourn the meeting. Mark O’Neil made the motion, and it was seconded by Doug Luba. The motion passed unanimously.

The meeting was adjourned at 9:56 a.m.

The gathering was then opened to member questions and comments.

2019 Financials

PDPOA BALANCE SHEET - DECEMBER 31, 2019

ASSETS:

| | |
|--------------------------------|----------------|
| Operating | \$ 2,360,325 |
| Repair & Replacement | 5,307,816 |
| Storm Reserve fund | 2,870,494 |
| Community Enhancement Fund | 679,527 |
| General Fund | 2,201,248 |
| <u>ARB Compliance Deposits</u> | <u>858,250</u> |
| Total Cash & Investments | 14,277,660 |

| | |
|-------------------------------|----------------------|
| Accounts Receivable, Net | 49,746 |
| Assessments Receivable, Net | 34,848 |
| Prepaid Expenses | 23,600 |
| <u>Property/Equipment Net</u> | <u>19,986,236</u> |
| TOTAL ASSETS | \$ 34,372,090 |

LIABILITIES & EQUITY

| | |
|---------------------------------------|----------------------|
| Accounts Payable | \$ 768,418 |
| Accrued Expenses | 500,983 |
| ARB Compliance Deposits | 739,235 |
| Unearned Revenue | 450,358 |
| Undesignated and unrestricted | 20,734,996 |
| <u>Designated</u> | <u>11,178,100</u> |
| TOTAL LIABILITIES & EQUITY | \$ 34,372,090 |

PDPOA INCOME STATEMENT - DECEMBER 31, 2019

Residential & Commercial Assessments: \$ 4,429,793

| | |
|--------------------------|----------------|
| Other Revenue | 4,866,518 |
| <u>Investment Income</u> | <u>450,530</u> |
| | 9,746,841 |

LESS EXPENSES:

| | |
|---------------------|----------------|
| Operating | 5,653,243 |
| <u>Depreciation</u> | <u>885,933</u> |
| | 6,539,176 |

OTHER INCOME/EXPENSES

| | |
|-----------------------------------|----------------|
| <u>Community Enhancement Fund</u> | <u>650,488</u> |
| | 650,488 |

EXCESS OF REVENUES OVER EXPENSES \$ 3,858,153

PDPOA FUND TRANSFERS

| | |
|-------------------------------|--------------|
| To Repair & Replacement Fund | \$ 2,095,000 |
| To Community Enhancement Fund | 650,488 |
| To Storm Reserve Fund | \$ 212,758 |

Board Candidates

Many thanks to this year's Nominating Committee members for their time and effort interviewing and selecting our nominees. Three candidates were nominated by the Nominating Committee and one candidate was nominated via the Petition Process. The three candidates selected by the Nominating Committee are Richard "Grover" Cleaveland, Erin Gaian, and Sean Moore. Dacia Allen is a petitioned candidate.



Richard "Grover" Cleaveland

Nominated Candidate

20 HICKORY COVE

Grover grew up in Georgia. He graduated from the United States Air Force Academy in 1974 with a bachelor's degree in International Affairs. In 1979, he earned a master's degree in Public Administration from the University of Oklahoma. Grover's career included Undergraduate Pilot Training, instructor duty with the German Air Force Pilot Training Program, operational flying in the F-15, two North Atlantic Treaty Organization staff assignments, and command of a Tactical Air Control party in support of an Army light infantry division.

Grover and his wife, Gayle, moved to Palmetto Dunes full time in 2007. Since that time, he has gotten involved in the local community by completing the Chamber of Commerce Leadership Program and serving on the Board for the Chamber of Commerce Junior Leadership Program. A long-time Lions Club member, Grover transferred to a local club and has been heavily involved with the Lions Club Concession at the Heritage Golf Tournament.

What are the biggest contributions you can make with your background and skill?

During my career in the U.S. Air Force I learned to organize a team and to solve complex problems. I also learned to quickly evaluate and solve time-sensitive issues.

What do you see as the most important topic/biggest challenge for Palmetto Dunes?

In Palmetto Dunes we are faced with a most challenging situation. We have two communities here. There are the residents and the visitors. The two groups have different objectives and priorities. Both groups make up an important part of our community. We must continually work to balance the two groups.

Are there any issues or topics that motivated you to become a member about an issue how do you incorporate other views in your decision making?

There are several steps in the process of decision making. First identify the objectives of the decision. Some would say it is the same as establishing the Desired Mission Outcome. Second look at resources and people available to work on the issue. Involve all available team members in identifying alternatives. Gather all available information. An important four words at this point are: "What do you recommend?" It is imperative not to limit any inputs for alternatives. I operate under the philosophy that sometimes it takes 1000 good ideas to find the 3-5 exceptional ideas. Any person on the team can provide the best ideas. Weigh all alternatives and evaluate them as they relate to each other and as they relate to the objectives and Desired Mission Outcome.



Erin Gaian

Nominated Candidate

290 TURNBERRY

Erin works for the Department of Defense with the United States Marine Corps overseeing personal and family readiness. Her career started in the securities industry as an Investment Associate, but over the past 15 years her focus has been on supporting the Military and Veteran community. She previously served as the Director of the Navy-Marine Corps Relief Society and has been heavily involved with several other Military and Veteran non-profits.

Erin and her husband, Drew, relocated to northern Virginia from Southern California in 2017. She frequently visited Hilton Head Island for tennis tournaments and vacations throughout her youth. When she received the opportunity to transfer to Hilton Head, she and her husband jumped on the opportunity to make Hilton Head Island their full-time home. They chose to make their home in Palmetto Dunes as they have always had a love for the beauty, wildlife, world class golf, and gorgeous beaches it offers. They bought their home in 2019.

When not on the beach or the tennis courts, you can always find her and Drew exploring the beauty of Palmetto Dunes with their rescue dog, Arwain.

What are the biggest contributions you can make with your background and skill set?

Having worked with and on many nonprofit boards, in addition to working with the smallest cut of the defense budget that has been shrinking, I am accustomed to doing more with less and being a good steward of others dollars. I have successfully increased improvements while keeping costs below budget and maximizing our portfolios.

What do you see as the most important topic/biggest challenge for Palmetto Dunes to address in the next 5 years?

The ever-changing landscape of Hilton head Island and short term rentals (under 1 week), and the long term impacts those changes will have on not just the Island, but Palmetto Dunes.

Are there any specific issues or topics that motivated you to become a member of the Board? When you have an opinion about an issue how do you incorporate other views in your decision making?

Deer Culling, Short Term Rentals, Security. Being on a board is not to be on a personal soap box to push your own agenda. You have to factor in your beliefs and feelings but be objective to the facts and best interest of ALL owners. I am always open to hear all sides and research all the facts before jumping to a decision.

Board Candidates continued

The election will take place at the Annual Meeting on October 17. All proxies must be returned to the PDPOA office 15 days prior to the Annual Meeting.

Online proxies can be filled out at www.pdpoa.org/annual-meeting.



Sean Moore
Nominated Candidate
3 MIDSTREAM

Sean Moore has enjoyed a successful career in Financial Services, holding several executive roles at Merrill Lynch Wealth Management over 29 years. Prior to Merrill Lynch, Sean worked at KPMG and is a Certified Public Accountant.

Sean, his wife Cathy, and two sons, Max and Sam, have been coming to Hilton Head Island for over a decade and bought their home in 2015. They are currently full-time residents of NJ and renting their home in Palmetto Dunes. They are looking forward to spending significant time in Palmetto Dunes and planning to move into PD full-time within the next two years.

Sean has volunteered and served as a member and President of the Ocean Township Board of Education for seven years, and continues to serve on the Key East Commons Condo Association Board, and as ex-officio Chairman of the Jumping Brook Country Club Board. He is an avid golfer and passionate sports fan, especially Seton Hall Pirate Basketball.

What are the biggest contributions you can make with your background and skill set?

First, my 28 years in the Financial Services industry in various leadership roles provides me with a lot of different experiences and perspectives. Also, I am currently serving and have served on boards in the past. I enjoy working together with other board members in a collaborative fashion.

What do you see as the most important topic/biggest challenge for Palmetto Dunes to address in the next 5 years?

I think keeping PD "state of the art" is important. It is already such a beautiful place, but it is important we keep up with the times and ensure our amenities keep up with the wants of our residents.

Are there any specific issues or topics that motivated you to become a member of the Board? When you have an opinion about an issue how do you incorporate other views in your decision making?

My wife and I spend 3-5 months in PD each year but we also rent our property. We hope to become full-time residents of PD soon, but for now I wanted to be able to participate on the board and bring the perspective of a part-time resident who rents their home. Working on boards in the past, it is critical you hear and listen to EVERYONE. More minds and perspectives always land to better decisions.



Dacia Allen
Petitioned Candidate
59 OFFSHORE

Dacia has been a full-time Realtor licensed in South Carolina and Ohio since 2015, currently working for Dunes Real Estate. Prior to her real estate career, she was an Ohio educator for 23 years and holds a Bachelor of Science degree in elementary and special education, as well as, a master's degree in Middle Grades education. She loves working with people and giving back to her community.

Dacia and her husband, Don, started vacationing in Palmetto Dunes 26 years ago with their four children. They began dreaming of owning a home in this community starting from the very first vacation stay at Inverness Village. They purchased their home in Palmetto Dunes in 2013.

Dacia is learning to live the "Island Life" and enjoys being a part of the Palmetto Dunes Women's Club. She is actively involved in Pedal Pushers, Nine and Whine, Lunch and a Movie, and the Beach Sweeper groups. She enjoys nature and you will often see her walking her rescue dogs, Gracie and Macie, around the neighborhood.

What are the biggest contributions you can make with your background and skill set?

The biggest contribution I can add as a board candidate is my compassion to help people. The skill set I have acquired through education and real estate, starts with open, honest communication leading to differentiating ideas and techniques, creative problem solving through collaborative teamwork all while maintaining trust, respect and ownership with the end result.

What do you see as the most important topic/biggest challenge for Palmetto Dunes to address in the next 5 years?

The biggest challenge for Palmetto Dunes is the declining attitude and relationship between our renters/visitors and our owners. We need to work together to establish a set of rules, how they will be enforced, and finally follow through and execution.

Are there any specific issues or topics that motivated you to become a member of the Board? When you have an opinion about an issue how do you incorporate other views in your decision making?

The specific issue that motivated me to become a member of this board is there are no democratic elections or voting on important issues. What we have currently is taxation without representation. Our owners thoughts and ideas need to be voiced, heard and discussed in a positive, safe forum and decided upon with a majority vote. This was my underlying call to action.

Proposed Bylaw Amendments

As the community and the world continue to evolve, so should some of our governing documents. The Bylaws were last amended by the membership in 2014.

The purpose of these amendments is two-fold; first to allow the Association to host the Annual Meeting electronically; secondly, to enable all owners the ability to vote on candidates via a ballot.

Currently, our Bylaws do not permit the Association to conduct the Annual Meeting electronically. Given the current environment with respect to COVID-19 and in an effort to protect the health and safety of the owners and staff, the Association would prefer to have an option to host the meeting electronically. Proposed amendments 3 and 5 would remove the restriction of electronic meetings and permit the Association to hold the meeting electronically.

Additionally, based on feedback from the membership and review of neighboring community's election processes, the Board is proposing to change the options available to elect directors. Currently, the membership can only elect directors by either being present at the Annual Meeting or giving a proxy to another individual that will be present at the meeting to vote on their behalf. The balance of these amendments would provide for a method of electing Directors by ballot voting of the membership prior to and outside the Annual Meeting. This would give every member the opportunity to elect directors via a ballot, even if they cannot attend the Annual Meeting. The results of the election would then be announced at the Annual Meeting.

Summary of Proposed Amendments to Bylaws Palmetto
Dunes Property Owners Association, Inc.
September 2020

Amendment 1

Article II Membership
Section 4 Notice an Annual Membership Meeting; and
Section 5 Annual Membership Meeting

Purpose: To accommodate the amendment for a ballot election of Directors separate from the Annual Meeting, the requirement in Section 4 to provide the names of the persons nominated for the Board vacancies has been removed and relocated to the proposed amendment to Article III, Section 2. Section 5 is amended to remove the provision to elect Directors at the Annual Meeting for the same reason.

Existing Provision:

4. Notice of Annual Membership Meeting

The Annual Meeting of the Membership shall be held on a weekend in October at a time, place and date determined by the Board. The Association shall use its reasonable efforts to give Members sixty (60) days advance notice of the date of the Annual Meeting. At least thirty (30) days before the date set for the Annual Meeting of the Membership the Secretary of the Association shall mail to each member: (1) A report of the significant business conducted by the Association during the preceding year; (2) A balance sheet for the Association as of the end of the preceding fiscal year and a cash receipts and disbursements statement for the previous fiscal year; (3) Notice with respect to the time, place and purposes of such meeting; (4) the names of the persons nominated for the Board vacancies.

5. Annual Membership Meeting

At the Annual Meeting, the election of the new Directors shall be held. There shall also be held such votes on other matters which were specified in the notice of the meeting, and such other business conducted as may be appropriate.

Amendment:

4. Notice of Annual Membership Meeting

The Annual Meeting of the Membership shall be held on a weekend in October at a time, place and date determined by the Board. The Association shall use its reasonable efforts to give Members sixty (60) days advance notice of the date of the Annual Meeting. At least thirty (30) days before the date set for the Annual Meeting of the Membership the Secretary of the Association shall mail to each member: (1) A report of the significant business conducted by the Association during the preceding

Summary of Proposed Amendments to Bylaws Palmetto
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year; (2) A balance sheet for the Association as of the end of the preceding fiscal year and a cash receipts and disbursements statement for the previous fiscal year; (3) Notice with respect to the time, place and purposes of such meeting.

5. Annual Membership Meeting

At the Annual Meeting, the election of the new Directors shall be announced. There shall also be held such votes on other matters which were specified in the notice of the meeting, and such other business conducted as may be appropriate

The substance of the changes is limited to removing the former requirement to provide the names of the nominated candidates to the membership with the notice of annual meeting (which will not be provided with the notice of election), and to identify that new Directors will be announced at the annual meeting, rather than elected.

Summary of Proposed Amendments to Bylaws Palmetto
Dunes Property Owners Association, Inc.
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Amendment 2

Article II Membership
Section 9 Proxy

Purpose: To expressly provide for electronic proxy forms.

Existing Provision:

Proxy

Any member may give a proxy to vote to any person for a specific meeting. Such proxy may be general or limited to a specific purpose. The Board may solicit proxies with respect to any Membership meeting. Any member giving a proxy shall be deemed present at such meeting for all purposes. All proxies must be received by the Secretary of the Association at the address of the Association at least fifteen (15) business days before the date of the annual meeting.

Amendment:

Proxy

Any Member may give a proxy to vote to any person for a specific meeting. Such proxy may be general or limited to a specific purpose. The Board may solicit proxies with respect to any Membership meeting. Any member giving a proxy shall be deemed present at such meeting for all purposes. All proxies must be received by the Secretary of the Association at the address of the Association at least fifteen (15) business days before the date of the annual meeting. Proxies shall be in written form signed by the Member, or in electronic form utilizing the electronic proxy form made available by the Association.

Summary of Proposed Amendments to Bylaws Palmetto
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Amendment 3

Article II Membership
Section 10 Membership Meeting During a Period of Emergency

Purpose: This proposed new Section allows the Board of Directors to either postpone or to hold a meeting of the membership by electronic means upon the occurrence or anticipated occurrence of emergency likely to negatively impact the health, safety and welfare of members attending such a meeting.

Existing Provision:

NONE.

Amendment:

10. Membership Meeting During a Period of Emergency

Upon the occurrence of, or anticipated occurrence of, acts war; riot; terrorism; civil commotion; military disturbances; nuclear or natural catastrophe; significant storm, earthquake, flood or fire; pandemic, epidemic, or outbreak; or other acts of God; which, in the determination of the Board of Directors, acting on two-thirds vote, with the presence of a quorum, might likely negatively impact the health, safety, and /or welfare of Members attending an Annual Meeting or Special Meeting of the Membership (hereinafter an "Emergency"), then in that event, the Board may, but shall not be obligated to:

- A. Postpone such an Annual or Special Meeting until such time as the Board determines the Emergency has passed or sufficiently subsided to allow the meeting to occur. In such event, the Board use its best efforts to give written notice of the postponement to the Membership at its earliest opportunity using either mail or electronic means.
- B. Hold the Annual or Special Meeting by electronic means as provided in this subsection. Meeting held under this subsection may be conducted through use of Internet meeting services or other electronic means designated by the Board that support (i) determination of membership attendance to confirm the existence of a quorum; (ii) confidential voting and support visible displays identifying those participating, identifying those seeking recognition to speak; (iii) showing (or permitting the retrieval of) the text of pending motions, and (iv) showing the results of votes. These electronic meetings of shall be subject to all rules adopted by the Board, to govern them, which may include any reasonable limitations on, and requirements for, Members' participation. Any such rules adopted by the Board shall supersede any conflicting rules in the parliamentary authority. A confidential

Summary of Proposed Amendments to Bylaws Palmetto
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vote conducted through the designated Internet meeting service shall be deemed a ballot vote, fulfilling any requirement in the bylaws or rules that a vote be conducted by ballot.

- C. The postponement of a meeting pursuant to subsection A above shall not prevent the Board from calling a subsequent meeting by electronic means in the event of an extended Emergency. Likewise, the calling of a meeting by electronic means shall not prevent the postponement of that meeting in the event of a worsening of the Emergency or failure of infrastructure or utility service to conduct the meeting.

- D. During a period of Emergency as determined under this Article II, Section 10, all notices to Members of Annual or Special Meetings, or postponements or adjournments or reconvening thereof, together with any materials to be provided to Members in connection with such meetings, may be sent provided for in these Bylaws, except as otherwise expressly provided, shall be deemed sufficient if sent either (i) via US Mail postage prepaid, to the address shown on the register of Members; or (ii) via electronic mail to last address provided to the Association by the Member.

Summary of Proposed Amendments to Bylaws Palmetto
Dunes Property Owners Association, Inc.
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Amendment 4

Article III Board of Directors
Section 2 Election and Term

Purpose: This proposed amendment replaces Section 2 in total to provide for a method of electing Directors by ballot voting of the membership prior to and outside of the Annual Meeting. The Section retains Director's terms as three (3) years, together with the requirement of election of at least three Directors at each election to allow for staggered terms.

Existing Provision:

2. Election and Term

Any Member seeking election to the Board of Directors must first be nominated pursuant to Article VI of these Bylaws. Directors shall be elected at each Annual Meeting of the Membership and shall take office at the next Board meeting. Directors shall serve for three years or such lesser term for which they may have been elected, and, in any case, until their successors shall have been elected and take office. At least three Directors shall be elected at each annual meeting in order to provide for staggered terms. In the event that there shall be more persons nominated than positions available, then there shall be a vote by the Members. The candidates receiving the most votes represented at the meeting, whether in person or by proxy, shall be elected to fill the positions.

Amendment:

2. Election and Term

Any Member seeking election to the Board of Directors must first be nominated pursuant to Article VI of these Bylaws. Directors shall be elected by ballot voting of the Membership held prior to the Annual Meeting each year, by either mail or electronic means as determined in advance by the Board of Directors. The Board of Directors shall establish the commencement date of the election each year, which date shall be not more than sixty (60) days, nor less than thirty (30) days prior to the Annual Meeting. Voting shall remain open for thirty (30) days after the commencement date. No vote received by the Association after voting closes shall be counted.

The Board of Directors shall cause notice of the election to be mailed to the Members by United States Mail, or by email to any Member who has elected to receive correspondence from the Association by electronic means ("Notice of Election"). Inclusion of such notice within the Association's newsletter shall satisfy this notice requirement. If the election is conducted by mail, the notice shall include a Ballot for voting. If the election is conducted through electronic means, the notice shall contain instructions for accessing an electronic ballot.

Summary of Proposed Amendments to Bylaws Palmetto
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Ballots (whether provided by mail or electronic means) shall list the names the nominated candidates and indicate how each candidate was nominated. Voting shall remain open for a period of thirty (30) days commencement date established by the Board of Directors.

The Board of Directors shall establish, from time to time, such administrative and procedural rules necessary to ensure the election of Directors under this Section. Voting shall comply with such rules established by the Board of Directors.

Once cast, a Members vote may not be changed or withdrawn. Members shall not cast more than one (1) vote for each Board vacancy to be filled. Cumulative voting shall not be permitted. The candidates receiving the largest number of votes cast shall be elected to fill the positions. In the event of a tie, a run-off will be conducted at the Annual Meeting by a ballot vote of the Members present in person or by proxy.

Directors shall serve for three years, or such lesser term for which they may have been elected, and, in any case, until their successors shall have been elected and taken office. At least three Directors shall be elected each year in order to provide for staggered terms.

During any election at which more than three (3) candidates are seeking election, the Board of Directors shall retain the services of a third-party to review the election process to ensure compliance with these Bylaws and the election rules established, and the votes cast by the members, and to certify the election results to the Association.

A tabular breakdown for the election of Directors shall be made available on request to any Member eligible to vote, which shall include: (a) the total number of votes cast, (b) the total number of candidates, (c) the winning candidates and the votes each received, and (d) the number of disqualified ballots received. Upon request, any candidate shall be informed of the number of votes he or she received.

Summary of Proposed Amendments to Bylaws Palmetto
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Amendment 5

Article III Board of Directors
Section 3 Meetings

Purpose: This proposed amendment removes the prohibition on meeting of the members being conducted by electronic means and is intended to remove the ambiguity which would be caused by the adoption of proposed Article II, Section 10, Membership Meeting During a Period of Emergency. Also, the term “Members of the Board” in the first sentence is revised to “members of the Board”.

Existing Provision:

Meetings

The Board shall hold meetings on call by the Chairperson or by the Secretary at the request of four Members of the Board. Notice of such meetings shall be given to each member of the Board in advance of the meeting and by such means of communication as time, under the circumstances, permits. Directors may participate in a Board meeting through use of telephone, video, Internet conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting. There shall be no meeting(s) by telephone, video or Internet conference with respect to the election of Officers or amendment of Bylaws. No meeting of the Members shall be conducted by telephone, video or Internet conference.

Amendment:

Meetings

The Board shall hold meetings on call by the Chairperson or by the Secretary at the request of four members of the Board. Notice of such meetings shall be given to each member of the Board in advance of the meeting and by such means of communication as time, under the circumstances, permits. Directors may participate in a Board meeting through use of telephone, video, Internet conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

Summary of Proposed Amendments to Bylaws Palmetto
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Amendment 6

Article III Board of Directors
Section 5 Vacancy

Purpose: This proposed amendment is to remove ambiguity caused by the adoption of ballot voting. In the event of a vacancy on the Board for reason other than expiration or the Director's term, the Board's appointee shall serve until the next annual election of Directors, rather than the next annual meeting of the Membership.

Existing Provision:

Vacancy

Should any vacancy occur on the Board, for any reason other than the normal expiration of the director's term, the remaining directors shall elect a qualified Association member to fill the vacancy until the next annual meeting of the Membership. The remaining unexpired term in excess of one year shall be filled by vote of the Membership at the next annual meeting.

Amendment:

Vacancy

Should any vacancy occur on the Board, for any reason other than the normal expiration of the Director's term, the remaining directors shall elect a qualified Association Member to fill the vacancy until the next annual election of Directors. The remaining unexpired term in excess of one year shall be filled by vote of the Membership at the next annual election of Directors.

Summary of Proposed Amendments to Bylaws Palmetto
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Amendment 7

Article IV Officers
Section 2 Chairperson Elect, Election and Term

Purpose: The Chair-Elect is typically elected well after the Nominating Committee members have been established and started their nominating process.

Existing Provision:

2. Chairperson Elect, Election and Term

In May of each year a Chairperson Elect shall be elected by the Board of Directors from among them. A Director may nominate himself/herself or be nominated by another Director. The election shall be by written ballot in executive session. The successful candidate shall be Chairperson Elect until he/she takes office as Chairperson at the first Board meeting following the Annual Meeting. The Chairperson Elect shall attend all Executive Committee meetings and shall be a member of the Nominating Committee

Amendment:

2. Chairperson Elect, Election and Term

In May of each year a Chairperson Elect shall be elected by the Board of Directors from among them. A Director may nominate himself/herself or be nominated by another Director. The election shall be by written ballot in executive session. The successful candidate shall be Chairperson Elect until he/she takes office as Chairperson at the first Board meeting following the Annual Meeting. The Chairperson Elect shall attend all Executive Committee meetings.

Summary of Proposed Amendments to Bylaws Palmetto
Dunes Property Owners Association, Inc.
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Amendment 8

Article VII Board of Directors
Section 3 Notice of Nominees

Purpose: This amendment revises the announcement of nominated candidates for Directorships to be included in the Notice of Election

Existing Provision:

3. Notice of Nominees
The names of all candidates nominated shall be distributed, in writing, to the Membership.

Amendment:

3. Notice of Nominees
The names of all candidates nominated shall be distributed, to the Membership with the Notice of Election.

Bylaws of the Palmetto Dunes Property Owners Association, Inc.

(As Amended ~~October 11, 2014~~ _____)

Palmetto Dunes Property Owners Association, Inc. herein referred to as the Association, being a corporation organized under the South Carolina Non-Profit Corporation Act of 1994 applicable to corporations for no profit or gain to Members, shall at all times be operated in conformity with the laws of the State of South Carolina applicable to such corporations.

Article I

Purpose and Powers

The basic purpose of the Association is to promote the common good and general welfare of property owners in Palmetto Dunes (which term shall include only the Mariners, Inverness and Queen's Folly Road corridor portions of Palmetto Dunes Resort, excluding Leamington and Shelter Cove). In the accomplishment thereof the Association has the following purposes and powers:

1. Represent all residential property owners of Palmetto Dunes in conduct of their common affairs with other persons and entities and with public entities including but not limited to the Town of Hilton Head Island, Public Service District(s), the County of Beaufort, and the State of South Carolina.
2. To exercise legal and managerial responsibility for Palmetto Dunes pursuant to the Consolidated Limited Residential Covenants of February 1, 1982 recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 341, page 657, and the Consolidated Multi-Family Residential Covenants dated January 1, 1981, and recorded in such office in Deed Book 314 at Page 505, as the same have been or may be amended or restated, both of which Covenants have been assigned to the Association.
3. To coordinate with the owners of commercial properties within Palmetto Dunes and with the property owners associations for Leamington and Shelter Cove (Palmetto Dunes, Leamington and Shelter Cove comprise Palmetto Dunes Resort).
4. Enforce any and all covenants, restrictions and agreements applicable to the properties in Palmetto Dunes for which responsibility has been or may be assigned to the Association.

Article II
Membership

1. Eligibility for Membership

Subject to the following provisions, each owner of a residential property (whether an undeveloped lot, house, condominium, villa or time share) in Palmetto Dunes shall be a Member of the Association.

a. Single Property Ownership

If the property is owned by one person, that person shall be the member and be entitled to one vote.

b. Multiple Property Ownership

If a person owns more than one property, such person shall be a member and entitled to one vote for each property owned.

c. Multiple Owners

If a property is owned by more than one person or is a legal time share, then all such owners shall constitute collectively, but not severally, one member and shall be entitled jointly to one vote. Such owners may give written notice to the Association designating one of such owners to receive notices and to cast the one vote. Until such written notice is received by the Association, the Association shall have the right to designate on its books one of such owners to receive notices and to cast the vote.

2. Determination of Members

The Association shall maintain a register of all persons eligible for Membership and their addresses. The Association shall use reasonable efforts to revise such register to reflect changes in ownership and addresses. Until such time as the Association receives actual written notice of a name or address change, the register maintained by the Association shall be deemed complete, conclusive and binding for all purposes. The Membership register as of thirty (30) days prior to the date of the mailing of any notice to Members shall be conclusive as to the parties entitled to receive such notice and entitled to vote at any meeting called by such notice.

3. Associate Members

Property owners in Leamington and Shelter Cove, property management companies and rental management companies doing business within Palmetto Dunes, and others approved by the Board may elect to become Associate Members of the Association.

Such Associate Members shall receive communications, may attend meetings and may serve on committees. The Board from time to time shall determine the annual dues to be paid by an Associate Member.

4. Notice of Annual Membership Meeting

The Annual Meeting of the Membership shall be held on a weekend in October at a time, place and date determined by the Board. The Association shall use its reasonable efforts to give Members sixty (60) days advance notice of the date of the Annual Meeting. At least thirty (30) days before the date set for the Annual Meeting of the Membership the Secretary of the Association shall mail to each member: (1) A report of the significant business conducted by the Association during the preceding year; (2) A balance sheet for the Association as of the end of the preceding fiscal year and a cash receipts and disbursements statement for the previous fiscal year; (3) Notice with respect to the time, place and purposes of such meeting; ~~(4) the names of the persons properly nominated for the Board vacancies.~~

5. Annual Membership Meeting

At the Annual Meeting, the election of the new Directors shall be ~~held~~announced. There shall also be held such votes on other matters which were specified in the notice of the meeting, and such other business conducted as may be appropriate.

6. Special Meetings

Special meetings of the Membership may be called by the Board of Directors for consideration of specified items. A special meeting may be requested by the petition of one hundred (100) Members of the Association stating the items of business which such Members desire to submit for the consideration of the Membership. Upon receipt of the petition, the Board shall decide whether to call a special meeting or to place the requested items on the agenda of the next Annual Meeting which is at least ninety (90) days after receipt of the petition. The Secretary shall mail written notice to the Membership of a Special meeting at least thirty (30) days in advance of such meeting. Notice of a meeting shall contain the time and place of the meeting and an agenda of the business to be submitted to the Membership.

7. Notices

All notices provided for in these Bylaws, except as otherwise expressly provided, shall be sent by mail, postage prepaid, to the address shown on the register of Members.

8. Quorum

The presence in person or by written proxy at a meeting of fifteen percent (15%) of the Members shall constitute a Quorum, but a lesser number may continue a meeting previously constituted.

9. Proxy

Any ~~member~~ Member may give a proxy to vote to any person for a specific meeting. Such proxy may be general or limited to a specific purpose. The Board may solicit proxies with respect to any Membership meeting. Any member giving a proxy shall be deemed present at such meeting for all purposes. All proxies must be received by the Secretary of the Association at the address of the Association at least fifteen (15) business days before the date of the annual meeting. Proxies shall be in written form signed by the Member, or in electronic form utilizing the electronic proxy form made available by the Association.

10. Membership Meeting During a Period of Emergency

Upon the occurrence of, or anticipated occurrence of, acts war; riot; terrorism; civil commotion; military disturbances; nuclear or natural catastrophe; significant storm, earthquake, flood or fire; pandemic, epidemic, or outbreak; or other acts of God; which, in the determination of the Board of Directors, acting on two-thirds vote, with the presence of a quorum, might likely negatively impact the health, safety, and /or welfare of Members attending an Annual Meeting or Special Meeting of the Membership (hereinafter an "Emergency"), then in that event, the Board may, but shall not be obligated to:

- A. Postpone such an Annual or Special Meeting until such time as the Board determines the Emergency has passed or sufficiently subsided to allow the meeting to occur. In such event, the Board use its best efforts to give written notice of the postponement to the Membership at its earliest opportunity using either mail or electronic means.

- B. Hold the Annual or Special Meeting by electronic means as provided in this subsection. Meeting held under this subsection may be conducted through use of Internet meeting services or other electronic means designated by the Board that support (i) determination of membership attendance to confirm the existence of a quorum; (ii) confidential voting and support visible displays identifying those participating, identifying those seeking recognition to speak; (iii) showing (or permitting the retrieval of) the text of pending motions, and (iv) showing the

results of votes. These electronic meetings of shall be subject to all rules adopted by the Board, to govern them, which may include any reasonable limitations on, and requirements for, Members' participation. Any such rules adopted by the Board shall supersede any conflicting rules in the parliamentary authority. A confidential vote conducted through the designated Internet meeting service shall be deemed a ballot vote, fulfilling any requirement in the bylaws or rules that a vote be conducted by ballot.

C. The postponement of a meeting pursuant to subsection A above shall not prevent the Board from calling a subsequent meeting by electronic means in the event of an extended Emergency. Likewise, the calling of a meeting by electronic means shall not prevent the postponement of that meeting in the event of a worsening of the Emergency or failure of infrastructure or utility service to conduct the meeting.

D. During a period of Emergency as determined under this Article II, Section 10, all notices to Members of Annual or Special Meetings, or postponements or adjournments or reconvening thereof, together with any materials to be provided to Members in connection with such meetings, may be sent provided for in these Bylaws, except as otherwise expressly provided, shall be deemed sufficient if sent either (i) via US Mail postage prepaid, to the address shown on the register of Members; or (ii) via electronic mail to last address provided to the Association by the Member.

Article III Board of Directors

1. Number, Good Standing

The Association shall be managed by a Board of Directors composed of nine Members of the Association plus a tenth director to the extent provided in Article X, Section 2. The nine Directors, who are Members of the Association, are tasked with representing the interests of all property owners in Palmetto Dunes. A Director must be in good standing financially with the Association, having no outstanding assessments, fees, fines, arrearages, or other similar obligations, owing to the Association. Failure to maintain good standing shall be cause for removal from the Board of Directors. Further, as deemed appropriate by the Board of Directors, other individuals representing interests related to Palmetto Dunes, may be appointed as ex-officio Members. Ex-officio

Members may attend meetings but not vote.

2. Election and Term

~~Any Member seeking election to the Board of Directors must first be nominated pursuant to Article VI of these Bylaws. Directors shall be elected at each Annual Meeting of the Membership and shall take office at the next Board meeting. Directors shall serve for three years or such lesser term for which they may have been elected, and, in any case, until their successors shall have been elected and take office. At least three Directors shall be elected at each annual meeting in order to provide for staggered terms. In the event that there shall be more persons nominated than positions available, then there shall be a vote by the Members. The candidates receiving the most votes represented at the meeting, whether in person or by proxy, shall be elected to fill the positions.~~

Any Member seeking election to the Board of Directors must first be nominated pursuant to Article VI of these Bylaws. Directors shall be elected by ballot voting of the Membership held prior to the Annual Meeting each year, by either mail or electronic means as determined in advance by the Board of Directors. The Board of Directors shall **establish** the commencement date of the election each year, which date shall be not more than sixty (60) days, nor less than thirty (30) days prior to the Annual Meeting. Voting shall remain open for thirty (30) days after the commencement date. No vote received by the Association after voting closes shall be counted.

The Board of Directors shall cause notice of the election to be mailed to the Members by United States Mail, or by email to any Member who has elected to receive correspondence from the Association by electronic means (“Notice of Election”). Inclusion of such notice within the Association’s newsletter shall satisfy this notice requirement. If the election is conducted by mail, the notice shall include a Ballot for voting. If the election is conducted through electronic means, the notice shall contain instructions for accessing an electronic ballot.

Ballots (whether provided by mail or electronic means) shall list the names the nominated candidates and indicate how each candidate was nominated. Voting shall remain open for a period of thirty (30) days commencement date **established** by the Board of Directors.

The Board of Directors shall establish, from time to time, such administrative and procedural rules necessary to ensure the election of Directors under this Section. Voting shall comply with such rules established by the Board of Directors.

Once cast, a Members vote may not be changed or withdrawn. Members shall not cast more than one (1) vote for each Board vacancy to be filled. Cumulative voting shall not be permitted. The candidates receiving the largest number of votes cast shall be elected to fill the positions. In the event of a tie, a run-off will be conducted at the Annual Meeting by a ballot vote of the Members present in person or by proxy.

Directors shall serve for three years, or such lesser term for which they may have been elected, and, in any case, until their successors shall have been elected and taken office. At least three Directors shall be elected each year in order to provide for staggered terms.

During any election at which more than three (3) candidates are seeking election, the Board of Directors shall retain the services of a third-party to review the election process to ensure compliance with these Bylaws and the election rules established, and the votes cast by the members, and to certify the election results to the Association.

A tabular breakdown for the election of Directors shall be made available on request to any Member eligible to vote, which shall include: (a) the total number of votes cast, (b) the total number of candidates, (c) the winning candidates and the votes each received, and (d) the number of disqualified ballots received. Upon request, any candidate shall be informed of the number of votes he or she received.

3. Meetings

The Board shall hold meetings on call by the Chairperson or by the Secretary at the request of four ~~Members~~ members of the Board. Notice of such meetings shall be given to each member of the Board in advance of the meeting and by such means of communication as time, under the circumstances, permits. Directors may participate in a Board meeting through use of telephone, video, Internet conference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting. ~~There shall be no meeting(s) by telephone, video or Internet conference with respect to the election of Officers or amendment of Bylaws.~~

~~No meeting of the Members shall be conducted by telephone, video or Internet conference.~~

4. Quorum

The presence of a majority of the directors shall be necessary to constitute a quorum for conducting the business of the Board, but a lesser number may adjourn a meeting from time to time for periods not in excess of two weeks.

5. Vacancy

Should any vacancy occur on the Board, for any reason other than the normal expiration of the Director's term, the remaining directors shall elect a qualified Association ~~member~~ Member to fill the vacancy until the next annual ~~meeting of the Membership~~ election of Directors. The remaining unexpired term in excess of one year shall be filled by vote of the Membership at the next annual ~~meeting~~ election of Directors.

6. Records

The Secretary shall keep a written record of all meetings of the Board showing: (1) the names of the directors; (2) resolutions passed; and (3) where appropriate, other matters considered. Such records shall be open for inspection by the Members of the Association upon fifteen (15) days notice to the Secretary. Members may obtain minutes of a Board meeting (excluding Executive Sessions) upon written request with a self-addressed stamped envelope and a fee covering the reproduction costs. The Minutes will be sent within a reasonable time following the meeting.

7. Attendance

All Members of the Board of Directors must attend at least two-thirds (2/3) of the meetings of the Board, or vacate their office upon an affirmative vote of the majority of the full Board.

8. Removal of Director

A director may be removed at any time by an affirmative vote of two-thirds (2/3) of all of the other directors.

9. Members Right to Attend Meetings

Members shall have the right to attend any meeting of the Board of Directors except for an Executive Session declared by the Board. An Executive Session may be declared for the purpose of discussing personnel, contractual, legal and other appropriate matters.

The Board may invite any person to participate in an Executive Session. The Board shall re-open its regular session for a final vote or decision on any matter discussed in Executive Session.

10. Role of the Board of Directors

The business and affairs of the Association shall be managed by the Board of Directors (the "Board"). The Board of Directors may exercise all the powers of the Association, except such as are, by the laws of South Carolina, the Articles of Incorporation, the Covenants or these Bylaws, conferred upon or reserved solely to the Members. The Board shall set policy and act as group making decisions to further the common good and general welfare of property owners in Palmetto Dunes. The Board shall oversee the functions of the organization and ensure that it continues to operate in the best interest of the Members.

11. Role of the Chairperson of the Board

The Chairperson of the Board (the "Chairperson"), who shall be a Director, shall call all meetings of the Board, except those meeting called by the Secretary pursuant to paragraph 3 hereof; shall preside at meetings of the Board and of the Members; and shall exercise and perform such other powers and duties as may from time to time be assigned to him/her by the Board or prescribed by these Bylaws. The Chairperson manages the Board. He/she provides the leadership that the Board requires to be successful. The Chairperson is the only Board member authorized to speak for the Board as a group, and manages the Board to maintain the integrity of the structure, which the Board has determined is in the best interests of the Association. The Chairperson provides oversight and guidance to the Chief Executive Officer. The Chairperson is authorized to execute such contracts, notes, mortgages, security interests, and similar instruments binding the Association, under the seal of the Association, as may be approved by the Board, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association. The Chairperson shall have the power to act on behalf of the Board, within any limits prescribed by the laws of South Carolina, the Articles of Incorporation, the Covenants or these Bylaws, between meetings of the Board to take care of the normal and customary business of the Board or anything of an emergency nature.

**Article IV
Officers**

1. Number and Title

There shall be a minimum of four officers of the Association: a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer. Additional officers may be elected by the Board of Directors as the work of the Association warrants. No person may simultaneously hold more than one office.

2. Chairperson Elect, Election and Term

In May of each year a Chairperson Elect shall be elected by the Board of Directors from among them. A Director may nominate himself/herself or be nominated by another Director. The election shall be by written ballot in executive session. The successful candidate shall be Chairperson Elect until he/she takes office as Chairperson at the first Board meeting following the Annual Meeting. The Chairperson Elect shall attend all Executive Committee meetings ~~and shall be a member of the Nominating Committee.~~

3. Vice Chairperson, Treasurer, and Secretary, Election and Term

The Vice Chairperson, Treasurer, and Secretary shall be elected by the Board of Directors from among them at the first Board meeting following the Annual Meeting. The Chairperson shall recommend to the Board his/her nominees for these offices. Upon their election by the Board, the officers shall serve for one year or until their successors are elected and take office.

4. Vacancies and Removal

Should any vacancy occur in any office for any reason other than the normal expiration of the officer's term, the Board shall elect any qualified member of the Board to fill such office. Any officer elected by the Board of Directors may be removed at any time with good cause by an affirmative vote of two-thirds (2/3) majority of the full Board.

5. Authorities

The Chairperson shall have the duties and authorities provided hereinabove. In the absence of the Chairperson or in the event of his inability or refusal to act, the Vice Chairperson, the Secretary or the Treasurer, in that order, shall exercise the authorities of such office. The Treasurer shall chair the Finance Committee. The Secretary shall provide for minutes to be taken of all Board meetings and provide copies of the minutes to the Directors before the next Board meeting. All officers shall have such authorities as are normally associated with their office and such further authorities as may be vested in them by the Board.

6. Chairperson, Ex-Officio Member of All Committees

a. Single Ownership

The Chairperson shall be an ex-officio member of the Finance Committee and shall have all the same rights and privileges, including the right to vote, as other committee Members. However, the Chairperson shall not be counted in determining the number for a quorum or in determining whether a quorum is present.

b. The Chairperson shall be an ex-officio member of all other committees and shall have all the same rights and privileges, except the right to vote, as other committee Members.

**Article V
Committees**

1. The Board shall provide for the following standing committees:

a. Executive Committee

Shall be composed of the Chairperson, Vice Chairperson and one (1) Director appointed by the Chairperson, with the concurrence of the Board. It shall deal with such matters that arise between the Board meetings as the Chairperson deems necessary, and shall be the liaison between the Board and the Chief Executive Officer.

b. Finance Committee

The Committee will review financial statements of the Association, arrange for an annual audit, review and make recommendations on compensation and benefits, supervise the investments of Association funds, make periodic recommendations on bonding limits, and otherwise coordinate financial matters.

c. Nominating Committee

The Chairperson of the Board shall select one of the Board Members to serve as Chairperson of the Committee. The Committee shall consist of five (5) Members of the Association, three (3) of whom shall not be serving as a Director.

d. Architectural Review Board

Shall exercise the duties set forth in the Limited Residential and Multifamily Covenants and make reports of its activities to the Board.

2. Ad Hoc Advisory Groups

From time to time the Board may establish ad hoc advisory groups only and without power to exercise the authority of the Board. The composition, assignment(s), and conduct of the affairs of any such ad hoc advisory group shall be established by the Board.

3. Powers of the Committees

Except as otherwise above provided, each committee shall have such powers, functions, term and Members as determined by the Board as set forth in their respective charters if any, and/or Board resolution establishing such committee. Any committee (other than standing committees) may be terminated by the Board at any time. The Members of any committee may be removed and/or additional Members appointed by the Board at any time.

4. Members, Good Standing

All committee Members must be in good standing financially with the Association, having no outstanding assessments, fees, fines, arrearages, or other similar obligations, owing to the Association. Failure to maintain good standing shall be cause for termination.

Article VI
Nominating Procedures

1. Committee Nominations

The Nominating Committee shall nominate one (1) candidate for each directorship to be filled.

2. Petition Nominations

Any member may be nominated by petition signed by no less than ten (10) Members of the Association; provided such petition be delivered to the Secretary not less than ninety (90) days before prior to the Annual Meeting of the Membership during the year in which the election is to be held. For the purposes of this section, the definition of "member" or "Members" shall have the meaning described in Article II, Section 1.A through C.

3. Notice of Nominees

The names of all candidates nominated shall be distributed, ~~in writing,~~ to the Membership with the Notice of Election.

Article VII Finances

1. Bank Accounts

Funds of the Association, including any reserve or special accounts, shall be deposited or invested in accordance with the Palmetto Dunes Financial Policies and Procedures manual (as the same may from time to time be revised by the Board) or as otherwise approved by the Board.

- a. The Board shall approve those officers, directors and/or employees who will be authorized signatories on Association bank accounts.
- b. The Board shall determine the need for two signatures on certain accounts or on checks over a certain amount.

2. Bonding

The Board shall obtain and maintain bonds on employees in such amount as are from time to time approved.

Article VIII Liability and Indemnification of Directors and Officers

No Officer or Director shall be held individually liable for any action taken or decision made within the scope of his or her authority. The Association and Membership shall indemnify and hold harmless any Director or Officer, his or her heirs, executors, administrators or assigns, against all damages, losses, costs and expenses reasonably incurred by him or her in connection with any legal action, suit or proceeding as a reason for his or her being, or having been, a Director or Officer of the Association. Such indemnification shall not be available if it should be determined in such legal action, suit or proceeding that such Director or Officer was not within the scope of his or her authority, or was guilty of gross negligence or willful misconduct. The foregoing indemnification shall be in addition to and exclusive of all other rights to which such Director or Officer shall be entitled.

Article IX
Chief Executive Officer

1. The Board shall employ a salaried staff executive who shall have the title of Chief Executive Officer (CEO) on such terms and conditions as the Board shall determine. The Chief Executive Officer shall be the chief executive officer and operating officer of the Association with the responsibility to perform the duties as required by the Board. The Chief Executive Officer shall be an ex officio member of the Board, shall attend Board meetings, shall make periodic reports to the Board concerning Palmetto Dunes, and may participate in Board discussions, but shall have no vote.

2. **Role of the Chief Executive Officer**
The Chief Executive Officer shall have the responsibility for the day-to-day administration and operations of the Palmetto Dunes Property Owners Association, Inc. He/she directs and administers all aspects of the operations: the common areas, infrastructure, staff, and all activities and owner relations. In addition, he/she will assist the Board in setting strategies for the future. The Chief Executive Officer shall have such other powers and duties as may be prescribed by the Board.

The Chief Executive Officer shall be authorized to execute such contracts, notes, mortgages, security interests, and similar instruments binding the Association, under the seal of the Association, as may be approved by the Board, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

Article X
Special Provisions for Greenwood Communities and Resorts, Inc.

1. **Membership**
Greenwood Communities and Resorts, Inc. (herein "Greenwood") is designated as a Special Member of the Association. Each year Greenwood will have the number of votes determined by dividing the total amount of assessments due by Greenwood for such year by the amount of the greatest single lot regular assessment due for such year. For example, if the single lots were assessed a regular assessment of \$1035 and if Greenwood were assessed \$133,289 in assessments for that year, then Greenwood would have 129 votes (133,289 divided by 1035 equals 128.78, or 129). However, if

Greenwood sells any of its property subject to assessments, its vote will not transfer to any successor in title unless otherwise approved by the Association in accordance with paragraph 3 below.

2. Additional Director

There shall be an additional tenth director on the Board, who shall be appointed annually by Greenwood. This additional director would not be required to carry the same committee duties as other directors but would otherwise be subject to the same bylaw provisions applicable to all directors. A majority of the other directors may exclude this appointed director from any discussion of matters relating to or concerning agreements, contracts or relationships with Greenwood, any affiliate of Greenwood or any employee of Greenwood. This Section 2 shall terminate as of the date that Greenwood sells both golf courses (being the Jones and Fazio courses) and its tennis facility in Palmetto Dunes to an unrelated entity, unless the Association in its sole discretion agrees to maintain it in effect.

3. Non-assignability

The above provisions are personal to Greenwood and may not be assigned or transferred nor pass to any successor or successor in title without the consent of the Association, which consent may be given or withheld in the Association's sole discretion.

Article XI

Amendment of the Covenants and Bylaws

1. Amendment of the Covenants

The Limited Residential and/or the Multifamily Covenants may be amended by one of the following procedures:

- a. The Board of Directors may propose an amendment by approval of a majority of the Directors present at a regular or special meeting where notice was given that the amendment would be considered. The proposed amendment shall then be presented to the Membership at a regular or special meeting.
- b. The Members may propose an amendment by a written proposal signed by one hundred (100) or more Members, which proposal shall set forth in full the Covenant provision to be changed, the proposed amendment and the reason for such amendment. Such proposal shall be filed with the Secretary. The

amendment shall then be presented to the Membership at the next regular Annual Meeting which is at least ninety (90) days after receipt of the proposal.

- c. Under either procedure, the notice of meeting to the Membership shall set forth the Covenant proposed to be amended, the proposed amendment and the reason for the proposed amendment. The amendment will become effective upon a majority vote of Members present in person or by proxy at such meeting, except that the quorum for such meeting shall be twenty-five percent (25%) rather than the usual fifteen percent (15%).

2. The Bylaws may be amended by one of the following procedures:

- a. The Board of Directors may propose an amendment by approval of a majority of the Directors present at a regular or special meeting where notice was given that the amendment would be considered. The proposed amendment shall then be presented to the Membership at a regular or special meeting.
- b. The Members may propose an amendment to the bylaws by a written proposal signed by one hundred (100) or more Members, which proposal shall set forth in full the Bylaw provision to be changed, the proposed amendment and the reason for such amendment. Such proposal shall be filed with the Secretary. The amendment shall then be presented to the Membership at the next regular Annual Meeting which is at least ninety (90) days after receipt of the proposal.
- c. Under either procedure, the notice of meeting to the Membership shall set forth the Bylaw proposed to be amended, the proposed amendment and the reason for the proposed amendment. The amendment will become effective upon a majority vote of Members present in person or by proxy at such meeting.

Article XII

General

All meetings of the Membership and the Board of Directors shall be conducted in accordance with Robert's Rules of Order Newly Revised, provided that where there is a conflict with these Bylaws, the Bylaws shall prevail.