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**GIANTS RIDGE MASTER ASSOCIATION**  
**AMENDED AND RESTATED MASTER BYLAWS**  
**EFFECTIVE MARCH 30, 2010**

**As approved by Giants Ridge Master Association  
Members and Board  
on April 28, 2008**

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**GIANTS RIDGE MASTER ASSOCIATION**  
**AMENDED AND RESTATED MASTER BYLAWS**

**SECTION 1**

**GENERAL**

This document constitutes the Master Bylaws of Giants Ridge Master Association, a Minnesota nonprofit (the “Master Association”). The Master Association is organized pursuant to Minnesota Statutes Chapter 317A, the Minnesota Nonprofit Corporation Act (the “Act”) to perform certain administrative, community, maintenance and operational functions on behalf of its Members as described in the Amended and Restated Master Declaration of Giants Ridge (the “Master Declaration”). The Master Association is a master association as defined in Section 515B.2-121 of the Minnesota Common Interest Ownership Act (“MCIOA”). The terms used in these Master Bylaws shall have the same meaning as they have in the Master Declaration.

**SECTION 2**

**MEMBERSHIP**

2.1 Members Defined. All Persons who are defined as Members in Section 3 of the Master Declaration shall be Members of the Master Association. The initial classes of memberships are Residential Memberships and Business Memberships, subject to the right of the Master Association to recognize a Government Membership when and if authorized by MCIOA. The rights and obligations accruing to the Memberships are described in the Master Declaration and these Master Bylaws. No Person shall be a Member solely by reason of holding a security interest in a Unit or a Development Parcel.

2.2 Registration. Each Member shall register with the Secretary in writing (i) the current address of the Member, and (ii) the name, address, telephone number and e-mail address (if available) of a representative of the Member (the “Member Representative”) and an alternative representative (the “Alternate Member Representative”), designated by the applicable Residential Board or Business Member to cast the Member’s vote in matters to be voted upon by the Members. Each Member shall have a continuing obligation to promptly advise the Master Association in writing of any changes in the foregoing information.

2.3 Transfers. The interests, rights and obligations of a Member may be assigned, conveyed or transferred, but only to a successor Residential Member or Business Member, as applicable, that assumes and performs the obligations of the respective Residential Member or Business Member subject and pursuant to the Master Governing Documents.

**SECTION 3**

**VOTING**

3.1 Entitlement. The Members are allocated “Weighted” and “Non-Weighted” Votes in the affairs of the Master Association as described in Section 3.5 of the Master Declaration.

3.2 Member Representatives. Each Member shall elect or appoint, as applicable, a Member Representative to cast the vote allocated to the Member and to otherwise represent the Member at Master Association meetings. Each Member shall also elect or appoint an Alternate Member Representative to act in lieu of the Member Representative if the Member Representative is unable to act by reason of unavailability, incapacity or similar cause. In the case of a Residential Member, the Member Representative and Alternate Member Representative shall be elected by the applicable Residential Board from among the Member's constituent Unit Owners. In the case of a Business Member, the Member Representative and Alternate Member Representative shall be appointed by the Business Member. Each Member Representative and Alternate Member Representative shall be registered with the Secretary in accordance with Section 2.2. At any meeting of the Members only the Member Representative or Alternate Member Representative, as applicable, registered in accordance with Section 2.2, shall be entitled to cast the vote that is allocated to that Member. Proxies are prohibited. References in the Master Governing Documents to the Member Representative shall include the Alternate Member Representative, as applicable.

3.3 Voting Authority. The Member Representative shall cast the vote or votes attributable to the Member which it represents, and otherwise act on behalf of the Member, as directed by the Member, and shall not vote or act contrary to the Member's wishes.

3.4 Voting by Written Ballot. The entire vote on any issue may be determined by written ballots mailed to the Members along with a notice of the vote, subject to the following requirements.

3.4.1 The notice of the vote shall: (i) clearly state the proposed action; (ii) indicate the number of responses needed to meet the quorum requirements; (iii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iv) specify the time by which a ballot must be received by the Master Association in order to be counted.

3.4.2 The ballot shall: (i) set forth each proposed action, and (ii) provide an opportunity to vote for or against each proposed action.

3.4.3 The Master Board shall set the time for the return of ballots, which shall not be less than fifteen nor more than forty-five days after the date of mailing of the ballots to the Members. The Master Board shall provide notice of the results of the vote to the Members within ten days after the expiration of the voting period.

3.4.4 Approval by written ballot under this Section is valid only if (i) the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approval votes equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.5 Vote Required. The following votes cast, in person or by proxy, at any properly constituted meeting of the Members, or cast by written ballot in accordance with Section 3.4, shall decide all matters properly brought before the Members:

3.5.1 With respect to the election of directors and except as otherwise provided in Section 6.4, a majority, or a plurality if no majority is achieved, of the Non-Weighted Votes cast for a nominee for each vacant director position.

3.5.2 With respect to matters other than the election of directors, the votes required by the specific section of the Master Bylaws or Master Declaration shall control; provided, that votes with respect to the amendment of the Master Articles of Incorporation shall be Non-Weighted Votes.

## **SECTION 4**

### **MEETINGS OF MEMBERS**

4.1 Place. All meetings of the Members shall be held at the office of the Master Association or at such other place in the State of Minnesota reasonably accessible to the Members as may be designated by the Master Board in any notice of a meeting of the Members.

4.2 Annual Meetings. An annual meeting of the Members shall be held in each fiscal year of the Master Association on a date, and at a reasonable time and place, designated by the Master Board. At each annual meeting of the Members, (i) the persons who are to constitute the Master Board shall be appointed in accordance with Section 6; (ii) a report shall be made to the Members on the activities and financial condition of the Master Association as described in Section 5; and (iii) any other matter which is included in the agenda for the annual meeting, and is a proper subject for decision by the Members, shall be considered and acted upon at the meeting.

4.3 Special Meetings. Special meetings of the Members may be called by the President as a matter of discretion. Special meetings of the Members must be called by the President or Secretary within thirty days following receipt of a written request signed by a majority of the members of the Master Board, and held within sixty days following receipt of the request. The request shall state the purpose of the meeting, and the business transacted at the special meeting shall be confined to the purposes stated in the notice. The purpose for which the meeting is requested and held must be lawful and consistent with the Master Association's purposes and authority under the Master Governing Documents.

4.4 Notice of Meetings. The Secretary shall send to all Members and Member Representatives notice of the time, place and agenda of the meeting, by United States mail, or by hand delivery. The notice shall be sent not less than twenty-one nor more than thirty days in advance of any annual meeting of the Members, and at least seven, but no more than thirty, days in advance of any special meeting of the Members. The notice shall be sent to the Member's address as shown on the records of the Master Association, and shall be posted on a community bulletin board, web site or other readily accessible central community location.

4.5 Quorum/Adjournment. The presence of the Member Representatives duly registered in accordance with Section 2.2 who have the authority to cast in excess of fifty percent of all the votes in the Master Association (on a non-weighted basis) shall be necessary to constitute a quorum at all meetings of the Members for the transaction of any business, except that of adjourning the meeting to reconvene at a subsequent time. Any meeting may be adjourned from time to time, but until no longer than thirty days later, without notice other than

announcement at the meeting as initially called. If a quorum is present at the reconvened meeting, any business may be transacted which might have been transacted at the meeting as initially called had a quorum then been present. The quorum, having once been established at a meeting or a reconvened meeting, shall continue to exist for that meeting notwithstanding the departure of any Member Representative who was present when the quorum was established.

4.6 Meeting Procedures. Except as otherwise provided by this Section or by law, Master Association meetings shall be open to attendance by Member Representatives, Business Parcel Owners and Unit Owners. However, attendees other than a Member Representative may not address the meeting or otherwise participate in the meeting except for participation in an “open forum” portion of the meeting or as otherwise authorized by a resolution of the Master Board. The chair of the meeting may impose reasonable limits on the time period for which persons may address the meeting or impose reasonable time limits on the number of persons speaking for or against a particular issue before the meeting. Persons other than Member Representatives, Unit Owners and Business Parcel Owners, and their legal counsel, may attend Master Association meetings only upon invitation from or approval by the Master Board.

4.6.1 A conference among Member Representatives by a means of communication through which all Member Representatives can simultaneously hear each other during the conference is a Membership meeting, if (i) the same notice is given for the conference as would be required for a meeting, and (ii) the number of Member Representatives participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting.

4.6.2 Notwithstanding anything in this Section, Membership meetings may be closed at the discretion of the Member Representatives to discuss the following:

4.6.2.1 personnel matters;

4.6.2.2 pending or potential litigation, arbitration or other potentially adversarial proceedings between Members, or between the Master Association and Members or third parties, or other matters in which the Master Association or any Member may have an adversarial interest, if the Master Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Master Association or the privacy of a Unit Owner or other Person;

4.6.2.3 criminal activity arising within the Recreation Area if the Master Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity; or

4.6.2.4 Strategic matters relating to potential public laws, rules, regulations or ordinances that could materially affect the Master Association or its Members, or the Recreation Area.

The minutes of and the documentation discussed or submitted at such closed meeting may be kept confidential and need not be made available for review or copying pursuant to Section 8.5.



4.7 Voting Register. The Secretary shall have available at the meeting a list of the Member Representatives registered in accordance with Section 2.2 and authorized to cast votes on behalf of the Members.

4.8 Agenda. The agenda for meetings of the Members shall be established by the Master Board, in compliance with the Master Governing Documents, shall be sent to all Members and Member Representatives along with the notice of the meeting, and shall be posted on a community bulletin board, web site or other reasonably accessible location. The agenda for meetings shall include an "open forum" period of a reasonable length appropriate for the meeting agenda to allow Unit Owners and Business Parcel Owners other than Member Representatives to ask questions or voice their concerns on matters properly before the meeting.

## **SECTION 5**

### **ANNUAL REPORT**

The Master Board shall prepare an annual report, a copy of which shall be provided to each Member at or prior to the annual meeting. The report shall contain, at a minimum:

5.1 Capital Expenditures. A statement of any capital expenditures in excess of five percent of the current budget or ten thousand dollars, whichever is greater, approved by the Master Board for the current year or succeeding two fiscal years.

5.2 Reserve Funds. A statement of the balance in any reserve or replacement fund and any portion of the fund designated for any specified project by the Master Board.

5.3 Financial Statements. A copy of the statement of revenues and expenses for the Master Association's last fiscal year, and a balance sheet as of the end of said fiscal year.

5.4 Litigation and Judgments. A statement of the status of any pending litigation or judgments to which the Master Association is a party.

5.5 Insurance. A statement of the insurance coverage provided by the Master Association.

5.6 Status of Assessments. A statement of the total past due Master Assessments, current as of not more than sixty days prior to the date of the meeting.

## **SECTION 6**

### **BOARD OF DIRECTORS**

6.1 Number and Qualifications. The affairs of the Master Association shall be governed by the Master Board.

6.1.1 During the Master Developer Control Period, the Master Board shall consist of three or more persons appointed by the Master Developer from time to time.

6.1.2 Upon the termination of the Master Developer Control Period, the Master Board shall be composed of seven directors, or such lesser number equal to the number of

Members, plus one. One of the directors shall be appointed by the Master Developer and the remaining directors shall be elected by the Members. When there are six or more members, three of the six Member-elected directors shall be elected from among Business Members and three from among Unit Owners who are constituents of Residential Members; provided that during periods when a class has fewer than three Members, those class director positions shall be filled by nominees from the other class. If and when MCIOA authorizes a Government Membership, then these Master Bylaws may be amended to accommodate such a Membership.

6.1.3 The Master Developer's right to appoint one director may be exercised continuously or intermittently, and shall continue so long as the Master Developer owns an unsold Unit or Development Parcel, or has the right to subject Additional Property to the Master Declaration. When the Master Developer's right to appoint a director expires or is voluntarily surrendered, that director shall not be replaced. Notwithstanding the foregoing, if the Master Developer transfers its Master Developer rights described in Section 12 of the Master Declaration to a successor Master Developer, or if it transfers title to the Golf Course Property or Ski Area Property to another Person following the expiration of the Master Developer Control Period, the Master Developer's right to appoint a director may be transferred to the successors (collectively) if the successor(s) simultaneously become(s) a Member or Members of the Master Association.

6.2 Terms of Office. The terms of office of the members of the Master Board shall be as follows:

6.2.1 The terms of the directors appointed by the Master Developer pursuant to Section 6.1.1 shall terminate upon the earliest of (i) voluntary surrender of control by the Master Developer, (ii) when seventy-five percent of the aggregate Units and other parcels of real estate intended for residential use by a person or the person's tenants that are (a) subject to the Master Declaration as initially recorded or (b) intended to be created by the addition of real estate or by the subdivision of Units or other parcels of real estate, have been conveyed to such persons for occupancy by the persons or their tenants; or (iii) the date ten years following the date of recording of the Master Declaration, or such longer period authorized by MCIOA or any future amendment thereto.

6.2.2 Following the expiration of the terms of the directors appointed by the Master Developer pursuant to Section 6.1.1, the terms of office of the directors elected immediately thereafter by the Members shall be one, two or three years, staggered such that the terms of two directors (one Residential Director and one Business Director) expire in each year. Unless otherwise agreed by a vote of the Members, the longer terms in each director class shall be assigned to the director or director(s) receiving the greatest number of votes, regardless of whether one or more of the nominees receives a majority of the votes. Thereafter the terms shall be three years. The length or staggering of the terms of office of the directors elected by the Members may be changed, prospectively, only by amending these Master Bylaws. Each term of office of a director elected by the Members shall expire as of the time of the annual meeting of the Master Association held on the applicable anniversary of the director's election; provided, that a director shall continue in office until a successor is elected. A director elected to fill a vacancy created by incapacity, resignation or removal shall serve out the vacated term.

6.2.3 The director appointed by the Master Developer shall not have a specific term, shall serve until the Master Developer's appointment of a replacement director, and shall not be subject to the nomination, vacancy or removal procedures or requirements applicable to Member-elected directors.

6.3 Nominations. Following the expiration of the terms of the directors appointed by the Master Developer pursuant to Section 6.1.1, and prior to each subsequent annual meeting of Members, each Member not disqualified under Section 6.3.3 may, subject to the requirements set forth below, designate one nominee (the "Nominee") for election to the Master Board by the Members.

6.3.1 A nomination shall be made only with the consent of the Nominee.

6.3.2 A Nominee shall be a natural person who, (i) if nominated by a Residential Member, is a member of the Residential Association, or, (ii) if nominated by a Business Member, is an officer, director, employee or other designee of the Business Member.

6.3.3 A Member shall not have more than one of its Nominees serving as a Master Board director at the same time and shall not be entitled to designate a Nominee if the election of its Nominee would violate this limitation.

6.3.4 The nomination procedures shall be as follows:

6.3.4.1 In addition to the notice requirements set forth in Section 4.4, if the notice is for a meeting at which there will be an election of one or more directors, the notice shall (i) identify the Members qualified to propose Nominees for the upcoming election, (ii) identify the Master Board directors whose terms are currently expiring, and (iii) establish a date a reasonable time prior to the meeting by which the names of the Nominees must be received in writing by the Secretary of the Master Association.

6.3.4.2 A Member that desires to designate a Nominee shall submit the name of the person and the basis for qualification, in writing, to the Secretary of the Master Association by the date established by the Secretary. Each Member shall establish fair and reasonable procedures for election or appointment of its Nominees.

6.3.4.3 The Secretary shall, within a reasonable time prior to the Member meeting for election of directors, provide to each of the Members a written list of the Nominees nominated for election and the identity of the Member nominating each Nominee.

6.4 Election/Voting. Following the expiration of the terms of the directors appointed by the Master Developer pursuant to Section 6.1.1, vacancies in the Master Board shall be filled by election from among the Nominees at a meeting of the Members. Each Member shall cast one Non-Weighted Vote for one Nominee for each vacant director position in each director class, regardless of the voting Member's Membership class. Proxies shall not be permitted for the election of directors; however, the election may be conducted by written ballot as described in

Section 3.4. Vacancies shall be filled by those Nominees receiving the greatest numbers of votes for the vacancy or vacancies in each director class, regardless of whether one or more of the Nominees receives a majority of the votes; provided that:

6.4.1 In the event that no Nominee for a vacancy in a director class receives at least one-third of all of the votes cast for the Nominees for that director class vacancy, a run-off election shall immediately be held in which the Nominees for such director position who received the first and second highest numbers of votes in the first round of voting shall stand for election in such run-off election. The Nominee receiving the greatest number of votes in the run-off election for that position shall fill the vacancy.

6.4.2 In the event of a tie between or among those two or more Nominees for a vacancy in a director class who received the greatest numbers of votes in the first round of voting, a run-off election shall immediately be held in which the Nominees for such director position who tied in receiving the highest number of votes in the first round of the election shall stand for election in the run-off election. The Nominee receiving the greatest number of votes in the run-off election for that position shall fill the vacancy.

6.4.3 In the event that no Nominee for a vacant director class position, after the conclusion of both the first round election and the run-off elections for that position, has received either a majority of the votes cast for that director position or a plurality of at least one-third of the votes cast for the Nominees for such position, the incumbent members of the Master Board shall elect by majority vote, from among the Nominees who stood for election in the run-off election for that position, the Nominee who shall fill the vacant director class position.

6.5 Powers. The Master Board shall have all powers necessary for the administration of the affairs of the Master Association and shall act on behalf of the Master Association except as expressly limited by the Master Governing Documents. The powers include those vested in the Master Association by the Master Governing Documents or by law, and those powers delegated to the Master Association by a Member in compliance with the Master Governing Documents and the applicable Parcel Covenants. Except as relinquished by the Master Association in accordance with Section 8.1 or qualified under Section 6.7, the powers include the following:

6.5.1 Maintain, repair and replace the Master Common Elements and all Improvements thereon and to provide such other maintenance, repair and replacement as the Master Association is obligated to provide under Section 9 of the Master Declaration.

6.5.2 Administer and enforce the covenants, conditions, restrictions, easements, and other rights and obligations, set forth in the Master Governing Documents.

6.5.3 Maintain, repair, replace and improve such parts of a Development Parcel as may be authorized by the Parcel Covenants or the Master Governing Documents.

6.5.4 Administer and enforce the covenants, conditions, restrictions, easements and other rights and obligations set forth in any Parcel Covenants if (i) the Master Association determines that the applicable Member has failed to administer or enforce a covenant, condition, restriction, easement or other right or obligation set forth in the

applicable Parcel Covenants; (ii) such failure to administer and enforce is found by the Master Association to cause material harm, nuisance, damage, loss of value or adverse impact on the other Members or the Property; and (iii) the Member fails to administer or enforce such covenant, condition, restriction, easement, or other right or obligation within thirty days following the Master Association's written notice to the Member.

6.5.5 Exercise any powers delegated to the Master Association by a Member in accordance with the applicable Parcel Covenants, the Master Governing Documents or MCIOA.

6.5.6 Adopt and amend budgets for revenues, expenditures and reserves, and levy and collect Master Assessments.

6.5.7 Hire and discharge managing agents and other employees, agents and independent contractors.

6.5.8 Subject to the requirements of Section 11 of the Master Declaration, institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or its Members on matters affecting the Master Association or its Members.

6.5.9 Make contracts and incur liabilities, including but not limited to contracts with other Persons to provide, central telecommunication receiving and distribution systems (e.g., cable television, high speed data/Internet/intranet services, telephone, or security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve the Property.

6.5.10 Make use of computers, the Internet, and expanding technology to facilitate community interaction and encourage participation in Master Association activities. For example, the Master Association may sponsor a community cable television channel, create and maintain a community intranet or Internet home page, maintain an "online" newsletter or bulletin board, and offer other technology-related services and opportunities for Members, Unit Owners and Occupants to interact and participate in Master Association-sponsored activities.

6.5.11 Grant public or private utility, communications and other easements, leases and licenses through, over or under the Master Common Elements; and grant similar rights through, over or under Development Parcels, subject to any reasonable requirements of the applicable Parcel Covenants.

6.5.12 Impose charges for late payment of Master Assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Master Governing Documents.

6.5.13 Impose reasonable charges for the review, preparation and recordation of amendments to the Master Declaration or these Master Bylaws, Unit resale certificates required by law, statements of unpaid Master Assessments, or furnishing copies of Master Association records.

6.5.14 Provide for the indemnification of its officers, directors and committee members, and maintain directors' and officers' liability insurance.

6.5.15 Provide for reasonable procedures governing the conduct of Members' and directors' meetings, and the election of directors, consistent with the Master Governing Documents.

6.5.16 Appoint, regulate and dissolve committees to assist it in its duties.

6.5.17 Borrow money for the needs of the Master Association and encumber the assets of the Master Association as security for such borrowings.

6.5.18 Exercise any other powers conferred by law or by the Master Governing Documents, that are necessary or beneficial for the governance and operation of the Master Association.

6.6 Meetings and Notices. An annual meeting of the Master Board shall be held promptly following each annual meeting of the Members. At each annual meeting, the officers of the Master Association shall be elected.

6.6.1 Regular meetings of the Master Board shall be held at least quarterly at such times as may be fixed from time to time by a majority of the members of the Master Board. A schedule, or any amended schedule, of meetings shall be provided to the directors and each Member and shall be posted in a public location accessible to Unit Owners.

6.6.2 Special meetings of the Master Board shall be held when called (i) by the President, or (ii) by the Secretary within ten days following a written request signed by a majority of the directors. Notice of any special meeting shall be given to each director not less than three days in advance thereof, subject to Subsection 6.6.4. Notice to a director shall be deemed to be given when deposited in the United States mail postage prepaid to the Unit address of such director, or when personally delivered, orally or in writing, by a representative of the Master Board.

6.6.3 Each meeting of the Master Board shall include an "open forum" during which Members and Unit Owners other than directors may address or make inquiry of the Master Board with respect to matters properly before the meeting. The Master Board may establish reasonable time limits for the open forum and speakers' times, and may open the forum to persons other than Members and Unit Owners.

6.6.4 Any director may at any time waive notice of any meeting of the Master Board verbally, in writing, or by attendance at the meeting. If all the directors are present at a meeting of the Master Board, no notice shall be required, and any business may be transacted at such meeting.

6.6.5 A conference among directors by a means of communication through which all directors participating may simultaneously hear each other during the conference constitutes a Master Board meeting, if (i) the same notice is given of the conference as would be required for a meeting, and (ii) the number of directors

participating in the conference is a quorum. Participation in a meeting by this means constitutes personal presence at the meeting.

6.6.6 Notwithstanding anything to the contrary in this Section, Master Board meetings may be closed at the discretion of the Master Board to discuss the following:

6.6.6.1 personnel matters;

6.6.6.2 pending or potential litigation, arbitration or other potentially adversarial proceedings between Members, Unit Owners, or between the Master Association and Members or third parties, or other matters in which the Master Association or any Member or Unit Owner may have an adversarial interest, if the Master Board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the Master Association or the privacy of a Unit Owner or other Person; or

6.6.6.3 criminal activity arising within the Recreation Area if the Master Board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

6.6.6.4 Strategic matters relating to potential public laws, rules, regulations or ordinances that could materially affect the Master Association or its Members, or the Recreation Area.

The minutes of and the documentation discussed or submitted at such closed meeting may be kept confidential and need not be made available for review or copying pursuant to Section 8.5.

6.7 Quorum and Voting. During the Master Developer Control Period, a majority of the directors shall constitute a quorum for the transaction of business at any meeting. Upon the termination of the Master Developer Control Period, two-thirds of the directors shall constitute a quorum for the transaction of business at any meeting. A quorum, once established at a meeting, shall continue to exist, regardless of the subsequent departure of any directors. Each director shall have one vote, and proxies are prohibited. The vote of the majority of the directors present at any meeting at which a quorum is present shall be sufficient to adopt any action; except as otherwise provided in Section 6.9 and as follows:

6.7.1 A Master Assessment levied against only one Membership class must be approved by a majority vote of the directors which includes the affirmative vote of at least one director elected from the affected Membership class.

6.7.2 The following actions require, in addition to approval by the Master Board, approval by a majority of the total Non-Weighted votes in the Master Association:

6.7.2.1 Master Association borrowings which, in the aggregate with all outstanding borrowings, exceed the greater of \$50,000 or fifty percent of the annual Master Assessment levied against the Members pursuant to Section 6.2 of the Master Declaration for the fiscal year in which the borrowing is approved.

6.7.2.2 Master Association funding of capital Improvements to the Recreation Area at a cost in excess of the greater of \$50,000 or fifty percent of the aggregate Master Assessments levied against the Members pursuant to Section 6.2 of the Master Declaration for the fiscal year in which the capital Improvement is approved.

6.7.2.3 An aggregate increase in the annual Master Assessments levied against the Members by an amount in excess of fifteen percent of the aggregate Master Assessments levied against the Members for the previous fiscal year, exclusive of Master Association insurance premiums.

6.8 Action Taken Without a Meeting. The Master Board shall have the right to take any action in the absence of a meeting which it could take at a meeting when authorized in a writing signed by all the directors.

6.9 Vacancies. A vacancy in the Master Board due to resignation or incapacitation of a director elected by the Members prior to the expiration of the director's term shall be filled by a person elected by majority vote of the remaining directors regardless of the number of directors, within thirty days following the occurrence of the vacancy, subject to the qualifications contained in Sections 6.2. and 6.3. Each person so elected shall serve out the term vacated.

6.10 Removal. A director elected by the Members may be removed from the Master Board, with or without cause, by a majority of the total Non-Weighted Votes in the Master Association; provided that a replacement director shall be elected within thirty days after removal and shall be subject to the qualifications contained in Sections 6.1, 6.2 and 6.3.

6.11 Compensation. The directors shall receive no compensation from the Master Association for their services in such capacity. However, a director or an entity in which the director has an interest may, upon approval by the Master Board, be reasonably compensated under a contract for goods and services furnished to the Master Association in a capacity other than as a director; provided (i) that the contract is approved by the members of the Master Board, excluding the interested director, and (ii) that the director's interest is fully disclosed to the Master Board prior to approval. Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

6.12 Fidelity Insurance. A fidelity bond or insurance coverage for unlawful taking of Master Association funds and other dishonest acts shall be obtained and maintained on all directors and officers authorized to handle the Master Association's funds or other monetary assets.

6.13 Standards of Conduct. The representation system established for the Giants Ridge community under the Master Governing Documents is designed to provide a reasonable and fair opportunity for Member representation on the Master Board. In a spirit of fairness and good faith, it is the duty of each member of the Master Board to represent and act on behalf of the entire Giants Ridge community for the good of the community as a whole. Accordingly, each director shall discharge the duties of the position of director (i) in good faith, (ii) in a manner that the director reasonably believes to be in the best interests of the Master Association as a whole, and (iii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances.



## SECTION 7

### OFFICERS

7.1 Principal Officers. The principal officers of the Master Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Master Board. The Master Board may from time to time elect such other officers and designate their duties as in their judgment may be necessary to manage the affairs of the Master Association. Only the President and Vice President must be members of the Master Board. A person may hold more than one office simultaneously, except those of President and Vice President.

7.2 Election. The officers of the Master Association shall be elected annually by the Master Board at its annual meeting and shall hold office at the pleasure of the Master Board.

7.3 Removal. Any officer may be removed by the Master Board, with or without cause, and a successor elected, at any regular meeting of the Master Board, or at any special meeting of the Master Board called for that purpose.

7.4 President. The President shall be the chief executive officer of the Master Association, and shall preside at all meetings of the Master Board and the Master Association. The President shall have all of the powers and duties which are customarily vested in the office of president of a corporation, including without limitation the duty to supervise all other officers and to execute on behalf of the Master Association all contracts and similar obligations approved by the Master Board. The President shall have such other duties as may from time to time be prescribed by the Master Board.

7.5 Vice President. The Vice President shall take the place of the President and perform the duties of the office whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be prescribed by the Master Board.

7.6 Secretary. The Secretary shall be responsible for recording the minutes of all meetings of the Master Board and the Master Association. The Secretary shall be responsible for keeping the books and records of the Master Association, and shall give all notices required by the Master Governing Documents or the Act unless directed otherwise by the Master Board. The Master Board may delegate the Secretary's administrative functions to a managing agent; provided that such delegation shall not relieve the Secretary of the ultimate responsibility for the Secretary's duties.

7.7 Treasurer. The Treasurer shall be responsible for the financial operations of the Master Association, and shall be covered by a bond or insurance in such sum and with such companies as the Master Board may require. The Treasurer shall (i) be responsible for keeping the Master Association's financial books, Master Assessment rolls and accounts for each Member; (ii) cause an annual financial report to be prepared, subject to review by the Master Association's accountants; (iii) cause the books of the Master Association to be kept in accordance with generally accepted accounting practices and submit them to the Master Board for its examination upon request; (iv) cause all moneys and other monetary assets of the Master Association to be deposited in the name of or to the credit of the Master Association in depositories designated by the Master Board; (v) cause the proper obligations of the Master Association to be paid when due; and (vi) perform all other duties incident to the office of Treasurer. The Master Board may delegate the Treasurer's administrative functions to a managing agent; provided that such delegation shall not relieve the Treasurer of the ultimate responsibility for the Treasurer's duties.

7.8 Compensation. Officers shall receive no compensation for their services in such capacity, unless authorized by resolution of the Master Board, with the officer to be compensated abstaining from the vote if such officer is also a director. However, an officer or an entity in which the officer has an interest may also be reasonably compensated under a contract for goods and services furnished to the Master Association in a capacity other than as an officer; provided (i) that the contract is approved by the members of the Master Board, excluding the interested party, and (ii) that the officer's interest is disclosed to the Master Board prior to approval. Officers may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

7.9 Standards of Conduct. In a spirit of fairness and good faith, it is the duty of each officer to represent and act on behalf of the entire Giants Ridge community for the good of the community as a whole. Accordingly, each officer shall discharge the duties of the position of officer (i) in good faith, (ii) in a manner that the officer reasonably believes to be in the best interests of the Master Association as a whole, and (iii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

## **SECTION 8**

### **OPERATION AND ADMINISTRATION**

8.1 Transfer of Master Association Powers. The Master Association shall have all power and authority granted by the Master Governing Documents, MCIOA and the Act, or otherwise delegated to it by a Member in accordance with the applicable Parcel Covenants or MCIOA; provided, that any such delegation of authority or power by a Member must be authorized by and in compliance with the Master Governing Documents. Notwithstanding the foregoing, the Master Association has authority to relinquish certain of its powers to one or more Members in accordance with the following qualifications and procedures:

8.1.1 The Master Association may, temporarily or permanently, relinquish to a Member any or all of the powers enumerated in Section 515B.3-102(a) of MCIOA or Section 6, but only to the extent that the powers relate to the operation and administration of the Development Parcel owned or administered by that Member. A relinquishment of powers under this Section shall not relinquish nor impair any powers of the Master

Association to operate and manage its own affairs, the Master Common Elements or the Property as a whole.

8.1.2 The Master Association's powers may only be relinquished by or redelegated to the Master Association (i) upon the approval of the Master Board and the applicable Member, and (ii) pursuant to a written document specifically describing the powers being relinquished or redelegated, the time period (if any) for which the powers are relinquished or redelegated, and any other limitations on the transfer of the powers. The document memorializing the transfer of powers, shall be executed in a sufficient number of copies such that the Master Association and the applicable Member have an executed copy for their respective corporate records.

8.1.3 Any relinquishment or redelegation of powers under this Section shall, unless otherwise designated in the Master Board resolution authorizing the relinquishment, be effective as of the first day of the Master Association's fiscal year so as to avoid changes to budgets and other financial planning in mid-year. Notice of the transfer of powers between the Master Association and a Member shall be given to all Members at least one month in advance of the effective date of the transfer.

8.2 Assessment Procedures. The Master Board appointed by the Master Developer shall determine when the first Master Assessment is levied and shall levy the Master Assessment. Thereafter, the Master Board shall annually prepare a budget of Master Common Expenses, and levy Master Assessments for such Master Common Expenses among the Members as provided in the Master Governing Documents. The share of a Master Assessment levied against a Member shall be levied by the Member against the Assessable Units in the Development Parcel in accordance with its Parcel Covenants, without further action by the Master Board; provided, that the Master Assessment shall be deemed to be levied against the Assessable Units in the respective Development Parcel notwithstanding the failure or refusal of the Member to levy the Master Assessment.

8.2.1 The Master Board shall advise the Members in writing of each Master Assessment at least thirty days prior to the due date of the first installment of the Master Assessment. The failure of the Master Board to timely levy or give notice of a Master Assessment shall not relieve the Members of their obligations to continue paying Master Assessment installments in the amount currently levied, as well as any increases subsequently levied.

8.2.2 The annual budget shall include (i) a general operating reserve, and (ii) an adequate replacement reserve fund for the replacement of any property that the Master Association is obligated to replace to the extent that such obligations are not funded by Community Enhancement Fees. The Master Association shall furnish copies of each budget on which the Master Assessment is based to its Members.

8.2.3 It is recognized that the funding of part of the Master Association's replacement reserves will be derived from the Community Enhancement Fees referred to in Section 6.9 of the Master Declaration, and that the Community Enhancement Fees will increase over time as more Units and Business Parcels are added to the Community and resales occur. Accordingly, the Master Association's budgets in early years may reflect a

reduced contribution for replacement reserves based upon future projections for increased replacement reserves generated by increased levels of Community Enhancement Fees.

8.2.4 Subject to any limitations contained in the Master Declaration, the Master Board may levy a special Master Assessment or limited Master Assessment at any time. The levy shall be deemed to occur upon the date specified in the resolution which fixes the Master Assessment.

8.2.5 Recognizing the Master Developer is obligated to disclose to prospective purchasers the Master Association's projected budget, the Master Association shall notify the Master Developer of any budget changes following the termination of the Master Developer Control Period until the Master Developer no longer owns any Development Parcel for initial sale and no longer has the right to add Additional Property to the Property.

8.3 Payment of Assessments. Annual Master Assessments shall be payable in quarterly or annual installments, as established by the Master Board, in advance on the first day each month or other period for which the Master Assessments is made, as designated by the Master Board. Special Master Assessments and limited Master Assessments shall be due and payable as designated by the Master Board. Except as provided in the Master Declaration, all Members shall be absolutely and unconditionally obligated to pay Master Assessments, regardless of whether they have collected the Master Assessments from the Unit Owners in its Parcel. No Member shall have any right of withholding, offset or deduction with respect to any Master Assessment, late charges, interest or costs, regardless of any claims alleged or brought against the Master Association or its officers or directors. Any such rights or claims may be pursued only by separate action.

8.4 Default in Payment of Assessments. If a Member does not make payment on or before the date when any Master Assessment or installment thereof is due, subject to such grace periods as may be established, the Master Association may assess, and such Member shall be obligated to pay, a late charge as provided in the Master Declaration for each such unpaid Master Assessment or installment thereof, together with all expenses, including reasonable attorneys fees and other professional fees and costs, incurred by the Master Board in collecting any such unpaid Master Assessment. The Master Association may also pursue any other remedy authorized by the Master Governing Documents or by law.

8.5 Records. The Master Board shall cause to be kept at the registered office of the Master Association, and at such other place as the Master Board may determine, records of the actions of the Master Board, minutes of the meetings of the Master Board, minutes of the meetings of the Members and detailed and accurate records of the receipts and expenditures of the Master Association. With the exception of records that may be privileged information, all Master Association records, including receipts and expenditures and any vouchers authorizing payments, shall be available for reasonable examination by the Members, upon reasonable notice and during normal business hours.

8.6 Enforcement of Obligations. All Members and all Unit Owners and Occupants, and their invitees, are obligated and bound to comply with the Master Governing Documents. The Master Association may impose any or all of the charges and remedies authorized by the Master Governing Documents or by law to enforce and implement its rights and to otherwise enable it to manage and operate the Master Association.

8.7 Member's Responsibility and Relationship to Master Association. The Members shall conduct their respective affairs in accordance with the applicable Parcel Covenants and the Master Governing Documents. Each Member shall cooperate to ensure (i) that decisions of the Master Board are properly communicated to the Unit Owners, Occupants, tenants and invitees in its Development Parcel; (ii) that Master Board decisions are promptly implemented; and (iii) that the bona fide concerns of the Unit Owners, Occupants and tenants are communicated to the Master Board.

## **SECTION 9**

### **AMENDMENTS**

These Master Bylaws may be amended, and the amendment shall be effective, upon the satisfaction of the following conditions:

9.1 Approval. The amendment must be approved (i) by the Master Board, (ii) by seventy-five percent of the total Weighted Votes in the Master Association and a majority of the total Non-Weighted Votes in the Master Association, and (iii) by the Master Developer or its designee, in writing, for so long as the Master Developer owns a Development Parcel or has the right to add Additional Property to the Property.

9.2 Notice. A copy of the proposed amendment and, if a meeting is to be held, notice of such meeting, shall be mailed by U.S. mail, or hand delivered, to all Members.

9.3 Effective Date. The amendment shall be effective on the date that the required approvals are received. The amendment need not be recorded.

## **SECTION 10**

### **INDEMNIFICATION**

The Master Association shall, to the extent the alleged liability is not covered by insurance, indemnify every individual acting in any official capacity on behalf of the Master Association, pursuant to the provisions of Minnesota Statutes 317A.521.

## **SECTION 11**

### **MISCELLANEOUS**

11.1 Notices. Unless specifically provided otherwise in the Act, the Master Declaration or these Master Bylaws, all notices required to be given by or to the Master Association, the Master Board, the Master Association officers or the Members shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage

prepaid and deposited in the United States mail, to the address of the intended recipient as listed in the records of the Master Association.

11.2 Severability. The invalidity or unenforceability of any part of these Master Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Master Bylaws.

11.3 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way limit or proscribe the scope of these Master Bylaws or the intent of any provision hereof.

11.4 Conflicts in Documents. In the event of any conflict among the provisions of the Master Declaration and these Master Bylaws, the Master Declaration shall control. The Master Governing Documents shall control as against any Parcel Covenants.

11.5 Waiver. No restriction, condition, obligation or provision contained in these Master Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

11.6 No Corporate Seal. The Master Association shall have no corporate seal.

11.7 Fiscal Year. The fiscal year of the Master Association shall be as determined by the Master Board.

The undersigned certifies that these Master Bylaws are adopted by the Master Board of Giants Ridge Master Association, a Minnesota nonprofit corporation, effective as of the date hereof.

Dated:

3/30/10



Secretary  
Giants Ridge Master Association