

***AMENDED AND RESTATED
BYLAWS***

of the

RECREATION CENTERS

of

SUN CITY WEST, INC.

An Arizona Nonprofit Corporation

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AMENDED AND RESTATED
BYLAWS OF THE
RECREATION CENTERS OF SUN CITY WEST, INC.
An Arizona Nonprofit Corporation

PREAMBLE

These Amended and Restated Bylaws (hereinafter, "Bylaws") effective the 2nd Day of April, 2007, provide for the governance and operation of the RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona nonprofit corporation (hereinafter, the "Association"), that has been formed under the laws of the State of Arizona for the purpose of owning, operating, maintaining and preserving facilities which enhance the recreational, social and leisure interests of its Membership. As provided in Article III, Section 1 of its Articles of Incorporation, this Association also is incorporated "to provide and maintain certain civic and community services not otherwise provided for including, without limitation, the maintenance of landscaping of medians, rights-of-way, landscape easements of major arterial streets and other areas within Sun City West constituting Association Property as defined in Article I to the extent they are not maintained by the County of Maricopa or other governmental entities and/or community organizations." Sun City West is a retirement community subject to the federal Housing for Older Persons Act of 1995, as amended, and the Arizona Fair Housing Act under which at least one person, who is a member of the family, residing in each Residential Unit in Sun City West must be at least fifty-five (55) years of age and none under nineteen (19) years of age.

ARTICLE 1

GOVERNANCE STRUCTURE

Section 1.1 RESIDENCY REQUIREMENTS

Sun City West is an age-restricted community subject to the federal Housing for Older Persons Act of 1995, as amended, and the Arizona Fair Housing Act. As such, residency in Residential Units in Sun City West is subject to the following restrictions and qualifications.

- 1.1.1 One (1) person residing in each Sun City West Residential Unit must be at least fifty-five (55) years of age.
- 1.1.2 No person under nineteen (19) years of age shall be permitted to reside in any Residential Unit.

Section 1.2 OWNER MEMBERS

The Association has been formed on behalf of all owners of Residential Units in Sun City West to own, operate, maintain, and preserve facilities which enhance the recreational, social, and leisure interests of its Membership.

- 1.2.1 In this Governance Structure the voting Membership consists of all Owner Members who have prevailing voting rights on matters affecting the Association as provided in these Bylaws.

Section 1.3 GOVERNING BOARD OF DIRECTORS

The affairs of the Association shall be directed by a Governing Board consisting of nine (9) Directors, each of whom shall be a resident Owner Member of the Association elected by Owner Members or appointed by the Governing Board in accordance with the provisions of these Bylaws.

- 1.3.1 The principal purposes, powers, duties and functions of the Governing Board shall be as provided in these Bylaws.

Section 1.4 GENERAL MANAGER

A General Manager shall be appointed by and serve at the pleasure of the Governing Board, and is responsible for implementing the policies of the Association as established by the Governing Board.

- 1.4.1 The General Manager is responsible for the management and administration of the Association in accordance with the Association's Governing Documents.
- 1.4.2 The method of appointment, removal, duties, and responsibilities of the General Manager shall be as provided in these Bylaws.

Section 1.5 GOVERNING DOCUMENTS

The Association Governing Documents, in order of their precedence, are as follows:

- 1.5.1 Covenants, Conditions and Restrictions (CC&Rs), also known as the Declarations);
- 1.5.2 Articles of Incorporation for Recreation Centers of Sun City West, Inc.;
- 1.5.3 Association Bylaws;
- 1.5.4 Facilities Agreements and Facilities Use Agreements entered into with the Association;
- 1.5.5 Policy Statements of the Governing Board; and
- 1.5.6 Rules, Regulations and Procedures for Chartered Clubs (RR&Ps).

ARTICLE 2

MEMBERSHIP IN THE ASSOCIATION

Section 2.1 CLASSES OF MEMBERSHIP

There shall be two classes of membership: Owner Member and Associate Member.

Section 2.2 OWNER MEMBER

Each owner on any deed to a Residential Unit in Sun City West is an Owner Member of the Association and payment of annual Owner Member Dues is mandatory.

- 2.2.1 For purposes of these Bylaws, a Residential Unit means and refers to a single-family home, condominium, townhouse, duplex or individual living unit of a multi-family housing structure or complex located in Sun City West, zoned for residential use and intended for residential use.
- 2.2.2 Each owner, whether one or more persons or entities, of a Residential Unit within Sun City West shall be an Owner Member.
 - 2.2.2.1 Upon payment of dues, an Owner Member Card shall be issued to each Owner Member and the card is not transferable to another person or to a different property.
 - 2.2.2.2 The term "Owner" shall include all beneficial owners in a Grantor-type Trust, Living Trust, or Testamentary Trust, but shall exclude in all cases any party holding an interest merely as security for the performance of an obligation or merely as an executor, administrator, or trustee.
 - 2.2.2.3 Owner Members shall be identified by a recorded document which shall include, but is not limited to, any of the following:
 - 2.2.2.3.1 Persons who acquire title by means of a Sheriff's Deed issued as a result of a mortgage or Deed of Trust foreclosure;
 - 2.2.2.3.2 Persons who acquire title by means of a Trustee's Deed issued as a result of the exercise of a power of sale under a Deed of Trust;
 - 2.2.2.3.3 Persons who acquire title by means of a Deed in lieu of the foreclosure of a mortgage or Deed of Trust;
 - 2.2.2.3.4 Persons who receive a deed as a purchaser pursuant to any valid and outstanding recorded Executory Agreement of Sale with respect to a Residential Unit; or
 - 2.2.2.3.5 Persons who receive a Quit Claim Deed, Beneficiary Deed, Warranty Deed, or any other type of recorded deed or any other type of beneficial ownership interest.
- 2.2.3 **UNDERAGE OWNER MEMBER:** Under Arizona State law, a person under fifty-five years of age may legally acquire a Residential Unit in Sun City West.
 - 2.2.3.1 Such persons shall be Owner Members and shall be obligated to pay Annual Owner Member Dues and Special Assessments to the Association.
 - 2.2.3.2 Such persons, or their legal representative or guardian if a minor, shall have Owner Member voting rights in the affairs of the Association.
 - 2.2.3.3 Such persons are not authorized to reside in the Residential Unit unless there is a resident residing therein who is at least fifty-five years of age. No one under nineteen (19) years of age may reside in the Residential Unit.
 - 2.2.3.4 If the only person in the household who is at least fifty-five (55) years of age dies, a spouse under fifty-five (55) years of age who is or who thereby becomes

an owner, will be allowed to continue to reside in that Residential Unit and to have Association facility use privileges as long as they continue residing therein.

Section 2.3 ASSOCIATE MEMBER:

An Associate Member may be any non-titleholder resident of Sun City West who resides with an Owner Member and meets the qualifications in these Bylaws. This membership is elective and does not have to be maintained.

- 2.3.1. Any non-titleholder resident of a Residential Unit, nineteen (19) years of age or older, and domiciled for more than six (6) months in a twelve (12) month period with a qualified resident who is at least fifty-five (55) years of age, is eligible to be an Associate Member in the Association.
- 2.3.2. Upon payment of Associate Member fees, an Associate Member Card shall be issued to each Associate Member, and the card is not transferable to another person or to a different property.
- 2.3.3. Persons with a valid Associate Member Card shall have the same privilege of facilities use accorded to Owner Members of the Association. By accepting an Associate Member Card, the Associate Member agrees to abide by the Governing Documents of the Association.
- 2.3.4. If an Owner Member dies, a spouse under fifty-five (55) years of age who is an Associate Member may continue that membership so long as the spouse continues to reside in that Residential Unit, notwithstanding the fact that no other person at least fifty-five (55) years of age resides there.

Section 2.4 LANDLORDS AND TENANTS:

- 2.4.1 For the purposes of these Bylaws:
 - 2.4.1.1 Landlord shall mean and refer to the owner or owners of any single-family Residential Unit and each Residential Unit of a multi-family structure or complex while it is rented or leased at any time. As such, the Landlord(s) will in all respects already be a mandatory Owner Member(s).
 - 2.4.1.2 Tenant shall mean and refer to a non-titleholder resident who is a person(s) leasing or renting a Residential Unit in Sun City West.
 - 2.4.1.3 Tenant Activity Card shall mean and refer to the card issued by the Association to a Tenant of a Residential Unit, which permits the Tenant access to the Association's facilities and participation in the related activities, in accordance with the Association's Governing Documents.
 - 2.4.1.4 Residential Rental Property shall mean and refer to any single-family Residential Unit and each Residential Unit of a multi-family structure or complex while it is rented or leased at any time.
 - 2.4.1.5 Multi-Unit Residential Property shall mean and refer to a structure or complex of more than one Residential Rental Property.
 - 2.4.1.6 Special Housing Property shall mean and refer to life care, convalescent care, catered or assisted living, and other similar facilities.
- 2.4.2 At least one of the Tenants residing in a Residential Unit must be at least fifty-five (55) years of age, and no one under nineteen (19) years of age shall reside in the Residential Unit.
- 2.4.3 All Residential Rental Properties must be used and devoted exclusively to single family residential use.
 - 2.4.3.1 "Single family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three

- (3) persons not also related, together with their domestic servants, who maintain a common household in a dwelling.
- 2.4.4 In the event a Landlord is willing to offer the Landlord's privileges to use the Association's facilities to a prospective tenant, all of the following must occur:
- 2.4.4.1 All dues and fees assessed against the rental property or to any of its Owner Members, whether annual dues or special assessments, must be current.
- 2.4.4.2 The Owners of Residential Rental Unit Property shall pay to the Association, for each single family Residential Rental Unit Property owned by them, an annual fee in an amount not less than the current Owner Member Dues for each Owner Member of the Residential Rental Unit.
- 2.4.4.3 The Owners of the Residential Rental Unit Property shall deposit with the Association all Member Cards issued to Owner Members and Associate Members for that property.
- 2.4.4.3.1 Owner Members and Associate Members must surrender their facilities use privileges assigned to that unit for so long as any Tenant residing therein is to be afforded the use of Association facilities and holds a Tenant Activity Card.
- 2.4.4.3.2 The failure of an owner to surrender all Member Cards, as provided herein, shall specifically prohibit guest card privileges being extended to all tenants and/or occupants of said property.
- 2.4.4.4 A Tenant Activity Card, once issued, is nontransferable from the individual Tenant for whom, or from the Residential Rental Unit for which, the Card is issued.
- 2.4.5 Tenants holding a valid Tenant Activity Card shall have the same privilege of facilities use accorded to all Owner Members of the Association. By accepting a Tenant Activity Card, the Tenant agrees to abide by the Governing Documents of the Association.

Section 2.5 PRIVILEGES AND RIGHTS

- 2.5.1 An Owner Member in good standing, as defined in Section 2.5.7 hereof, shall be entitled to vote, hold office, sign petitions, and use all available facilities, subject to the provisions of the Association's Governing Documents.
- 2.5.2 Only resident Owner Members in good standing shall be entitled to hold office as a Director of the Governing Board.
- 2.5.3 Associate Members and holders of Tenant Activity Cards in good standing shall not be entitled to vote, hold office, or sign petitions, but shall be entitled to use all facilities of the Association, subject to the facility use obligations of an Owner Member, as set forth in the Association's Governing Documents.
- 2.5.4 Owner Members, Associate Members, and holders of Tenant Activity Cards in good standing shall be eligible for membership in Chartered Clubs.
- 2.5.4.1 "Chartered Club" shall mean and refer to a group of Members of the Association and holders of Tenant Activity Cards who have joined together in the pursuit of a particular recreational, social or leisure activity, have sought and received a charter from the General Manager, and whose charter has not been suspended or revoked by the Association.
- 2.5.4.2 Membership in a Chartered Club is governed by the Governing Documents of the Association, including without limitation, the Bylaws, Governing Board Policies and the Rules, Regulations and Procedures for Chartered Clubs (RR&Ps).

- 2.5.5 Owner Members, Associate Members, and holders of Tenant Activity Cards in good standing shall have guest privileges for their guests as provided in the Association's Bylaws and guest policies.
- 2.5.6 Owner Members, Associate Members, holders of Tenant Activity Cards, and their guests, shall conduct themselves while on Association property so as not to jeopardize or infringe the rights and privileges of any Association Member, guest, or another person. Person(s) interfering with another's rightful use of Association facilities or violating the Association's rules and regulations shall cease such conduct, or immediately leave the Association's properties as directed by a member of the Association's staff.
- 2.5.7 Owner Members, Associate Members, and holders of Tenant Activity Cards are considered to be in good standing with the Association, and eligible to exercise the rights and privileges hereunder, only if all of the following conditions are met:
 - 2.5.7.1 The person is qualified to hold a member or Tenant Activity Card as described in these Bylaws;
 - 2.5.7.2 The person is current with all dues, fees, fines, special assessments, or other fees and charges, duly adopted and imposed; and
 - 2.5.7.3 The person is not under suspension by the Association.
- 2.5.8 Residents of Sun City West who are eligible for Associate Membership in the Association, but have not joined the Association, or resident tenants who do not hold a Tenant Activity Card, shall not have the right to use Association Facilities as a guest.
 - 2.5.8.1 Notwithstanding any other provision herein, the failure of an owner of a tract of single family homes, or a Multi-Unit Residential or Special Housing Property as those terms are defined herein, to enter into a Facilities Use Agreement with the Association for such property shall specifically prohibit guest privileges being extended to tenants and/or occupants of said property.
 - 2.5.8.2 Any Member or holder of a Tenant Activity Card found admitting a guest in violation of this Bylaw will be subject to suspension of their own privileges in accord with Section 2.7 hereof.

Section 2.6 MEMBER DUES, FEES, SPECIAL ASSESSMENTS, OTHER FEES & CHARGES

- 2.6.1 **MEMBER DUES AND FEES:** All Dues and Fees are established by the Governing Board unless specifically delegated herein.
 - 2.6.1.1 **Annual Owner Member Dues:** Each Owner Member of a Residential Unit within Sun City West shall pay annual dues to the Association.
 - 2.6.1.1.1 Dues shall be payable in advance by each Owner Member on or before the anniversary date of the owner's Association membership.
 - 2.6.1.1.2 Membership begins on the day the deed is recorded.
 - 2.6.1.1.3 Owner Member dues shall be fixed annually at a uniform rate per titleholder for all Residential Units.
 - 2.6.1.2 **Associate Member Fees:** Each Associate Member residing with an Owner Member in Sun City West shall pay to the Association an annual Associate Member fee for use of Association Facilities.
 - 2.6.1.2.1 The amount of the fee shall be the same as the dues for an Owner Member.

- 2.6.1.2.2 The Associate Member fee shall be payable in advance by each Associate Member on or before the expiration date, which shall be one year from date of original purchase.
- 2.6.1.3 Tenant Activity Card Fees: Persons leasing or renting Residential Units in Sun City West and electing to use Association facilities shall be required to pay a Tenant Activity Card Fee.
 - 2.6.1.3.1 This non-refundable fee is payable in advance and prorated monthly for up to 9 months for the term of the lease, up to a maximum of one (1) year.
- 2.6.1.4 Landlord Card Fees: The number of Tenant Activity Cards issued for each Residential Rental Unit shall not exceed the combined number of paid Owner Member and Associate Member Cards on file with the Association for that Unit.
 - 2.6.1.4.1 If the owner does not have a sufficient number of current Owner Member and Associate Member Cards for such Residential Rental Unit on file with the Association to provide sufficient Tenant Activity Cards to the Tenants, the Owner Member may purchase Landlord Cards to permit Tenants named on the valid lease to purchase Tenant Activity Cards at the established fee.
 - 2.6.1.4.2 For the purposes of these Bylaws, the term 'Landlord Card' shall mean and refer to the additional card(s) purchased from the Association by an Owner Member to satisfy the requirements to allow a Sun City West Residential Unit to be used as a Residential Rental Unit as provided in these Bylaws.
 - 2.6.1.4.3 There must be at least one (1) Owner Member, Associate Member or Landlord Card on file for each holder of a Tenant Activity Card residing in the Residential Rental Unit.
 - 2.6.1.4.4 Landlord Cards are non-refundable and not transferable to another property, and are and shall remain the sole property of the Association.
 - 2.6.1.4.5 The amount of the fee for a Landlord Card shall be the same as the dues for an Owner Member, and shall not be prorated.
 - 2.6.1.4.6 Landlord Cards are not for facility use and shall remain on file with the Association.
- 2.6.1.5 Asset Preservation Fees: The Governing Board may establish a fee to be paid by the purchasers of Residential Units to offset capital expenditures for major maintenance, repair, replacement, remodeling, and costs of new construction of the Association's facilities.
 - 2.6.1.5.1 The amount of this fee, its specific allocation, and exemptions from the requirement to pay, shall be established by the Governing Board.
- 2.6.1.6 Delinquent Dues, Fees, Fines and Special Assessments: If Association membership dues, fees, fines, or special assessments are not paid within thirty (30) days of the due date, a late charge of fifteen and no/100 dollars (\$15.00) or ten percent (10%) of the unpaid balance, whichever is greater, will be assessed.
- 2.6.1.7 Disclosure Fees: Sellers of a Sun City West Residential Property shall pay to the Association a Residential Unit Disclosure Fee which shall be due and payable prior to the time the new deed is recorded.
 - 2.6.1.7.1 The Disclosure Fee shall be a fee payable by the seller to the Association to cover the costs of disclosing the Governing Documents and other documents required by law to be delivered to the purchaser of property under the jurisdiction of the Association.
- 2.6.1.8 Guest Card Fees: Owner Members, Associate Members, and holders of Tenant Activity Cards, may purchase a Guest Card that shall be marked on a per diem basis for their guests to use Association recreational facilities except for Golf

and Bowling where the guest pays a specified use fee. In no event shall an Owner Member, Associate Member, or a tenant who does not hold a Tenant Activity Card, in good standing or not, or a resident who is eligible for elective membership, be extended the use of Association recreational facilities as a guest of another.

2.6.1.9 Resale Transfer Fees: The new owner of a Residential Unit shall pay the Association a Resale Transfer Fee which shall be due and payable by the new owner(s) at the time a new deed is recorded.

2.6.1.9.1 The Resale Transfer Fee shall be a fee payable to the Association by the Purchaser of property in Sun City West to cover the administrative costs of transferring ownership of the property on the records of the Association.

2.6.1.9.2 Membership in the Association begins on the day the new deed is recorded.

2.6.2 SPECIAL ASSESSMENTS:

In addition to the Association Owner Member Dues authorized by these Bylaws, the Governing Board may levy an approved Special Assessment against each Residential Unit within Sun City West, for the purpose of defraying, in whole or in part, the costs of repair, replacement, or addition to the Association's Facilities.

2.6.2.1 A Special Assessment and its terms shall be approved by the affirmative vote of a majority of the Owner Members of the Association voting in person or by absentee or mail-in ballot.

2.6.2.2 Special Assessments shall be fixed at the same rate for all Residential Units.

2.6.3 OTHER FEES AND CHARGES:

Except as otherwise provided in these Bylaws, the Governing Board shall determine all Association fees and charges and may modify such fees and charges upon thirty (30) days notice to the members.

2.6.3.1 The General Manager shall determine fees and charges for the preparation and provision of documents and may recommend the adoption and amount of all other Association fees and charges.

2.6.3.2 Upon advising the Board in writing, the General Manager may, for a specified period of time, temporarily reduce other fees and charges as part of a promotional program without the requirement of the thirty (30) day notice to the membership.

Section 2.7 SUSPENSION OF MEMBER RIGHTS:

This section of these Bylaws applies to all Owner Members, Associate Members and holders of Tenant Activity Cards but does not apply to nonpayment of dues and special assessments.

2.7.1 The General Manager may refer a person to the Governing Board for a hearing to determine if a violation of the Association's Governing Documents has occurred and, if so, to establish the appropriate penalty.

2.7.2 Pending a hearing before the Governing Board for failure to comply with the provisions of the Association's Governing Documents, the General Manager may temporarily suspend a person's right to use any or all of the Association's facilities providing the following are accomplished:

2.7.2.1 The General Manager shall notify the person to be suspended by certified letter with a return receipt requested, or in person, followed by a certified letter with a return receipt requested;

2.7.2.2 The certified letter shall include: The substance of the alleged violation including a list of all known witnesses, statements, and evidence as soon as available; both the time and place of the alleged violation; the identity of the

facilities from which the person is temporarily barred; and the fact that the Governing Board will contact the person.

- 2.7.2.2.1 The suspension begins upon oral notification by the General Manager or upon receipt of the certified letter, whichever is first.
- 2.7.3 The General Manager shall notify the Governing Board in writing within three (3) calendar days of taking any such suspension action.
 - 2.7.3.1 This notification shall contain all pertinent information as to the alleged violation, including a list of all known witnesses, statements, evidence, the reason for invoking the suspension, and a copy of the certified letter sent to the person.
- 2.7.4 If a suspension is contested, the Governing Board hearing shall be held within fifteen (15) calendar days following the Governing Board's receipt of written notice of a suspension.
 - 2.7.4.1 The suspended person, or a person in violation but not suspended, shall be given at least ten (10) calendar day's prior notice of the hearing.
 - 2.7.4.1.1 This notification may be given by any reasonable method, and must include the list of allegations and witnesses as well as any additional information at hand that could reasonably assist the person in defending against the allegation.
 - 2.7.4.1.2 If the notification is by mail, it shall be sent by certified mail, with a return receipt requested, to the last address of record in the Association's files.
 - 2.7.4.2 Failing to attend the hearing, or informing the Governing Board that the person will not attend, shall be considered to be an expression of "no contest" by the person. In such an event, the Governing Board may accept all reports and testimony as true.
 - 2.7.4.3 Any request to delay the hearing may be considered by the Governing Board and may be rejected for reasonable cause.
 - 2.7.4.4 At the hearing, the suspended person, or person in violation but not suspended, shall be provided an opportunity to hear all witnesses, to respond either orally or in writing, and may be assisted by another person.
 - 2.7.4.4.1 All questions of witnesses shall be directed to the Governing Board.
 - 2.7.4.5 The Governing Board will render a decision as to the validity of the allegation, the appropriateness of the suspension, if any; the sufficiency of the required notices; the penalty, if any, to be imposed; and shall further inform the person of its decision within two (2) business days following the hearing.
 - 2.7.4.5.1 The Governing Board may extend the General Manager's suspension pending the determination.
 - 2.7.4.5.2 During a period of suspension, the person shall be required to pay all the dues, fees, fines, and special assessments that are owed and due.
 - 2.7.4.6 The suspended person shall not be allowed to use whatever Association facilities and/or exercise such privileges as are specified by the Governing Board.
 - 2.7.4.7 The Governing Board's decision shall be final and binding on the suspended person.
- 2.7.5 An application by a person for reinstatement may be filed with the Governing Board after a Board imposed suspension has been in effect for at least thirty (30) calendar days.
 - 2.7.5.1 The Governing Board must act on an application for reinstatement of a person within five (5) calendar days after its receipt by the Governing Board, by either approving or rejecting the application by a majority decision.

- 2.7.5.2 The Governing Board's decision shall be final and binding on the subject of reinstatement.
- 2.7.6 Upon the Governing Board approving an application for reinstatement, or upon the completion of the Governing Board imposed penalty, the applicant person shall be reinstated upon payment of any annual membership dues, fees, fines, and special assessments due and owed, and completion of any duty to be fulfilled, as determined by the Governing Board.
- 2.7.7 Notwithstanding anything to the contrary contained herein, no suspension of a member of the Association may last longer than sixty (60) days, or until payment of all assessed dues, fees, fines, or special assessments, whichever later occurs.

Section 2.8 RESIDENTIAL UNITS AND RESIDENTIAL PROPERTY

2.8.1 FACILITIES AGREEMENTS:

Each owner of a Residential Unit shall execute, and require successive owners to execute, a Recreation Centers of Sun City West, Inc. Facilities Agreement and such shall be binding upon the owner's assigns and successors.

2.8.2 FACILITIES USE AGREEMENTS:

If a Sun City West Property is acquired that is not subject to the jurisdiction of the Association and the owner desires that this property be added to the jurisdiction of the Association, a signed Facilities Use Agreement shall be executed between the owner and the Governing Board.

2.8.2.1 A Facilities Use Agreement is executed for new properties being converted to residential property, Multi-Unit Residential Property, or Special Housing Property.

2.8.2.2 Each owner shall execute, and require successive owners to execute, a Recreation Centers of Sun City West, Inc. Facilities Use Agreement, and such shall be binding upon the owner's assigns and successors.

2.8.2.3 The provisions contained in the Facilities Use Agreement must be approved by a minimum of five (5) affirmative votes of the Governing Board and shall be signed by the President.

2.8.3 REZONING OF SUN CITY WEST PROPERTY:

In the event an owner of property within Sun City West obtains rezoning of said property for residential use or obtains rezoning of said residential property for a higher density residential use, the Governing Board shall determine, in its sole discretion, whether to permit such owners to become members of the Association.

Section 2.9 MULTI-UNIT RESIDENTIAL PROPERTY & SPECIAL HOUSING PROPERTY

The Governing Board may or may not extend membership to multi-unit residential property or special housing property owners as it deems appropriate.

2.9.1 If membership is extended, the Governing Board shall determine, in its sole discretion, the terms and conditions of the Facilities Use Agreement for the multi-unit residential property or special housing property.

2.9.1.1 The Governing Board shall consider the property use impact to Association facility use and other relevant facts in determining the amount of the Facilities Investment Fee.

2.9.1.1.1 The Facilities Investment Fee shall mean and refer to a special fee charged to developers who wish to become approved members of the Association to offset the impact of such expansion.

- 2.9.1.1.2 The Facilities Investment fee is to be used only for capital expenditures such as major maintenance, repair, replacement, remodeling, and the cost of new construction of Association facilities.
- 2.9.1.2 The Governing Board shall determine the terms, conditions, fees, assessments, and initial Facilities Investment Fee charges, which shall be listed in the Facilities Use Agreement.
 - 2.9.1.2.1. The Facilities Use Agreement shall be binding upon the owner's assigns and successors.
- 2.9.1.3 Notwithstanding any other provision of these Bylaws, each owner of a Multi-Unit Residential Property or Special Housing Property shall execute, and require successive owners to execute, an Association Facilities Use Agreement for each approved Multi-Unit Residential Property or Special Housing Property.
- 2.9.2 The owner(s) of Multi-Unit Residential Property or Special Housing Property who have been extended membership privileges by the Association shall be considered an Owner Member, subject to Owner Member dues for each Residential Unit, but shall be entitled to only a single Owner Member vote in Association elections.
- 2.9.3 In the event any such Multi-Unit Residential Property or Special Housing Property is subsequently subjected to a condominium or horizontal property regime, said property shall no longer be deemed to be a Multi-Unit Residential Property or Special Housing Property.
 - 2.9.3.1 The Multi-Unit Residential or Special Housing Units shall be treated in the same manner as Residential Units in which ownership has passed to individual owners.
- 2.9.4 Occupants of a Multi-Unit Residential Property or Special Housing Property shall not be eligible for membership in the Association or to purchase Tenant Activity Cards of the Association unless at least one of the following two provisions is applicable:
 - 2.9.4.1 The occupant is an Owner Member of another qualifying residential property located in Sun City West; or
 - 2.9.4.2 The Multi-Unit Residential Property or Special Housing Property in which the person resides has made specific arrangements with the Association for membership of its residents or for the purchase of Tenant Activity Cards under such terms and conditions as may be specified in the Facilities Use Agreement.
- 2.9.5 At least one occupant in each residential unit of a Multi-Unit Residential Property or Special Housing Property must be at least fifty-five (55) years of age. No person under nineteen (19) years of age shall reside in the Residential Unit.

ARTICLE 3

OWNER MEMBER MEETINGS

Section 3.1 PLACE OF MEETINGS

Except in emergency situations, all meetings of the Owner Members shall be held at such locations within Sun City West as the Governing Board shall determine.

Section 3.2 ANNUAL OWNER MEMBER MEETINGS

The annual meeting of the Owner Members shall be held in June, on a date to be established by the Governing Board.

- 3.2.1 The annual meeting is the only regular meeting of the Owner Members held each year.
- 3.2.2 All Owner Member meetings of the Association are open to all members of the Association.
 - 3.2.2.1 In the event that an Owner Member vote is required in any Owner Member meeting, the President may, with the approval of the Governing Board, limit attendance at such meetings to Owner Members in good standing.
- 3.2.3 Only Owner Members may speak at an appropriate time during the deliberations and proceedings subject to reasonable restrictions as provided by Arizona law.

Section 3.3 SPECIAL OWNER MEMBER MEETINGS

Special meetings of Owner Members may be called by the President of the Governing Board, by a majority vote of the Governing Board, or by petition of the Owner Members.

- 3.3.1 An Owner Member petition must be signed by at least one thousand (1,000) of the Owner Members eligible to vote.
- 3.3.2 The petition shall state the business to be considered at the meeting.
- 3.3.3 Special Owner Member meetings shall be open to all members in the same manner as annual Owner Member meetings are.

Section 3.4 NOTICE OF OWNER MEMBERS MEETINGS

Written notice of annual and special meetings of the Owner Members shall state the place, day and hour, and agenda of the meeting, and, in the case of a special meeting, the purpose for which the meeting is called.

- 3.4.1 Within ten (10) calendar days after the Secretary of the Association verifies the signatures on the petition, the President shall give written notice of a special meeting to be held within the time periods set forth herein.
- 3.4.2 The notice for the annual and all other Owner Member meetings shall be published or mailed to each Owner Member not less than fourteen (14) nor more than fifty (50) calendar days before the date of the meeting.
- 3.4.3 Such notice, if mailed, shall be addressed to the Owner Member at the Owner Member's last address appearing on the records of the Association or supplied to the Association by such Owner Member for the purpose of receiving such a notice.
- 3.4.4 In any event, the notice shall be conspicuously posted on Association bulletin boards, on the official Association Website designated by the Governing Board, and published in the Rec Center News or its successor publication that is generally distributed to all households or, if no longer published, published in at least one newspaper circulated in Sun City West.
- 3.4.5 When a meeting is adjourned to another time or place, notice need not be given of the

adjourned meeting if the time, date, and place of the meeting are announced at the meeting at which the adjournment is taken.

- 3.4.5.1 At the adjourned meeting, once a quorum is established, the Association may transact any business that might have been transacted at the original meeting.
- 3.4.5.2 If the adjournment is for more than thirty (30) calendar days, new notice of the adjourned meeting shall be given to each Owner Member.

Section 3.5 OWNER MEMBER QUORUM

At a meeting where Owner Members are entitled to vote, the combined presence in person and by absentee ballot duly cast in accord with these Bylaws of at least one thousand (1,000) Owner Members in good standing shall be considered a quorum for the purpose of the transaction of business at such meeting.

- 3.5.1 A quorum shall be presumed in the absence of a challenge.
- 3.5.2 If a quorum is not present or represented by absentee ballot duly cast at such a meeting, the Owner Members entitled to vote at such meeting shall have the power to adjourn the meeting to another time but may not transact any other business.
- 3.5.3 An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) nor more than thirty (30) calendar days from the original meeting date. At such adjourned meeting, at which a quorum is present and represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 3.6 PROXIES PROHIBITED

Votes allocated to an Owner Member of a Residential Unit may not be cast pursuant to a proxy. Nothing herein contained, however, shall preclude the use of an absentee ballot as provided in these Bylaws.

Section 3.7 PROCEDURES FOR OWNER MEMBER MEETINGS

Owner Member meetings shall be conducted in accordance with the following documents in this order of precedence:

- 3.7.1 The Association Bylaws;
- 3.7.2 Previously adopted Governing Board rules of procedure; and
- 3.7.3 Robert's Rules of Order, most recent edition, provided, that Robert's Rules of Order may be suspended by a majority vote of Owner Members in attendance.

Section 3.8 VOTING RIGHTS

At any Owner Member meeting of the Association, each Owner Member in good standing is entitled to one (1) vote for each Residential Unit owned in Sun City West except as provided in Section 2.9.2 hereof.

- 3.8.1 Provided a quorum is present, the majority of votes cast by Owner Members shall be the act of the full membership except as may be otherwise specifically provided in these Bylaws, the Articles of Incorporation, or Arizona law.

Section 3.9 ABSENTEE BALLOTS

At any meeting of the Owner Members, each Owner Member shall be entitled to vote by absentee ballot.

- 3.9.1 The absentee ballot must comply with all of the following:
 - 3.9.1.1 Set forth each proposed action to be taken at the meeting;

- 3.9.1.2 Provide an opportunity to vote for or against each proposed action;
- 3.9.1.3 State that the absentee ballot is valid for only one specified election or meeting of the Owner Members and expires automatically after the completion of the election or meeting, including any duly noticed adjournment thereof;
- 3.9.1.4 Specify the time and date by which, and place(s) where, the ballot must be delivered to the Election Committee in order to be counted, which shall be at least seven (7) days after the date that the Governing Board makes the unvoted ballot available to the Owner Member; and
- 3.9.1.5 Clearly state the following: “The recipient of this Absentee Ballot may vote this ballot by mail or in person at the meeting or polling place, but not both”.
- 3.9.2 Votes cast by absentee ballot shall not be opened or tallied until the day of the election. Unopened absentee ballots may be counted earlier to determine whether there is a quorum under Section 3.5 hereof.
- 3.9.3 An absentee ballot shall not be cast by any person except the Owner Member to whom it was issued.
- 3.9.4 An absentee ballot shall be provided at the request of any Owner Member or the Governing Board may provide for mailing of absentee ballots to all Owner Members.

Section 3.10 MAIL-IN VOTE

- 3.10.1 A majority of the Governing Board may authorize use and implementation of a mail-in ballot for election of Directors or issues it deems appropriate.
- 3.10.2 When mail-in ballots are authorized, said ballots shall be prepared and mailed to the Owner Members at the address of record not less than twenty-two (22) calendar days prior to the date of the election. The ballot shall state a cutoff date for its return. Ballots received after the cutoff date shall not be counted. The determination of eligibility and tabulation of votes shall proceed under the supervision of the Election Committee.

Section 3.11 OTHER METHODS OF VOTING

A voice vote, standing vote, or show of hands, of Owner Members shall prevail on all matters of business, except any of the following items, which require a vote by written ballot:

- 3.11.1 The election or removal of Governing Board Directors;
- 3.11.2 Matters on which the majority of the Governing Board requests a vote by written or mail-in ballot;
- 3.11.3 Matters on which a vote by written ballot is requested by a majority vote of the eligible Owner Members attending the meeting; or
- 3.11.4 All matters for which an absentee ballot has been issued and returned.

Section 3.12 BALLOT VOTE ON REFERENDA

The procedure for conducting a ballot vote by Owner Members on matters other than the annual election of Governing Board Directors will be as directed by the Governing Board.

ARTICLE 4

GOVERNING BOARD

Section 4.1 COMPOSITION

The nine (9) Directors of the Governing Board elected by Owner Members or appointed by the Governing Board as hereinafter provided shall comprise the total membership of the Governing Board.

Section 4.2 SELECTION OF GOVERNING BOARD CANDIDATES

- 4.2.1 Any resident Owner Member in good standing who is available on a year round basis for participation in the business affairs of the Association, in accordance with the section defining “Director Meeting Attendance,” may become a candidate for election to the Governing Board by filing with the elected Secretary of the Governing Board, not later than January 15th of each year, each of the following:
 - 4.2.1.1 A petition, on the official Association form, signed by at least two hundred (200) Owner Members in good standing, with an “Affidavit of Circulator” on the reverse side of each page of the petition signature page; and
 - 4.2.1.2 A typed résumé of not more than five hundred (500) words completed by the candidate.
- 4.2.2 Owner Members interested in being a candidate may pick up official candidate packets, which include the required petition forms, on or after the first business day of November.
- 4.2.3 Upon filing of the petition and résumé by the candidate, the Secretary of the Association shall certify the candidate’s good standing and verify the petition’s signatures.
 - 4.2.3.1 Upon certification and verification, the Secretary of the Association shall report to the President the names of all members who have qualified as candidates.
 - 4.2.3.2 The Secretary of the Association shall post the names of all certified candidates on the Association bulletin boards and on the Association Website, and shall publish such information in a general press release issued no later than the first business day of February.

Section 4.3 ELECTION OF CANDIDATES

The election of Governing Board Directors shall be held during the month of March and all polling places shall be located on Association property. Each year the specific date of the election shall be designated by the Governing Board at its regular October Governing Board meeting.

- 4.3.1 **UNCONTESTED ELECTIONS:** In the absence of more than a single candidate for each regular full term Governing Board position to be filled, and there are no partial terms to be filled, no ballot shall be cast and the candidates shall be declared to have been elected.
- 4.3.2 **CONTESTED ELECTIONS:** Voting for the Directors of the Governing Board shall be by secret ballot and absentee balloting shall be allowed in accord with Section 3.9 hereof.
 - 4.3.2.1 Cumulative voting for the election of a Governing Board Director shall not be permitted.
 - 4.3.2.2 At the discretion of the Governing Board, selected election services of Maricopa County may be utilized.

- 4.3.2.3 Candidates receiving the highest number of votes shall be elected to the open full-term positions on the Governing Board. At the time of the election, if there is any open position(s) to be filled for a partial term, the person(s) having the next highest number of votes shall fill the partial term(s) after the full terms have been filled.
 - 4.3.2.3.1 A tie vote for the final position shall be decided by lot.
- 4.3.2.4 Voting shall proceed under supervision of a special Election Committee composed of not less than five (5) Owner Members who are appointed by the President with the consent of the Governing Board.
 - 4.3.2.4.1 No member of the Election Committee shall be a member of the Governing Board or a member of a Director's immediate family.
 - 4.3.2.4.2 A person may not be a member of the Election Committee while also a candidate for the Governing Board or a member of the candidate's immediate family.
- 4.3.2.5 At least two (2) members of the Election Committee shall be present at the polling place at all times during voting. They shall determine eligibility of all voters, issue all official ballots and witness the casting of the ballots.
- 4.3.2.6 All absentee ballot boxes shall remain sealed until the date set for regular ballots to be cast. On that day, at least two (2) Election Committee members shall open the sealed ballot boxes and prepare the ballots for the counting process prior to the closing of the polls.
- 4.3.2.7 After counting all ballots, the results shall be certified by the Election Chairperson to the Governing Board President or designee and, within one day following the election, the results shall be officially posted on the Association Website and bulletin boards, and a press release shall be issued.
- 4.3.2.8 Any Owner Member may observe the counting of the ballots.
- 4.3.2.9 Following the ballot count, all ballots will be sealed and stored for a period of not less than thirty (30) calendar days in the custody of the Secretary of the Governing Board.

Section 4.4 TERM OF OFFICE

The term of office for a Director of the Governing Board shall be three (3) years commencing on the first day of July. Terms for the directors shall be staggered so as to allow three directors to commence their new terms each year.

- 4.4.1 Installation of a newly elected or appointed Governing Board Director is accomplished when a Director-elect accepts and signs the "Oath of Office" set forth in Appendix 1 of these Bylaws.
- 4.4.2 No Owner Member who has been elected to serve as a Director for a three (3) year term may again serve on the Governing Board until such Owner Member has been absent from the Board for at least one year, unless appointed by the Governing Board to fill a vacancy until the following June 30th.

Section 4.5 PLACE OF GOVERNING BOARD MEETINGS

The Governing Board may hold its meetings at any Association or public facility within Sun City West as the Governing Board may determine.

- 4.5.1 These meetings, whether regular or special, may be held by means of telephone conference calls, video conferencing or similar communication methods by which all persons participating in the meeting can hear and talk to each other. Participation in a meeting in such manner shall constitute presence in person at such meeting.

Section 4.6 REGULAR GOVERNING BOARD MEETINGS

Regular meetings of the Governing Board shall be held monthly except in the months of July and August. The meeting in June shall be combined with the Annual Meeting of the Owner Members.

- 4.6.1 Notice of the time and place of a regular meeting shall be posted prominently within the Association's Facilities, on the Association's Website, and shall be communicated to Governing Board Directors not less than four (4) calendar days prior to the meeting.
- 4.6.2 Notice of regular meetings need not be given to any Governing Board Director who has signed a waiver of notice or a written consent to hold such meetings.
 - 4.6.2.1 Attendance of a Governing Board Director at any meeting shall constitute a waiver of notice of such meeting except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
- 4.6.3 All regular meetings of the Governing Board shall be open to all Owner Members of the Association or any person designated by the Member in writing as the Owner Member's representative.
- 4.6.4 Owner Members may participate in the discussion of any motion before the Governing Board prior to a vote thereon.
- 4.6.5 The Governing Board may, with the approval of a majority of its Directors present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session, but only if that closed portion of the meeting is limited to consideration of one or more of the following:
 - 4.6.5.1 Legal advice from an attorney for the Governing Board or the Association. On final resolution of any matter for which the Governing Board received legal advice or that concerned pending or contemplated litigation, the Governing Board may disclose information about that matter in an open meeting except for matters that are required to remain confidential by the terms of a settlement agreement or judgment;
 - 4.6.5.2 Pending or contemplated litigation;
 - 4.6.5.3 Personal, health or financial information about an individual member of the Association, an individual employee of the Association or an individual employee of a contractor for the Association, including records of the association directly related to the personal, health or financial information about an individual member of the Association, an individual employee of the Association or an individual employee of a contractor for the Association; or
 - 4.6.5.4 Matters relating to the job performance of, compensation of, health records of, or specific complaints against an individual employee of the Association or an individual employee of a contractor of the Association who works under the direction of the Association.
- 4.6.6 The nature of any and all business to be considered in executive session shall first be announced in open session by citing the applicable section of Section 4.6.5.

4.7 SPECIAL GOVERNING BOARD MEETINGS

Special meetings of the Governing Board may be called by written notice signed by the President or by any two (2) Directors other than the President.

- 4.7.1 The notice to Owner Members shall be posted using the same methods prescribed for regular meetings, specifying the time and place of the meeting and the nature of the special business to be considered, not less than forty-eight (48) hours prior to the

- scheduled meeting.
- 4.7.2 Except as otherwise provided herein, notice of each meeting shall be provided to all Governing Board Directors either by telephone, e-mail or other form of recorded communication, or delivered personally not less than forty-eight (48) hours prior to the scheduled time of the meeting.
- 4.7.3 Notice of special meetings need not be given to any Governing Board Director who has signed a waiver of notice or a written consent to hold such meetings.
- 4.7.3.1 Attendance of a Director at a special meeting of the Governing Board shall constitute a waiver of notice of such meeting except when a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
- 4.7.4 Special meetings of the Governing Board shall be open to Owner Members in the same manner as are regular meetings.

Section 4.8 DIRECTOR MEETING ATTENDANCE

Directors shall attend all duly called meetings of the Governing Board either in person, by telephone conference call, video conferencing or other communication methods by which all participants can hear and talk to each other.

- 4.8.1 A Director's absence may be excused by a majority of the Governing Board.
- 4.8.2 If a Director has three consecutive unexcused absences, that position shall automatically become vacant and a replacement may be appointed by the Governing Board in accordance with these Bylaws.

Section 4.9 GOVERNING BOARD QUORUM

A majority of the number of Directors elected by the Owner Members or appointed by the Governing Board shall be present at any meeting of the Governing Board in order to constitute a quorum for the transaction of business at such meeting.

- 4.9.1 In the absence of a quorum at any Governing Board meeting, a majority of the Directors present may adjourn the meeting to another time or place, not later than thirty (30) days without additional notice other than announcement at the meeting.
- 4.9.2 In the event of an emergency as hereinafter defined and a quorum not being available even after diligent attempts have been made to contact each Director, the Governing Board quorum shall temporarily be redefined to mean not less than three (3) Directors of the Governing Board.
- 4.9.2.1 For the purpose of this section, an emergency shall be defined as an unexpected serious occurrence or situation urgently requiring immediate Governing Board action.
- 4.9.2.2 The reduced quorum of Directors shall provide a written account of such action to the Governing Board within two (2) calendar days.

Section 4.10 MANNER OF ACTION

The vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Governing Board, except as may otherwise be provided in these Bylaws and Arizona law.

- 4.10.1 The Directors shall act as a Governing Board and shall have no authority as individuals to take or direct any actions on behalf of or to financially obligate the Association, unless specifically authorized in these Bylaws or by the Governing Board.

Section 4.11 MEETING DELEGATIONS

In the event the President is absent from a Governing Board meeting, the Vice President shall preside.

- 4.11.1 In the absence of the President and Vice President, a Director chosen by a majority vote of the Board shall preside.
- 4.11.2 In the absence of the Secretary from a Board meeting an Assistant Secretary or any other person appointed by the Chairperson shall act as Secretary and keep the minutes of the meeting.

Section 4.12 RESIGNATIONS

Any member of the Governing Board may resign at any time by giving written notice to the President or Secretary of the Governing Board.

- 4.12.1 Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary.
- 4.12.2 Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.13 COMPENSATION AND REIMBURSEMENT

No Director of the Governing Board shall receive compensation of any kind for his or her services without the approval of the Owner Members.

- 4.13.1 The Governing Board may cause a Director to be reimbursed for expenses incurred in conducting the business of the Association.

Section 4.14 REMOVAL OF DIRECTORS OF THE GOVERNING BOARD

Notwithstanding any provision of the Association's Governing Documents to the contrary, the Owner Members, by a majority vote of those Owner Members entitled to vote and voting on the matter at a meeting of the Owner Members called pursuant to this Section at which a quorum is present, may remove any Director of the Governing Board with or without cause. For the purposes of calling for removal of a Director of the Governing Board, the following shall apply:

- 4.14.1 On receipt of a petition that calls for removal of a Director of the Governing Board that is signed by at least one thousand (1,000) Owner Members who are eligible to vote, the Governing Board shall call and provide written notice of a Special Meeting of Owner Members as prescribed in these Bylaws;
- 4.14.2 The special meeting for the recall vote shall be called, noticed, and held within forty-five (45) days after the receipt of the petition at the Governing Board office;
 - 4.14.2.1 Not less than fifteen (15) days prior to the recall vote, the Governing Board shall convene a public forum for the Owner Members to hear the relative positions of the petitioner and respondent;
 - 4.14.2.2 For purposes of a special meeting of Owner Members called pursuant to this subsection, a quorum is present if at least one thousand (1,000) Owner Members eligible to vote are present at the meeting in person or by absentee ballot duly cast for that Special Meeting;
 - 4.14.2.3 If a civil action is filed regarding the removal of a Governing Board Director, the prevailing party in the civil action shall be awarded its reasonable attorney fees and costs;
 - 4.14.2.4 The Governing Board shall retain all documents and other records relating to the proposed removal of the Director of the Governing Board for at least one year after the date of the special meeting for the recall vote and shall permit

- Owner Members to inspect these documents and records;
- 4.14.2.5 A petition that calls for the removal of the same Director of the Governing Board shall not be submitted more than once during each term of office for that Director, except for cause; and
- 4.14.2.6 A Director removed by a recall vote may not be appointed to fill that vacancy.
- 4.14.3 In addition to the foregoing, in the event a Director does not maintain each of the three qualifications for office set forth below, the position of the Director shall automatically become vacant and a replacement may be appointed by the Governing Board in accordance with these Bylaws:
- 4.14.3.1 The three qualifications Directors must maintain during their entire term of office are as follows:
- 4.14.3.1.1 The Director must be, and must remain, qualified to be an Owner Member of the Association;
- 4.14.3.1.2 The Director must be, and must remain, a resident of Sun City West; and
- 4.14.3.1.3 The Director must be, and must remain, an Owner Member of the Association in good standing as that term is defined in Section 2.5.7 hereof.
- 4.14.3.2 In the event that a Director is alleged to have not maintained all three qualifications of office, said Director may be called to account by any Owner Member before a Special Meeting of the Governing Board to determine whether all three qualifications are being maintained. Notification of the Special Meeting will be in accordance with these Bylaws together with a registered letter mailed to the challenged Director.
- 4.14.3.2.1 If the challenged Director notifies the Governing Board that he or she acknowledges the deficiency and cannot correct it, the Governing Board may use the Special Meeting to appoint a replacement.
- 4.14.3.2.2 At the Special Meeting, the challenged Director shall be given every opportunity to demonstrate that his or her qualifications to remain a Director have been satisfied or to show what is being or has been done to rectify any acknowledged deficiency. If, as indicated by a vote of the remaining Governing Board members, six of the members find that one or more of the challenged Director's qualifications are not satisfied, the challenged Director shall be deemed removed.

Section 4.15 FILLING VACANCIES ON THE GOVERNING BOARD

Any vacancy on the Governing Board may be filled by the affirmative vote of a majority of the remaining Governing Board Directors, though less than a quorum, or by a sole remaining Governing Board Director. The sole Director left would then select another Director; then these two together would select the third; and the three would then select the fourth; and proceed in this manner until there are once again nine 9 Directors.

- 4.15.1 Any Governing Board Director so chosen shall hold office through the next June 30th.
- 4.15.2 If by reason of death, resignation, or otherwise, the Association has no Governing Board Director in office, any Owner Member of the Association may call a special meeting of Association Owner Members for the purpose of electing Governing Board Directors.
- 4.15.3 Should an elected Governing Board Director fail to assume office by reason of death, disability or declination prior to the date of installation of the term to which

elected, then the candidate in such election receiving the next highest number of votes shall be deemed to have been elected.

- 4.15.3.1 The Governing Board shall appoint a Director if no such runner-up is available for office and that Director shall serve through the next June 30th.

Section 4.16 GENERAL POWERS OF THE GOVERNING BOARD

The Governing Board shall have the power to do all of the following:

- 4.16.1 Establish and publish policies, rules and regulations;
- 4.16.1.1 Notice of additions to or changes in policies, rules and regulations shall be conspicuously posted on Association bulletin boards, the Association's official website and in the Association's newsletter. Advance notice of changes is not required.
- 4.16.2 Provide oversight of the administration and operation of the Association;
- 4.16.3 Hold and bear the fiduciary responsibilities for the preservation of the assets of the Association;
- 4.16.4 Exercise all powers, duties and authority vested in or delegated to this Association and not otherwise reserved to the membership;
- 4.16.5 Establish penalties including, but not limited to, fines, probation and/or suspension of membership privileges for infractions of Bylaws, policies, rules or regulations, as limited by the Governing Documents.
- 4.16.6 Employ a General Manager in accordance with the Association Bylaws;
- 4.16.7 Establish all dues and fees as part of the Annual Financial Plan;
- 4.16.7.1 Fees other than for Memberships and Tenant Activity Cards, may be amended by the Governing Board provided a thirty (30) day notice is given to the Owner Members;
- 4.16.8 Levy Owner Member approved special assessments to be collected for each residential unit, and establish collection policies therefor;
- 4.16.9 Perfect and foreclose a lien against any property for which the Owner Member dues and/or special assessments are not paid, or to bring an action at law against the Owner Member;
- 4.16.10 Pay any taxes and assessments which are, or could become, a lien on the facilities of the Association or any portion thereof;
- 4.16.11 Ensure that goods and services for the facilities, grounds, and interests of the Association are provided in a timely and professional manner;
- 4.16.12 Elect officers of the Governing Board;
- 4.16.13 Delegate its powers to the officers of the Governing Board or employees of the Association as authorized by these Bylaws, provided that the activities and affairs of the Association shall be managed and all corporate powers shall be exercised under the ultimate direction of the Governing Board;
- 4.16.14 Fill vacancies on the Governing Board as authorized in these Bylaws;
- 4.16.15 Establish and maintain a Reserve Fund available to all Divisions of the Association, comprised of reserve allocations from the divisions, revenue from the Asset Preservation Fees, and revenue from the Facilities Investment Fees. Reserve funds shall be used for capital expenditures only.
- 4.16.16 Enforce, by any proceeding at law or in equity, all restrictions, covenants, reservations, liens, and charges, now or hereinafter imposed by the provisions of the Declarations in any court of appropriate jurisdiction. Failure of the Governing Board to enforce any covenant or restriction contained in the Declarations shall in no event be deemed a waiver of the right to do so thereafter;

- 4.16.17 Determine in what manner and to what extent non-residents of Sun City West living in neighboring age restricted senior communities may be extended Association bowling and golf guest privileges;
- 4.16.18 Establish and publish policies, rules and regulations, pertaining to the manner and extent to which tournaments, special events, and special programs involving non-residents, may be held within Sun City West under the auspices of the Association. These tournaments, special events, and special programs shall only be permitted if they do not have any substantial or material adverse impact on the use of Association facilities by the Owner Members; and
- 4.16.19 Exercise such other powers as may be granted to the Governing Board by the Association's Governing Documents and the Laws of the State of Arizona.

Section 4.17 DUTIES AND RESPONSIBILITIES OF THE GOVERNING BOARD

The duties and fiduciary responsibilities of the Governing Board shall include, but are not limited to, the following:

- 4.17.1 Ensuring that the Recreation, Golf, and Bowling Divisions are operated and financially accounted for as independent Divisions;
- 4.17.2 Ensuring that the Reserve Fund is used only for capital improvements of and for the Association;
- 4.17.3 Establishing the qualifications and overseeing the performance of the General Manager;
- 4.17.4 Establishing such procedures, forming such committees, and retaining such personnel as may be necessary to enforce the Declarations;
 - 4.17.4.1 A written and signed request from an Owner Member to enforce the Declarations shall be delivered to the Governing Board;
- 4.17.5 Ensuring that adequate property, business, and liability insurance is maintained on property owned by the Association and that adequate Directors and Officers liability coverage is provided for Governing Board Directors, Association Officers, Chartered Club Officers, Chartered Club Committee members, Governing Board Committee members, and Association employees;
- 4.17.6 Ensuring that Association facilities are properly maintained;
- 4.17.7 Approving the Annual Financial Plan for the following fiscal year by the affirmative vote of at least six (6) of the Governing Board Directors prior to the last day of May;
 - 4.17.7.1 The Annual Financial Plan for each fiscal year will be available in the R.H. Johnson Library and at the Association's Administration Office not less than twenty (20) calendar days before the beginning of the fiscal year;
 - 4.17.7.2 Any Owner Member may purchase a copy of the Annual Financial Plan at the Association's Administrative Office;
- 4.17.8 Approving, no later than the last day of January of each year, the selection of a reputable accounting firm to conduct the annual audit of the Association;
- 4.17.9 Ensuring that an annual independent auditor's financial report is completed in accordance with Generally Accepted Auditing Standards (GAAS) within one hundred twenty (120) calendar days following the close of each fiscal year;
 - 4.17.9.1 The results of the audit shall be presented to the Governing Board for acceptance no later than the last day of November;
- 4.17.10 Approving the transfer of cash flow funds, in accordance with the Association's Facilities and Equipment Cash Reserve Fund Policy, no later than the regular Governing Board meeting in December;
- 4.17.11 The Audit Report shall include, but is not limited to, the following:

- 4.17.11.1 A balance sheet as of the end of the fiscal year;
- 4.17.11.2 An operating income statement for the fiscal year;
- 4.17.11.3 A statement of cash flow for the fiscal year;
- 4.17.11.4 A Letter to Management that identifies financial activities that require remedial action; and
- 4.17.11.5 A review of financial activities to determine if they were in compliance with the corresponding Association's Financial Policies.
- 4.17.12 Maintaining open lines of communication with the Association membership and ensuring that an Association newsletter is published on a regular basis;
- 4.17.13 Maintaining the records of the Association, including without limitation, all Owner Member, Governing Board and Standing Committee meeting minutes; and
- 4.17.14 Performing such other duties as may be established from time to time or as set forth in the Association's Governing Documents.

Section 4.18 RESTRICTIONS ON GOVERNING BOARD POWERS

The Governing Board shall be prohibited from taking any of the following actions except with the affirmative vote of not less than a majority of the Owner Members voting at any annual or special meeting of the Owner Members:

- 4.18.1 Entering into or authorizing any of the actions prohibited under Section 9.2.4 hereof;
- 4.18.2 Authorizing, in any single fiscal year, non-budgeted single or aggregate expenditures for capital acquisitions and improvements to the Association facilities in excess of two (2) percent of the gross consolidated revenues of the Association's current budget.
- 4.18.3 Establishing annual Owner Member Dues, or Associate and Landlord Fees, which are more than fifteen percent (15%) greater than the same annual Dues or Fees for the immediately preceding fiscal year;
- 4.18.4 Selling, in any single fiscal year, capital assets of the Association having an aggregate fair market value greater than one percent (1%) of the gross consolidated revenues of the Association's current budget.
- 4.18.5 Entering into a contract with a third person wherein the third person will furnish goods or services to the Association for a term longer than one (1) year with the following exceptions:
 - 4.18.5.1 An employment contract for a General Manager;
 - 4.18.5.2 A construction contract;
 - 4.18.5.3 A contract with a public utility company regulated by the Arizona Corporation Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;
 - 4.18.5.4 Service Agreements for communications and computer equipment not to exceed five (5) years duration;
 - 4.18.5.5 Pre-paid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured without penalty;
 - 4.18.5.6 A Pest Control Contract not to exceed agreed upon warranty period; and
 - 4.18.5.7 A lease for office or maintenance equipment for a period not to exceed five (5) years.

Section 4.19 BONDING/INSURANCE

Governing Board Directors, Governing Board Committee members, Association employees who are in any way involved in the handling of Association funds, and the paid managerial personnel of the Association shall be bonded or shall be covered by appropriate fiduciary insurance in a sum to be determined by the Governing Board.

ARTICLE 5

OFFICERS OF THE ASSOCIATION

Section 5.1 ELECTION OF OFFICERS

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer and they shall also act as officers of the Governing Board.

- 5.1.1 Following the annual election of Directors, the Directors remaining in office after June 30th of each year, along with the newly elected Directors, shall have a special organizational meeting for the purpose of electing the Governing Board's new officers and for the purpose of confirming the President-Elect's proposed Committee Chairpersons.
 - 5.1.1.1 This meeting shall be no later than seven days prior to the regularly scheduled Governing Board meeting in June.
 - 5.1.1.2 The outgoing President shall preside but shall not have a vote.
 - 5.1.1.3 The term of the new officers will become effective on the first day of July following their election.
 - 5.1.1.4 The officers shall serve until their successors are elected and installed.
 - 5.1.1.5 Officers are not prohibited from succeeding themselves in office.
- 5.1.2 At its discretion, the Governing Board may elect from the Board Directors additional Vice Presidents, Assistant Secretaries and Assistant Treasurers.
- 5.1.3 The Officers of the Association shall establish an agenda for the regular Governing Board meetings which shall include items for consideration, subjects for discussion, and proposed actions.

Section 5.2 PRESIDENT

The President shall preside at and conduct all Governing Board meetings by a formal order of business and shall act as Chairperson of the Governing Board.

- 5.2.1 The President shall have general supervision over and direction of the affairs of the Association in accordance with the Association's Governing Documents and shall have authority to administer all matters not otherwise expressly delegated to the General Manager.
- 5.2.2 The President shall appoint committee Chairpersons with the advice and consent of the Governing Board, except that the President-elect shall appoint committee Chairpersons to assume office on the first day of July with the advice and consent of the Directors who will be in office on July 1.
- 5.2.3 The President may call any special meetings of the Owner Members of the Association and/or the Governing Board.
- 5.2.4 Upon approval by the Governing Board, the President shall execute bonds, mortgages and other contracts and cause the corporate seal of the Association to be affixed to any instrument which requires it, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated in writing by the Governing Board to some other officer or agent of the Association.
- 5.2.5 The President is the immediate supervisor of the Governing Board's office manager and shall perform an annual performance appraisal.

Section 5.3 VICE PRESIDENT

The Vice President shall have such powers and perform such duties as the President or the Governing Board may from time-to-time prescribe and shall perform such other duties as may be prescribed by these Bylaws.

- 5.3.1 At the written request of the President, or in case of the President's inability to act, the Vice President shall perform the duties of the President and shall have all the powers of and be subject to all the restrictions upon the President.

Section 5.4 SECRETARY

The Secretary shall be responsible for ensuring that a permanent record is kept of all the proceedings of the meetings of the Owner Members and the Governing Board.

- 5.4.1 The Secretary shall ensure that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.
- 5.4.2 The Secretary shall be responsible for ensuring that the provisions of these Bylaws pertaining to inspection of Association records and reports are carried out in a timely manner.
- 5.4.3 The Secretary shall have legal custody of all ballots for a minimum period of thirty (30) days after an election.
- 5.4.4 The Secretary shall be responsible for verifying all signatures on petitions and certifying candidates for election to the office of Director.

Section 5.5 TREASURER

The Treasurer shall have responsibility for overseeing all funds and securities, official records, documents, ledgers and accounts involving the financial business of the Association.

- 5.5.1 All financial records and documents shall be kept and maintained at the Association's Administration office.
- 5.5.2 The Treasurer shall ensure that all funds are deposited to FDIC-insured accounts of the Association in federally insured financial institutions.
- 5.5.3 The Treasurer shall ensure that invested funds are invested in FDIC-insured investments or instruments backed by the full faith and credit of the U. S. Government.
- 5.5.4 The Treasurer shall ensure that approved Governing Board financial policies establish guidelines for all cash and investment accounts and that the financial policies are reviewed at least every three years.

Section 5.6 REMOVAL OF OFFICERS

Any officer may be removed from office by the majority vote of the Governing Board at any regular or special meeting called for that purpose whenever the Governing Board determines that such removal serves the best interests of the Association.

- 5.6.1 Any officer proposed to be removed shall be entitled to at least three (3) consecutive calendar days notice in writing by certified mail, return receipt requested, of the meeting of the Governing Board at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Governing Board at such meeting.
- 5.6.2 An officer who is removed shall remain a Director of the Governing Board unless also removed from the Board in accordance with these Bylaws.

Section 5.7 OFFICER VACANCIES

Should any officer position become vacant by death, resignation, retirement, disqualification, or any other cause, the Governing Board shall elect a Director of the Governing Board to fill such

vacancy.

5.7.1 The Director so elected shall hold office until the next June 30th unless removed or replaced in accordance with these Bylaws.

Section 5.8 MULTIPLE OFFICES

No Director shall hold more than one officer position concurrently.

ARTICLE 6

COMMITTEES

Section 6.1 ORGANIZATION OF COMMITTEES

Committees shall be established by the Governing Board to assist the Board in performing its duties. In this respect, Committees recommend policy changes, analyze problems, and review operations as required to support the Board's oversight responsibilities. Committees also support the General Manager by providing analysis and recommendations based on their expertise in specific areas.

- 6.1.1 Committees have no direct decision making authority and are limited to presenting options and recommendations to the Governing Board and/or General Manager.
- 6.1.2 The President may, with the consent of the Governing Board, establish such special committees as they shall determine.
 - 6.1.2.1 Any special committee shall be formed for a specific purpose and for a defined period of time not to exceed one (1) year but, with the approval of the Governing Board, may be extended as needed.
- 6.1.3 A Director of the Governing Board shall chair each standing committee and may chair special committees.
- 6.1.4 Chairpersons of Standing Committees are appointed by the President-elect with the advice and consent of the Governing Board for a period of not more than one (1) year commencing on the first day of July and ending on the last day of June of the following year and shall serve at the pleasure of the Governing Board. These appointments will be announced at the special organizational meeting to elect officers in June provided, however, that nothing shall preclude the filling of vacancies at any time by the then current President.
- 6.1.5 Committee meetings shall be open to Owner Members in the same manner as Governing Board meetings.
- 6.1.6 Employees of the Association may serve in an advisory capacity to any committee, with the consent of the Chairperson.
- 6.1.7 Consultants may be hired from time to time to assist the Chairperson subject to authorization by a majority of the Governing Board.
- 6.1.8 All Directors of the Governing Board shall be ex officio members of all committees but shall not have voting privileges in Committees of which they are not an appointed member.

Section 6.2 STANDING COMMITTEES

- 6.2.1 **GENERAL PROVISIONS:** Standing Committees include: Bowling, Budget and Finance, Chartered Clubs and Library, Golf, Human Resources, Legal Affairs, Properties, Public Relations, and Water.
 - 6.2.1.1 The Chairperson of each standing committee shall select the other committee members. Standing committees shall have no fewer than five (5) members, including the Chairperson, all of whom shall be Owner Members or Associate Members of the Association.
 - 6.2.1.2 The Chairperson shall consider technical qualifications and related experience in selecting committee members.
 - 6.2.1.3 The Chairperson of each committee shall furnish a written membership list to the Governing Board and shall further update the membership list throughout the year as changes occur.

- 6.2.1.4 Directors of the Governing Board may serve concurrently on a maximum of two standing committees.
- 6.2.1.5 The Chairperson shall conduct an annual review all of the policies related to their specific committee and shall report their recommendations to the Governing Board.
- 6.2.1.6 All recommendations from Committees to the Governing Board or General Manager shall be in writing, dated and signed by the Chairperson.
- 6.2.2 CHARGE OF THE STANDING COMMITTEES: The charge of the Standing Committees shall be as follows:
 - 6.2.2.1 BOWLING COMMITTEE:- The Bowling Committee shall act as liaison between the bowling members of the Association and the Governing Board.
 - 6.2.2.1.1 The Bowling Committee shall review and make recommendations to the Governing Board and the General Manager regarding the general maintenance and operations of the bowling facility.
 - 6.2.2.1.2 The Bowling Committee shall review all suggestions and recommendations for additions or modifications to the bowling facilities and equipment during initial phase of the General Manager's planning process.
 - 6.2.2.1.3. The Bowling Committee may provide recommendations to the General Manager prior to all potential changes of bowling fees.
 - 6.2.2.2 BUDGET AND FINANCE COMMITTEE: The Budget and Finance Committee shall review all aspects of the financial policies and financial plans of the Association and make recommendations to the Governing Board and the General Manager.
 - 6.2.2.2.1 This Committee shall provide recommendations to the Governing Board regarding the General Manager's proposed Annual Financial Plan for the ensuing fiscal year, the Five Year Financial Forecast, and the Association's insurance requirements and policies.
 - 6.2.2.2.2 Prior to the first day of January each year, this Committee shall recommend for Governing Board approval a reputable certified public accounting firm to conduct the annual financial audit.
 - 6.2.2.3 CHARTERED CLUBS AND LIBRARY COMMITTEE: The Chartered Clubs and Library Committee shall act as liaison between the Governing Board and the Chartered Clubs and the Library.
 - 6.2.2.3.1 At the request of the Governing Board or the General Manager, this Committee shall investigate and make recommendations regarding Chartered Club administrative, personnel, financial, or facility usage matters.
 - 6.2.2.3.2 This Committee shall continually assess the Clubs' adherence to the Chartered Club Rules, Regulations, and Procedures (RR&Ps) and make recommendations to the General Manager and the Governing Board for amending the RR&Ps.
 - 6.2.2.3.3 This Committee, working in conjunction with the Properties Committee, shall review all requests the General Manager receives for additions or modifications to Club or Library facilities.
 - 6.2.2.4 GOLF COMMITTEE: The Golf Committee shall act as liaison between the Governing Board and members of the Association, inclusive of all Chartered Clubs, leagues, and the Golf Council.
 - 6.2.2.4.1. The Committee shall review and make written recommendations if any

- to the Governing Board and the General Manager regarding overall operations of Environmental Services and Golf Operations and Marketing including any proposed alterations of the golf course designs.
- 6.2.2.4.2. The Golf Committee may provide recommendations to the General Manager and Governing Board prior to all potential changes of golf fees.
- 6.2.2.5 HUMAN RESOURCES COMMITTEE: The Human Resources Committee shall act as a resource on Human Resources matters and make recommendations to the Governing Board and General Manager.
- 6.2.2.5.1 The Governing Board may also request assistance in developing performance standards for the General Manager.
- 6.2.2.6. LEGAL AFFAIRS COMMITTEE: The Committee shall make recommendations regarding matters of a legal nature which are referred to the committee by the Governing Board, the General Manager, and/or the Association Attorney.
- 6.2.2.6.1.1 The Committee may request from the Governing Board assignment of issues that may legally affect the Association.
- 6.2.2.6.1.2 All requests and recommendations shall be in writing, and directed to the Governing Board.
- 6.2.2.6.1.3 At the request of the Governing Board, the Legal Affairs Committee shall recommend candidates to the Governing Board for appointment as Association Attorney.
- 6.2.2.6.2 The Committee shall provide the Governing Board with timely reports of all matters under review by the Committee.
- 6.2.2.6.3 The Committee Chair is authorized to consult with Association Attorney regarding legal matters subject to a review of the cost factor and approval by the Governing Board.
- 6.2.2.7 PROPERTIES COMMITTEE: The Properties Committee shall meet with the Association Facilities Projects Superintendent, Facilities Maintenance Operations Superintendent, Recreation Activities Manager, and/or others suggested by the General Manager to evaluate and make recommendations on proposed new construction and major maintenance or renovations of the physical assets of the Association.
- 6.2.2.7.1 The Properties Committee shall evaluate and make recommendations on budget items, Association facilities space requirements, beautification, architectural projects and other tasks requested by the General Manager and the Governing Board. The evaluations shall include design and costs.
- 6.2.2.7.2. The Committee shall assist the staff when requested in gathering, organizing, and maintaining a library of technical information relating to the construction of Association facilities and the appropriate Operations Manuals for mechanical, electrical, and other systems.
- 6.2.2.7.3 The Committee shall conduct, with management, an annual inspection review of all Association facilities to determine their material condition, to include any changes, repairs and maintenance to be appropriate by the first business day of October.
- 6.2.2.8 PUBLIC RELATIONS COMMITTEE: The Public Relations Committee shall

review and recommend to the Governing Board and the General Manager plans, programs and policies to support better communication and goodwill and to encourage participation of the members in the Association

6.2.2.8.1 The Committee shall also assist in communications and public relations activities with Association members and the media.

6.2.2.9 WATER COMMITTEE: The Water Committee shall continually assess the Association's water needs and shall report this information with recommendations to the Governing Board.

6.2.2.9.1 The Committee may consult with other outside groups, agencies and governmental entities to assure a continuing supply of water for the Association's facilities with the prior approval of the Governing Board and General Manager.

ARTICLE 7

GENERAL MANAGER

Section 7.1 GENERAL

The General Manager shall be a natural person.

- 7.1.1 The principal purpose and function of the General Manager shall be to implement the policies of the Association as established by the Governing Board, to act upon and fulfill such powers and duties as are imposed on the General Manager by the Association's Governing Documents, and to manage and administer the operations of the Association.
- 7.1.2 The General Manager shall report to the Governing Board through its President, but nothing shall preclude any Director from reasonably conferring directly with the General Manager.

Section 7.2 APPOINTMENT AND QUALIFICATIONS

The President, with the consent of the Governing Board, shall establish a Selection Committee and chairperson for the purpose of identifying potential candidates for the position of General Manager. The Selection Committee shall consist of no fewer than seven (7) Owner Members of whom not more than two may be members of the Governing Board and an Owner Member who is not a Director of the Governing Board shall serve as Chairperson.

- 7.2.1 This committee shall continue until its original charge has been accomplished or until Governing Board action is taken to rescind the Committee or change the membership of the committee.
- 7.2.2 The Selection Committee shall submit no fewer than three (3) qualified General Manager candidates to the Governing Board for its review and selection.
- 7.2.3 The appointment of the General Manager requires an affirmative vote of six (6) or more of the Governing Board Directors.

Section 7.3 POWERS AND DUTIES

The General Manager shall implement policies, administrative rules and operating procedures, and develop programs consistent with the Association's Governing Documents.

- 7.3.1 The powers and duties of the General Manager are as follows:
 - 7.3.1.1 Administer and manage the Association's staff to efficiently accomplish the policies, goals and directives of the Governing Board, including the policy that the interests of both the Association and its employees are best served by dealing directly with one another and not through third parties. The General Manager must act consistent with this policy at all times; accordingly, he or she may not voluntarily recognize any union or other third party as a representative of any employees, nor may he or she negotiate the terms of any collective bargaining agreement with a union or other employee representative without the express prior approval of, and direction from, the Governing Board. In providing such approvals and in giving such directions to the General Manager, the Governing Board will comply with the Association's obligations under federal and state law.
 - 7.3.1.2 Administer and supervise the Association's Human Resources Program;
 - 7.3.1.2.1 Review employee compensation and benefit policies annually, and submit recommendations to the Governing Board for approval;

- 7.3.1.3 Formulate and implement a succession/replacement plan to ensure effective management continuity at all levels of the organization, both short and long term;
- 7.3.1.4 Prepare a proposed Annual Financial Plan for the Association to be presented to the Governing Board by the first day of April;
- 7.3.1.5 Ensure that the administration of the Association's assets and operations are in compliance with the established Annual Financial Plan;
 - 7.3.1.5.1 Ensure that accounting records of the Association are maintained in accordance with Generally Accepted Accounting Principles (GAAP);
 - 7.3.1.5.2 Prepare cash flow statements, operating budgets and capital expenditure budgets for the Association;
 - 7.3.1.5.3 Provide recommendations and justification for adjustments in annual dues, fees, rental charges and special assessments; and
 - 7.3.1.5.4 Notwithstanding any other provision contained in these Bylaws, the General Manager's spending authority to make non-budgeted emergency repairs to Association facilities shall be limited to one-quarter of one percent (0.25%) of the preceding fiscal year's total gross revenues. In the event additional expenditures are needed, approvals established by Governing Board policy are required.
- 7.3.1.6 Develop, recommend, and maintain a Five (5) Year Plan for the Association to ensure the cost-effective and proper maintenance and operation of the Association's facilities; establish reasonably detailed plans relating to future operations and the proper and timely repair/replacement of Association facilities and equipment for Governing Board approval;
- 7.3.1.7 Establish and implement, within limits established by Governing Board policies or authority delegated by the Governing Board, operating instructions and procedural guidelines for internal controls, routine operations, and resident programs with timely notification to the Governing Board;
- 7.3.1.8 Prepare and present to the Governing Board, on a weekly basis, a written report which shall include changes in the status of the Association's operations, facilities and equipment, financial condition, human resource matters, and special projects;
- 7.3.1.9 Make membership presentations in such a manner and on such matters as determined by the Governing Board;
- 7.3.1.10 Approve club charters and ensure that all Chartered Clubs operate in a manner to protect the Association, its property and equipment, to provide safe operating conditions and facilities, and to offer self-directed leisure programs;
- 7.3.1.11 Take appropriate or necessary interim action in the absence of policy or directive established by the Governing Board and notify the Governing Board within three (3) business days;
- 7.3.1.12 Sign a contract for budgeted items not to exceed fifty thousand and no/100 dollars (\$50,000.00) and for the duration of not more than one year;
- 7.3.1.13 Suspend an Association member or a holder of a Tenant Activity Card in accordance with these Bylaws; and
- 7.3.1.14 Provide notice to the respective Golf and Bowling Committees for their review prior to recommending a change in fees for golf or bowling.

Section 7.4 EVALUATION AND REMOVAL

The performance of the General Manager shall be evaluated by the Governing Board on an annual basis with such performance to be measured in accordance with quantifiable performance standards approved by the Governing Board.

- 7.4.1 The General Manager may be terminated at any time for cause by an affirmative vote of six (6) or more Directors.

Section 7.5 VACANCY

If a vacancy occurs in the position of the General Manager, the recruitment of qualified candidates shall proceed in accordance with these Bylaws.

- 7.5.1 During any period that a vacancy exists, an interim General Manager appointed by the Governing Board shall act in that capacity until a new General Manager is employed.

ARTICLE 8

CHARTERED CLUBS

Section 8.1 GENERAL

A Chartered Club is a group of Association Members and holders of Tenant Activity Cards who have joined together in the pursuit of a particular recreational, social or leisure field of interest. A charter formalizes the club's structure and obligations and establishes the club as an Association-sponsored organization.

- 8.1.1 A charter provides priority for facility use, waiver of certain facility use fees, maintenance support, insurance coverage and administrative guidance and direction.
 - 8.1.1.1 While all Association facilities are available to all Members and holders of Tenant Activity Cards, membership in a Chartered Club may be required in order to use a particular facility assigned to a Chartered Club to protect the health, safety and welfare of the users and the protection of property.
- 8.1.2 Specific information and rules pertaining to the establishment and operation of a Chartered Club are provided in the Chartered Club RR&Ps that are available for review at the R.H. Johnson Library.
 - 8.1.2.1 The RR&Ps are drafted by the Chartered Club Committee, reviewed by the General Manager and approved by the Governing Board
- 8.1.3 The approval of club charters is specifically delegated to the General Manager.

Section 8.2 MEMBERSHIP

Membership in Chartered Clubs is open to all Association Members and holders of Tenant Activity Cards in good standing without discrimination as to race, religion, color, ethnic culture or national heritage.

- 8.2.1 A club may temporarily suspend a member from the club for up to two (2) weeks with cause.
- 8.2.2 Any suspension of a member must be reported to the General Manager within two business days of the action being taken.
- 8.2.3 Membership in a club may be terminated only following a recommendation from the General Manager and approval by the Governing Board.

Section 8.3 USE OF ASSOCIATION FACILITIES

A Club Charter extends priority for the use of an Association facility to a club either on a shared basis or on a dedicated full-time basis.

- 8.3.1 The Association may delegate the responsibility for certain facility operations to Chartered Clubs in order to provide to the membership affordable high quality recreational programs in a safe and orderly environment.

Section 8.4 SPECIAL PROVISIONS

In addition to the Association's Governing Documents, the RR&Ps shall be the official documents that govern the Chartered Clubs.

- 8.4.1 Charters shall not be granted to any group which sets a restrictive precondition for membership or otherwise discriminates as further described in the RR&Ps except as specifically allowed by the Governing Board.
- 8.4.2 Charters shall not be granted to groups whose activities are similar in design and/or purpose to existing clubs using a common facility as described in the RR&Ps.

- 8.4.3 Charters may be revoked following a recommendation by the General Manager and approval by the Governing Board.
 - 8.4.3.1 Reasons for revoking a club charter are described in the RR&Ps.
 - 8.4.3.2 Upon receipt of a recommendation to revoke a charter from the General Manager, the Governing Board shall notify the club in question of the recommendation and set a hearing date before the Governing Board which shall not be less than ten (10) business days from the date of notice to the club.
 - 8.4.3.3 At the hearing, both the General Manager and the club in question shall have the opportunity to address the Governing Board and to present their case.
 - 8.4.3.4 The Governing Board shall provide a written notice of its final decision on the charter revocation within ten (10) business days of the hearing.
- 8.4.4 Copies of the RR&Ps shall be provided for the President, Vice President, Secretary, and Treasurer of each Chartered Club. A club member copy shall also be provided to each club and it shall be made available for use by the club's membership.

ARTICLE 9

AMENDMENT OF BYLAWS

Section 9.1 AMENDMENT BY OWNER MEMBER ACTION

These Bylaws may be amended or revoked by the affirmative vote of a majority of the Owner Members voting thereon, in person or by duly cast absentee ballot, at an Owner Member meeting called for the purpose of amending the Bylaws.

- 9.1.1 In the event of a conflict concerning the Bylaws as amended by the Governing Board and Bylaws as amended by the Owner Members after these Bylaws have been initially adopted in 2007, the action of the Owner Members shall prevail for a period of not less than two years.
- 9.1.2 The Governing Board may also approve the submission of an amendment to the Bylaws to the vote of a majority of the Owner Members voting thereon, in person or by absentee ballot, at the time and place designated for the election of Governing Board Directors in the month of March.
- 9.1.3 The Owner Members may also petition the Governing Board to amend the Bylaws:
 - 9.1.3.1 At a Special Meeting of the Owner Members as provided in Section 3.3 for the purpose of voting on the proposed amendment; or
 - 9.1.3.2 By a majority of the Owner Members voting thereon, in person or by absentee ballot, on the election date and time set forth for the election of Governing Board Directors in the month of March.
 - 9.1.3.2.1 In such event, the petition must be signed by at least one thousand (1,000) of the Owner Members eligible to vote and must be submitted to the Secretary of the Governing Board not later than sixty (60) days prior to the date set forth for the election.

Section 9.2 AMENDMENT BY GOVERNING BOARD ACTION

- 9.2.1 **INTENT TO AMEND NOTIFICATION:** Subject to the limitations in Section 9.2.4, the Governing Board at any regular meeting may indicate its intent to amend these Bylaws at a subsequent scheduled Board Meeting.
 - 9.2.1.1 Notice of such proposed Amendment shall be given to the Owner Members at least thirty (30) days prior to the Governing Board taking action on the proposed Amendment.
 - 9.2.1.2 Such notice shall be conspicuously posted on Association bulletin boards, posted on the official Association Website designated by the Governing Board, and published in the Rec Center News or its successor publication that is generally distributed to all households.
 - 9.2.1.3 If the Association's newsletter is no longer published, the aforementioned proposed changes shall be published in at least one newspaper circulated in Sun City West.
- 9.2.2 **WITH OWNER MEMBER OBJECTION:** Prior to the subsequent meeting at which the Governing Board intended to vote on the amendment, Owner Members may petition to hold a Special Meeting of the Owner Members, as provided in Section 3.3, for the purpose of blocking the proposed amendment.
 - 9.2.2.1 If a Special Meeting is held pursuant to the Owner Member petition and a quorum is present, the quorum being composed of eligible Owner Members in person and other eligible Owner Members voting by absentee ballot, a majority

of the Owner Members present and voting in person and by absentee ballot may disapprove the proposed amendment.

9.2.2.2 If the Owner Members do not so disapprove at that Special Meeting, at the subsequent meeting of the Governing Board the Board, by an affirmative vote of not less than seven (7) Directors, may do one (1) of the following:

9.2.2.2.1 Adopt the proposed amendment(s);

9.2.2.2.2 Revise the proposed amendment(s) and again provide notice of intent to adopt at a subsequent meeting as provided in Section 9.2.1.1; or

9.2.2.2.3. Reject or withdraw the proposed amendment(s).

9.2.2.3 So long as the Owner Member petition remains open and unresolved, i.e., has not been put to a vote at a Special Meeting of the Owner Members, the Governing Board may not act on the proposed amendment.

9.2.3 WITHOUT OWNER MEMBER OBJECTION: If there is no objection by Owner Members as provided in Section 9.2.2, the Governing Board, by an affirmative vote of not less than seven (7) Directors, may do one (1) of the following:

9.2.3.1 Adopt the proposed amendment(s);

9.2.3.2 Revise the proposed amendment(s) and again provide notice of intent to adopt at a subsequent meeting as provided in Section 9.2.1.1; or

9.2.3.3 Reject or withdraw the proposed amendment(s).

9.2.4 LIMITATION ON POWER OF GOVERNING BOARD TO AMEND: The Governing Board may not adopt, amend, or repeal any provision of these Bylaws without Owner Member approval if such action would do any of the following:

9.2.4.1 Amend any provisions of Article One (1);

9.2.4.2 Affect the rights of Owner Members as to voting, dissolution, or transfer to a successor organization, including without limitation, the merging of the Association with any other entity;

9.2.4.3 Effect an exchange, reclassification, or cancellation of all or part of the Membership;

9.2.4.4 Authorize a new class of Membership;

9.2.4.5 Change the number of Association Directors;

9.2.4.6 Modify or change the provisions regarding notices to Owner Members;

9.2.4.7 Extend the term of a Director beyond that for which the Director was elected or increase the term of a Director beyond three years;

9.2.4.8 Increase or decrease any quorum requirement; or

9.2.4.9 Amend any provision of these Bylaws which by its terms requires Owner Member approval.

ARTICLE 10

GENERAL PROVISIONS

Section 10.1 CORPORATE SEAL

A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the Association. Nevertheless, if in any instance a corporate seal is used, the same shall be in the form of a circle and shall bear the full name of the corporation and the words and figures “Incorporated 1979, Arizona” or words and figures of similar import.

Section 10.2 EXEMPT ACTIVITIES

Notwithstanding any other provision of these Bylaws, no Owner Member, Governing Board Director, employee, or representative of this Association shall take any action or carry on any activity by or on behalf of the Association not permitted to be taken or carried on by a nonprofit corporation organized under the laws of the State of Arizona and federal Internal Revenue Code as they now exist or as they may hereafter be amended.

Section 10.3 INDEMNIFICATION

The Association shall indemnify current and former Governing Board Directors, Association Officers, Chartered Club Officers, Chartered Club Committee members, and Governing Board Committee members against all expenses incurred by them, including, but not limited to, legal fees, judgments and penalties, which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any act or omission to have been committed while acting within the scope of their authority as an indemnified person.

- 10.3.1 Whenever any current or former Governing Board Director, Association Officer, Chartered Club Officer, Chartered Club Committee member, or Governing Board Committee member shall report to the President of the Governing Board that they have incurred or may incur such expenses, the Governing Board shall, at its next regular meeting or at a special meeting held within a reasonable time thereafter, begin its determination of the Governing Board Director’s, Association Officer’s, Chartered Club Officer’s, Chartered Club Committee member’s, or Governing Board Committee member’s entitlement to indemnity by the Association pursuant to the provisions of the Articles of Incorporation and the Arizona Revised Statutes.
- 10.3.2 Any current or former Governing Board Director, Association Officer, Chartered Club Officer, Chartered Club Committee member, or Governing Board Committee member seeking indemnification by the Association agrees to cooperate with the Association in defending such action and to use counsel, approved and paid for by the Association, to defend any such action.
- 10.3.3 In addition, any current or former Governing Board Director, Association Officer, Chartered Club Officer, Chartered Club Committee member, or Governing Board Committee member seeking indemnification by the Association shall comply with the terms and conditions of any directors and officers liability insurance policy of the Association which covers, or may cover, the action and, further, said current or former Governing Board Director, Association Officer, Chartered Club Officer, Chartered Club Committee member, or Governing Board Committee member shall comply and cooperate with the insurance company’s defense of the action.

Section 10.4 FISCAL YEAR

The fiscal year for the Association shall begin on the first day of July and end on the last day of June of the following year.

- 10.4.1 The Governing Board is expressly authorized to change such fiscal year in accordance with the provisions and regulations prescribed by the Internal Revenue Code of the United States of America when the Governing Board deems it advisable.

Section 10.5 ADMINISTRATION OFFICE AND PRINCIPAL PLACE OF BUSINESS

The administration office for the transaction of business of the Association and delivery of mail shall be located at 19803 North R. H. Johnson Boulevard, Sun City West, Arizona, 85375-4498.

- 10.5.1 The principal place of business of the Association shall be Sun City West, Maricopa County, Arizona.

Section 10.6 EXAMINING RECORDS, REPORTS AND DOCUMENTS

Archived records, reports, and documents that are retained by the Association may be provided upon a written request made to the President of the Governing Board.

- 10.6.1 The request must clearly identify the information that is being requested and the need and purpose for the information.
- 10.6.2 The President shall respond to all requests within the time specified by the Arizona Revised Statutes or these Bylaws, whichever is shorter, including an estimate for the cost of providing the requested information.
- 10.6.3 The Governing Board may withhold from inspection any records that in its reasonable business judgment would do any of the following:
 - 10.6.3.1 Constitute an invasion of privacy as defined in Federal or State statutes including, but not limited to, personnel matters or a person's medical records;
 - 10.6.3.2 Disclose privileged information under the attorney-client privilege;
 - 10.6.3.3 Involve pending or anticipated litigation, or contract negotiations; or
 - 10.6.3.4 Disclose any other record, document or other material that a member is not entitled to inspect or copy pursuant to the provisions of the Arizona Revised Statutes.
- 10.6.4 Library copies of recent records, reports, and documents will be maintained for examination at the R. H. Johnson (RHJ) Library during normal business hours.
 - 10.6.4.1 Library copies of these records, reports, and documents may not be taken from the RHJ Library.
 - 10.6.4.2 Copies of the corresponding archival documents, and any other records, reports, or documents may also be requested and may be provided when the established procedure is followed. Similarly, copies will be provided at the requester's expense. The residents of Sun City West may make copies at their own expense.
 - 10.6.4.3 The records, reports, and documents to be maintained in the Library shall include, but not be limited to, the following:
 - 10.6.4.3.1 The monthly line item and year-to-date financial reports for the current fiscal year;
 - 10.6.4.3.2 Year-end financial reports for the two preceding fiscal years;
 - 10.6.4.3.3 Annual Financial Plans for the current and two prior fiscal years;
 - 10.6.4.3.4 Minutes of open regular and special Governing Board meetings for the current and two prior fiscal years;

- 10.6.4.3.5 The three most recent audit reports of the combined financial statements by a certified public accounting firm;
 - 10.6.4.3.6 Recreation Centers of Sun City West, Inc. Articles of Incorporation;
 - 10.6.4.3.7 Association Bylaws of the Recreation Centers of Sun City West, Incorporated;
 - 10.6.4.3.8 Governing Board Policy Statements;
 - 10.6.4.3.9 Rules, Regulations and Procedures for Chartered Clubs (RR&Ps);
 - 10.6.4.3.10 List of all Governing Board Standing Committees and their members' names;
 - 10.6.4.3.11 Association Organization Charts, Job Descriptions, and Wage and Salary Range Schedules; and
 - 10.6.4.3.12 Records, reports, and documents may not be taken from the RHJ Library. Residents may make copies on the Library public copy machine at their own expense.
- 10.6.5 Any Director of the Governing Board shall have the right at any reasonable time to inspect any and all books, records, and documents, with the exception of personnel files as defined by federal and state Law, of the Association and the physical properties owned or controlled by the Association.
- 10.6.5.1 The right of inspection by a Governing Board Director includes the right to make extracts and copies of documents.
 - 10.6.5.2 Both during and after their term of office, the Director shall be responsible for complete confidentiality of the non-public documents and copies thereof.
 - 10.6.5.3 The Governing Board shall require every Director leaving office to return all non-public records, documents and information, and copies thereof in the possession of such Director, to the Association Governing Board office not later than their last day in office. For purposes of this subsection, non-public documents shall include, without limitation, all records, documents and information specified in Section 10.6.3.

Section 10.7 SUN CITY WEST BOUNDARIES

No revision or amendment shall modify the peripheral boundary of Sun City West unless approved by a written ballot vote of a majority of the Owner Members voting in an Association election. Sun City West shall mean and refer to all of the real property situated in the revised boundaries of Sun City West, Maricopa County, Arizona, more specifically identified on Exhibit B to the Articles of Incorporation as amended on January 26, 1993.

APPENDIX 1

**RECREATION CENTERS OF SUN CITY WEST, INC.
ASSOCIATION BYLAWS**

OATH OF OFFICE

I _____ do hereby solemnly swear that I will fulfill the duties and responsibilities of a Director of the Recreation Centers of Sun City West, Inc. (Association) to the best of my ability; that I have read and will abide by the Association Bylaws and Governing Board policies and will comply with all requirements contained in the Policy Statement entitled "Conflict of Interest."

In Witness Whereof, I _____ have executed this Oath of Office at _____ this ___ day of _____, 20__.

Signature

State of _____)

) ss.

County of _____)

On _____, 20__ personally appeared before me _____ and in my presence acknowledged execution of the Oath of Office.

SEAL:

Notary Public for Arizona

My Commission Expires: _____