

## BYLAWS COMMITTEE MEETING

Tuesday, October 2, 2007

9:30 a.m.

MSC Annex

*GVR's Mission: "To provide recreational, social and leisure education opportunities that enhance the quality of our members' lives."*

### MINUTES

**IN ATTENDANCE:** Marge Garneau (Chair), Ann Gillingham, (Vice-Chair), Mike Banks, Altie Metcalf, Joe Roth

**ABSENT:** None

**STAFF:** Anndrea Blackshear, Ginny Bilbrey

#### **OTHER**

**DIRECTORS:** Lou Lovat (Ex-officio), Gunnar Bonthron, Chuck Catino

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- Chairman M. Garneau called the meeting to order at 9:33 a.m.
  - Garneau advised that the minutes from the September 13<sup>th</sup> meeting need to be amended with the following changes. On page three of the minutes, Article VI – Powers, Duties and Responsibilities of the Board of Directors, Section 2: Limits of Authority and Indebtedness – in the first sentence, the word “contact” should be changed to “contract.” This change needs to be applied in both references of the proposed change.
  - Executive Director Anndrea Blackshear gave an update on the two outstanding issues from the previous committee meeting.
    1. **Article IV – Board of Directors – Section 3: Special Meetings**

The committee would like to change this Bylaw from the current requirement of seven (7) days notice. Blackshear reported that the Arizona State Statutes states that at least two (2) days notice is allowed. GVR would continue using the same methods of notification as it currently uses, which is through an e-mail first and then mailed to their home addresses.
    2. **Article VI – Powers, Duties and Responsibilities of the Board of Directors – Section 1 (B) (a): Powers and Duties**

The committee asked Blackshear to get a legal opinion on the interpretation of the second sentence of this Bylaw which reads “And this amount of raise must be justified by 9 members of the Board.” GVR’s legal counsel advised that there is actually an inconsistency in two provisions of the Bylaws (Article VI & Article III-Dues and Assessments) on what dictates the Board to determine the dues. Legal counsel advised that since the term “justified” is not defined in the document, its exact meaning is subject to interpretation. By using “justified” instead of “approved,” which is used in other

articles of the Bylaws, it could infer that it was intended to have a different meaning. Legal counsel stated that when an ambiguous term is used in legal documents, a court will generally rely on the word's definition from the dictionary. Therefore, in this case, it could be interpreted to mean that at least nine (9) directors must find good reason for the increase, but not necessarily that nine (9) members must vote to approve the increase.

Lengthy discussion was held on this issue. Garneau advised that it has been suggested by another Director to change this Bylaw to being approved by a 2/3 vote instead of the current 9 members requirement. Additional comments and discussion on this issue was held later in the meeting.

At this time, the committee reviewed and discussed each proposed Bylaw change. Deleted language will be crossed-out with the suggested changes in bold print, italics and underlined. Justification is listed below each article as agreed by the committee.

► **Article II – Membership Property and Members**

**Section 3: Establishing Membership – C.**

Upon the purchase of any existing GVR membership property, the purchaser of such property shall pay a “New Member Capital Fee” ~~in the amount of one half (50%) of the Initial Fee in effect in the year of purchase.~~ **as determined by the Board of Directors. Such fee shall not to exceed the Initial Fee.** This provision shall not apply to a purchaser who is currently a GVR regular member or has been a GVR regular member at any time within 180 days of the closing of the purchase. A person paying a “New Member Capital Fee” shall be exempt from the GVR Transfer Fee.

**Justification:** Due to current and future limited new housing sales, the proposed change will allow the GVR Board to adjust the New Member Capital Fee (which is charged only to non-GVR members buying a GVR home) to help meet budget needs each year. This allows the Board to set the amount of the New Member Capital Fee to the level required by the annual budget and to be responsive to changing future revenue sources.

► **Article III – Dues and Assessments**

**Section 2: Procedure**

In establishing membership dues and the Operating and Capital Budgets, the Board of Directors shall be guided by the actual expense of operating the recreational facilities of The Corporation, including a reasonable reserve for Capital Replacements, with the objective of operating the facilities on a self-sustaining basis. There shall also be a separate reserve for **Capital** Additions. ~~to be funded by revenues other than membership dues and that shall not exceed ten percent (10%) of the replacement value of all facilities.~~

**Justification:** The recommended change will allow the Board to decide how to allocate the revenue as deemed necessary to maintain reserves at an appropriate level.

► **Article IV – Board of Directors**

**Section 3: Special Meetings**

Special meetings of the Board may be called by the President or the Vice President or shall be called by the President or Vice President when requested by any two (2) Directors. ~~Seven (7) days written~~ **Two (2) days** notice shall be given to each Director of any special meeting.

**Justification:** The proposed change would allow the Board the flexibility to call emergency meetings when time-critical issues need to be resolved. This can become necessary, for example, in the case of negotiating contract pricing where a delay may result in an increase in costs to GVR.

► **Article VI – Powers, Duties and Responsibilities of the Board of Directors**

**Section 1: Powers and Duties – B. a.**

The Green Valley Board of Directors will have the authority to raise or lower dues, however the amount raised cannot exceed the ~~cost of living amount as utilized by Social Security.~~ Consumer Price Index (CPI-W) from May of the previous year through April of the current year. Any increase must be approved by 2/3 of the Directors voting. ~~And this amount of raise must be justified by 9 members of the Board.~~ Any *increase* request above the CPI-W must have approval of the membership by a special referendum vote.

**Justification:** Use of the annual change in the CPI-W, which is the basis of the Social Security increase, better matches the timing requirements of preparing the annual budget and establishing dues. Changing the vote from 9 members to 2/3 of the voting members makes this section consistent with the other Bylaws.

► **Article VI – Powers, Duties and Responsibilities of the Board of Directors**

**Section 2: Limits of Authority and Indebtedness**

The Board of Directors is not authorized to enter into any contract that requires an annual payment that exceeds ~~five~~ ten percent (~~5%~~) (10%) of the annual budget. Any contract requiring an annual payment that exceeds ~~five~~ ten percent (~~5%~~) (10%) of the annual budget shall only be valid if approved, in advance, by a majority of the members voting.

**Justification:** Cost of construction has risen to the point where 5% will not cover the cost of addition or replacement contracts.

► **Article VI – Powers, Duties and Responsibilities of the Board of Directors**

**Section 1: Powers and Duties – B.**

To appoint and remove, at their pleasure, all officers, agents, and ~~employees~~ the Executive Director of The Corporation, ~~including the Executive Director,~~ prescribe their duties, fix their compensation and require of them such security of fidelity bond as may be deemed expedient; to establish initial fees, assessments, Operating and Capital Budgets; and to collect all dues and assessments. Such action in these matters shall require approval of seven (7) Directors. The method of dues adjustment is provided in subparagraph (a) herein:

**Justification:** The proposed change reflects more accurately the powers of the Board. The Board may appoint and remove the Executive Director, but the Executive Director is responsible for appointing and removing other GVR employees.

Lengthy discussion was held on this issue. It was brought to the attention of the committee that another Board member prefers to keep this Bylaw as it currently reads but it was the consensus of the committee to change it as indicated above.

- The following new proposed changes were also addressed since they are in conflict with each other.

▶ **Article II – Membership Property and Members - Section 4 (A) 1: Voting Rights**

Each membership property is entitled to one written vote in, (1) the election of directors, (2) amending the Bylaws and (3) such other matters as are expressly provided for in the Articles of Incorporation or Bylaws. The vote shall be cast by a regular member or by an individual assigned by a regular member for that membership property.

▶ **Article X – Bylaw Amendments**

These Bylaws may be amended by a majority affirmative vote of ~~the members~~ each GVR membership property in good standing, voting provided that the total number of votes cast equals or exceeds one-fifth (20%) of the ~~regular members~~ GVR membership properties in good standing. Proposed amendments must be submitted to the Secretary more than sixty (60) days before the Annual or Special Meeting and must be endorsed by and contain signatures of at least ten percent (10%) of the ~~regular members~~ GVR membership properties in good standing or the signature of two-thirds (2/3) of the Directors on the Board of Directors. Amendments to the Bylaws must be consistent with the Articles of Incorporation.

**Justification:** GVR’s Bylaws state that amendments submitted by members require the endorsement and signature of ten percent (10%) of households or membership properties and not individual owners; therefore, only one signature per household on a petition should be allowed.

- Brief discussion was held on the validity of voting at the Board meeting by the President and when a Director abstains from voting. Clarification will be requested from GVR’s Parliamentarian on these issues.
- Discussion was also held on the inconsistencies between the Bylaws and the Corporate Policy Manual. Since the committee will recommend to the Board that the Bylaws be completely reviewed next year, changes to the Corporate Policy Manual may be revised at that time. The two documents should mirror each other.
- These proposals will be presented to the Board at the October 16<sup>th</sup> Study Session. The committee decided that a meeting would be held on Thursday, October 18<sup>th</sup> at 10:00am at Continental Vistas if the Board of Directors would make a considerable number of changes. However, if there are only minor changes, the October 18<sup>th</sup> meeting would be cancelled and the committee members would be notified. A meeting will be scheduled after legal counsel reviews the proposed changes.
- Meeting adjourned at 12:09 p.m.

Approved by:

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Marge Garneau, Chair

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Date