

BY-LAWS

KNOLLWOOD CLUB

Lake Forest, Illinois, 60045

Revised 2020

ARTICLE 1

GENERAL PROVISIONS

Section 1. Name. This Club shall be known as Knollwood Club.

Section 2. Purpose. The purpose of the Club is to provide facilities for recreational sports and social activities for use by its members.

Section 3. Address. The Post Office address of the Club is 1890 Knollwood Road, Lake Forest, Illinois 60045.

Section 4. Seal. The Corporate Seal shall be circular in form and have inscribed in the outer circle the name of the Club and in the inner circle, the words, Lake Forest, Illinois.

ARTICLE 2

GOVERNMENT AND MANAGEMENT

Section 1. Board of Governors. Except as otherwise provided herein, the control and management of the Club and its affairs, funds and property shall be entrusted to and vested in a Board of Directors to be known as the Board of Governors, consisting of twelve persons who must be Regular Members.

Section 2. Election and Terms of Office. The first year all Governors shall be elected with four of the Governors to serve terms of one year, four to serve terms of two years and four to serve terms of three years, or until their successors are elected. In each succeeding year four Governors shall be elected to serve three-year terms or until their successors are elected. The Governors shall be elected in the manner provided for in Article 8. Any vacancies on the Board of Governors occurring between elections shall be filled by the Board of Governors present at a regular meeting of the Board of Governors or a special meeting called and noticed for that

purpose. The Regular member so appointed shall serve as a Governor until the next annual meeting of the Club.

Section 3. Rules of the Club. The Board of Governors may promulgate and amend the Rules of the Club, the rules for the conduct of its business, and fix and enforce the penalties for violation of all such rules and these By-Laws.

Section 4. Indebtedness, Conveyance of Real Estate and Assessments - Powers of the Board of Governors Limited.

a. Indebtedness. The Board of Governors is expressly authorized and empowered to incur debt in the name of the Club for its benefit and to pledge the property of the Club to support that debt, provided, however, that the Board of Governors may not incur indebtedness in the name of the Club having a maturity beyond one year (“Long Term Debt”) and which together with all other long-term indebtedness of the Club would in the aggregate exceed 35% of the membership’s combined annual dues. Any Long-Term Debt to be incurred which would cause the aggregate long-term indebtedness of the Club to exceed 35% of the membership’s combined annual dues shall require the approval of a majority of the Regular members attending, in person, or in proxy, a meeting called for that purpose pursuant to not less than 15 days written notice.

b. Conveyance of Real Estate. The Board of Governors shall not sell nor convey real estate belonging to the Club without the approval of two-thirds of the Regular members attending, in person, or by proxy, a meeting called for that purpose pursuant to not less than 15 days written notice.

c. Assessments. The Board of Governors is expressly authorized and empowered to assess members to cover repayment of outstanding Long-Term Debt or the Club’s annual operating losses, if any. Additionally, the Board of Governors is expressly authorized and empowered to assess members for capital improvement projects provided, however, that except for emergencies, the Board of Governors may not assess for capital

improvement projects greater than 35% of the membership's combined annual dues in any one year, and which together with capital improvement projects for any four consecutive years would in the aggregate exceed 70% of the membership's combined annual dues. Any annual assessments greater than 35% of the membership's combined annual dues or any annual assessments which would cause the aggregate assessments for four consecutive years to exceed 70% of the membership's combined annual dues shall require the approval of a majority of the Regular members attending, in person, or in proxy, a meeting called for that purpose pursuant to not less than 15 days written notice.

d. Changes to the Golf Course. Any significant changes to the Knollwood Club golf course that would affect the appearance or playability of the course will be done in consultation with a nationally known, board approved golf course renovation architect. Such consultation would include but not be limited to changes to tees, bunkers, plantings, and routing of the course.

Section 5. Board May Interpret By-Laws. The Board of Governors shall have full power and authority to interpret these By-Laws, and its decision on all such questions shall be final, binding and conclusive.

Section 6. Amendment of By-Laws. Except as here in after provided, the Board of Governors may amend, add to, repeal, or substitute these By-Laws at any regular meeting of the Board of Governors, or at any special meeting called for that purpose, so long as such action is not inconsistent with or in conflict with applicable law. Section 4 of this Article referring to incurring debt, selling of Club Real Estate, and Assessments and Section 7 of this Article referring to dissolution of the Club shall not be amended by the Board of Governors but only by the Regular members at a meeting called for that purpose. Amendment of Section 4 (a) and 4 (c) of this Article shall require approval of a majority of the Regular members attending in person or by proxy, a meeting for that purpose pursuant to not less than 15 days written notice.

Amendment of Section 4 (b) shall require approval of two-thirds of the Regular Members attending in person or by proxy, a meeting for that purpose pursuant to not less than 15 days written notice. Amendment of Section 7 of this Article shall require approval of three-fourths of the Regular Members attending in person or by proxy, a meeting for that purpose pursuant to not less than 15 days written notice.

Section 7. Dissolution of the Club. Knollwood Club may be dissolved by a vote of three-quarters of the Regular members attending in person or by proxy, at a meeting called by a vote of three-quarters of the Board of Governors for that purpose pursuant to written notice of not less than thirty days. In the event of the dissolution of the Club, the Board of Governors shall have the power and authority to collect all accounts, assets or funds belonging to the Club; to pay debts and obligations of the Club; to pay and distribute the assets of the Club equally among all Regular members as of the date of membership approval of dissolution and to take all other steps and actions as may be deemed by the Board of Governors to be necessary and as required by law to carry into full effect the foregoing provisions.

Section 8. Majority Vote. Any consent, approval or other action to be taken by the Board of Governors shall be at a meeting of the Board of Governors duly called and properly noticed and by a vote of a majority of Governors present at such meeting, unless a greater number of Governors is specifically required.

Section 9. Informal Action by Governors. Any action to be taken at a meeting of the Board of Governors may be taken without a meeting if a consent in writing, via letter, email, fax or other approved form of communication, setting forth the action so taken, shall be responded to by at least nine Governors entitled to vote with respect to the subject matter thereof, unless a greater number of Governors is specifically required.

Section 10. Meeting of the Board of Governors. The Board of Governors shall meet at least six times each year at the Clubhouse or at such other places in Illinois, as may be designated by the President, provided notice thereof shall be given to each Governor not less than ten days before the time appointed for the Board of Governors' meeting. Six Governors shall constitute a quorum.

Section 11. Annual Report. The Board of Governors shall present to the members of the Club at each annual meeting a report as to the condition of the Club and its property and a report of the financial affairs of the past year. These reports may be made through Officers, Committee Chairmen or members selected by the Board of Governors.

Section 12. Indemnification of Governors and Officers.

a. Actions Other Than by the Club. The Club shall indemnify any Governor or former Governor who is made a party to any lawsuit or legal proceeding, whether civil, criminal, administrative or investigative (other than an action by the Club) because of or arising out of that person's service as a Governor or Officer of the Club, against any judgment, fines and expenses including attorneys' fees actually and reasonably incurred by such person in connection with such action, lawsuit or legal proceeding if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Club. The termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of no lo contender or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Club.

b. Actions by the Club. The Club shall indemnify, defend and hold harmless any Governor or former Governor who is made a party to a lawsuit by the Club seeking to procure a judgment against the Governor or former Governor as a result of conduct arising out of such person's service as a Governor or Officer of the Club against expenses (including attorney's fees) actually and reasonably

incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Club. However, any Governor or former Governor shall not be entitled to any indemnification hereunder with respect to any claim, issue or matter in which such person shall have been adjudged to be liable for any act of intentional misconduct or in the performance of such Governor's or former Governor's duties at the Club.

c. Determination Necessary. Any indemnification under this Section (unless ordered by the court) shall be made by the Club only as authorized in the specific case upon a determination of the Governor or Officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 12 (a) and (b). Such determination shall be made (i) by the Board of Governors by a majority vote of a quorum consisting of Governors who were not parties to such action, suit or proceedings, or (ii) if such a quorum is not obtainable, or even if obtainable, a quorum or disinterested Governors so directs, by independent legal counsel in a written opinion, or (iii) by the Regular members.

d. Non-Exclusive. The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any contract, agreement, vote of Regular members or disinterested Governors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Governor or Officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 3

OFFICERS

Section 1. Election of Officers. The Board of Governors shall meet at the call of the Secretary at such time and place the Secretary may designate within thirty days after each annual meeting and elect by majority vote, from among the Governors, a President, a Vice President, a Treasurer and a Secretary. The Board of Governors shall fill any vacancies among the Officers by a vote of the majority of those present at a regular meeting of the Board of Governors or a special meeting called and noticed for that purpose. The person so appointed shall hold office until the next annual meeting of the Club.

Section 2. President. The President shall preside at all meetings of the Club and of the Board of Governors, shall be responsible for the enforcement of the By-Laws and Rules of the Club and have those obligations, responsibilities and powers usually accorded to the Chief Executive Officer of an Illinois business corporation. The President will annually appoint all standing committee chairmen, subject to the advice and consent of the Board. The President shall be a member of the Membership Committee and be an ex-officio member of all other committees with the right to vote.

Section 3. Vice President. In the absence of the President, the Vice President shall perform the duties of the President. Should the President and Vice President be absent from any meeting, a Chairman shall be chosen by vote.

Section 4. Secretary. The Secretary shall be responsible for and be in charge of the Seal, Charter, and By-Laws of the Club; shall keep or cause to keep, a record of all meetings of the Club and Board of Governors in a book or books belonging to the Club and provided for that purpose; shall issue or cause to be issued all notices of meetings, and perform such other duties as may be required of the Secretary by these By-Laws or by the Board of Governors.

Section 5. Treasurer. The Treasurer shall be responsible for and be in charge of the accounts and financial records of the Club and of the receipt, deposit, safekeeping and disbursement of funds and securities of the Club. The accounts and financial records of the Club shall be at all reasonable times open to any member of the Board of Governors. The Treasurer shall, at each meeting of the Board of Governors, present a report of the financial condition and results of operations of the Club since the last previous report, and at the annual meeting of the Club or at a special information meeting of members, submit a similar report of the recently completed fiscal year. Each year the books of the Club shall be audited by an independent certified public accountant to be appointed by the Board of Governors. The fiscal year shall end on December 31st of each year. The Treasurer shall be responsible for sending to each member of the Club, on the first of each month, or as soon thereafter as may be practicable, a statement of the amount due from such member and shall be responsible for sending notices informing members who are in arrears of their indebtedness of the Club, as provided in Article 9 of these By-Laws. The Treasurer shall perform such other duties as may be assigned to the Treasurer by the President or the Board of Governors.

ARTICLE 4

COMMITTEES

Section 1. Standing Committees. There shall be the following standing committees. A Governor or Governors shall be appointed by the Club President to be the Chair or Co-Chairs of each Standing Committee.

a. Membership. The Membership Committee shall consist of at least twelve Regular or Veteran members who are or have been Regular members for at least six years. The Committee shall receive and consider all proposals for membership to all classes and report its recommendations to the Board of Governors. Members of the Membership Committee may not introduce persons for membership. Six Membership Committee members shall constitute a quorum.

b. Finance. The Finance Committee shall consist of the Treasurer and not less than five Regular or Veteran members. It shall have general supervision of the accounts of the Club, and in conjunction with the General Manager and the Chairmen of the various Committees, shall prepare the budgets or forecasts of the financial requirements of the Club and its Committees. A preliminary budget for the next fiscal year shall be presented to and approved by the Board of Governors prior to November 1st, and the final budget shall be approved by the Board of Governors prior to December 31st.

c. House. The House Committee shall consist of not less than five Regular or Veteran members. The Committee shall have general responsibility for buildings, furnishings, landscaping and flower gardens immediately adjacent to Club buildings. In addition, this Committee shall be responsible for the food and beverage service of the Club and the facilities related thereto.

d. Capital Planning. The Capital Planning Committee shall consist of not less than five Regular or Veteran members. This Committee shall be entrusted with reviewing the budget for the annual capital expenditures as presented by the Club's General Manager. The Committee will also review all plans and proposed budgets of all other committees of the Club whose plans involve the making of major changes or additions to buildings, property or equipment. Before submitting their recommendations for capital projects to the Board of Governors, all committees shall obtain the approval of the Capital Planning Committee.

e. Rules & Member Relations. This Committee shall consist of the twelve members of the Board of Governors. The Committee shall be responsible for proposing and enforcing Club Rules and shall receive and consider all complaints regarding violations of Club Rules or infractions of any recognized principles governing the conduct of members of the Club.

f. Greens and Grounds. The Greens and Grounds Committee shall consist of not less than five Regular or Veteran members. The Committee will have responsibility for the maintenance and upkeep of the golf course and the Club grounds.

g. Golf. The Golf Committee shall consist of not less than five Regular or Veteran members, the Chairman of the Women's Golf Committee, and the Chairman of any sub-committee, which may be appointed. The Committee shall have responsibility for golf activities, events, and schedules.

h. Sports. The Sports Committee shall consist of not less than five Regular, Veteran, or Social members, and shall include the Chairman of any sub-committees, which may be appointed. The Committee shall have responsibility for all sports except Golf.

i. Social. The Social Committee shall consist of not less than five Regular, Veteran, or Social members and shall be in charge of entertainment and social events at the Club.

j. Governors' Cup. The Governors' Cup Committee shall consist of the twelve members of the Board of Governors. The Committee shall be responsible for the annual Governors' Cup Tournament and its Social Events.

Section 2. Designation and Appointment. The Chairman of the standing committees shall be a Governor and shall be appointed annually by the President, with the advice and consent of the Governors, to serve a one-year term or until their successors are

appointed. The Chairmen of such committees shall, with the advice and consent of the President, appoint the numbers of their respective committees and the chairman of and members of any sub-committees as may be deemed advisable. The members of all standing committees shall be Regular or Veteran members except where otherwise specifically provided. However, members of any class and their family members may serve on sub-committees. The Club's General Manager shall act as Secretary for each standing committee, except Membership, Greens & Grounds, and Rules and Member Relations Committees, and shall send notices of and keep written minutes of all meetings of such Committees.

Section 3. Other Committees. In addition to the standing committees above-named, the President may, with the advice and consent of the Board of Governors, appoint from time to time such other committees or subcommittees with such powers and duties as may be deemed advisable.

Section 4. Committees Subject to the Control of the Board of Governors. All committees shall be subject to the control of the Board of Governors through the Officers of the Club. Any member of any committee or sub-committee may, at any meeting of the Board of Governors duly called and held, be removed from office by a vote of a majority of Governors present at such meeting.

Section 5. Expenditures. No Committee shall expend any money or make contract for expenditures in excess of the budget appropriation for such Committee without prior written approval of the Finance Committee.

Section 6. Revision of Rules. The rules and regulations governing the committees of the Club may be revised or supplemented by the Board of Governors at any meeting of the Board of Governors duly called and held by a vote of a majority of Governors present at such meeting.

ARTICLE 5

MEMBERSHIP AND DUES

Section 1. Limit of Membership. The limit of membership, and of each class thereof, and the relevant fees, dues, assessments and charges payable by members of each class, shall be fixed from time to time by the Board of Governors.

Section 2. Admission to Membership.

a. Sponsor of Candidates. Regular, Veteran, Social, Veteran Social, Junior Legacy, Junior or Associates – may sponsor a candidate for membership. In order to serve as a sponsor, a member must meet the following requirements:

- Be a member for at least one year.
- Not be a member of such candidate's immediate family.
- Have a relationship with the candidate that is sufficient to allow the member to endorse the candidate's integrity and compatibility.
- Not be a sponsor of any candidate solely for business purposes, including being a sponsor of business partners or direct employees.

b. Additional References. For **all** applicants, the Sponsor must ensure that their candidate is familiar with 4 additional Knollwood members before presentation to the Membership Committee. These 4 members' names must be included on the candidate's application for membership. These 4 members must current members in good standing at the time of applying and have been members of the Club for at least 1 year. **All** candidates will need to submit two letters of recommendation from 2 of the 4 members listed on their membership application before presentation to the Membership Committee.

c. Junior Legacy Program. The Junior Legacy program is available to the sons and daughters, and their spouses, of Regular,

Veteran, Social or Associate members. Children of members on an installment plan for admissions fee are not eligible to participate in Legacy program or to be a sponsor until their parent has paid their admissions fee in full.

d. Consideration by the Membership Committee and the Board. When a person has been introduced for possible membership, it will be the responsibility of the Membership Committee to review the qualifications of the candidate for membership without regard to race, color, creed, age or gender and to make recommendations with respect thereto to the Board of Governors. The candidate's name, business affiliation, sponsor's name, any endorser's name and desired classification of the person being considered for possible membership shall be emailed to the Club's membership before it shall be acted upon by the Board. All recommendations of the Membership Committee for invitations to any class of membership shall be brought to the Board of Governors for deliberation. Admission to all classes of membership shall be exclusively by invitation of the Board of Governors. The vote by the Board of Governors shall be by ballot, two negative votes excluding. No person excluded shall be introduced again for membership until after expiration of twelve months.

Section 3. Dues. Dues commence on the first day of the calendar month within which acceptance of membership is received at the Club's office and are payable, in advance, at the member's election either, annually, semi-annually, quarterly or monthly. Special assessments shall be borne by all classes of members. The amount of a special assessment to be borne by a member other than Regular members shall be in the proportion that such member's dues bears to Regular member dues. No fees, dues, assessments or other charges are refundable at anytime. Provided, however, that membership transfer fees are refundable to the extent that the Club collects a transfer fee from a new member who replaces a departing member.

Section 4. Obligations. A person invited to membership shall be deemed to be a member and shall be entitled to the privileges

thereof, when that person has accepted the invitation in writing, and has paid the admission fee and other obligations, if any. If a person invited to accept membership or a member who has requested a change in membership classification fails to pay the appropriate admission fee and other obligations, if any, within thirty days after invitation to membership is mailed, such person shall, at the option of the Board of Governors, and without further notice, forfeit the invitation and the same shall be void.

Section 5. No Transfer of Membership. Members may not transfer their membership to another person.

Section 6. Death of Members. Upon the death of a member in good standing, all dues and other charges with respect to such membership shall cease to accrue as of the end of the calendar month in which death occurred.

ARTICLE 6

DESIGNATION AND PRIVILEGES OF MEMBERSHIP

Section 1. Regular Members. The Regular membership shall consist of persons at least twenty-one years of age. A Regular member has an equity ownership in the property of the Club and is entitled to full use of all Club facilities in accordance with the By-Laws and the Rules of the Club. A Regular member may hold office, vote at Club meetings, and after being a Regular member for one year may also introduce persons for possible invitation to membership.

Section 2. Social Members. Social members shall be at least twenty-one years of age. A Social member does not have golfing privileges but is entitled to full use of all other Club facilities. Social members may only play golf as guests of a golfing member (Regular, Regular Non-Resident, Veteran, Junior, Junior Legacy, Associate Regular, Associate Veteran or Non-Resident) subject to all rules for guests, including payment of guest fees. A Social

member may not extend the privileges of the golf course to guests. A Social member has no equity ownership in Club property and may not hold office or vote at Club meetings. A Social member may introduce persons for possible invitation to membership after one year of membership.

Section 3. Associate Members.

a. Associate Regular Member. The surviving spouse of a Regular member in good standing may be invited to become an Associate Regular member at any time within one year after the death of the spouse without payment of an admission fee. The divorced spouse of a Regular member who resigns from the Club in good standing, at or about the time of the divorce, may be invited to become an Associate Regular member at any time within one year after the member's resignation upon payment of an admission fee to be determined by the Board of Governors. An Associate Regular member is entitled to full use of all Club facilities in accordance with the By-Laws and Rules of the Club.

b. Associate Social Member. The surviving spouse of a Regular or Social member in good standing may be invited to become an Associate Social member at any time within one year after the death of the spouse without payment of an admission fee. The divorced spouse of a Regular or Social member who resigns from the Club in good standing, at or about the time of the divorce, may be invited to become an Associate Social member at any time within one year after the member's resignation upon payment of an admission fee to be determined by the Board of Governors. An Associate Social member is entitled to use the Club's facilities to the same extent as a Social member.

c. Associate Veteran Members and Associate Veteran Social Members. The surviving spouse of a Veteran member may be invited to become an Associate Veteran member or Associate Veteran Social member and the spouse of a Veteran Social member may be invited to become an Associate Veteran Social member, in either case within one year after the death of their spouse while in

good standing as a Veteran member or Veteran Social member without the payment of an admission fee. The divorced spouse of a Veteran member or Veteran Social member who resigns in good standing, at or about the time of the divorce, may be invited to become an Associate Veteran member or Associate Veteran Social member at any time within one year after the member's resignation upon payment of an admission fee to be determined by the Board of Governors.

d. Provisions Common to all Associate Members. Associate members shall have no equity ownership in Club property and may neither hold office or vote at Club meetings. Associate members may introduce a person for possible invitation to membership. An Associate membership terminates upon remarriage.

Section 4. Junior Legacy Members. A child, or the spouse of a child, of a Regular, Regular Non-Resident, Veteran, Social, or Associate member who is age twenty-one (21) through forty (40) years of age, may be invited by the Board of Governors to become a Junior Legacy member. A child or spouse of a child, of a Regular member on the installment plan for the admissions fee is not eligible to become a Junior Legacy member until their admissions fee has been paid in full. A Junior Legacy member is entitled to full use of the Club facilities except as limited by these By-Laws and the Rules of the Club.

A Junior Legacy member has no equity ownership in Club property and may neither hold office nor vote at Club meetings. A Junior Legacy member may introduce persons for possible invitation to membership after one year of membership.

The classifications and age limitations applicable to Junior members are as follows:

<u>Classification</u>	<u>Age</u>
Junior Legacy	21-30
Junior Legacy	31-32

Junior Legacy	33-34
Junior Legacy	35-36
Junior Legacy	37-38
Junior Legacy	39-40

Junior Legacy members shall pay dues and be subject to assessments and minimums. Dues for Junior Legacy members will be determined by an aged-based schedule approved by the Board of Governors. Junior Legacy members' dues rates will increase to the next age group level on January 1 of the year that they turn that age. Junior Legacy members will proceed to Regular membership as of January 1st of the year in which they will turn age 41. Junior Legacy members shall be probationary until all applicable membership fees are paid. The membership fee shall be fixed as of the date of invitation. The membership fee may be paid in five (5) installments; the first installment shall be due upon entry-thereafter at the 1st-4th anniversary dates. Upon termination, no refund of any membership fees paid will be due.

Section 5. Junior Member.

A candidate between the ages of twenty-one (21) through forty (40) years of age, who is sponsored by a Regular, Veteran or Social member, and is presented to the Membership Committee, may, after completing the membership process, be invited by the Board of Governors to become a Junior member. A Junior member is entitled to full use of the Club facilities except as limited by these By-Laws and the Rules of the Club.

A Junior member has no equity ownership in Club property and may neither hold office nor vote at Club meetings. A Junior Legacy member may introduce persons for possible invitation to membership after one year of membership.

The classifications and age limitations applicable to Junior members are as follows:

<u>Classification</u>	<u>Age</u>
Junior	21-30
Junior	31-32
Junior	33-34
Junior	35-36
Junior	37-38
Junior	39-40

Junior members shall pay dues, be subject to assessments and minimums. Dues for Junior members will be determined by an aged-based schedule approved by the Board of Governors. Junior members' dues rates will increase to the next age group level on January 1 of the year that they turn that age. Junior members will proceed to Regular membership as of January 1st of the year in which they will turn age 41. Junior members shall be probationary until all applicable membership fees are paid. The membership fee shall be fixed as of the date of invitation. The membership fee may be paid in five (5) installments; the first installment shall be due upon entry-thereafter at the 1st-4th anniversary dates. Upon termination, no refund of any membership fees paid will be due.

The number of Junior and Junior Legacy memberships may be limited by the Board of Governors, and Junior Legacy and Junior members will not count against the maximum number of Regular members.

Section 6. Veteran Members.

a. Veteran Regular. Regular and Regular Non-Resident members who joined prior to January 24, 2003, may be invited to become Veteran members, upon the member's request for transfer, after having reached the age of sixty-five years, and after having been a Regular or Regular Non-Resident member for a total of twenty-five years or longer. Regular and Regular Non-Resident members who join after January 24, 2003, may be invited to become Veteran members, upon the member's request for transfer, after having reached the age of seventy years, and after having been a Regular or Regular Non-Resident member for a total of twenty-five years or

longer. A Veteran member is entitled to full use of all Club facilities. A Veteran member shall neither have equity ownership in Club property, hold office or vote at Club meetings. A Veteran member may introduce persons for possible invitation to membership.

b. Veteran Social. Regular, Regular Non-Resident or Social members who joined prior to January 24, 2003, may be invited to become a Veteran Social member, upon the member's request for transfer, after having reached the age of sixty-five years and after having been a Regular, Regular Non-Resident or Social member for a total of twenty-five years or longer. Regular, Regular Non-Resident or Social members who join after January 24, 2003, may be invited to become Veteran Social members, upon the member's request for transfer after having reached the age of seventy years, and after having been a Regular or Social member for a total of twenty-five years or longer. A Veteran Social member shall have the same use of the Club facilities as a Social member. A Veteran Social member shall neither have equity ownership in Club property, hold office, nor vote at Club meetings or introduce persons for possible invitation to membership. A Veteran Social member may introduce persons for possible invitation to membership.

Section 7. Non-Resident Members. Regular, Veteran, Social, Junior Legacy, Junior and Associate members who do not own or rent a residence within 100 miles of the Club, may request a transfer to Non-Resident member status. A Non-Resident member has no equity ownership in Club property, and may not propose persons for membership, hold office or vote at Club meetings. A Non-Resident member shall be entitled to use all Club facilities except that Non-Resident members and their spouses may each use the golf course only ten times in a calendar year.

Non-Resident members and spouses may not play additional rounds of golf as a guest of another member. Non-Resident members may bring golf guests. Non-Resident members' dues are payable in January of the calendar year.

Section 8. Regular Non-Resident Membership Program.

Regular members who have a primary or legal residence more than (100) miles from Lake Forest, but live in the Lake Forest area more than forty five (45) calendar days per year may transfer to a Regular Non-Resident member status. A Regular Non-Resident member has no equity ownership in the property of the Club, may not propose persons for membership, hold office or vote at Club meetings. A Regular Non-Resident member shall be entitled to full use of all Club facilities.

Section 9. Re-application for Regular, Veteran, Junior Legacy and Junior Membership from Non-Resident Membership.

I. A Regular, Veteran, Social, Veteran Social, Junior Legacy, Junior or Associate member who transfers to Non-Resident member status may re-apply for the same membership status from which the Non-Resident member transferred. The Board of Governors may approve such application upon payment by the applicant of the lesser of:

(a) The difference between the admission fee in effect at the time of re-application and the admission fee in effect at the time of transfer from the former class of membership to Non-Resident members status; or

(b) The cumulative difference between the dues paid by members having the membership status from which the applicant transferred, and the dues paid by the applicant during the period of the Non-Resident member's status.

If no Regular membership is available, the member will go to the top of the list of Social-waiting-for-Regular.

II. A Junior Legacy or Junior member who transferred to Non-Resident status may re-apply for a new membership status. The Membership Committee shall review the circumstances and recommend to the Board, and the Board may approve, the class of membership to which the individual may be reinstated, as well as, the condition and payments for the reinstatement, taking into account status and payments made prior to the individual's transfer to Non-Resident status.

Section 10. Privileges of Members' Families. Spouses and children of members shall be entitled to the use of all Club facilities, in accordance with the By-Laws and Rules of the Club. Children of members may use the facilities of the Club through their twenty-second birthday.

Section 11. Transfer Between Classes of Membership. Transfer from one class of membership to another shall be subject to regulation by the Board of Governors. Requests for transfer shall be directed in writing to the Membership Committee. All requests for change of membership classification shall be acted upon by the Board of Governors. The vote shall be by ballot, two negative votes denying the transfer. All transfers between classes of membership, other than a transfer to Veteran or Non-Resident, shall be effective on January 1 of the year after the request for change in status has been approved. The Board of Governors can waive this provision at its discretion. A Social member who wishes to transfer to Regular membership shall pay the difference between the Regular member admission fee in effect at the time of the application for transfer and the admission fee paid when elected as a Social member.

Section 12. Leave of Absence. Applications for leave must be made in writing to the Membership Committee. No one shall be liable for dues during the period of a leave of absence. If

reinstatement is desired it must be requested in writing to the Membership Committee and acted upon by the Board of Governors, two negative votes denying reinstatement. Annually, and at the request of the Member, the Board of Governors may extend the leave of absence for an additional year. No leave of absence can be extended past five (5) years from the date of the original LOA approval. If after one year no written request for reinstatement is received, rights to reinstatement will expire. If the Board approves reinstatement, the payment of any Special Assessments or capital fees that may have come due during the leave of absence will be required. If no Regular membership is available, the member will go to the top of the list of Social–waiting-for-Regular. As to Junior Legacy and Junior members, they will be required to make up any membership fees, which may have become due during their leave of absence, as a condition for reinstatement.

Section 13. Visitors. The use of facilities of the Club may be extended to visitors whose place of primary residence is more than one hundred miles from the Clubhouse, upon written request by a Regular member to the Secretary of the Club. A guest card will be issued. These privileges may be extended to a visitor for no more than six days in any year. Visitors shall be charged prevailing guest fees, which will be billed to and payable by the sponsoring Regular member.

Section 14. Guests. A member must accompany all guests. Guests using the golf course, tennis courts, paddle tennis courts, swimming pool or skeet range, must be registered by the member. No person may be a guest for use of the golf course or sports facilities of the Club more than six times per year.

Section 15. Other Organizations. The facilities of the Club shall not be extended to any organization without the permission of the Board of Governors.

ARTICLE 7

TERMINATION OF MEMBERSHIP

Section 1. Offenses.

a. Commission. If any member shall be reported or known to any member of the Board of Governors or to any Officer of the Club as having committed an offense that, in the judgment of such member of the Board of Governors or Officer, is prejudicial or injurious to the good order, peace, interest and reputation of the Club or at variance with its By-Laws or Rules, the offending member may be informed by the Board of Governors that such person has been charged with the commission of such offense.

b. Appearance and Answer. If required by the Board of Governors, it shall be the duty of the Secretary to furnish the offending member with a copy of such charge and give such member at least five days' notice to appear before the Board of Governors to answer such charge.

If, upon inquiry and hearing, the Board of Governors shall be satisfied that the charged offense is prejudicial or injurious to the good order, peace and interest of the Club and at variance with its By-Laws or Rules, and, further, shall be satisfied of the truth of the charge, they may deprive such member or members of such member's family of full or partial use of the Club's facilities, may censure or suspend such member, subject to such conditions as may be prescribed, or, if in their judgment the interest of the Club demands such action, they may expel such member.

c. Expulsion and Other Action. A vote of two-thirds of the members of the Board of Governors shall be necessary for the expulsion of a member; but no such action shall be taken except at a meeting properly noticed and called for such purpose. In any case where the actions of a member, or members of the member's family or such member's guest, pose any danger to other members or clearly interfere with the exercise of Club privileges of other

members, their families or guests, any Officer, or the Club's General Manager may take such action as is required to bring to cessation the offensive action.

Section 2. Privileges and Dues Discounted Upon Resignation or Expulsion. The resignation or expulsion of any member of the Club shall carry with it the termination of the rights of all persons enjoying the use of the Club facilities through the membership of such resigned or expelled member. From and after the date of expulsion, unpaid dues for any un-expired portion of the current annual period shall not be charged to an expelled member. The dues of a resigned member shall cease as of the effective date specified in the acceptance of such resignation by the Board of Governors.

Section 3. Payment of Debts upon Resignation. No resignation shall be accepted or take effect until and unless all debts and obligations to the Club by the resigning member are paid, except as otherwise ordered by the Board of Governors.

Section 4. Reinstatement. At the discretion of the Membership Committee, and subject to the payment of any assessments or capital fees that they would otherwise have been responsible for during the period of their resignation, resigned members who were in good standing at the time of their resignation, can be recommended to the Board of Governors to have their membership restored to their prior membership class without going through the established membership process.

ARTICLE 8

MEETING AND ELECTIONS

Section 1. Annual Meeting - Elections. The annual meeting of the members and annual election of Governors shall be held in November at the Clubhouse in Lake County, Illinois, between the hours of 9:00 a.m. and 9:00 p.m., or such other place or time as the Board of Governors may lawfully designate. At each Annual Meeting four Regular members shall be elected to the Board of Governors to serve for a term of three years to succeed those whose terms are expiring. No members shall be nominated without such member's prior consent, nor unless on the date of such nomination such person has been a Regular member of the Club for more than four years.

Section 2. Special Meetings. A special meeting of the members may be called at any time by the President with the approval of a majority of the Board of Governors. A special meeting must be called whenever the President shall be so requested in writing by twenty Regular members who in their request shall set forth the object of such meeting; and no other business than that specified in the call shall be transacted at such meeting.

Section 3. Notice of Meetings. Notice of every annual or special meeting of the members of the Club shall be mailed to every Regular member at least ten days before such meeting except that if any such meeting is called concerning matters referred to in Article 2, Section 4 (a) or 4 (b), or in Article 2, Section 7, additional notice shall be required as specified herein. The notice for any special meeting shall state the object or objects for which such meeting is called, and no business other than that specified in the notice shall be transacted at such meeting.

Section 4. Quorum. Only Regular members of the Club in good standing shall be entitled to vote and may vote in person, or by proxy in writing, via letter, email, fax or other approved form of

communication, on all questions at any annual or special meeting of the Club, or any adjourned session thereof. Fifty Regular members present at any annual or special meeting, either in person or by proxy, shall constitute a quorum for the transaction of business. Voting for the election of members of the Board of Governors shall be in person or by proxy in writing, via letter, email, fax or other approved form of communication.

Section 5. Postponement. If no quorum shall be present at an annual or special meeting, the presiding Officer shall adjourn such meeting to a future date and hour and written notice of such adjournment and the place of holding thereof shall be given to each Regular member.

Section 6. Order of Business. The order of business at a meeting shall be:

- (i) Proof of notice of meeting
- (ii) Reading of minutes of the last meeting
- (iii) Reports of Officers and Board of Governors
- (iv) Unfinished business
- (v) New business
- (vi) Announcement of the result of annual election, if an annual meeting.

Section 7. Nominating Committee. All of the members of the Board of Governors whose terms of office do not expire at the next succeeding meeting shall act as the Nominating Committee and shall nominate four qualified Regular members as new members of the Board of Governors to be voted for at the next annual election. In the month of August each year, the Secretary of the Club shall notify voting members of the personnel of such Nominating Committee. This notification shall inform the voting members that they are urged to submit recommendations for the consideration of the Nominating Committee by September 20th of each year. The Nominating Committee meeting is to be held between September 21 and October 15 each year. Prior to October 20 each year, the Nominating Committee shall file with the Secretary of the business

office of the Club, its nominations for members of the Board of Governors for terms beginning at the next annual election. Such nominations shall be communicated to all voting members.

Section 8. Members' Nominations. Regular members of the Club in good standing, not less than twenty-five in number, may nominate other candidates for election as members of the Board of Governors of the Club. Such nominations shall be in writing, signed by Regular members only, and shall be placed in the hands of the Secretary at least eight days prior to the date of the meeting for the election; and the Secretary shall attach the Secretary's certificate that such nominations have been made by not less than twenty-five Regular members in good standing, and shall post the nominations with the Secretary's certificate on the bulletin board at least five days prior to the date of the meeting for the election. After the nominations have been posted, the Board of Governors shall cause the names of all properly posted candidates to be printed on one ticket. Such ticket together with a printed copy of this Article 8 shall be mailed to each Regular member of the Club at least three days prior to the date of the meeting for the election.

Section 9. Results of Election. The General Manager of the Club shall be responsible for counting the ballots and reporting the results which shall be verified by the Secretary of the Board of Governors.

Section 10. Certificate of Election. After each annual election it shall be the duty of the Secretary to prepare and sign a certificate under the Seal of the Club, giving the names of those elected as members of the Board of Governors and the term of their offices.

ARTICLE 9

MEMBERS IN ARREARS FOR PAYMENT DUE

Section 1. Payment of Dues. The Treasurer shall cause each member to be billed for the amount of such member's indebtedness

to the Club on the first day of each month, or as soon thereafter as may be practicable, (the billing date). If the indebtedness of any member remains unpaid at the end of such calendar month (the due date), the Treasurer shall, on the fifteenth of the following month cause each delinquent member to be notified in writing that such indebtedness is past due (first notice). Such first notice shall also advise the delinquent member of the automatic assessment of a penalty charge and shall also advise such member as to the provisions of these By-Laws relating to both suspension and forfeiture of membership, all as set forth hereinafter.

Section 2. Notice of Delinquency. If the indebtedness of any member remains unpaid at the end of the month following the date of the first notice, the Treasurer shall cause such delinquent member to be notified in writing that such indebtedness remains unpaid (second notice). Such second notice shall also advise the delinquent member of the automatic assessment of an additional penalty charge, and shall also advise the member that such member's membership will be automatically suspended if such member's indebtedness (delinquency plus penalties) is not fully paid and received by the Club before the 5th calendar day thereafter (the compulsory date). Such second notice shall also advise the delinquent member of the provisions of these By-Laws as to forfeiture of membership, as set forth hereinafter.

Section 3. Penalty. The penalty charged pursuant to the second notice shall be in greater amount than the penalty charged in the first notice. Penalty charges as referred to herein shall be set from time to time by the Board of Governors and shall be applied uniformly to delinquent members, and any changes made by the Board of Governors as to the amount of penalty charges shall have prospective effect only.

Section 4. Suspension of Membership. If the indebtedness of any member remains unpaid as of the compulsory date, the credit of such member and all persons using the facilities of the Club through such member shall thereupon be automatically suspended. The

member will be so advised by the Treasurer in writing. If such indebtedness is fully paid by the end of the month following suspension, the member may be reinstated at the discretion of the Treasurer.

Section 5. Reinstatement after Full Payment. The status of any member who has fully paid such member's indebtedness by the end of month following suspension, but who has not been reinstated by the Treasurer, shall be periodically reviewed by the Board of Governors, which may reinstate such person by a majority vote at any time within three months thereafter.

Section 6. Forfeiture of Membership. The status of any member who has been suspended and who has not fully paid such member's indebtedness by end of month following suspension shall be reviewed by the Board of Governors for three successive months, after which time the Board of Governors by a majority vote may continue the suspension indefinitely, or by a majority vote may declare the membership forfeited. The Treasurer shall notify the former member of such forfeiture. Any reinstatement of membership shall be pursuant to Article 7, section 4 of these By-Laws.

ARTICLE 10

LIABILITY FOR LOSS OR DAMAGE

Section 1. Liability. The Club shall not be liable or responsible for the destruction or loss of, or damage to the property of any member or any guest of any member, or visitor, or other person using or enjoying the privileges of the Club or its buildings or grounds.

Section 2. Members' Liability. Property of the Club destroyed, damaged or removed by a member, or any person for whom the member is responsible, shall be paid for by such member.