

Article I. Broken Sound Club, Inc.
General Club Rules and Regulations

Effective October 1, 2017
(amended through February 20, 2023)

The following Rules and Regulations, as well as the Operating Rules that are contained in a separate document, supplement the Bylaws and afford the Membership, their families and their guests the opportunity to enjoy the facilities of the Broken Sound Club while understanding how the Club operates and what is expected of its Membership.

It is the responsibility of each Member to know these rules and regulations and for them and other members of their household and guests to conform to these rules.

All rules and regulations contained herein shall be subject to and controlled by the applicable provisions of the Bylaws of the Club.

Each Article of these regulations corresponds to an Article of the Bylaws; the intent is not to repeat the Bylaws, but to interpret and expand on them. Therefore, regulations should be read in conjunction with its corresponding Bylaw. The Club is governed by its Bylaws. In the event of a conflict between the terms of these rules and regulations and the Bylaws, the latter will prevail. All rules and regulations are subject to change as determined by the Board of Governors.

The General Manager has been delegated the responsibility for the enforcement of all rules and regulations.

Violation of any of these rules or conduct in a manner prejudicial to the best interests of the Club will subject the Member to disciplinary action by the Club in accordance with its Bylaws.

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Article I. Purpose of Club

No Corporate Rules and Regulations have been issued under this Article.

Article II. Club Emblem

No Corporate Rules and Regulations have been issued under this Article.

Article III. Members Meeting

No Corporate Rules and Regulations have been issued under this Article.

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Article IV. Board Of Governors

Section 4.01 *Elections, Rules of elections*

- A) Each year, the Board of Governors shall solicit candidates for the Board for the upcoming year, and at that time, shall distribute to each Member the Rules governing the election, which shall have been approved by the Board prior to distribution. This solicitation shall include such other material that the Board deems appropriate
- B) These approved rules are and will be considered part of these Regulations and are attached as Exhibit I.

Article V. Meetings of Board of Governors

No Corporate Rules and Regulations have been issued under this Article.

Article VI. Powers Of The Board Of Governors

Section 6.01 *Board of Governors Code of Conduct*

- A) The duties of each member of the Board of Governors includes an obligation to abide by the Board of Governors Code of Conduct.
- B) The Code of Conduct is and will be considered part of these Regulations and is attached as Exhibit II.

Article VII. Officers

No Corporate Rules and Regulations have been issued under this Article.

Article VIII. Duties of Officers

No Corporate Rules and Regulations have been issued under this Article.

Article IX. Committees

Section 9.01 *Establishment of Committees*

- A) The Club maintains 14 standing committees and the bylaws provide procedures for the annual appointment of chairpersons and members of each committee and for the formation of subcommittees and ad hoc committees.
- B) Committees other than the Executive Committee shall act only as a consultant and advisor to the Board of Governors and officers
- C) Role and Mission of Committees – The Bylaws set forth the role and mission of the Executive, Audit, Finance, Grievance, Membership and Old Course Committees and provide that the role and mission of each committee not set forth in the Bylaws shall be set forth in these regulations. The role and mission of those committees are as follows:
 - 1) Legal and Bylaws Committee - The Legal and Bylaws Committee shall be charged with the publication and interpretation of the Rules and Regulations, Operating Rules, and Bylaws of the Club and, generally, with all matters of a legal nature pertaining to the Club.

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- 2) House Committee - The House Committee shall advise the Board of Governors on matters concerning food and beverage operations of all Club facilities, and the usage and needs of the Main clubhouse.
- 3) New Course Golf Committee - The New Course Golf Committee shall advise the Board of Governors on matters concerning the New Course with respect to the operation of the Golf Pro Shop and golf carts, the promulgation of playing rules for Members and their guests, the programming of golfing events for Members and their guests, and the maintenance of Members' handicaps consistent with the Rules and Regulations and Operating Rules of the Club. United States Golf Association rules and regulations will govern all golf play except where superseded by local rules.
- 4) Green Committee - The Green Committee shall advise the Board of Governors on matters concerning the maintenance of the Club golf course, and the roads, facilities and equipment used in connection therewith and make recommendations for changes to the Rules and Regulations and Operating Rules of the Club. No live trees will be removed nor will any alteration be made to the Club golf course except with the approval of the Board of Governors.
- 5) Tennis Committee - The Tennis Committee shall advise the Board of Governors on matters concerning the operation of the Tennis Pro Shop, the promulgation of playing rules for Members and their guests and the programming of tennis events for Members and their guests. The Committee shall advise the Board of Governors on the condition of, and make recommendations concerning, tennis courts and related equipment and facilities.
- 6) Social Committee - The Social Committee shall advise the Board of Governors on matters concerning the social activities and entertainment of Members, and their guests. It shall coordinate all activities having to do with the clubhouse or food and beverage service with the House Committee.
- 7) Fitness Committee - The Fitness Committee shall advise the Board of Governors on all issues relating to the operation of the fitness center, spa and pool/aquatic center, including advice regarding the promulgation of rules for Members and their guests, and make recommendations for changes to the Rules and Regulations and Operating Rules of the Club and with respect to equipment and facilities
- 8) Youth Activities Committee - The Youth Activities Committee shall advise the Board of Governors on matters concerning the social, athletic and entertainment activities

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of young children, grandchildren and young guests (up to eighteen (18) years of age) of Club Members. The Committee will also implement and oversee age-specific activities and programs.

- 9) Golf Associations - The Club shall cause to be established five golf Associations: The Old Course Women's Golf Association, the Old Course Men's Golf Association, the Nine-Hole New Course Women's Golf Association, the Eighteen-Hole New Course Women's Golf Association, and the New Course Men's Golf Association (the "Golf Associations"). Membership in the Golf Associations will be voluntary for any Member of the Club. Requests to participate in and become members of a Golf Association will be made to Club management. The purpose of the Golf Associations will be to assist in the organization and coordination of social golf tournaments and related and attendant social events, separate and apart from those events planned by the New Course Golf Committee or the Old Course Golf Subcommittee. Members of the Golf Associations shall be charged annual dues, to be set by the Board of Governors upon the recommendation of the Steering Committee for each Golf Association (as described below), to be collected by the Club. Such dues will be used to operate the tournaments and events related to each Golf Association. Failure to pay the voluntary dues related to any Golf Association for more than sixty (60) days after such dues are invoiced will result in the removal of that Club Member from the relevant Golf Association, and shall prevent such Club Member from participating in events related to the Golf Association, until such dues have been paid.

Each Golf Association shall choose annually, by vote of the Golf Association members present at a meeting of the members of the Association (regardless of how many members are present to participate in such vote), a slate of five (5) recommended candidates for that Association's Steering Committee, with one of those candidates further chosen to serve as the Chairperson of the Steering Committee. The results of each annual selection will be presented to the President, except that The Old Course Women's Golf Association and the Old Course Men's Golf Association will first present their annual selection to the chairperson of the Old Course Committee who, after approval, will present such selection to the President who shall consider such results in the designation of members and chairpersons of the Steering Committees of each Golf Association, subject to approval of the Board of Governors, except that no Steering Committee Member will serve on more than one Steering Committee at any given time. The five Steering

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Committees will be standing committees of the Club. All decisions related to the Golf Associations are, like all committee issues, subject to approval by the Board.

All complaints by Association members will be brought first to the relevant Steering Committee, to be heard and resolved by such committee. If the complainant is not satisfied with the decision of the Steering Committee, such complaint may be brought to the attention of the chairperson of the New Course Golf Committee or the Old Course Golf Subcommittee, as appropriate, to be heard and resolved by such committee. If the matter involves an Old Course Golf Association, and if the complainant is not satisfied with the decision of the Old Course Golf Subcommittee, such complaint may be brought to the attention of the chairperson of the Old Course Committee, to be heard and resolved by such committee. If, after referral to the above committees, the complainant is still not satisfied with the decision of such committees, such complaint may be brought to the President who may, at his or her discretion, refer the matter to the Board of Governors. If the President declines to refer the dispute to the Board of Governors, the decision of the New Course Golf Committee, the Old Course Golf Subcommittee, or the Old Course Committee, as applicable, will be final as to all Association matters.

The Steering Committees shall be responsible for recommending tournaments and social events, which tournaments and events are to be coordinated, organized and operated by the Club staff, with the assistance and oversight of the Steering Committees. The Steering Committees shall also promulgate and recommend rules for such tournaments, events and the operation of the Association itself, subject to approval of the Board. No Member of the Club shall be prohibited from becoming a member of one of the voluntary Golf Associations (as relevant to that Member's level of Membership), except that the Golf Associations may create minimum and maximum handicap requirements for participation in tournaments. A Club Member with the right to play golf on both courses will have the right to participate in both Associations.

- D) The Board shall establish committee guidelines including, but not limited to, eligibility, permitted terms of membership, criteria for membership, and operating rules. A copy of the current guidelines for each year will be attached as an exhibit to these regulations.

Article X. **Membership**

Section 10.01 ***Purpose***

These regulations expand on the provisions of the Bylaws dealing with Membership categories, each Member's rights to use Club facilities, rights and procedures to upgrade and downgrade Member categories and other rules. Effective Date - Unless otherwise stated, the regulations under this Article are effective on October 1, 2017.

Section 10.02 ***Resident Membership Categories - Joining on and after October 1, 2017***

- A) Upon the purchase of a residence in Broken Sound, that resident must become a Member of Broken Sound Club by completing all the requisite steps including making application and paying the amount of capital contribution as then established by the Board. The criteria for Membership are ministerial. That Member must then select one of the following Membership categories, which are named in the Bylaws and are the only categories available:
- 1) Sports Membership (Formerly referred to as "Tennis Member" for Members joining after September 30, 2017.)
 - 2) New Course Membership (Formerly referred to as a "Club Course Member")
 - 3) Old Course Membership
- B) Dues and all other costs within each category shall be equal, except that single members shall pay the service fee and, if applicable, the golf cart fee that is paid by pre 10/1/2017 single members.
- C) Members choosing a golf Membership will be subject to the two year downgrade limitation described in Reg. §10.05(C)(4).
- D) The rights of use and privileges of Membership are defined in Reg. §10.04.

Section 10.03 ***Resident Membership Categories for those who are Members on September 30, 2017 ("Grandfathered Members")***

- A) A Broken Sound resident who became a Member prior to October 1, 2017 will retain his or her Membership category as in effect on September 30, 2017.

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- 1) A Member who exercises the right to upgrade or downgrade will not retain the current category of Membership and shall join one of the three Membership categories described in Reg. §10.02.
 - 2) This change in status would result, for example, in surrendering single status
 - 3) Associate members who upgrade or downgrade will retain the current reduction in dues described in subsection E), but dues will be based on the categories described in Reg. §10.02. The Associate Member's timetable for converting to regular Membership continues unchanged.
- B) The bylaws provide that Members described in this section will be "grandfathered," meaning that these categories of membership will have the terms as set forth in Article X of these Bylaws, where applicable, and as otherwise set forth in the General Club Rules and Regulations in effect on September 30, 2017. C) The term "grandfathered" membership means:
- 1) Members will retain their category of Membership, and the rights afforded that category will be no less than the rights granted to those Members on September 30, 2017.
 - a) The differentiation between Single and Family memberships continues without change. In the event of the death of a spouse or divorce, the Member becomes a single Member described in this Reg. §10.03.
 - b) Voting rights are unchanged.
 - c) Associate Members retain the same status and dues payment schedule and will surrender Associate status based on the timetable established on the date of joining. New Old Course members similarly retain their dues payment schedule.
 - 2) Notwithstanding that prior regulations apply, these regulations will apply when they confer greater rights or privileges to existing Members described in this subsection. For example, to the extent that the privileges and rights of use available under Reg. §10.04 have been expanded, that subsection of these regulations apply. But, see the exception in Reg. §10.04 (F).
 - 3) The Board shall determine the manner in which grandfathering rules apply to each category of Membership and may revise such rules at its discretion.

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D) Categories of resident Memberships prior to October 1, 2017 (The rights of use and privileges of Membership for these categories are defined in Reg. §10.04.)

- 1) Social
- 2) Sports (including Associate Sports Memberships as defined below. This category for Members described in this Section was previously called “General”).
- 3) New Course (including Associate New Course Memberships and Senior New Course Memberships as defined below. This category for Members described in this Section was previously called “Master”).
- 4) Old Course (including Associate Old Course Memberships and Senior Old Course Memberships as defined below).

Note- Sport Members were formerly designated as General Members for those joining prior to October 1, 2017 and Tennis Members for those joining after September 30, 2017; New Course Members were formerly designated as Master Members for those joining prior to October 1, 2017 and Club Course Members for those joining after September 30, 2017. Because Members joining prior to October 1, 2017 have certain rights, e.g., grandfathering, the joining date of the Member must be considered in interpreting these rules.¹

E) Associate Memberships

- 1) The Club has offered Associate Memberships to those Members age 59 or younger as of the January 1 of the fiscal year when Membership begins. Associate memberships cease to be offered as of October 1, 2017.
- 2) The rights and obligations of Associate Members with regard to dues and required capital contributions remain in effect. These provisions are summarized as follows:
 - a) Associate memberships are subcategories of one of the three primary categories of memberships listed in subparagraphs D) 2) through 4) above.
 - b) Associate Members will continue to pay dues that are less than the dues required by the primary categories by the following amounts:
 - i) Associate Sports Member dues are less than Sports Member dues by \$1,000
 - ii) Associate New Course Member dues are less than dues of a New Course

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Member with the same year of inception by \$2,000

iii) Associate Old Course Member dues are less than dues of an Old Course Member with the same year of inception by \$3,000 except that certain Associate Old Course Members, depending on their year of inception, are eligible for larger discounts that decrease over time until the \$3,000 threshold is reached.

3) During the fiscal Year an Associate Member attains the age of sixty (60) years or seven (7) years after becoming an Associate Member, whichever occurs first, such Member shall pay the dues of a regular Member in that category with the same year of inception and shall pay the difference between his or her actual capital contribution and the capital contribution paid by a regular Member on the date the Associate Member joined the Club (the “Equity Difference”).

c) If an Associate Member relinquishes Membership before reaching the earlier of age sixty or seven years as an Associate Members, that Member must pay the Equity Difference.

d) Upon relinquishment of Membership, 25% of the total capital contribution paid in will be returned to the Member based on the Club’s terms of repayment then in effect.

4) Associate Members have rights identical to regular Members in their same categories.

F) Senior Memberships will not be available to any Member after October 1, 2017

Section 10.04 ***Privileges of Membership / Rights of Use***

A) The privilege of using the facilities and enjoying the amenities of the Club are available to Members who have paid the required capital contribution and the appropriate annual dues and charges and who have complied with the Bylaws, these regulations and the Operating Rules.

B) Privileges granted to all Members

1) All Members are entitled to the unlimited use of the following “West” facilities: a)

Dining and bar

b) Aquatic and associated locker rooms

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- c) Fitness and Spa
 - d) Card rooms, subject to operating rules for the ladies' and men's card rooms
 - e) Main Clubhouse
- 2) All members are entitled to dine at the Old Course dining venue during regularly scheduled service except:
- f) During dining and social events that have been regularly and traditionally held exclusively for Old Course Members;
 - g) During "in season" events that encompass dining and organized golf activities.
- C) Privileges based on category of Membership
- 1) Social Members- In addition to privileges granted to all Members, Social Members, but not their guests, will also be entitled to play the New Course six (6) times from September 1 through May 31 and an unlimited number of times from June 1 through August 31, and may play tennis six (6) times during a single fiscal year, upon payment of greens, golf cart and court fees. Social Members may play the Old Course only as the guest of an Old Course Member.
- 2) Sports Members- In addition to privileges granted to all Members, Sports Members will have priority sign-up privileges to reserve court playing times and shall not be required to pay court fees. In addition, Sports Members, but not their guests, may play the New Course six (6) times from September 1 through May 31 and an unlimited number of times from June 1 through August 31 upon payment of greens and golf cart fees. Sports Members may play the Old Course only as the guest of an Old Course Member.
- 3) New Course Members- In addition to privileges granted to all Members, New Course Members have privileges identical to Sports Members for playing tennis with equal priority for sign up and play and will have priority sign-up privileges to reserve golf starting times and play golf at the New Course without further fees other than golf cart fees as established by the Board. From June 1 to October 15, New Course Members may play golf at the Old Course without further fees other than golf cart fees.

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- 4) Old Course Members -Old Course Members may use all facilities of the Club without further fees other than established golf cart fees, will have privileges identical to Sports Members for playing tennis with equal priority for sign up and play and will have privileges identical to New Course Members for playing the New Course with equal priority for sign up and play.
- D) There will be no differentiation of privileges with respect to Associate Members or Senior Members except that Senior Members' access to golf is subject to limitations.
- 1) Senior Members may not play golf before 11:00 A.M. during the months of November thru April except at the discretion of the Head Golf Professional and shall make golf tee times no earlier than four days before such Member desires to play golf.
 - 2) All other golf rules related to Senior Members (e.g. tournament play, Member/guest participation) shall be established by the Golf Committee and approved by the Board of Governors.
- E) Playing Priorities – In the case of a Social Member wishing to play tennis or golf, a Sports Member wishing to play golf at the New Course, or a New Course Member wishing to play golf at the Old Course, the Head Professionals shall establish starting time and/or sign up rules to ensure that priority is given to regular Members of that category. These rules are subject to the review and approval of the Tennis Committee or appropriate Golf Committee.
- F) Modification of Privileges. In order to provide the utmost playing pleasure for all Members, the Board reserves the right, from time to time, to modify playing privileges for each category of Membership or to establish rules governing access and starting times with respect to the golf course, the tennis courts and the other recreational facilities of the Club.

Section 10.05

Uniform Club Policy for Downgrades and Upgrades

A) Downgrades

An Old Course member may request to downgrade to the New Course/Sports category at any time by submitting a Downgrade Request form to the Membership Department. The Membership Department will confirm receipt of that request, that the member has met the Club's downgrade requirements (two (2) complete fiscal years at the Old Course),

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that the request has been officially accepted and that the member has been added to the Old Course Downgrade List. Downgrades will be processed as follows:

- 1) Old Course members who request a downgrade on or before March 31st and who have not been downgraded, will be guaranteed to be downgraded on or before October 1st of the new fiscal year.
- 2) Members who request a downgrade on April 1st or later may be downgraded at any time by the General Manager but are only guaranteed to be downgraded no later than October 1st of the following fiscal year which could be up to 18 months.
- 3) Decisions to downgrade any member on the official waitlist after March 31st will be made by the General Manager in conjunction with the Membership Department based on:
 - a. Home sale activity.
 - b. Whether the Old Course membership is at or close to CAP.
 - c. The number of Old Course members on the Old Course Downgrade List
 - d. The number of members on the Club's Old Course Upgrade Lists (Current Wait List and New Wait List)
 - e. Priority for downgrades under this provision shall be based on the order which written requests have been received by the Membership Department.
- 4) The New Course to Sports downgrade policy will remain the same.

B) Upgrades

- 1) Upgrades to The Old Course from the Current Wait List
 - a. The current Old Course Upgrade List will be renamed the Current Wait List.
 - b. Members on the renamed Current Wait List will be contacted by the Membership Department in writing to upgrade their membership. Their decision is due within three (3) business days in writing to the Membership. If the upgrade is declined, the slot will be forfeited, and no future upgrade opportunity will be available for the Current Wait List member.
 - c. Members will be transferred to an Old Course membership in sequential order.
 - d. There are no additional costs to be upgraded, however, Old Course dues and assessments will apply.
 - e. Members who are upgraded will become Old Course members effective the 1st day of the month following 30 days written notice from the Club.

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2) New Wait List (Effective November 12, 2020)

- a. A member who is not on the Current Wait List and wishes to be upgraded to the Old Course on or after November 12, 2020 will be added to the New Wait List upon submittal of a written request to the Membership Department which will confirm receipt of that request.
- b. Names will be retained and continue to be transferred to an Old Course membership in sequential order upon contact from the Membership Department. The names on this list are sequentially preceded by the names on the Current Wait List.
- c. Members who are on the New Wait List will be charged an additional nonrefundable Capital Contribution fee to upgrade their membership to the Old Course payable as follows.
 - I. If a member paid a Capital Contribution of \$70,000 or less, the additional Capital Contribution due will be the difference between the Old Course Capital Contribution in effect at the time the upgrade is accepted by the member and \$70,000.
 - II. If a member paid a Capital Contribution of more than \$70,000, the additional Capital Contribution due will be the difference between the Old Course Capital Contribution in effect at the time the upgrade is accepted by the member and the Capital Contribution previously paid by the member.
 - III. The additional Capital Contribution is payable as follows:
 - i. A \$1,000 non-refundable deposit will be charged to the member's account upon receipt of a written upgrade request by the Membership Department.
 - ii. The balance will be charged to the member's account when the upgrade becomes effective.
- d. Once the member is contacted to upgrade their membership, the decision must be made in writing to the Membership Department within three (3) business days. If the upgrade is declined, the slot for that position is forfeited and the

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member, if they choose to remain on the List, must go to the last position on the New Wait List.

- e. Members who are upgraded from the New Wait List and who have paid their required fees will become Old Course members effective the 1st day of the month following 30 days written notice from the Club. Old Course dues and assessments will apply.

1) Wait List for New Course Golf Memberships (the “New Course Wait List”)

- 2) A member who wishes to be upgraded to a New Course Golf Membership will be added to the New Course Wait List upon submittal of a written request to the Membership Department which will confirm receipt of that request.
- 2) Names will be retained and continue to be transferred to New Course Golf Membership in sequential order upon contact from the Membership Department.
- 2) Members who were placed on the New Course Wait List prior to December 9, 2022, will not be charged any additional Capital Contribution to upgrade their membership to a New Course Golf Membership.
- 2) Members who are placed on the New Course Wait List after December 9, 2022, will be charged an additional nonrefundable Capital Contribution fee to upgrade their membership to a New Course Golf Membership payable as follows.
 - I. If a member paid a Capital Contribution of \$70,000 or less, the additional Capital Contribution due will be the difference between the New Course Golf Membership Capital Contribution in effect at the time the upgrade is accepted by the member and \$70,000.
 - II. If a member paid a Capital Contribution of more than \$70,000, the additional Capital Contribution due will be the difference between the New Course Golf Membership Capital Contribution in effect at the time the upgrade is accepted by the member and the Capital Contribution previously paid by the member.
 - III. The additional Capital Contribution is payable as follows:
 - i. A \$1,000 non-refundable deposit will be charged to the member’s account upon receipt of a written upgrade request by the Membership Department.

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- ii. The balance will be charged to the member's account when the upgrade becomes effective.
- 2) Once the member is contacted to upgrade their membership, the decision must be made in writing to the Membership Department within three (3) business days. If the upgrade is declined, the slot for that position is forfeited and the member, if they choose to remain on the New Course Wait List, must go to the last position on the list.
- 2) Members who are upgraded from the New Course Wait List and who have paid their required fees will become New Course Golf Members effective the first day of the month following thirty (30) days written notice from the Club. New Course Golf Membership dues and assessments will apply.

Section 10.06 ***Other Classes/Special Types of Membership***

The Bylaws provide for or authorize the Board to provide for categories of Membership in addition to those described in Sections 10.02 and .03.

- A) Adult Offspring Membership- The adult offspring of a Member and, if applicable, the spouse may apply to be an Adult Offspring Member. The qualifications are:
 - 1) The offspring must be age twenty-six (26) or over at the beginning of the fiscal year of Membership.
 - 2) The offspring must permanently reside in the same residence in which the Member parent also resides. An adult offspring who does not permanently reside in that residence or permanently resides there, but does not secure an Adult Offspring Membership may not use Club facilities except as a guest of a Member.
 - 3) Adult Offspring are required to renew their membership privileges and status annually with the membership department.
 - 4) Dues, Fees and Assessments
 - a) Each Adult Offspring Member shall pay annual dues of \$2,500 plus the monthly service fee incurred by all Members on a single or family basis, plus applicable sales taxes. These amounts may be revised by the Board.
 - b) Adult Offspring Members shall not pay assessments or equity.

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5) Privileges of Adult Offspring Members

- c) Adult Offspring Members may use all facilities of the Club except for either golf course. They may play golf as the guest of a full Member who has the right to use these venues.
- d) Adult Offspring Members have no voting rights.
- e) The Membership Office shall issue Membership Cards to each Adult Offspring Member and may provide a unique Membership number.
- f) Those holding an Adult Offspring Membership on April 9, 2018 shall continue to have the privileges available on that date.³
- g) Children of the Adult Offspring who also reside in the member's home are granted to same privileges as their parent.

B) Parent Membership- The parent of a Member and, if applicable, the spouse may apply to be a Parent Member. The parent must permanently reside in the same residence in which the Member child also resides. A parent who does not permanently reside in that residence or permanently resides there, but does not secure a Parent Membership may not use Club facilities except as a guest of a Member.

- 1) Parent Members are required to renew their membership privileges and status annually with the membership department.

2) Dues, Fees and Assessments

- a) Each Parent Member shall pay annual dues of \$2,500 plus the monthly service fee incurred by all Members on a single or family basis, plus applicable sales taxes. These amounts may be revised by the Board.
- b) Parent Members shall not pay assessments or equity.

3) Privileges of Parent Members

- c) Parent Members may use all facilities of the Club except for either golf course. They may golf as the guest of a full Member who has the right to use these venues.
- d) Parent Members have no voting rights.

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- e) The Membership Office shall issue Membership Cards to each Parent Member and may provide a unique Membership number.
 - f) Those holding a Parent Membership on April 9, 2018 shall continue to have the privileges available on that date. Those Members with “Parent over 70 Memberships” in effect prior to March 23, 2012 at the fee of \$500.00 per parent per year permitting Social privileges only may continue to be renewed for the same fee and privileges.⁴
- C) Village Association Membership: Notwithstanding any other provision of these Rules to the contrary, there will be no Membership privileges afforded a Village Association Member other than to appoint a representative to attend general meetings of Club Membership. Upon receipt of title to a Lot, each Village Association shall apply for a Village Association Membership as follows:
- 1) Submit an application, on a form to be provided by the Club, and an executed Village Association Membership Agreement, also on a form to be provided by the Club.
 - 2) The Agreement shall
 - a) Be recorded in the official Records of Palm Beach County, Florida, under which:
 - b) Provide that the Village Association shall not be required to pay any dues or fees, until such time as the residential unit, for which the Village Association Membership is required, is rented.
 - c) Provide that at the time the Village Association leases the residential unit, it shall be required to apply for and pay all dues and fees for at least a Sports Membership with the Club for the term of the lease.
 - 3) Upon approval of the application and the Agreement, the Club shall notify CMA, to allow CMA to issue a Certificate of Compliance for that residential unit.
 - 4) Failure of a Village Association to submit an application or an agreement to the Club as set forth above, at the time of taking title to a residential unit, shall forfeit the Village Association’s ability to acquire a Village Association Membership and require the Village Association to acquire at least a Sports Membership and be responsible for all dues and fees related to a Sports Membership.

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D) Non-Equity, Non-Resident Entity Old Course Membership: The following rules will apply to the creation of a Non-Equity, Non-Resident Entity Old Course Membership:

- 1) Satisfactory evidence of being an Entity shall be requested by the Club of applicants to the Non-Equity, Non-Resident Entity Old Course Membership Program (“NENREOC”) in the form of tax I.D. numbers, tax returns or through other evidence as deemed necessary.
- 2) No more than one (1) Authorized Entity may participate in this program. The Board of Governors will review the program in one year to determine if additional Entities should be considered for Membership.
- 3) All Entities approved for membership in the NENREOC (“Authorized Entity”) may appoint up to four (4) individuals entitled to use the corporate membership (“Designees”). Up to four (4) additional designees may be added (“Additional Designees”) in accordance with (j), below.
- 4) An Authorized Entity shall name as Designees only bona fide director(s), partner(s), owner(s) or officer(s) of the Authorized Entity (or of a bona fide affiliated entity).
- 5) An Authorized Entity shall have the right to add Designees, replace Designees, or resign the NENREOC in accordance with this Section 4.
- 6) A Designee shall not be a resident of Broken Sound. If a Designee decides to purchase a home in Broken Sound he/she must relinquish his/her Designee status at the time of such purchase.
- 7) Designees are entitled to use all of the Old Course’s facilities and such Designees may have their own personal locker and individual bag storage. Such designees have use of the pro shop and unlimited use of the driving range and short game practice facilities and use of the Old Course dining room.
- 8) There shall be no spousal or family privileges allowed a Designee. However, the spouse or family members of a Designee may be guests of the Designee and may dine at the Old Course with the designated Member.
- 9) All NENREOC initiation fees, capital improvement contributions, annual dues, and transfer fees shall be determined, from time to time, by the Board of Governors in accordance with Exhibit VI of these Rules and Regulations.

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- 10) All Authorized Entities shall pay a one-time Authorized Entity Initiation Fee which is a Non-Refundable Capital Improvement Contribution. This Non-Refundable Capital Improvement Contribution may be modified by the Club annually.
- 11) Authorized Entities shall in the initial year of Membership pay annual dues as set by the Club for up to 4 Designees, for each Fiscal Year starting October 1st and ending September 30th (the "Fiscal Year"). During the year of inception of NENREOC, such dues will be prorated over the balance of the Fiscal Year. In subsequent Fiscal Years, such annual dues will be adjusted by an amount equal to the annual dues increase of other members of the Club. Each additional Designee shall pay annual dues as set by the Club, plus all customary charges.
- 12) In the event a Designee is no longer able or entitled to use Club Facilities, and such Designee is not replaced by another eligible Designee, the Authorized Entity will not be entitled to any refund of dues paid for such Designee.
- 13) A Designee may be changed to another eligible Designee, subject to approval by the Club, upon payment to the Club of a change of Designee transfer fee. Each Designee may be changed to another eligible Designee no more than two times in any fiscal year ended September 30. An authorized officer or owner of the Authorized Entity must authorize any change in Designee(s) in writing.
- 14) Each Designee and the Authorized Entity are jointly and severally responsible for all debts and charges incurred by or on behalf of such Designee. All billing related to such membership will be mailed directly to the Authorized Entity, at an address to be provided by the Authorized Entity.
- 15) There will be no operating or capital assessments for an Authorized Entity or its Designees.
- 16) Customary charges incurred by Designees and their guests and clients will be billed monthly to the Authorized Entity.
- 17) Designees shall have all of the rights and responsibilities of an Old Course member.
- 18) Each Authorized Entity will count against the twenty (20) non-Member non-equity cap. However, Authorized Entities and their Designees will not to be counted against the three hundred fifty (350) Member Old Course cap.

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- 19) All other Old Course Golf issues (e.g. tournament play, Member/guest participation) shall be subject to the rules established by the Golf Committee.
- 20) If an Authorized Entity desires to resign its Membership, it must provide written notification of such resignation at least three (3) months prior to the desired effective date.
- 21) Authorized Entities and all its Designees shall abide by the Club's Billing & Collection Policy set forth in the Rules and Regulations, Section III and subject to any charges or suspensions outlined therein.

E) Former Old Course Members

- 1) A former Old Course Member who wishes to become a Non-Resident, Non-Equity Old Course Member may apply for such membership if they have a contract to sell their home in Broken Sound or have already sold their home as long as they have been an Old Course Member in good standing for at least 10 years. If the application is accepted, in accordance with the rules of the Old Course committee, there will be no waiting period. Only three (3) such memberships per year will be allowed and the total of these memberships will be included in the cap for Non-Resident, Non-Equity Old Course Members. If there is a waiting list, the priority will be based on both the date of joining the Old Course and the date of requesting membership.
- 2) The purchase price for joining will be 75% of the then current purchase price on the application date for the Non-Resident, Non-Equity Old Course Membership. The purchase price may be paid in refundable Unrealized Equity or cash or a combination thereof; however, \$6,000, or such other amount determined by the Membership Office, of the refundable equity will be held back to pay any assessments due from the former Old Course Member's membership.
- 3) This program may be modified from time to time by the Board of Governors of Broken Sound in consultation with the Old Course Committee.

F) Builder's Agreements

- 1) To encourage the improvement of residences within Broken Sound, the Board has approved an Owner-Builder Agreement program that establishes the terms for Membership upon the purchase of property for the purpose of renovating and reselling that home to a third-party purchaser who acquires regular Membership.

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- a) Upon closing, the Owner-Builder shall make payment of a capital contribution fee equal to the equity refund to be made to the seller of the home the builder is purchasing with a minimum payment requirement of \$15,000.00.
 - b) The Owner-Builder shall pay administrative fees monthly as determined by the Board of Governors.
 - c) If the Owner-Builder has not sold the property ten months after the date of purchase, the Owner-Builder shall commence payment of all dues and charges applicable to the lowest category of Membership.
 - d) Upon the sale of the home to a buyer who purchases a regular club membership, the Owner-Builder will receive the full capital contribution the Owner-Builder paid to the club.
- 2) The Club and the purchaser will enter into an Owner-Builder agreement that establishes these requirements and such other terms necessary to accomplish the purposes of the program.
- G) Old Course Member in Waiting Program (“MIW Program”) – When at the time of a home purchase, a new Broken Sound resident submits an application that requests Old Course Membership and, at that time, the number of Old Course Members is at cap as described in Section 10.07, then that new Member may request to be placed in the MIW Program.
- 1) A Member in the MIW Program is not an Old Course Member and must acquire a New Course Membership; however, the Member must pay the Capital Contribution for Old Course Membership at the time of application.
 - 2) A Member in the MIW Program shall vote as a New Course Member.
 - 3) The dues for a Member in the MIW Program shall be \$1,500 greater than the New Course Member dues and the Member shall pay assessments as a New Course Member.
 - 4) MIW Program status is only available at the time of a home purchase and the application for Membership is submitted. MIW Program status is not available to a current resident Member who purchases another residence within Broken Sound.
 - 5) Rights and Privileges of a Member in the MIW Program:

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- a) During season (October 16 through May 31) the Member may play after 12:00 p.m. During summer (June 1 through October 15) the Member may play at any time. A Member in the MIW Program may bring guests. The Old Course Committee shall establish sign-up procedures for tee times and events that shall retain sign-up priority for Old Course Members and procedures that allow a Member in the MIW Program to tee off prior to 12:00 p.m.
 - b) The Old Course pro shop may permit a Member in the MIW Program to play before 12:00 p.m. at pro shop discretion.
 - c) A Member in the MIW Program may sign-up and participate in events that are limited to Old Course Members and in Old Course League events, after payment of all applicable dues. The Old Course Committee may provide that Old Course Members retain sign-up priority.
 - d) A Member in the MIW Program may use the practice facilities or take lessons on the same basis as Old Course Members.
 - e) A Member in the MIW Program may have an Old Course locker, if available, after requests for lockers by Old Course Members have been fulfilled.
 - f) During season (October 16 through May 31), a Member in the MIW Program may not participate in walk-up tee times.
- 6) At the time Old Course Membership falls below the cap, the Member in the MIW Program must immediately, within 48 hours of receipt of notice from the Club, accept an Old Course Membership. If the Member in the MIW Program does not accept Old Course Membership at that time, inclusion in the MIW Program is forfeited and he/she shall have no further rights or privileges at the Old Course, except such rights as exist for New Course Members. In addition, the removal from the MIW Program shall not entitle the Member to any refund of the Capital Contribution paid at the time of the purchase of their residence in Broken Sound.
- 7) A Member in the MIW Program may terminate MIW Program status at any time. Termination will be effective on the first day of the month following the month of providing written notice to the Membership Department. The Member shall forfeit any further rights or privileges of the MIW Program, except such rights as exist for New Course Members. In addition, the termination of status

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shall not entitle the Member to any refund of the Capital Contribution paid at the time of the purchase of their residence in Broken Sound.

- 8) Members in the MIW Program will be offered an Old Course Membership when Old Course Membership falls below the cap based on the earliest date of home purchase.

- 9) Only ten (10) Memberships shall have a MIW Program status at any given time.

H) Wait List for MIW Program - If at the time of a home purchase, a new Broken Sound resident submits an application that requests Old Course Membership and, at that time, both the number of Old Course Members is at the cap as described in Section 10.07, and the MIW Program is also at the cap, then the Member may be placed on the wait list for the MIW Program (the "MIW Wait List").

- 1) A Member placed on the MIW Wait List ("MIW Wait List Member") must join the Club as a New Course Member by paying the New Course Member Capital Contribution and dues, and will have the same privileges to use the Old Course as a New Course Member.
- 2) The MIW Wait List Member will be required to pay a non-refundable fee of \$500 to be placed on the MIW Wait List. The non-refundable fee of \$500 will be applied against the required Capital Contribution to be paid by the MIW Wait List Member who accepts the offer to upgrade to the MIW Program.
- 3) At such time as a space becomes available for the MIW Program, the MIW Wait List Member will receive notification from the Club and will have 5 business days to pay the difference between the then current Capital Contribution required for Old Course Membership and the amount of the Capital Contribution previously paid by the MIW Wait List Member to acquire the New Course Membership, and such Member will not be deemed to have made application for Old Course Membership until such time as the Member elects to become a Member in the MIW Program. Notwithstanding the foregoing, Members on the MIW Wait List prior to January 20, 2023, shall be required to pay the difference between the Capital Contribution required for an Old Course Membership at the time the MIW Wait List Member made application for Membership in the Club and the amount of the Capital Contribution previously paid by the MIW Wait List Member to acquire their New Course Membership.
- 4) MIW Wait List Members who upgrade to the MIW Program and have paid the required Capital Contribution and additional dues will become a Member in the MIW Program effective on the first day of the month following 30 days written

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notice from the written notice from the Club offering upgrade to the MIW Program.

- 5) An MIW Wait List Member may seek removal from the MIW Wait List at any time. The removal will be effective upon the Club's receipt of the request.
- 6) If a MIW Wait List Member fails to timely upgrade to the MIW Program, the MIW Wait List Member will be removed from the MIW Wait List. Any Member removed from the MIW Wait List will not be entitled to any refund of the fee paid to be placed on the MIW Wait List. If the MIW Wait List Member later requests to upgrade to Old Course Membership, the Member will be subject to the same wait list and upgrade requirements as other existing Members of the Club under Section 10.05(B)(2).

Section 10.07 ***Limitations on Number of Members ("Caps")***

- A) The maximum number of Memberships described in Sections 10.02 and 10.03 issued at any one time shall not exceed the total number of residential units in Broken Sound.
- B) The number of New Course Members, who are not Old Course Members, is limited to 475.
- C) The total number of Old Course Memberships with exclusive privileges of playing the Old Course from October 1 through May 31 in each calendar year shall be limited to 350.
- D) The Board may adjust these caps or create categories of membership that, by Board rule, do not count against this limitation, subject to limitations on this power imposed by the Bylaws.
- E) The following categories of Membership shall not be considered in the determining the number of members in each category above:
 - 1) Associate Members
 - 2) Senior Members
 - 3) Adult Offspring Members
 - 4) Parent Members
 - 5) Non-Equity, Non-Resident Old Course Members
 - 6) Non-Equity, Non-Resident Corporate Old Course Members

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F) Wait List Priority

- 1) In general, Members will clear the wait list and join the requested category on a first on, first off basis determined by the date that the Member has submitted the appropriate forms and agreements provided by the Membership office.
- 2) The Board reserves the right to utilize a different priority in its sole discretion. For example, the Board may choose to place new Members having just purchased a residence ahead of other Members.
- 3) Information regarding the wait list and a Member's place on it will be available in the Membership office.

Section 10.08 ***Other Rules***

- A) A Membership card indicating Member's name, Club account number, type of Membership and expiration date (if applicable) will be issued to each Member and lessee designated the beneficial user of a Membership, as well as the Member's family eligible for Membership privileges, upon payment of the annual dues by the Member. Members and lessees and their families must have their Membership card with them at all times while using the recreational facilities of the Club.
- B) A Membership card may not be used by any person other than the person to whom it is issued. Membership cards are not transferable. Membership cards will not be mailed to Members.
- C) In the event of a lost or stolen Membership card, the Club must be notified immediately. Until notification of card loss or theft is received in writing by the Club, the Member shall be responsible for all charges placed on the account. For each new Membership card replaced, a charge covering the cost of the replacement card may be placed on the Member's Club account.
- D) Resident Member who has purchased a second residence in Broken Sound.
 - 1) A Member who currently owns a residence in Broken Sound and purchases a second residence, at closing, shall make a partial Capital Contribution that is the greater of the equity refund the Club pays to the seller at closing or \$15,000.
 - 2) The Member must maintain a second Membership associated with the second home by paying
 - a) Dues at a category no lower than a Sports Membership for those joining after September 30, 2017, and

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- b) All other costs and assessments associated with the Membership other than the service fee.
- 3) If the Member sells the original residence within 12 months of purchasing the second residence, the second Membership and the associated obligation to pay dues and costs cease and the partial capital contribution is refunded, without interest, in full.
- 4) If the Member fails to sell the original residence within 12 months of its purchase, the Member must pay the remaining balance of the Capital Contribution that would have been due from a third party buyer as of date of purchase and the Member must commence paying dues, fees, including service fees, assessments and all other costs associated with the second Membership based on the category then selected.
- 5) If a Member sells the second home within 12 months of its purchase, the partial capital contribution is refunded, without interest, in full and the second Membership ceases.
- E) An unmarried Member may designate as part of his or her family Membership one unmarried person who permanently resides with the Member, or who maintains residency in a state other than Florida and has no other permanent residence in Florida. The special designee status will be valid only as long as these residency conditions are maintained. The designee must provide proof of residence with any two of the following documents: driver's license, voter registration, vehicle registration or insurance card.
- F) Residence in trust with children as the beneficiaries on death of the parent(s): The person(s) who reside in the home on a permanent basis will be designated as the Member(s). The children, while the parents are alive, will be considered guests, subject to guest fees.
- G) At the time of a transfer of a residence without consideration, including an inter vivos trust created as a family planning device, gift, or other transfer, a new membership must be issued or the Member must request a transfer of the existing Membership, comply with terms set forth in the Bylaws, and completes such forms and documents specified by the Membership office.
- H) For homes that are owned by parents with only the children of the parents residing in the home on a permanent basis, the children will be considered the Members. For homes that are owned by children with only parents of the children residing in the home on a permanent basis, the parents will be considered the Members.

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- I) Members have six months to transfer their Membership to a home (when they do not yet have another house to move their Membership to) and will have six months to close on another house and transfer their existing Membership, including a Membership acquired prior to October 1, 2017, to the new residence. In return for this privilege (of holding his Membership in escrow) the Member may use the Membership during this six-month period as long as they continue to pay dues and the Club has not returned the equity. If the Member does not close on another house within six months, the right to transfer the original Membership ends and the Member is entitled to a refund of equity in accordance with the Club's policy in effect at the of the six month period.
- J) Non-resident, Non-Equity Old Course Members may only use the Old Course dining facilities.
- K) Non-Resident, Non-Equity Old Course Members may not sponsor guests to play on the Old Course.

Section 10.09 ***Resigned Old Course Member Privileges***

Former Old Course Members who are awaiting a refund of their equity from the Club may elect to continue to utilize the East facilities paying outside member dues and fees to be deducted from their pending equity refund. All assessments and other charges will be deducted from the equity refund as well. All purchases of food and beverage and golf shop purchases will be billed by the Club and are payable within 30 days of billing and are subject to the Club Billing and Collection procedures then in effect. Upon the earliest of the sale of their membership or the complete utilization of the remaining equity balance by the former member, the use of the East facilities by the former member will cease and any remaining equity, less any past due amounts for purchases and other charges, will be repaid in accordance with the repayment policy of the Club then in effect.

Section 10.10 ***Capital Contribution***

- A) The amount of the capital contribution shall be paid in its entirety on the date that a Member purchases a residence in Broken Sound or otherwise joins the Club.
- B) The Board will establish the amount of the capital contribution and the percentage of that contribution, if any, to be return to the Member at the time Membership is relinquished. This information shall be posted in the Statement of Dues, Fees and Other Charges prepared as required, but no less than annually, by the Membership office,

which will provide it to any Member. This Statement shall also be posted on the Club's website.

Article XI. Lessee Privileges

Section 11.01 *Designation and Rights of Lessee*

- A) Members may designate the lessee of their residential unit in Broken Sound as the beneficial user of their Membership upon application, approval by the Club, and payment of any fees established from time to time by the Club.
- B) Members shall be entitled to designate only two (2) lessees (individual or family) per Membership year as the beneficial user of their Membership.
- C) A transfer of membership to a lessee will not be effective if that lease fails to comply with requirements established by the Master Association and the relevant homeowners' association.

Section 11.02 *Limits on Transfers of Membership to a Single Lessee*

- A) A lessee may become the beneficial user of a Club Membership one time for a maximum period of 12 months. The Club may impose fees on the transfer.
 - 1) The one transfer limitation applies to the lessee and to all other persons named in the initial Membership transfer application as having the right to use the Club without regard to the term of the lease and without regard to the lessor or residence rented.
 - 2) Examples of the application of this limitation. In all cases, the lessor is a member who wishes to transfer the use of membership to the lessee, pays all fees and intends to comply fully with these regulations-
 - a) A member leases his residence to a lessee for a twelve month period. The lessee's right to use the Club as a member ceases permanently at the end of the lease and the lessee may no longer be a transferee from any Club member.
 - b) A member leases his residence to a lessee for a twelve month period. Five years later, the member intends to lease the residence to the same lessee. The lessor may not transfer membership to that lessee or to a person named in the application five years ago. Further, no person named in the initial application may be named as a beneficial user in any application.

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- c) A member leases his residence to a lessee for a one month period and later that year intends to lease the unit to the lessee's spouse, who was named in the first application, for a subsequent month. The lessee's right to use the Club as a member ceased permanently at the end of the first lease and the lessee or spouse may then no longer be a transferee from any Club member.
 - d) A member leases his residence to a lessee for a twelve month period. That lessee then intends to lease another residence from a different member for any period up to 12 months. That lessee's right to use the Club as a member ceased permanently at the end of the first lease and the lessee may not then be a transferee from any Club member.
 - e) A member owns two residences and two memberships. He leases one residence to a lessee for a twelve month period and then intends to lease the other residence to the same lessee for a subsequent twelve months. The lessee's right to use the Club as a member ceased permanently at the end of the first lease and the lessee may not then be a transferee from any Club member.
 - f) A member leases his residence to a lessee for a 24 month period. The transfer of membership only applies for one year. That lessee's right to use the Club as a member ceases permanently after 12 months and the lessee may not then be a transferee from any Club member.
- 3) A Member who knowingly acts in a manner to circumvent this provision will be in violation of the Club's Bylaws and these regulations.
- 4) The limitation under this subsection applies to leases entered into after October 1, 2017.

Section 11.03

Administrative Rules pertaining to Leases

- A) Charge privileges for use of the facilities of the Club will be available to a lessee. The Club reserves the right to require an advance deposit for payment of charges of a lessee prior to granting a lessee charge privileges. The lessee is responsible for payment of all charges incurred at the Club. The Member shall be responsible for payment of all charges incurred by a lessee that are not paid within the customary billing procedure of the Club and for the department of the lessee.

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- B) Members are required to provide the Club with a copy of the lease with the designated lessee and any certificate of lessee approval required prior to the issuance of Membership use privileges at the Club.
 - 1) Should any changes be made to a lease contract, the Club must be notified immediately.
 - 2) Membership use privileges will terminate on the earlier of the expiration of the lease term or the Membership use privileges.
- C) Social Members who lease can purchase tennis privileges for their tenants in the amount of \$1,500 per rental but only twice for the same home. At the end of 2 years, the owners of the house can apply these monies toward an upgrade to a Sports Membership.
- D) The Club may perform background checks on all lessees, with the associated costs billed to the lessor of the home.

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Article XII. Guest Privileges

No Corporate Rules and Regulations have been issued under this Article.

Article XIII. Dues

No Corporate Rules and Regulations have been issued under this Article.

Article XIV. Delinquencies

Section 14.01 *Billing and Collection Policies*

- 1) Each month's bill will be mailed early in the following month (e.g., the June bill will be mailed in early July) and payment is expected by month end (e.g., July 31) or the account will be considered delinquent. Delinquent accounts will be assessed a 1.5% monthly interest charge.
- 2) Members with bills that remain delinquent for 45 days (e.g., a June bill not paid by August 14) will receive a Delinquency Letter advising that the members' club privileges will be suspended, and in addition to the 1.5% per month interest charge, a suspended member will be required to pay a re-instatement fee of \$250 for each month, or any portion of a month, having their club privileges suspended. The reinstatement fee is incurred and charged with the first, and each effective date thereafter, of the suspension. (e.g.- a member who is suspended on September 1 and remains suspended until December 1 will be required to pay a \$250 re-instatement fee for September, October and, November or a total of \$750). These sanctions will be assessed unless payment is made to bring the account current on or before the 60th day of delinquency. The members' club privileges will remain suspended until the account is brought current. A suspended member may not use; (i) the club house facilities, (ii) any dining facility, (iii) the spa or the pool, (iv) nor participate in; (v) tennis or golf (vi) activities such as "Happy Hour". The account will be deemed current when the following conditions are satisfied:
 - a) All billed club charges, including any billings subsequent to the original delinquent billing, are paid.
 - b) All billed and accrued interest and re-instatement fees are paid.
- 3) Once an account is delinquent for 60 days, the BSC Treasurer shall send a letter on, or shortly after, the 60th day of delinquency to the delinquent member(s). This letter will contain an offer for the member(s) to schedule a meeting with the BSC Treasurer (and BSC legal counsel or other personnel if deemed appropriate) to discuss their account and afford them an opportunity to reach a negotiated settlement for their delinquency as an alternative to turning their account over to BSC's legal counsel to pursue legal action. The BSC Treasurer is and shall be authorized to enter into a written agreement on behalf of BSC with the delinquent member(s) regarding the terms and conditions such member(s) must meet to satisfy the delinquency of

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their account(s) and to have their membership reinstated as being in good standing with BSC. The BSC Treasurer shall negotiate with such members in good faith and shall exercise his or her discretion and judgment in the best interests of BSC.

- 4) Additional sanctions will apply to members who are repeatedly subject to suspension:
 - c) A member who is delinquent and subject to suspension for a second time in a 12-month period shall be suspended for a full month.
 - d) A member who has been suspended for three times within a 36-month period shall be put on notice that the next suspension during the ensuing 12 months shall be for a period of one full-month; additional suspensions during that 12month period shall be for two full months. If the account is not current by the end of the full month/two-month suspension periods, additional full-month suspensions shall be added until appropriate payment is received.
- 5) Post-dated checks are not accepted and will be mailed back to the member. Bounced checks and returned bank debits will be treated as if they were not received, a \$30 charge will be assessed, and payment of the bill will require cashier's check or bank check. Members who bounce a second check in a 12-month period will be suspended for a full month. Members who bounce more than three checks in a 12month period will receive a two-month suspension for each additional bounced check.
- 6) Legal collection procedures shall begin once a bill is three months past-due. Any related legal fees or expenses incurred by the Club in such proceedings shall be reimbursed by the member(s) whose account was placed into collections.
- 7) A 75-day letter shall be sent out prior to a membership account being sent to legal. This letter shall outline any options including, but not limited to, foreclosure by the club.
- 8) The Credit Sub-Committee of the Finance Committee may increase periods of suspension based on the facts and circumstances, and may refer members to the Board of Governors for further action available to avoid legal expense.
- 9) A suspended member of Broken Sound who violates that suspension by using a Club service will be sanctioned as follows: For each such infraction, an Administrative Fee of \$200 will be applied to the member's account.

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- 10) Any member receiving a third delinquency letter during the previous twelve months will be suspended for one month and will be charged a \$100 Collection Fee. In addition, this suspension will be subject to a re-instatement fee of \$250 for each month of suspension as per the conditions set forth in paragraph 2 above. Members may sign up for our Automatic Payment Plan to avoid this suspension. The club will automatically debit their checking account on the 15th of the month for the prior month charges.
- 11) Broken Sound Club reserves the right to report a member's delinquent payment history to credit bureaus in the event past due payments are not timely cured.

Article XV. Grievance

Section 15.01 General

- A) It is the responsibility of all Club Members to know and abide by the By-Laws, Rules & Regulations and Operational Rules of the Club. Respect for Club rules needs to be encouraged. The failure to enforce such dilutes same. Members should not be directly involved in the enforcement of general rules of conduct. Members are strongly discouraged from any direct involvement – instead, they should report apparent rule infractions to Club staff and/or management with a reasonable expectation that appropriate action will be taken to seek compliance. Management is required to ensure that its staff members are familiar with the Club rules. Management must formulate guidelines and procedures for the staff to follow when requesting Member compliance which are respectful and not confrontational. A Member's refusal to comply with such requests is to be reported to senior Club management for appropriate action, if any, including the filing

of a formal grievance should the Member's conduct warrant it.

B) The Club has a zero-tolerance policy for abuses of Staff by a Member.

Section 15.02 Composition of the Grievance Committee (the "GC")

A) The members of the Grievance Committee (GC) will be appointed to the GC by the President of the Club with the consent of the Board of Governors (BOG) upon the recommendation of the BOG and Member Co-Chairs. The President of the Club will appoint the Chairperson of the Grievance Committee (the "Member Co-Chair"), from among the committee members, and the BOG Co-Chair with the approval of the BOG. Although not a member of the GC, the BOG Co-Chair to the GC may participate in its activities (including attending and participating in grievance hearings). The BOG Co-Chair does not vote with the GC and votes with the BOG.

Section 15.03 Member-Member Grievances:

A) Accused Member is subject to immediate suspension of their member privileges by the GM if, in his/her sole discretion, it is deemed to be in the best interests of the Club. The Member is responsible for all Member obligations, including financial, while the suspension is in force. Such suspension is in effect during the investigation of the incident and continues until a final determination is made.

B) Procedures of Grievance Committee

- 1) To the extent that circumstances permit, the Member Co-Chair and the GC shall adhere to the following practices and procedures regarding the grievance process.
- 2) The formal grievance process should be reserved only for serious misconduct, allowing for relatively minor misconduct to be addressed and resolved in a less formal process. All Grievance Reports (GR) are to be filed with the General Manager's (GM) office and reviewed by the GM. If the GM determines mediation is a viable alternative to a Grievance Hearing (GH) the GM will engage the parties in mediation. If mediation is unsuccessful, and the GM determines proceeding with a GH is warranted, the GM will forward the GR to the GC which will follow procedure to hear the grievance. If mediation is unsuccessful, and the GM determines the incident does not warrant a GH, the GM will consult with the BOG Co-Chair and the Member Co-Chair of the GC to review the matter at hand. If the GM, BOG Co-Chair, and Member Co-Chair unanimously agree that the incident in question does not warrant a GH, the incident is dismissed. In this case, a letter (by email and/or certified mail, return receipt

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requested), signed by the GM, BOG CO-Chair, and Member Co-Chair, notifying the Member, and copying the accused Member, of such action is to be sent.

- 3) If mediation is attempted and is unsuccessful and the GM determines the Grievance to be serious enough to warrant a Grievance Hearing (GH), the GR is referred to the GC Member Co-Chair who, after determining the availability of committee members and the parties involved, is to schedule a hearing before a panel of GC members. While there are no strict scheduling standards, every effort is to be made to accommodate the schedules of the parties involved and to provide adequate notice of the hearing. At a minimum, however, the Member against whom the complaint is filed must receive actual advance notice of the hearing date of not less than five (5) business days.
- 4) The panel of committee members for the hearing is selected by the Member Co-Chair and the panel will consist of at least five members of the GC. The BOG Co-Chair will, in addition, be a member of the panel who will participate at the hearing but does not vote.
- 5) Committee members whom the Member Co-Chair has selected for the panel will be provided with copies of the GR in advance of the hearing with strict instruction to maintain complete confidentiality and not to communicate in advance with parties outside of the hearing. The Member Co-Chair will ensure that all members of the panel have no conflicts of interest.
- 6) The Member Co-Chair will direct the GM's office to issue letters under the Member Co-Chair's signature (by email and/or certified mail, return receipt requested) to the parties involved requesting their appearance before the GC panel at the scheduled hearing. Confirmation of their attendance is to be requested. The parties are to be informed of their right to have witnesses (with the exception of character witnesses) to participate at the hearing. The letter will include a copy of the GR. At the hearing, the parties involved (and witnesses if any) will appear separately before the panel. Each is to be given the opportunity to make a statement. No party shall be allowed to be represented by counsel at the grievance hearing for any purpose. Each Member of the GC panel at the hearing is to be given the opportunity and is encouraged to discuss the issues with the parties and witnesses.
- 7) Immediately after the conclusion of the hearing the GC panel is to deliberate and vote in two phases: (i) a determination if the conduct warrants a sanction; and, if a sanction is warranted (ii) the nature of the sanction. All decisions of the panel are decided by a

simple majority vote of the panel. The GC panel is permitted to consider any prior verified misconduct of the Member when deciding on the nature and duration of the sanctions to be imposed.

- 8) A member of the panel will prepare and submit a confidential written report to the BOG of the GC's findings and recommendations. If requested, the Member Co-Chair will present the report to the BOG. The report of the GC's findings and its recommendations is advisory only in function, with the BOG retaining and exercising complete discretion to vacate the decision regarding the need to discipline the conduct and/or to modify the recommended sanctions to impose.
 - 9) The accused and initiating Members will be notified (by email and/or certified mail, return receipt requested) of such proposed action by the BOG and the start date of any such action. The accused Member will be given an opportunity to be heard by the BOG to show cause why such Member should not be disciplined in accordance with the findings of the BOG. If the accused Member desires to be heard, the Member must notify the BOG within five (5) business days of receipt of the email or the date of attempted delivery of the certified mail, whichever occurs sooner. The BOG shall set a time and date for a hearing to be held not less than five (5) days from the date the BOG gives notice of the hearing to the Member. No party shall be allowed to be represented by counsel at the appeal hearing for any purpose. While such complaint is being considered by the BOG, the Member may continue to enjoy the privileges of the Club to which the Member was entitled prior to such complaint in the discretion of the Club. The BOG will communicate its appeal decision to the accused and initiating member in writing (by email and/or certified mail, return receipt requested) within five (5) business days.
- C) The BOG shall be the sole judge of what constitutes improper conduct.

Section 15.04 Staff-Member Grievances

- A) The Club has a zero-tolerance policy regarding Member misconduct of Staff and has instituted an expedited procedure for addressing Staff-Member grievances.
- B) An accused Member is subject to immediate suspension of their member privileges by the GM if, in his/her sole discretion, it is deemed to be in the best interests of the Club. Such Member is responsible for all Member obligations, including financial, while the suspension is in force. The Member is responsible for all Member obligations, including financial, while the suspension is in force. Such suspension is in effect during the investigation of the incident and continues until a final determination is made.
- C) Procedures of Grievance Committee (GC):

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- 1) To the extent that circumstances permit, the Member Co-Chair and the GC shall adhere to the following practices and procedures regarding the grievance process as it applies to Staff-Member grievances.
- 2) An incident or grievance report filed by Staff against a Member is referred directly from the GM's office to the Member Co-Chair of the GC who is to schedule a hearing before a panel of a minimum of five (5) GC members within five (5) business days. The BOG Co-Chair will, in addition, be a member of the panel who will participate at the hearing but does not vote. The Staff member and/or their supervisor is required to be physically present at the GH. The accused Member will ideally be present at the GH but may provide testimony remotely or in writing
- 3) Committee members whom the Member Co-Chair has selected for the panel will be provided with copies of the GR in advance of the hearing with strict instruction to maintain complete confidentiality and not to communicate in advance with parties outside of the hearing. The Member Co-Chair will ensure that all members of the panel have no conflicts of interest.
- 4) The Member Co-Chair will direct the GM's office to issue letters under the Member Co-Chair's signature (by email and/or certified mail, return receipt requested) to the parties involved requesting their appearance before the GC panel at the scheduled hearing. Confirmation of their attendance is to be requested. The parties are to be informed of their right to have witnesses (with the exception of character witnesses) to participate at the hearing. The letter will include a copy of the GR. At the hearing, the parties involved (and witnesses if any) will appear separately before the panel. Each is to be given the opportunity to make a statement. No party shall be allowed to be represented by counsel at the grievance hearing for any purpose. Each Member of the GC panel at the hearing is to be given the opportunity and is encouraged to discuss the issues with the parties and witnesses.
- 5) Immediately after the conclusion of the hearing the GC panel is to deliberate and vote in two phases: (i) a determination if the conduct warrants a sanction; and, if a sanction is warranted (ii) the nature of the sanction. All decisions of the panel are decided by a simple majority vote of the panel. The GC panel is permitted to consider any prior verified misconduct of the Member when deciding on the nature and duration of the sanctions to be imposed.
- 6) A member of the panel will prepare and submit a confidential written report to the BOG of the GC's findings and recommendations. If requested, the Member Co-Chair will present the report to the BOG. The report of the GC's findings and its recommendations is advisory only in function, with the BOG retaining and exercising complete discretion to vacate the decision regarding the need to discipline the conduct and/or to modify the recommended sanctions to impose.

7) The accused and initiating Members will be notified (by email and/or certified mail, return receipt requested) of such proposed action by the BOG and the start date of any such action. The accused Member will be given an opportunity to be heard by the BOG to show cause why such Member should not be disciplined in accordance with the findings of the BOG. If the accused Member desires to be heard, the Member must notify the BOG within five (5) business days of receipt by the email or the date of attempted delivery of the certified mail, whichever occurs sooner. The BOG shall set a time and date for a hearing to be held not less than five (5) days from the date the BOG gives notice of the hearing to the Member. No party shall be allowed to be represented by counsel at the appeal hearing for any purpose. While such complaint is being considered by the BOG, the Member may continue to enjoy the privileges of the Club to which the Member was entitled prior to such complaint in the discretion of the BOG. The BOG will communicate its appeal decision to the accused and initiating member in writing (by certified mail, return receipt requested) within five (5) business days.

D) The BOG shall be the sole judge of what constitutes improper conduct.

Section 15.05 Publication of Grievance Actions

When sanctions are imposed by the BOG, the BOG's final actions on formal grievance proceedings may be published on an anonymous basis in a manner and method as determined by the Board of Governors. The announcement will include a brief description of the incident and the resulting sanctions imposed, but will not include the names of any of the parties involved.

Section 15.06 Trespass by Suspended Member

A Member whose privileges to use the Club have been suspended for any disciplinary or other reason (including nonpayment of dues, fees, assessments or other charges) who enters or remains on Club property in violation of the terms of his or her suspension may in the discretion and upon notice by the General Manager have an additional suspension for each violation. In addition, the Board of Governors may treat such violations as committing the offense of Trespass as set forth in Fla. Stat. 810.08 and 810.09, or otherwise as provided under Florida law.

Article XVI. Corporate Seal

No Corporate Rules and Regulations have been issued under this Article.

Article XVII. Miscellaneous

Section 17.01

Loss Or Destruction Of Property Or Instances Of Personal Injury

- A) Each Member and their guests assume sole responsibility for their property. The Club will not be responsible for any loss or damage to any private property used or stored on the premises of the Club whether in lockers or elsewhere.
- B) No person shall remove from the room in which it is placed or from the Club's premises any property, equipment or furniture belonging to the Club without proper authorization. Every Member of the Club shall be liable for any property damage and/or personal injury at the Club, or at any activity or function operated, organized, arranged or sponsored by the Club, caused by the Member, any guest or any family Member. The cost of such damage will be charged to the Member's Club account.
- C) Any Member, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk, and shall hold the Club and its Governors, officers, employees, representatives and agents harmless from any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting there from and/or from any act of omission of the Club or its governors, employees, representatives or agents. Any Member shall have, owe and perform the same obligation to the Club and its governors, officers, employees, representatives and agents hereunder in respect to any such loss, cost, claim, injury, damage or liability sustained or incurred by any guest or family member of such Member.

Section 17.02

Litigation

Should any party bound by these General Club Rules bring suit against the Club or its Governors, officers, employees, representatives or agents for any event operated, organized, arranged or sponsored by the Club on any claim on any matter, and fail to obtain judgment therein against the Club or its governors, officers, employees, representatives or agents, said party will be liable to the Club and its governors, officers, employees, representatives and agents

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for all costs and expenses incurred by it in the defense of such suit (including court costs and attorney's fees through all appellate proceedings.

Article XVIII. Amendments

Section 18.01 *Effective Date of Amendments*

- A) Except in unusual circumstances, no amendment to these regulations or to the Operating Rules shall be effective prior to the date, whichever is earlier, that
 - 1) Members have been notified in writing through a communication by mail or posted to the Club's website or
 - 2) These regulations or Operating Rules have been amended and the revised document has been posted to the Club's website.
- B) Regulations or Operating Rules may be amended prospectively, but the requirements for communicating the amendment to the Membership remains a prerequisite to the amendment being effective.

EXHIBIT I

ELECTION RULES

In accordance with the Bylaws of Broken Sound Club, a single committee shall be convened to nominate candidates for the Board of Governors and provide official oversight to assure the integrity of the Annual Election process. This committee shall be referred to as the Nominating and Election Committee (“NEC”). The election will be conducted to fill all open board positions.

1. REQUIREMENTS TO RUN FOR THE BOARD OF GOVERNORS

To be eligible to run for the Board of Governors, candidates shall meet the following requirements:

- a. Be a voting Member or spouse of a voting Member in Good Standing of the Broken Sound Club for at least thirty (30) months prior to the final date for submission of his or her resume application as a candidate.
- b. Agree to sign a release authorizing Broken Sound Club to perform a background check.
- c. Agree to sign and abide by the Broken Sound Board of Governors Responsibilities Contract.
- d. Agree to abide by the Board of Governors Code of Conduct.
- e. Agree to represent the Board as a positive ambassador to the membership at large.
- f. Shall have served on a Club Committee for a minimum of two (2) years anytime within the five (5) years prior to the final date for submission of his or her resume application as a candidate.

2. DISQUALIFICATIONS

A person shall not be eligible to apply to be a Governor if he or she:

- a. Has been suspended by the Club, for any reason whatsoever, for an aggregate total of more than 30 days within the five (5) year period prior to the final date for submission of his or her resume application as a candidate.
- b. Has been delinquent in the payment of dues and charges more than three (3) times in the last twelve (12) months prior to the final date for submission of his or her resume application as a candidate.
- c. Has been convicted or has pleaded no contest to any crime of moral turpitude or crime involving financial malfeasance (whether a felony or a misdemeanor).
- d. Has been delinquent with their homeowner’s association dues and assessments for sixty (60) days or more in the last twelve (12) months prior to the final date for submission of his or her resume application as a candidate.

3. APPLICATION PROCESS

The application process shall consist of the following:

- a. All candidates must certify in writing that they have read, understand, and agree to comply with the Rules of Election.
- b. All candidates must provide a resume (biography) and a position paper using no more than both sides of a single 8 ½ " x 11" sheet of paper. The front side shall contain the resume and photo that is to be placed in the upper right-hand corner. The photograph to be placed on the resume will be 2" x 2" in. It is recommended that men and women wear appropriate professional-looking attire. DO NOT STAPLE THE PHOTO TO THE PAGE. (If you do not have a photograph, the Club can arrange to have a photograph taken).
- c. All resumes should include each candidate's educational background and achievements, business and professional experience, civic involvement (both local and at any other residence), and Broken Sound Community service. All items should be listed in sequence, starting with the most recent experience. Any material misrepresentation of a candidate's background or experiences shall result in their disqualification from running for the Board of Governors.
- d. All position papers should state why he/she believes they should be elected to the BOG, including their position on issues they believe are important to the Club's current and future success. Position papers shall not exceed 500 words,
- e. Candidates should feel free to call a member of the NEC if something in the process is unclear to them.

4. CAMPAIGNING

Definition of Campaigning: Work in an organized and active way toward a particular goal.

Each candidate nominated by the NEC:

- a. Shall be provided the opportunity to record a video presentation no longer than five (5) minutes. The NEC shall coordinate and have responsibility for these recordings. The candidate is encouraged to use this opportunity to express his/her positions on the Club and vision for the future as well as to provide the membership with any other information the candidate feels relevant to his/her candidacy.
- b. Will have the opportunity to record an additional video providing answers to questions selected by the NEC.
- c. May speak with Member(s) about their positions on various Club issues, including why they want to be on the Board of Governors, only if first solicited by the Member(s).
- d. May participate in forum(s) as provided at the NEC's discretion, where Members can meet the candidates.

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The Club shall be responsible to:

- a. Announce to Members the names of each candidate nominated by the NEC.
- b. Provide opportunities, at the NEC's discretion, where Members can meet the candidates.
- c. Electronically distribute to all Members entitled to vote for a Governor (Eligible Voter) a link to each candidate's video(s), position paper, and resume. A Member requiring an accommodation because of a disability or other valid medical reason may request from the Club printed copies of a candidate's position paper(s) and resume.
- d. Post all candidates' packets on the Club's website.

The Following Activities are **prohibited**:

- a. Campaigning/endorsements by candidates or on their behalf by any other person.
- b. Posting, circulating, displaying, or distributing campaign/endorsement material or election paraphernalia, including, but not limited to, posters, pins, buttons, stickers, and handbills, apparel (ex: t-shirts, hats).
- c. Mailing, emailing, texting, phoning, or any other method of distribution of campaign/endorsement literature to Club members. Distribution of campaign literature shall include, without limitation, mass mailings, mass emails, leafleting, canvassing, or other mass communication, including but not limited to social media and all electronic communication, whether or not such distribution is undertaken on or off Club property.
- d. Stuffing of mailboxes or use of any part or area of the mailboxes for hanging or placing campaign/endorsement literature by candidates, their advocates, or supporters.
- e. Use of the Club's online membership directory and email list.
- f. Participation in meetings, meet and greets, dinner parties, or any other event to promote a candidate's election.
- g. Anonymous communications in support of or against a candidate.
- h. Negative or critical letters, emails, or posting to websites or blogs, signed or unsigned, by candidates or their supporters.
- i. Denigration in any form of any candidate or Board Member
- j. Campaign "slates" or any grouping of candidates. Slates are not permissible.

5. VIOLATIONS

It is the responsibility of the Club to inform Membership not to engage in prohibited campaigning. If a candidate becomes aware of prohibited campaigning by a supporter, he/she must immediately inform the supporter to cease such activity and inform the NEC of the prohibited activity.

The NEC will have the authority to investigate any allegations that the above rules have been violated. Such investigation will be conducted expeditiously and on a confidential basis.

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If upon completion of the investigation, the NEC has reasonable cause to believe that the Rules of Election have been violated, the NEC, by majority vote, may take the following action:

- a. Removal of the candidate from the ballot or such other sanction as the NEC decides.
- b. Filing a grievance against the violating Member.

6. VOTING OVERVIEW

The following are the voting highlights:

- a. A detailed timetable of election events ("Election Process Schedule") with actual dates will be established by the NEC and shall be published each year and will be included with the candidate Application Packets.
- b. Voting shall begin approximately two weeks after the candidate announcements are transmitted to the membership.
- c. Voting will be by electronic methods, but accommodation may be made upon a Member's request to the Club based upon a disability or other valid medical reason.
- d. Candidates shall be listed on the ballot in alphabetical order by last name. Incumbents shall be identified with an asterisk (*).
- e. The Ballots shall be transmitted to and counted by an independent firm retained by the Broken Sound Club, and results shall be announced at the Annual Meeting.

7. THE NOMINATING AND ELECTION COMMITTEE ("NEC")

The following describes the NEC's formation and responsibilities:

- a. In accordance with the Club's Bylaws, the entire Board of Governors shall serve as the NEC other than those who may be seeking re-election to the Board of Governors.
- b. The NEC shall present to the membership the list of candidates nominated by the NEC and shall concurrently exercise its duties and responsibilities to provide election oversight.
- c. Members of the NEC shall be present at an Interview/Orientation Meeting for the Candidates.
- d. The Club shall confirm whether candidates for election to the Board of Governors have satisfied all the requirements to run for the Board of Governors specified in these Election Rules. The complete application packages of all such confirmed candidates shall be submitted to the NEC.
- e. The NEC shall arrange interviews with each confirmed candidate. It is the role and responsibility of the NEC to select candidates who will be nominated for inclusion on the ballot for election to the Board of Governors. All decisions will be by majority vote and via secret ballot. The NEC shall utilize a candidate profile in this process. The profile will identify both specific skills and individual skills that are required. The NEC shall seek diversity in skills, sex, age, and membership category but, in any event, should not

disqualify a worthy candidate. The maximum number of candidates nominated may be less than or equal to the vacancies on the Board but cannot exceed 150% of the vacancies, rounded up to the nearest whole number.

- f. Voting shall take place only after all candidates have been interviewed.

8. CANDIDATE EXPERIENCE

The NEC should use the following candidate profile. This profile may be revised or modified by a majority vote of the NEC:

- a. Experience on a club or non-profit board with consideration given to incumbents' service.
- b. Legal expertise
- c. Financial/Banking expertise
- d. Hospitality expertise
- e. Food and Beverage/Restaurant expertise
- f. Health/Medical expertise
- g. PR/Marketing expertise
- h. Real Estate development expertise
- i. Construction/building expertise
- j. General business expertise
- k. Other skills/expertise that the NEC feels qualify a candidate for Governor

9. CANDIDATE PROFILE

In addition to those requirements that can clearly be determined objectively, the NEC should also evaluate candidates' personal skills and traits that industry and Club management experts, relevant articles, and books suggest are essential for good Board members to possess. These guides strongly advise that an outstanding reputation, positive outlook, and interpersonal skills make for productive and effective Board members.

Here is a list of the ones most often identified and which the NEC should look for:

- a. Be known as a person of integrity
- b. Is an innovative, creative problem solver
- c. Has a positive reputation in the community
- d. Has demonstrated the ability to work as a team member
- e. Has been considered a good contributor on committees
- f. Does not have a self-serving agenda
- g. Is enthusiastic about serving and able to devote time
- h. Has outstanding business, administrative or other valuable experience, proven ability, or accomplishments
- i. Is able to articulate clearly why he/she wants to be on the Board.
- j. The Candidate should possess good interpersonal skills and the ability to communicate.

EXHIBIT II

BOARD OF GOVERNORS CODE OF CONDUCT

A) General Rules

Each member of the Broken Sound Club, Inc. (the “Club”) Board of Governors (the “Board”) is a fiduciary and is responsible to maintain the highest level of trust and confidence. Board members must endeavor to protect the reputation of the Board for honesty, fairness and integrity. At all times, Board members must conduct themselves in compliance with all Club bylaws and rules, comply with all laws pertaining to Club activity and governance, take no advantage of their positions as Board members in relation to Club activities, and, in a highly ethical manner, maintain the credibility and respect of the Club, its associates and the membership they represent. Each Board member must:

1. Attend and actively participate in Board meetings and not discuss elsewhere what they are unwilling to discuss in Board meetings. They should listen carefully to fellow Board members, offer opinions and participate in Board discussions.
2. Not promise to commit to other Board members or Club members as to how they will vote on an issue before hearing the discussion and becoming fully informed on the issue.
3. Represent the entire membership and not any one special interest group.
4. Carefully consider and respect the opinions of fellow Board members and not criticize fellow Board members or their opinions outside of the Boardroom. They should not discuss confidential proceedings of the Board, Executive Committee or Board workshops outside the confines of such meetings. Board members may openly discuss issues among themselves in private.
5. Respect and support all majority decisions of the Board.
6. Bring to the attention of the President, in a timely manner, issues that may have a significant effect on the Club or its membership.
7. Avoid contact with the Club’s staff, (except the managers specified by the GM/COO), regarding the Club’s business, and not interfere with the duties of the Club’s staff or undermine the staff’s authority to perform their duties.
8. Refer membership complaints or operational issues, on a timely basis, directly to the President and the GM/COO or his managerial designee. Board members should not raise such issues in open Board meetings. Such issues may be brought up in closed session.
9. Acknowledge personal and/or professional conflicts of interest with the Club relating to their position on the Board and abstain from voting or attempting to influence issues in which they may be conflicted. They should not use the Club or their position for personal advantage and should attempt to avoid the appearance of a conflict.

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10. Never accept any benefit of any kind whatsoever, of any amount, provided by any employee or vendor of the Club, without the consent of the Board.
 11. Never exercise authority as a Board member except when meeting with the full Board, or as designated by the Board. A Board member may not speak for or on behalf of the Club or Board unless specifically authorized to do so by the President.
 12. Never endorse, campaign, or take a public position for or against any candidate other than him/herself for the Board of Governors or any other elected position in the Club, once the election process has begun. A Board Member, when asked their opinion about a candidate, may only deliver the opinion orally in a private conversation. Any written endorsements or opinions, including e-mail and all social and electronic media are expressly forbidden.
- B) All Board members are required to abide by this Code of Conduct. A Governor may be censured, suspended or removed by the Board for breaching the Code of Conduct.
- C) An alleged breach shall be referred to the President who has the option to either warn the Board Member that his actions may have violated the Code of Conduct, and that such actions must cease immediately, or to refer the breach to the Executive Committee. The Board member in question should be notified within two weeks that the breach has been referred to the Executive Committee.
- D) The Executive Committee shall report its findings and make its recommendation to the Board in a timely manner. Thereafter, the Board may, by an affirmative vote of at least 2/3 of the Governors, rounded up to the next higher whole number, entitled to vote in person or by proxy, suspend or remove a Governor who has breached the Code. Prior to a vote, the Governor charged with a breach shall have the right to be heard and to explain his/her actions in front of the full Board. The Governor charged shall have no vote on the question.

EXHIBIT III

COMMITTEE GUIDELINES

A) General

1. The purpose of each Committee is to make recommendations to the Board of Governors on matters relating to each Committees' assigned responsibilities. Broken Sound Committees include: Finance, Fitness, Golf, Greens, Grievance, House, Legal, Membership, Social, Tennis and Youth.
2. Each Committee is responsible for scheduling and for keeping minutes of all meetings. All minutes are the official record of a Committee and must be forwarded to the Executive Assistant of the General Manger/COO on a timely basis. The final version of minutes must be approved at the following meeting of the Committee.
3. The Committee's new term shall begin approximately 30 days after the Club's Annual Meeting. The term consists of one year ending approximately 30 days after the Club's Annual Meeting.
4. Only Members, including Members' spouses who reside with Member, may serve on a Committee.
5. Members of a Committee are to be selected by the Member Co-Chairs in conjunction with the Board Co-Chair subject to Board approval.
6. Committee Rules apply to all Club Standing Committees and Old Course Sub-Committees. (They do not apply to Old Course Committee.)

B) Committee Membership and Co-Chairs

1. Members should provide detailed background information on the application demonstrating relevant business/career information including any volunteer work outside of Broken Sound either currently or prior to moving to Broken Sound. A mini resume of background that qualifies member for a particular Committee should be submitted.
2. Prefer that applicant(s) be a Member for a minimum of one (1) full year as of March 1st of the appointing year to be eligible to serve on a Committee.
3. Members must be a Member in Good Standing at the time of appointment.
4. Committees should consist of a mix of all demographics such as membership categories, age, gender.
5. Members may not serve on more than one Standing or Sub-Committee in the same year. President may make an exception.

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6. Members may serve on a particular Committee for up to five (5) total full years. President may extend.
7. Members must serve two (2) full years on a Committee to be eligible to be Co-Chair.
8. Member Co-Chairs may serve as a Co-Chair of that Committee up to three (3) full years. President may extend.
9. Maximum of two (2) Governors may serve on any single Standing Committee, including Governor co-chair. President may make an exception.

C) Governor's Spouse – Standing and Sub-Committees

1. Governor's spouse may serve on Committees except the Grievance Committee.
2. Governor's spouse cannot be Co-Chair of a Committee.
3. Maximum of one (1) Governor spouse on any Committee. President may make an exception.
4. Spouses (including Governor and spouse) cannot serve on the same Committee.
5. If more than one (1) BOG spouse applies to the same Committee, preference given to applicant who has highest choice on application. If choices are the same, a random selection will be made.

D) Particular Committee Preference

1. Tennis, Pickleball, Golf and Greens Committee – Members must be an active player of the related game/sport.
2. Finance Committee – Members have accounting, finance or business backgrounds/skills.
3. Fitness/Spa/Aquatics – Members regularly use fitness center and/or aquatic center.
4. Legal and Bylaw – Members must be admitted or retired attorneys.
5. Youth – Members have children living at home or grandchildren under the age of 16.
6. Grievance – Members be a mix of attorneys and non-attorneys.
7. House and Social – Members have event planning, hospitality, restaurant or similar background, be frequent diners at club venues and attendees at club events.
8. Audit – Members must have accounting/auditing background/expertise.
9. Membership – Members be a mix of ages, singles, couples and from a variety of Membership categories.

E) Ad Hoc/Special Function Non-Permanent Committees

1. The President, subject to Board approval where required, may create special non-permanent committees to serve specific functions. Members of such committees shall possess requisite skills as determined by the President.

History of Revisions

¹ The term Sports Membership was adopted on May 31, 2018

² The Board extended the right to play golf at the New Course to post-April 18, 2015 General Members and to Tennis Members (called Sports Members as of May 31, 2018) at its meeting of February 6, 2018. Prior to this amendment, only Social pre-April 18, 2015 General Members enjoyed this privilege. The effective date is June 1, 2018.

³ Revisions to Adult Offspring and Parent Memberships were adopted by the Board on April 10, 2018. Prior to that amendment, these Members “piggybacked” onto the membership of the related parent/child full Member and privileges of use were comparable to those of the related full Member subject to certain limitations. In addition, this amendment set dues and clarified that Adult Offspring/Parent Members are subject to service fees.

⁴ See previous endnote,

⁵ On April 10, 2018, the Board revised the Billing and Collection Policy.

⁶ Section 18.01, establishing guidelines for effective dates, was adopted by the Board on November 7, 2017). Prior to this amendment, there had been no guidance on when amendments would be effective.

⁷ December 9, 2022, Amended Section 10.05B3 Establishing the wait list for New Course golf memberships.

⁸ December 14, 2022, amended Exhibit 1 Election Rules.

⁹ January 20, 2023, amended Sections 10.06(G) and 10.07(F) and added new Section 10.06(H).

¹⁰ February 10, 2023, added new Section 10.08(K).

¹¹ February 20, 2023, amended Section 10.08(J).