



AGENDA

Board Affairs Committee

Tuesday, September 12, 2023

1:30-3:00pm MST

West Center Room 2 / Zoom

GVR's Mission Statement: "To provide excellent facilities and services that create opportunities for recreation, social activities, and leisure education to enhance the quality of our members' lives."

Committee: Carol Crothers (Chair), Barbara Blake, Bart Hillyer, Ed Knop, Pat Reynolds, Dick Sutherland, Gail Vanderhoof, Jodie Walker, Marge Garneau (ex-officio), Scott Somers (CEO), Nanci Moyo (Administrative Supervisor/Liaison)

Agenda Topic

- 1. Call to Order / Roll Call – Establish Quorum**
- 2. Approve Meeting Minutes:** August 8, 2023
- 3. Chair Comments**
- 4. Business**
 - A. Review FAC Input on Limits of Authority Bylaw Change
 - B. Report on Additional Bylaw Change Suggested by Attorney (Vanderhoof)
 - C. Review Attorney Approval of Recommended Bylaws Changes
 - D. Discuss Communications Plan for Recommended Bylaws Changes
 - E. Review Staff updated and Board approved Member Change Fee for Multiple Property Owners
 - F. Review Reason for Name Change from New Member Capital Fee (NMCP) to Property Acquisition Capital Fee (PACF) to Member Change Fee (MCF). Review Updating CPM to Member Change Fee.
 - G. Review Staff Recommended Bylaw Changes in the Membership Section.
- 5. Member Comments**
- 6. Adjournment**

Next Meeting: Tuesday, October 3, 2023, West Center, Room 2/Zoom, 1:30-3:00pm



MINUTES

Board Affairs Committee

Tuesday, August 8, 2023, 1:30pm
WC Room 2 / Zoom

Committee: Carol Crothers (Chair), Barbara Blake (arrived at 1:55pm), Bart Hillyer, Ed Knop, Pat Reynolds, Dick Sutherland, Gail Vanderhoof, Jodie Walker, Marge Garneau (ex-officio), Scott Somers (CEO), Nanci Moyo (Liaison/Administrative Supervisor)

Board Attendees: Kathi Bachelor

Visitors: 5 (including in person and online)

1. Call to Order / Roll Call – Establish Quorum

Chair Crothers called the meeting to order at 1:30pm MST. Roll call by Nanci Moyo. Quorum established.

2. Approve Meeting Minutes: July 11, 2023

MOTION: Knop moved / Walker seconded to approve July 11, 2023, Meeting Minutes as presented.

Passed: unanimous

3. Business

a. Membership Change Fee

Chair Crothers referenced the additional information provided by CFO David Webster in the Meeting Book for this meeting.

MOTION: Reynolds moved / Hillyer seconded to change the language of 1.1.6.B to state: "The Membership Change Fee shall be refunded to the GVR member owner of a sold primary residence who buys another primary residence within a 12-month period after presenting GVR with background material showing this was a change in primary residence."

Passed: 6 yes / 1 no (Sutherland)

b. Bylaw:

1) Suggested Changes to Article VI, Section 2 – Authority and Indebtedness

MOTION: Crothers moved / Reynolds seconded to accept the language voted on at the last BAC meeting, July 11.

Passed: unanimous

Current Bylaws states: The Board of Directors is not authorized to enter into any contract that requires an annual payment that exceeds ten percent (10%) of the annual budget. Any contract

requiring an annual payment that exceeds ten percent (10%) of the annual budget shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation.

Proposed Bylaws Language: The Board of Directors is not authorized to enter into any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue. Any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue, shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation. Contracts for unique projects may not be broken up so as to avoid the requirements of this section.

- 2) Attorney's Recommended Changes to Article XII Miscellaneous, Availability of Records

MOTION: Crothers moved / Vanderhoof seconded to accept the changes in language as outlined by the Attorney and recommend these changes be taken to the Board for approval and then to the Membership.

Passed: unanimous

Current Bylaws state: The books, records and papers of The Corporation shall, for specific and proper purpose, at all reasonable times during business hours be subject to examination by any regular member of The Corporation upon written demand to The Corporation.

Proposed Bylaws Language: The books, records and papers of The Corporation shall, for specific and proper purpose and consistent with the applicable provisions of the Arizona Nonprofit Act, at all reasonable times during business hours be subject to examination by any GVR Member or any Assigned Member that has been given voting rights, upon written demand to The Corporation at least five (5) business days before the requested examination date.

- 3) Recommend Reducing Directors from 12 to Nine and Discuss Process to Reduce

MOTION: Crothers moved / Blake seconded to change the number of Directors on the Board from 12 to nine in two places in the Bylaws: 1) Article IV: Board of Directors, Section 1 – Number of Directors, and 2) Article V: Election of Directors, Section 1 – Term of Office.

Passed: unanimous

MOTION: Crothers moved / Hillyer seconded that if the Bylaws changes from 12 to nine Directors the CPM would be changed to follow the procedure written to move from 12 to nine Directors. The procedure is: Starting in 2024 elect three

**new Directors each year. In 2024/25 there would be 11 directors, in 2025/26 there would be ten Directors and in 2026/27 there would be nine Directors. If any Directors resign during this time period the Director will not be replaced until the Board is down to nine Directors.
Passed: unanimous**

Current Bylaws state: 1) Article IV Section 1: The affairs of GVR shall be governed by a Board of Directors consisting of twelve (12) voting members who shall be elected from the members of The Corporation residing within the jurisdiction of GVR.

And

2) Article V Section 1: The term of office of a Director elected by the membership shall be for three (3) years. Each year the term of office of four (4) Directors shall expire and four (4) Directors shall be elected for a term of three (3) years to succeed those Directors whose terms expire. No Director may serve more than two (2) consecutive terms including time served as an appointed Director. A former Director may be re-elected after one (1) or more years' absence from the Board.

Proposed Bylaw Language: 1) Article IV Section 1: The affairs of GVR shall be governed by a Board of Directors consisting of nine (9) voting members who shall be elected from the members of The Corporation who have voting rights as defined in Article II Section 6.

And

2) Article V Section 1: The term of office of a Director elected by the membership shall be for three (3) years. Each year the term of office of three (3) Directors shall expire and three (3) Directors shall be elected for a term of three (3) years to succeed those Directors whose terms expire. No Director may serve more than two (2) consecutive terms including time served as an appointed Director. A former Director may be re-elected after one (1) or more years' absence from the Board.

- 4) Discussion on Qualification of Directors per Article II, Section 6.D
**MOTION: Crothers moved / Reynolds seconded to recommend Item F "A GVR Member in good standing has the right to serve on the Board of Directors provided no other member of their household (whether related by marriage, cohabitation, or otherwise) is on the board during the same time period." to be added at the end of Article II, Section 6.
Passed: unanimous**

Current Bylaws state: Section 6: Voting Rights

A. A GVR Member in good standing is entitled to one (1) vote for each GVR Property owned; provided, however, that there shall be only one (1) vote per GVR Property. If any GVR Member casts a vote representing a certain GVR Property, it will thereafter be conclusively presumed for all purposes that such individual was acting with the authority and consent of all other owners of the same GVR Property. In the event that more than one (1) vote is cast for a particular GVR

Property, none of the votes shall be counted and all of the votes for such GVR Property shall be deemed void.

B. It shall be the duty of each GVR Member to keep The Corporation advised of his/her current mailing address.

C. All voting by GVR Members shall be by written ballot.

D. The right to vote and serve on the Board of Directors on behalf of a GVR Property may be assigned to one (1) or more Assigned Members occupying such GVR Property in writing and signed by all owners of such property. Additional rights may be determined by the Board of Directors.

E. A Tenant shall not have the right to vote or serve on the Board of Directors.

Proposed Bylaw Language: Section 6: Voting Rights

A. A GVR Member in good standing is entitled to one (1) vote for each GVR Property owned; provided, however, that there shall be only one (1) vote per GVR Property. If any GVR Member casts a vote representing a certain GVR Property, it will thereafter be conclusively presumed for all purposes that such individual was acting with the authority and consent of all other owners of the same GVR Property. In the event that more than one (1) vote is cast for a particular GVR Property, none of the votes shall be counted and all of the votes for such GVR Property shall be deemed void.

B. It shall be the duty of each GVR Member to keep The Corporation advised of his/her current mailing address.

C. All voting by GVR Members shall be by written ballot.

D. The right to vote and serve on the Board of Directors on behalf of a GVR Property may be assigned to one (1) or more Assigned Members occupying such GVR Property in writing and signed by all owners of such property. Additional rights may be determined by the Board of Directors.

E. A Tenant shall not have the right to vote or serve on the Board of Directors.

F. A GVR Member in good standing has the right to serve on the Board of Directors provided no other member of their household (whether related by marriage, cohabitation, or otherwise) is on the board during the same time period.

- 5) Recommend Language from the Attorney on Voting Rights for Article II, Section 6 and Article XI – Voting Rights

MOTION: Hillyer moved / Sutherland seconded to recommend to adopt the language for Bylaws Article XI by combining Section 1 Voting at a Meeting and Section 2 “The election of Directors, the amendment of Bylaws and any matter that requires approval of the members, and any action, including proposed amendments to these Bylaws or the election of Directors, which can be taken by the members of GVR at an Annual or Special meeting of said members, shall be taken by written ballot communicated to and received from every GVR member entitled to vote by either mail, Email, or other written form of communication as the Board of Directors shall determine from time to time, including online

electronic voting, with the same force and effect as though acted up on at an Annual or Special meeting.” Adding to Article II, Section 6.C “All voting by GVR Members shall be by written ballot or electronic voting, consistent with Arizona Nonprofit Corporation Act. See Article XI. No proxies are permitted.”

Passed: unanimous

Current Bylaws state: ARTICLE XI — MEMBERSHIP VOTING

Section 1: Voting at a Meeting

The election of Directors, the amendment of Bylaws and any matter that requires approval of the members shall be taken by written ballot.

Section 2: Alternative Voting Methods

Any action, including proposed amendments to these Bylaws or the election of Directors, which can be properly taken by the members of GVR at an Annual or Special meeting of said members, may be taken by written ballot communicated to every GVR member entitled to vote by either mail, facsimile, Email, or other written form of communication as the Board of Directors shall determine from time to time with the same force and effect as though acted upon at an Annual or Special Meeting.

Proposed Bylaw Language: ARTICLE XI – MEMBERSHIP VOTING

Section 1: The election of Directors, the amendment of Bylaws and any matter that requires approval of the members, and any action, including proposed amendments to these Bylaws or the election of Directors, which can be taken by the members of GVR at an Annual or Special meeting of said members, shall be taken by written ballot communicated to and received from every GVR member entitled to vote by either mail, Email, or other written form of communication as the Board of Directors shall determine from time to time, including online electronic voting, with the same force and effect as though acted up on at an Annual or Special meeting.

Current Bylaw states: Article II, Section 6: Voting Rights

C. All voting by GVR Members shall be by written ballot.

Proposed Bylaw Language: Article II, Section 6: Voting Rights

C. All voting by GVR Members shall be by written ballot or electronic voting, consistent with Arizona Nonprofit Corporation Act. See Article XI. No proxies are permitted.

6) Address Attorney Suggestions to Comply with Arizona Nonprofit Corporation Act

The recommendation for this item was to delay until it can be reviewed further.

7) Discuss Next Steps for the Bylaw Process

- Have the Fiscal Affairs Committee review the language for Article VI, Section 2.
- Have the Attorney review the possible changes to the Bylaws

presented as the Top 5.

- Present to the Board at the September Regular Board Meeting if it has been reviewed by the Attorney.

4. Member Comments: Comments were taken during the meeting.

5. Adjournment

MOTION: Hillyer moved / Sutherland Seconded to Adjourn the meeting at 2:50pm.

Passed: unanimous

Next Meeting: Tuesday, September 12, 2023, West Center, Room 2/Zoom, 1:30 – 3:00pm

DRAFT



Green Valley Recreation, Inc.
Board Affairs Committee

Limits of Authority Bylaw (FAC Input)

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Review FAC Input on Limits of Authority Bylaw Change</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: BAC proposed a change to Bylaw Article 6, Section 2 – Limits of Authority and Indebtedness which included staff input at the July 11, BAC meeting. The FAC reviewed it at the August 22, meeting. The FAC Draft Minutes contained this Motion for the Board Authority Limitation: MOTION: Sullwold moved / Sutherland seconded to use net audited revenue total from audit and multiply by 12% (1.12) to arrive at Board Authority Limitation. No COLA or CPI adjustments. Passed: unanimous BAC approved Minutes from July 11, 2023, include this wording and motion: “First of the top five is Article VI, Section 2 Limits of Authority and Indebtedness. Three discussion points: 1) Keep the new wording “new or initiative type capital projects” (new projects); 2) The payment is currently at ten percent, but possible changes are to 12 or 15 percent; and 3) Change the budget wording to revenue. Other possibilities are “latest annual revenue” or “latest audited approved annual revenue.” MOTION: Walker moved / Sutherland seconded to revise the language to include latest audited approved annual revenue and change the ten percent to 12 percent. Passed: unanimous” FAC draft Minutes from August 22, 2023, include this motion: “Board Authority Limitation. MOTION: Sullwold Moved/ Sutherland Seconded to use net audited revenue total from audit and multiply by 12% (1.12) to arrive at Board Authority Limitation. No COLA or CPI adjustments. Passed: unanimous”</p>
<p>Fiscal Impact: None</p>
<p>Attachments: 1) CFO’s Memo on Limited Authority 2) Chair Crothers’ Clarification on Limited Authority</p>

MEMO

TO: Scott Somers, CEO
 FROM: David Webster, CFO
 DATE: August 21, 2023
 RE: Board Authority Limitation

In response to the review of the Limits of Authority of the Board of Directors, Article VI, Section 2 of the Bylaws, I offer the following recommendation:

	FY 2022	FY 2021	FY 2020	FY 2019
Gross Audited Revenue	\$9,892,576	11,831,667	\$11,354,468	\$12,275,804
Gain or Loss from Investments	\$1,526,699	\$(684,669)	\$(839,357)	\$(1,026,672)
Net Revenues	\$11,419,275	\$11,146,998	\$10,515,111	\$11,249,132
12% Calculation	\$1,370,313	\$1,337,640	\$1,261,813	\$1,349,896
Consumer Price Index	6.5%	7.0%	1.4%	2.3%
12% of Net Revenue Adjusted for CPI	\$1,459,383	\$1,431,275	\$1,279,478	\$1,380,944

The above method used independently verifiable amounts from the prior year audit and adjusts the amounts for inflation. Additionally, it removes Investment Earnings in order to determine Operating Revenue only.

In summary, I propose that GVR use 12 percent of prior year audited revenue net of Investment Income and adjusted for the prior year Consumer Price Index according to the Bureau of Labor Statistics. This formula will, in my opinion, give GVR a threshold that provides a reasonable and independently verifiable level of materiality.

Limits of Authority – discussion and possible update

Voted on and approved in the August BAC meeting:

Current Bylaws states: The Board of Directors is not authorized to enter into any contract that requires an annual payment that exceeds ten percent (10%) of the annual budget. Any contract requiring an annual payment that exceeds ten percent (10%) of the annual budget shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation.

Proposed Bylaws Language: The Board of Directors is not authorized to enter into any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue. Any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue, shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation. Contracts for unique projects may not be broken up so as to avoid the requirements of this section.

Because our Audit didn't provide a clear, single number for "audited revenue" our CFO suggested using "Net Revenue" which would exclude any income, cost, gain or loss from investments. He also recommended increasing the previous year's number by an inflation factor such as CPI. Please see his memo to Scott and the FAC.

I like his suggestion and it points out that we need to be clearer with our language, ie what is "audited revenue" and if we use CPI, what CPI measure. For some reason that was not clear to me, the FAC did not like applying the CPI factor but did approve of using "net" revenue.

There are many different CPI's and it matters which time period you are measuring. I would suggest using CPI-w for the 3rd quarter. This CPI is used to calculate next year's social security increase (COLA) so it is a well-known and reported number. For our members, it clearly relates to inflation and for many of our members it is tied to their income.

I've created the following chart:

Analysis of Impact of Limits of Authority interpretation/change	2023 Budget	10%	12%
Original reading of bylaws, ie budget is the statement of activities (includes depreciation that approximates MR&R costs)	\$ 11,198,553	\$ 1,119,855	\$ 1,343,826
Budget should be "budgets" and include both operations and capital	\$ 13,852,760	\$ 1,385,276	
Budget should be "budgets" and includes double counting MR&R by including depreciation in the calculation	\$ 15,262,252	\$ 1,526,225	
Budget should be Revenue budget	\$ 12,111,200	\$ 1,211,120	\$ 1,453,344
Use last audited Revenue (2022) less investments (gain/loss/cost/income)	\$ 11,419,275	\$ 1,141,928	\$ 1,370,313
		inc by COLA	inc by COLA
Last audited Revenue less investment gain/loss - apply COLA increase	\$11,419,275	\$1,241,275	\$1,469,661

One advantage of adding in an inflation factor is that we may be able to stay with the original 10% figure and still compensate for the fact that we are using the previous year’s revenue. The resulting amount falls between the original reading of the bylaws where the “budget” was the operations budget plus depreciation which approximated the MR&R costs and the desire to consider “budgets” being both operations (without depreciation) and all capital.

Updated language:

Proposed Bylaws Language: The Board of Directors is not authorized to enter into any contract for new or initiative-type Capital projects that exceeds *ten percent (10%) of the latest audited approved annual net revenue (does not include investments) plus the present year’s increase in social security (COLA)*. Any contract for new or initiative-type Capital projects that exceeds *this figure*, shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation. Contracts for unique projects may not be broken up so as to avoid the requirements of this section.

Advantages:

1. Audited Net Revenue uses a fixed, relatively consistent measurement as a starting point. Our annual net revenue doesn’t change that much and is a generally increasing number.
2. Annual revenue has to cover both operations and capital over time.
3. Although we are a year behind using the audited revenue number, it is an

actual number rather than an estimate like a budget.

4. By applying an inflation factor such as the present year's COLA we are keeping up with variations in the costs involved in capital projects.
5. Using 10% of the COLA adjusted net revenue is a compromise between the original interpretation of "budget" and "budgets" which includes both operations and capital but not depreciation.
6. Staying with 10% will be much easier for the membership to approve and they will probably buy into only applying this limitation to new initiative type capital projects (rather than all contracts as in the original language).



Green Valley Recreation, Inc.
Board Affairs Committee

Attorney Suggested Bylaw Changes

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Gail Vanderhoof, BAC Member

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Listen to report on additional Bylaw changes suggested by the Attorney.</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: Attorney James Hazlewood suggested minor changes throughout the Bylaws that Gail Vanderhoof has provided in the attachment to this Staff Report. This report shows a change to the CPM instead of the Bylaws and will be recommended to the Board for approval.</p>
<p>Fiscal Impact: None</p>
<p>Recommended Motion: Move to recommend to the Board for approval to revise the sentence in CPM Part 2 Board of Directions, Section 3 Meetings: 2.3.1.D.3 "Directors will be given two (2) days written (email) notification of <i>*the purpose, date, time and place</i> of any Special Meeting, followed by an agenda with the topic(s) once the meeting is set." *Note the attachment uses an old CPM. The current CPM stated in this motion includes the topic so "the purpose" might not be needed.</p>
<p>Attachments: 1) Gail Vanderhoof report</p>

PROPOSED BYLAW CHANGES

At our first BAC meeting, we voted to work on no more than 5 or 6 of the most important bylaw changes. We discussed the ones proposed by committee members and identified those we believed were the most urgent and/or most ambiguous. Each was thoroughly discussed and the wording clarified. They have our final approval and have been sent to the board for approval.

Our attorney, James Hazlewood, was asked to review our bylaws to determine if there are any inconsistencies with the nonprofit statutes in Arizona. He wrote that our bylaws are “well-written and generally consistent and that there have been no significant changes to those statutes.”

Our attorney identified some potential inconsistencies with nonprofit statutes which we all reviewed and incorporated during our discussions, sometimes replacing our proposed change with his suggested version and sometime incorporating a phrase or wording. We have approved changes to the bylaws which incorporate all of his major concerns. Most of his suggestions to tighten wording or correct ambiguities have also been incorporated. These bylaw changes will now be presented to the board for inclusion on the ballot.

Some of his suggestions dealing with correcting ambiguities or helping governance are minor and can be easily covered in a future bylaw rewrite or an addition to the Corporate Policy Manual (CPM) which requires no membership vote.

Some are more complex and need more thought and discussion, for instance to change the date of our election and annual meeting (election in October or November before our annual meeting and director terms beginning January 1. Difficulty? Our present elections are at a time when a majority of our members are in Green Valley.

Separate? Or together?

I would like to move that one of his suggestions be included into our Corporate Policy Manual (CPM).

Mr. Hazlewood wrote of bylaws, Article IV, Section 3 (Special Meetings) last sentence currently reads: Two (2) days' written notice shall be given to each Director of any special meeting.

He proposed to add “*of the date, time and place of the meeting*” to comply with Arizona statutes. I propose we add “*of the purpose, date, time and place of the meeting*”

So a sentence in the CPM might read:

SECTION VI – BOARD/BOARD COMMITTEES

SUBSECTION 3. BOARD MEETINGS (updated 5/24/2016)

B. Protocol and Conduct for Board Meetings (updated 5/24/2016)

1. Board meetings shall be announced in all available electronic and print media and are open to the general membership.
2. Special meetings of the Board may be called by the President or the Vice President, due to special circumstances or at the request of any two (2) Directors. Directors will be given two (2) days written notification of *the purpose, date, time and place of* any special meeting. An agenda will be provided once the meeting is set.

My motion:

I move that a sentence in CPM Section VI, Subsection 3 B, #2 read “Directors will be given two (2) days written notification of *the purpose, date, time and place of* any special meeting.”



Green Valley Recreation, Inc.
Board Affairs Committee

Attorney Approval of Recommended Bylaw Changes

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Review Attorney’s approval of recommended Bylaws’ changes.</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: BAC approved the recommended Bylaws’ changes at the August 8 meeting. Staff was asked to have the Attorney review and bring back to the BAC at the September 12 meeting his response. The email from the Attorney stated: “I don’t see any problem with any of this, from the Bylaws or the Nonprofit Act. In Article XI, to be consistent I would put capital letters on “annual” and “special” at the end as they are capitalized earlier and in Article IX. James”</p>
<p>Fiscal Impact: None</p>
<p>Attachments: 1) Bylaws with Proposed Changes 2) Top Five Bylaws’ Changes</p>

Bylaws of Green Valley Recreation, Inc.

Amended by GVR Membership – March 25, 2020

TABLE OF CONTENTS

ARTICLE I – GENERAL

- Section 1. Name of the Corporation
- Section 2. Business of the Corporation
- Section 3. Operation of the Corporation
- Section 4. GVR Clubs
- Section 5. Jurisdiction of the Corporation
- Section 6. New Housing Development Criteria
- Section 7. Fiscal Year

ARTICLE II - MEMBERSHIP PROPERTY AND MEMBERS

- Section 1. GVR Property
- Section 2. Qualified Member
- Section 3. Definitions
- Section 4. Use of Facilities
- Section 5. Suspension of Privileges
- Section 6. Voting Rights
- Section 7. Initial Fees; Member in Good Standing

ARTICLE III – DUES AND ASSESSMENTS

- Section 1. Establishment of Membership Dues and Operating and Capital Budgets
- Section 2. Procedure
- Section 3. Standard of Service
- Section 4. Announcement by the Board of Directors
- Section 5. Assessments

ARTICLE IV – BOARD OF DIRECTORS

- Section 1. Number of Directors
- Section 2. Regular Meetings
- Section 3. Special Meetings
- Section 4. Quorum to Conduct Business
- Section 5. Open Meetings
- Section 6. Indemnification
- Section 7. Employment
- Section 8. Compensation

ARTICLE V – ELECTION OF DIRECTORS

- Section 1. Term of Office
- Section 2. Nominating Process
- Section 3. Election of Directors

ARTICLE VI – POWERS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- Section 1. Powers and Duties
- Section 2. Limits of Authority and Indebtedness

ARTICLE VII – OFFICERS AND CHIEF EXECUTIVE OFFICER

- Section 1. Positions
- Section 2. Eligibility and Terms of Office
- Section 3. Election of Officers
- Section 4. Responsibilities of Officers
- Section 5. Responsibilities of the Chief Executive Officer

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

- Section 1. Standing Committees
- Section 2. Special Committees
- Section 3. Composition of Committees
- Section 4. Subcommittees
- Section 5. Open Meetings

ARTICLE IX – MEETINGS OF THE CORPORATION

- Section 1. Annual Meeting
- Section 2. Special Meetings
- Section 3. Notice of Meetings
- Section 4. Quorum to Conduct Business

ARTICLE X – BYLAW AMENDMENTS

ARTICLE XI – MEMBERSHIP VOTING

- Section 1. Voting at a Meeting
- Section 2. Alternative Voting Methods

ARTICLE XII - MISCELLANEOUS

- Section 1. Operations and Policy Manuals
- Section 2. Availability of Records
- Section 3. Conflict

ARTICLE I— GENERAL

Section 1: Name of the Corporation

The name of the corporation shall be **GREEN VALLEY RECREATION, INC.**, hereinafter referred to as “The Corporation” or “GVR.” The Corporation has been organized, and exists, as a non-profit corporation under the laws of the State of Arizona.

Section 2: Business of the Corporation

The Corporation shall provide recreational, cultural and educational programs for the enjoyment of the GVR members and their guests. The Corporation shall purchase, lease, own and maintain recreational facilities in support of the programs stated above.

Section 3: Operation of the Corporation

The Corporation shall be governed by an elected Board of Directors, which at its discretion, may delegate specific duties to the Chief Executive Officer.

Section 4: GVR Clubs

Any group of members interested in pursuing a particular field of interest may join together for the purpose of pursuing such interest and may request that the Board grant them "Club status." The Board shall establish policies and procedures for creating and revoking club status and set forth rules and regulations governing the operation of clubs including a club's relationship with The Corporation.

Section.5: Jurisdiction of the Corporation

- A. The Jurisdiction of The Corporation shall include only the real property designated within The Corporate Boundary Document kept on file at the office of The Corporation. The initial boundaries for this document shall be the boundaries defined in the Bylaws in place on January 1, 1994.
- B. Additional real property may be brought within the jurisdiction of The Corporation by a majority affirmative vote of the GVR members voting and the amendment to The Corporate Boundary Document shall be certified by the President or Secretary.

Section 6: New Housing Development Criteria

The jurisdictional boundaries of GVR, after January 1, 1996, may be expanded for additional subdivision development of new residential homes in conformance with the following criteria:

- A. Each subdivision must agree to place a Master Deed Restriction to GVR within their CCRs requiring perpetual membership in The Corporation.
- B. Each subdivision must verify a commitment to "age restriction" with regard to familial status exemptions as outlined by Housing and Urban Development (HUD).
- C. Each owner and developer must give guaranty through financial assurances that it will make contributions to GVR in terms of front-end cash or donation of land and contribution of recreational and social facilities to be built and dedicated to GVR free of encumbrances, whichever serves the best interest of the membership as determined by the Board of Directors. Any cash contributions shall be made up front, in advance. Both cash contributions and donations of land and improvements shall be based, at a minimum, upon the grand total of the Initial Fees and Land Equivalency Fees charged in connection with potential homes in each development. In the case of the donation of land and improvements, adequate security shall first be furnished to GVR in the form of a letter of credit, certificate of deposit, bond, or other commercially reasonable and adequate security.
- D. The Board of Directors will negotiate on behalf of the membership with each new development and uniquely bind each developer with independent contracts.
- E. Each new development must be adjacent/contiguous to the existing GVR boundaries at the time of entry.
- F. The Board of Directors is granted the power to develop policy to implement the New Housing Development Criteria.

Section 7: Fiscal Year

The Fiscal Year and Membership Year of The Corporation shall be January 1 through December 31, namely, the Calendar Year.

ARTICLE II — MEMBERSHIP PROPERTY AND MEMBERS

Section 1: GVR Property

A GVR Property includes any of the following: (1) residential real estate located within the Corporate Jurisdiction against which a deed restriction agreement has been recorded requiring perpetual membership in The Corporation; (2) residential real estate located within a subdivision that requires GVR Membership by virtue of recorded covenants or a recorded master deed restriction; or (3) any commercial/residential real estate located within the Corporate Jurisdiction.

Section 2: Qualified Member

- A. The record holder(s) of legal title to the fee interest of a GVR Property, including each person who has legal title of a GVR Property in joint tenancy, tenancy in common, or as community property, is a Member of The Corporation (“GVR Member”). A GVR Member may be a corporation, trust or other legal entity. Unless stated in writing in the trust, the trustee shall be the regular member.
- B. GVR Members may surrender their right to use GVR’s facilities and assign such right to occupants of their GVR Properties “Assigned Members” and “Tenants”).

Section 3: Definitions

- A. Additional Card Holder is an individual who shares a common household with a GVR Member and, with payment of a fee established by the Board of Directors, has the right to use GVR’s facilities.
- B. Assigned Member is an individual who occupies a GVR Property without paying rent and has been assigned the right to use GVR’s facilities by the GVR Member owning such GVR Property, pursuant to Article II, Section 2.
- C. Tenant is an individual who leases and pays rent for the use of a GVR Property from a GVR member and may not be an Assigned Member.
- D. Commercial Residential/Care Facility (CRCF) is a commercial property that leases residential units and/or provides its residents with care related services.
- E. Commercial Residential/Care Facility Resident (CRFC Resident) is a resident of a Commercial Residential/Care Facility.
- F. Guest is a temporary visitor of a GVR Member, Assigned Member, CRCF Resident, Life Care Member or Tenant who lives more than twenty (20) miles outside GVR’s Corporate Jurisdiction.
- G. GVR Member is an individual who holds Membership in GVR as set forth in Article II, Section 2.
- H. GVR Property is residential property as set forth in Article II, Section 1.
- I. Life Care Member is a former GVR Member residing in a residential care facility in the greater Green Valley area who has been extended privileges to use GVR facilities by the Board of Directors.

Section 4: Use of Facilities

- A. Member Privileges
 - 1. GVR identification shall be issued to GVR Members, Assigned Members, Life Care Members, CRCF Residents and Tenants. Identification may be obtained for Additional Card Holders pursuant to policies established by the Board of Directors. GVR identification shall be returned to The Corporation upon termination of GVR Membership.
 - 2. Use of GVR facilities with valid identification is subject to the then current rules and regulations established by the Board of Directors.
 - 3. GVR Members, Assigned Members, CRCF Residents, Life Care Members and Tenants may have Guests use all GVR facilities subject to the then current rules, regulations, and fees established by the Board of Directors.
- B. Life Care Privileges
 - Life Care Members shall be entitled to use GVR facilities in accordance with policies established by the Board of Directors.

Section 5: Suspension of Privileges

The right to use GVR’s facilities of any GVR Member, Assigned Member, Life Care Member, CRCF Resident, Guest or Tenant may be suspended for any infraction of these Bylaws, policies, and/or rules and regulations of The Corporation. The procedure for such suspension and the duration of suspension shall be as determined by the Board of Directors. Suspension of the right to

use GVR's facilities shall not in any way affect a GVR Member's obligation to pay dues, assessments, fees, penalties and accrued interest to GVR during the period of suspension.

Section 6: Voting Rights

- A. A GVR Member in good standing is entitled to one (1) vote for each GVR Property owned; provided, however, that there shall be only one (1) vote per GVR Property. If any GVR Member casts a vote representing a certain GVR Property, it will thereafter be conclusively presumed for all purposes that such individual was acting with the authority and consent of all other owners of the same GVR Property. In the event that more than one (1) vote is cast for a particular GVR Property, none of the votes shall be counted and all of the votes for such GVR Property shall be deemed void.
- B. It shall be the duty of each GVR Member to keep The Corporation advised of his/her current mailing address.
- C. All voting by GVR Members shall be by written ballot or electronic voting, consistent with Arizona Nonprofit Act. See Article XI. No proxies are permitted.
- D. The right to vote and serve on the Board of Directors on behalf of a GVR Property may be assigned to one (1) or more Assigned Members occupying such GVR Property in writing and signed by all owners of such property. Additional rights may be determined by the Board of Directors.
- E. A Tenant shall not have the right to vote or serve on the Board of Directors.
- F. A GVR Member in good standing has the right to serve on the Board of Directors provided no other member of their household (whether related by marriage, cohabitation, or otherwise) is on the Board during the same time period.

Section 7: Initial Fees; Member in Good Standing

- A. Each GVR member, upon becoming a member, shall pay any applicable initial fees as established by the Board of Directors.
- B. A GVR member current in the payment of all GVR dues, fees, assessments, and other charges shall be deemed in good standing. The privileges and rights of a GVR member to use GVR facilities, vote, and be nominated in an election of directors shall be suspended during any period in which such GVR member is not in good standing.

ARTICLE III— DUES AND ASSESSMENTS

Section 1: Establishment of Membership Dues and Operating and Capital Budgets

Membership dues and the operating and capital budgets shall be established by the Board of Directors. All membership dues shall be based on a 12-month period, but will be prorated monthly for members joining in the 12-month period.

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.

Section 3: Standard of Service

The Board of Directors shall establish and maintain a standard of service for the recreational facilities of The Corporation which best serves the overall good of the organization. There shall be no decrease of services presently provided nor addition of any new services, either of which should exceed 5 percent (5%) of the existing Operating Budget except as approved by a majority of the members voting. The only exception to the above shall be services relating to new facilities provided by and at the expense of a developer.

Section 4: Announcement by the Board of Directors

On or before December 10th of each year, the Board of Directors shall announce the schedule of membership dues and the Operating and Capital Budgets for the next calendar year.

Section 5: Assessments

The Board of Directors is not authorized to impose a special assessment for any purpose, unless such an assessment is approved in advance, by a majority of the members voting. No special assessment or other levy shall be made against Fairfield-Green Valley, Inc.

ARTICLE IV— BOARD OF DIRECTORS

Section 1: Number of Directors

The affairs of GVR shall be governed by a Board of Directors consisting of ~~twelve~~ nine (9) voting members who shall be elected from the members of The Corporation ~~residing within the jurisdiction of GVR~~ who have voting rights as defined in Article II Section 6.

Section 2: Regular Meetings

Regular meetings of the Board shall be held at least quarterly on a schedule determined by the Board.

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. Two (2) days' written notice shall be given to each Director of any special meeting.

Section 4: Quorum to Conduct Business

The presence, in person, by video conference, or by telephone conference, of a majority of the directors in office shall constitute a quorum for the transaction of business at a meeting. Except as otherwise specified in these Bylaws, the vote of a majority of directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

Section 5: Open Meetings

All meetings of the Board at which official business of The Corporation is transacted, with the exception of meetings limited to personnel and/or legal matters, shall be open to all members of The Corporation. The time and place of all such meetings shall be made available to the membership of The Corporation.

Section 6: Indemnification

The Corporation shall indemnify and hold harmless the Officers, Directors, employees, and agents of The Corporation to the extent permitted by Arizona law.

Section 7: Employment

Nothing contained in these Bylaws shall be construed to prohibit the employment of any member of The Corporation except that Directors or members of their immediate families are prohibited from such employment.

Section 8: Compensation

Directors shall not receive compensation for their services but may be reimbursed by The Corporation for authorized expenses and disbursements made on behalf of The Corporation.

ARTICLE V — ELECTION OF DIRECTORS

Section 1: Term of Office

A. The term of office of a Director elected by the membership shall be for three (3) years. Each year the term of office of ~~four~~ **three (43)** Directors shall expire and ~~four~~ **three (43)** Directors shall be elected for a term of three (3) years to succeed those Directors whose terms expire. No Director may serve more than two (2) consecutive terms including time served as an appointed Director. A former Director may be re-elected after one (1) or more years' absence from the Board.

Section 2: Nominating Process

- A. The Nominations & Elections Committee shall conduct a search of regular members and select for nomination a slate of Directors. As part of its search, the Nominations & Elections Committee shall request names of possible nominees from members. The slate of nominees shall be posted and be available to all regular members at least 90 days prior to the Annual Meeting.
- B. Any regular member of The Corporation may make additional nominations by filing a nomination petition containing the name of any regular member who agrees to be a nominee, and the signatures of at least two hundred (200) of the regular members in good standing. Such nomination petitions shall be filed with the Secretary not less than 60 days before the Annual Meeting. The Secretary shall then add the names of these nominees to the slate of nominees previously posted and shall prepare ballots to be mailed to the membership.

Section 3: Election of Directors

The Board of Directors shall establish specific election procedures, include those procedures in the Corporate Policy Manual, and communicate the voting procedures to all members who have the right to vote. The election of Directors shall be conducted pursuant to Article XI herein. Cumulative voting shall not apply in the election of Directors.

ARTICLE VI — POWERS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Section 1: Powers and Duties

The Board of Directors shall have power:

- A. To call special meetings of The Corporation whenever it deems necessary or upon written request of one-tenth of the voting membership as provided in Article IX, Section 2.
- B. To take the following actions with the approval of a majority of directors in office:
1. Appoint and remove, at its pleasure, all officers, agents and the Chief Executive Officer and prescribe their duties, fix their compensation and require of them such security of fidelity bond as may be deemed expedient;
 2. Establish initial fees, dues, and assessments and collect same; and
 3. Adopt annual operating and capital budgets which shall include a contribution to financial reserves consistent with Board policy.
- C. To adopt and publish rules and regulations governing the use of the properties and facilities owned by The Corporation and the personal conduct of all persons thereon.
- D. To exercise for The Corporation all powers, duties and authority vested in, or delegated to, The Corporation except those reserved to the members.
- E. In the event that any member of the Board of Directors of The Corporation shall be absent from three (3) regularly scheduled meetings of the Board of Directors in any one-year period, the

Board may, by action taken at the meeting during which a third absence occurs, declare the office of said absent Director to be vacant.

- F. Any vacancy in the office of a Director shall, if possible, be filled by the unsuccessful candidate of the most recent Directors' election, who, of those willing to fill the vacancy, received the greatest number of votes. If none of said unsuccessful candidates is willing and able to serve, the remaining Directors by affirmative vote of a majority of the Board, shall elect a successor, who shall serve for the unexpired term of the vacant office.

Section 2: Limits of Authority and Indebtedness

The Board of Directors is not authorized to enter into any contract for new or initiative-type Capital projects that ~~requires an annual payment that~~ exceeds ten twelve percent (~~10~~12%) of the ~~annual budget~~ latest audited approved annual revenue. Any contract for new or initiative-type Capital projects ~~requiring an annual payment~~ that exceeds ten twelve percent (~~10~~12%) of the ~~annual budget~~ latest audited approved annual revenue, shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation. Contracts for unique projects may not be broken up so as to avoid the requirements of this section.

ARTICLE VII — OFFICERS AND CHIEF EXECUTIVE OFFICER

Section 1: Positions

Elected officers of The Corporation shall be the President, Vice President, Secretary, Treasurer, Assistant Secretary and Assistant Treasurer. This sequence of officers determines their seniority. In addition, the Chief Executive Officer shall serve as an ex-officio, non-voting member of the Board.

Section 2: Eligibility and Terms of Office

Officers are elected for a term of one year or until successors are elected, or at the pleasure of the Board. All officers must be regular members of The Corporation and members of the Board of Directors.

Section 3: Election of Officers

Officers shall be elected by a majority vote of the Board within thirty days after the Annual Meeting.

Section 4: Responsibilities of Officers

- A. **President.** The President shall preside at all meetings of the Board of Directors and at meetings of the membership and shall carry out all orders and resolutions of the Board of Directors and shall sign all formal written instruments such as notes, leases, mortgages, deeds, and contracts other than recurring operational contracts which the Board by appropriate resolution has exempted from this requirement. Contracts signed by the President must receive prior legal review and Board approval. The President shall nominate chairpersons of the Board Committees, submit these nominees for Board approval, and in cooperation with the Chief Executive Officer, ensure effective work of these committees. In the absence of the President, the Vice President shall perform all the duties of the President. Should the Vice President also be absent, the duties of the President shall be performed by the Senior Officer present.
- B. **Vice President.** The Vice President shall carry out duties as assigned by the President. In the absence of the President, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of the President.
- C. **Secretary.** The Secretary shall ensure that minutes are kept of meetings of the Membership and the Board of Directors. The Secretary shall cause to be given all notices in accordance with provisions of these Bylaws or as required by law. The Secretary shall see that all records of

The Corporation are properly kept and preserved and that the names and addresses of all members of The Corporation are on file in the office of The Corporation. In the absence of the Secretary, the Assistant Secretary shall perform all the duties of the Secretary.

- D. **Treasurer.** The Treasurer shall exercise an oversight role of the financial affairs of The Corporation to ensure that financial records are kept in accordance with generally accepted accounting standards. The Treasurer shall ensure that timely, accurate financial statements are presented to the Directors and that the financial records of The Corporation are audited in accordance with the provisions of these Bylaws. In the absence of the Treasurer, the Assistant Treasurer shall perform all the duties of the Treasurer.
- E. **Signing of Checks.** Any check in the amount of \$2,500.00 or more shall be signed by two (2) officers of The Corporation or by one (1) officer and the Chief Executive Officer. Any check in an amount of less than \$2,500.00 may be signed by the CEO with the stipulation that a log is kept reflecting the two (2) department heads that reviewed the checks prior to its execution. Month-end statements shall be reviewed by two (2) officers of The Corporation as soon as practicable after their completion.

Section 5: Responsibilities of the Chief Executive Officer

The Chief Executive Officer shall be accountable to the Board and shall serve as the Chief Operating Officer of The Corporation responsible for the management of the day-to-day operations of The Corporation. The Chief Executive Officer shall work cooperatively with the Board to ensure that the policies established by the Board are carried out effectively. The Chief Executive Officer shall not exceed the limits of authority delegated by the Board of Directors and shall ensure that operations are in conformance with the Bylaws and The Corporate Policy Manual.

ARTICLE VIII – COMMITTEES OF THE BOARD OF DIRECTORS

Section 1: Standing Committees

The Board of Directors shall establish the following Standing Committees: Board Affairs, Fiscal Affairs, Nominations & Elections, Planning and Evaluation, and Investments. The duties of the Committees shall be as defined within the Corporate Policy Manual. The Committees shall make policy recommendations to the Board of Directors for approval.

Section 2: Special Committees

- A. Special or Ad Hoc committees may be established by the President from time to time to assume specific, short-term responsibilities. When established, the duties and responsibilities of the committee along with a deadline for its completion of assigned tasks are to be approved by the Board.
- B. Audit Committee. The Audit Committee shall occupy an oversight role of the financial structure, internal controls, etc. of The Corporation with access to the books and records and the activities of Management and Staff personnel. The Chairman, a member in good standing, shall be neither an officer of The Corporation nor a member of the Fiscal Affairs Committee. The detailed duties and responsibilities are to be included within The Corporate Policy Manual. The financial records of The Corporation shall be audited following the close of each fiscal year by an independent auditing firm.

Section 3: Composition of Committees

The Chairperson of the Audit Committee shall be nominated by the President of the Board and the Finance Director of the Corporation with Board approval. The Chairperson of each Standing and other Special Committee(s) of the Board shall be a member of the Board nominated by the President with Board approval. Committee members shall be members of The Corporation and/or members of the operations staff. Committee members shall be selected by the Chairperson of the committee. The President shall be an ex-officio member of all committees excluding Nominations & Elections, and Audit Committees.

Section 4: Subcommittees

Except for the Nominations & Elections and the Audit Committees, each committee shall have the power to appoint subcommittees from among GVR members and may delegate to such subcommittee any of its duties and powers.

Section 5: Open Meetings

All Committee meetings, subcommittee meetings and working session meetings are closed or open meetings at the discretion of each such Committee.

ARTICLE IX — MEETINGS OF THE CORPORATION

Section 1: Annual Meeting

The Annual Meeting of The Corporation shall be held within ninety days (90) after the end of the fiscal year, and shall include a report of the outside auditor.

Section 2: Special Meetings

Special meetings of The Corporation for any purpose may be called at any time by either the President or by a majority of the members of the Board, and shall be called upon a written request to the Secretary of ten percent (10%) of the membership of The Corporation. The meeting must be held within ninety days (90) of the request.

Section 3: Notice of Meetings

Notice of the Annual or Special Meetings shall be given to each member by mail. Notice of any meeting shall be mailed at least thirty days (30) in advance of the meeting and shall set forth, specifically, the nature of the business to be transacted.

Section 4: Quorum to Conduct Business

Achievement of a quorum will be established by the number of ballots returned.

ARTICLE X – BYLAW AMENDMENTS

Amendments to these Bylaws may be proposed by GVR Members representing at least ten percent (10%) of the eligible votes in The Corporation as evidenced by their signatures or two-thirds (2/3) of the total number of directors. Amendments proposed by members must be submitted to the Secretary more than sixty (60) days before the Annual or Special Meeting. Bylaw amendments shall require the approval of GVR Members representing at least two-thirds (2/3) of the eligible votes cast or a majority of the voting power, whichever is less. Once approved by the GVR Membership, amendments to these Bylaws shall be signed by the President and Secretary of The Corporation.

ARTICLE XI — MEMBERSHIP VOTING

Section 1: Voting ~~at a Meeting~~

~~The election of Directors, the amendment of Bylaws and any matter that requires approval of the members shall be taken by written ballot.~~

~~Section 2: Alternative Voting Methods~~

~~Any action, including proposed amendments to these Bylaws or the election of Directors, which can be properly taken by the members of GVR at an Annual or Special meeting of said members, may be taken by written ballot communicated to every GVR member entitled to vote by either mail, facsimile, Email, or other written form of communication as the Board of Directors shall determine from time to time with the same force and effect as though acted upon at an Annual or Special Meeting.~~

The election of Directors, the amendment of Bylaws, and any matter that requires approval of the members, and any action, including proposed amendments to these Bylaws or the election of Directors, which can be taken by the members of GVR at an Annual or Special meeting of said members, shall be taken by written ballot communicated to and received from every GVR member entitled to vote by either mail, Email, or other written form of communication as the Board of directors shall determine from time to time, including online electronic voting, with the same force and effect as though acted up on at an annual or special meeting.

ARTICLE XII – MISCELLANEOUS

Section 1: Operations and Policy Manuals

The Corporation shall maintain a Corporate Policy Manual containing the Articles of Incorporation, Bylaws, Minutes of meetings of The Corporation and of the Board, resolutions passed by the members and/or the Board, the Strategic Plan of The Corporation, and other such documents as might be appropriately kept in such a manual. The Corporation shall maintain a Corporate Policy Manual containing rules, regulations and policies adopted by the Board, Board operating procedures, Board standing committee descriptions, and other items of importance to the effective operation of the Board.

Section 2: Availability of Records

The books, records and papers of The Corporation shall, for specific, ~~and~~ proper purpose, and consistent with the applicable provisions of the Arizona Nonprofit Act, at all reasonable times during business hours be subject to examination by any ~~regular GVR~~ Member ~~or any Assigned Member that has been given voting rights,~~ of The Corporation upon written demand to The Corporation at least five (5) business days before the requested examination date.

Section 3: Conflict

In case of any conflict between the Articles of Incorporation and these Bylaws, and the Arizona Non-Profit Corporation Statute, the Statute shall control. In the conduct of a meeting, Roberts Rules of Order shall prevail unless otherwise determined by the Board of Directors.

1. Green Valley Recreation Bylaws were adopted on October 8, 1978.
2. Amended Bylaws: 1979, 1981, 1982, 1984, 1985, 1988, 1990, 1993, 1995, 1996, 1997, 1999, 2000, 2003, 2004, 2005, 2006, 2007, and 2008.
3. Amended and Restated Bylaws: 2009
4. The GVR Board rolled back the Bylaws on August 24, 2010 to December 31, 1998 to be in compliance with the January 1, 1999 Arizona Non-Profit Corporation Act, which required all amendments to be approved by 2/3 majority of voting members. The rolled back Bylaws include all amendments legally approved for the following years: 2003, 2004, 2005, 2006, 2007, and 2008.
5. Amended Bylaws after the roll back: 2011, 2014, 2015, 2019 and 2020

Proposed Action #1:

To amend GVR's Bylaws Article VI POWERS, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS, Section 2 – AUTHORITY AND INDEBTEDNESS as follows:

Proposed Bylaws Language: The Board of Directors is not authorized to enter into any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue. Any contract for new or initiative-type Capital projects that exceeds twelve percent (12%) of the latest audited approved annual revenue, shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation. Contracts for unique projects may not be broken up so as to avoid the requirements of this section.

Current Bylaws states: The Board of Directors is not authorized to enter into any contract that requires an annual payment that exceeds ten percent (10%) of the annual budget. Any contract requiring an annual payment that exceeds ten percent (10%) of the annual budget shall only be valid if approved, in advance, by the affirmative vote of regular members representing a majority of the total votes cast, provided that the total number of votes cast equals at least twenty percent (20%) of the total votes in The Corporation.

Proposed Action #2:

To amend GVR's Bylaws Article XII MISCELLANEOUS, Section 2 - AVAILABILITY OF RECORDS as follows:

Proposed Bylaws Language: The books, records and papers of The Corporation shall, for specific and proper purpose and consistent with the applicable provisions of the Arizona Nonprofit Act, at all reasonable times during business hours be subject to examination by any GVR Member or any Assigned Member that has been given voting rights, upon written demand to The Corporation at least five (5) business days before the requested examination date.

Current Bylaws state: The books, records and papers of The Corporation shall, for specific and proper purpose, at all reasonable times during business hours be subject to examination by any regular member of The Corporation upon written demand to The Corporation.

Proposed Action #3:

To amend GVR's Bylaws Article IV BOARD OF DIRECTORS, Section 1 NUMBER OF DIRECTORS and Article V ELECTION OF DIRECTORS, Section 1 TERM OF OFFICE as follows:

Proposed Bylaw Language: 1) Article IV Section 1: The affairs of GVR shall be governed by a Board of Directors consisting of nine (9) voting members who shall be elected from the members of The Corporation who have voting rights as defined in Article II Section 6.

And

2) Article V Section 1: The term of office of a Director elected by the membership shall be for three (3) years. Each year the term of office of three (3) Directors shall expire and three (3) Directors shall be elected for a term of three (3) years to succeed those Directors whose terms expire. No Director may serve more than two (2) consecutive terms including time served as an appointed Director. A former Director may be re-elected after one (1) or more years' absence from the Board.

Current Bylaws state: 1) Article IV Section 1: The affairs of GVR shall be governed by a Board of Directors consisting of twelve (12) voting members who shall be elected from the members of The Corporation residing within the jurisdiction of GVR.

And

2) Article V Section 1: The term of office of a Director elected by the membership shall be for three (3) years. Each year the term of office of four (4) Directors shall expire and four (4) Directors shall be elected for a term of three (3) years to succeed those Directors whose terms expire. No Director may serve more than two (2) consecutive terms including time served as an appointed Director. A former Director may be re-elected after one (1) or more years' absence from the Board.

Proposed Action #4:

To amend GVR's Bylaws Article II MEMBERSHIP PROPERTY AND MEMBERS, Section 6.D VOTING RIGHTS as follows:

Proposed Bylaw Language: Section 6: Voting Rights
A. A GVR Member in good standing is entitled to one (1) vote for each GVR Property owned; provided, however, that there shall be only one (1) vote per GVR Property. If any GVR Member casts a vote representing a certain GVR Property, it will thereafter be conclusively presumed for all purposes that such individual was acting with the authority and consent of all other owners of the same GVR Property. In the event that more than one (1) vote is cast for a particular GVR Property, none of the votes shall be

counted and all of the votes for such GVR Property shall be deemed void.

B. It shall be the duty of each GVR Member to keep The Corporation advised of his/her current mailing address.

C. All voting by GVR Members shall be by written ballot.

D. The right to vote and serve on the Board of Directors on behalf of a GVR Property may be assigned to one (1) or more Assigned Members occupying such GVR Property in writing and signed by all owners of such property. Additional rights may be determined by the Board of Directors.

E. A Tenant shall not have the right to vote or serve on the Board of Directors.

F. A GVR Member in good standing has the right to serve on the Board of Directors provided no other member of their household (whether related by marriage, cohabitation, or otherwise) is on the board during the same time period.

Current Bylaws state: Section 6: Voting Rights

A. A GVR Member in good standing is entitled to one (1) vote for each GVR Property owned; provided, however, that there shall be only one (1) vote per GVR Property. If any GVR Member casts a vote representing a certain GVR Property, it will thereafter be conclusively presumed for all purposes that such individual was acting with the authority and consent of all other owners of the same GVR Property. In the event that more than one (1) vote is cast for a particular GVR Property, none of the votes shall be counted and all of the votes for such GVR Property shall be deemed void.

B. It shall be the duty of each GVR Member to keep The Corporation advised of his/her current mailing address.

C. All voting by GVR Members shall be by written ballot.

D. The right to vote and serve on the Board of Directors on behalf of a GVR Property may be assigned to one (1) or more Assigned Members occupying such GVR Property in writing and signed by all owners of such property. Additional rights may be determined by the Board of Directors.

E. A Tenant shall not have the right to vote or serve on the Board of Directors.

Proposed Action #5:

To amend GVR's Bylaws Article XI MEMBERSHIP VOTING, Section 1 VOTING AT A MEETING and Article II MEMBERSHIP PROPERTY AND MEMBERS, Section 6.C VOTING RIGHTS as follows:

Proposed Bylaw Language: Article XI, Section 1: The election of Directors, the amendment of Bylaws and any matter that requires approval of the members, and any action, including proposed amendments to these Bylaws or the election of

Directors, which can be taken by the members of GVR at an Annual or Special meeting of said members, shall be taken by written ballot communicated to and received from every GVR member entitled to vote by either mail, Email, or other written form of communication as the Board of Directors shall determine from time to time, including online electronic voting, with the same force and effect as though acted up on at an Annual or Special meeting.

Current Bylaws state: Article XI, Section 1: The election of Directors, the amendment of Bylaws and any matter that requires approval of the members shall be taken by written ballot.

Section 2: Alternative Voting Methods

Any action, including proposed amendments to these Bylaws or the election of Directors, which can be properly taken by the members of GVR at an Annual or Special meeting of said members, may be taken by written ballot communicated to every GVR member entitled to vote by either mail, facsimile, Email, or other written form of communication as the Board of Directors shall determine from time to time with the same force and effect as though acted upon at an Annual or Special Meeting.

And

Proposed Bylaw Language: Article II, Section 6.C: Voting Rights

C. All voting by GVR Members shall be by written ballot or electronic voting, consistent with Arizona Nonprofit Corporation Act. See Article XI. No proxies are permitted.

Current Bylaw states: Article II, Section 6: Voting Rights
C. All voting by GVR Members shall be by written ballot.



Green Valley Recreation, Inc.
Board Affairs Committee

**Communication Plan for Recommended
 Bylaw Changes**

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Discuss communications plan for recommended Bylaw changes.</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: A Special Election for the proposed Bylaws’ changes will require a timeline, education of membership, and possibly forums. This needs to be coordinated with staff for the elections and communications. BAC discuss recommendations for the Board.</p>
<p>Fiscal Impact: None</p>



Green Valley Recreation, Inc.
Board Affairs Committee

Membership Change Fee Review

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

Originating Committee / Department:

Board Affairs Committee

Action Requested:

Review staff updated and Board approved Membership Change Fee for multiple property owners.

Strategic Plan Goal:

Goal 4: Cultivate and maintain a sound financial base that generates good value for our members

Background Justification:

The Membership Change Fee was discussed at the July 11, 2023, BAC meeting.

The BAC voted to make a change to the CPM as a recommendation to the Board to be considered at the August 23, Regular Meeting of the Board.

The FAC, during the August 22, 2023, meeting, tabled this recommended change to the Board until the FAC could discuss it further.

The Board approved this change to the CPM for the Membership Change Fee on August 23, 2023, meeting:

1.1.6 Membership Change Fee

- A. Upon transfer of title of a GVR membership property, the new owner shall pay a Membership Change Fee.

Exemptions:

1. The Membership Change Fee shall not apply to the transfer of legal ownership of a GVR deeded property from a trust if the resulting legal owners of the property are identical to the trustees of the trust immediately prior to the transfer.
2. A person or legal entity who acquires ownership of a legal or beneficial interest of the GVR property resulting from death, sells it within six (6) months of the date of death will be exempt from the Membership Change Fee (and Transfer Fee) provided they do not elect to utilize the facilities or have Tenants in the property who wish to utilize the facilities.

- B. The Membership Change Fee shall be refunded if the following apply:

1. A Member has owned and occupied a GVR property within 365 days of transfer of title, provided that the Member demonstrates that she/he has moved from one owner occupied primary GVR residence to another owner occupied primary GVR residence and has presented GVR with background material showing this was a change in primary residence

2. The Member(s) has owned and occupied the GVR property being sold for at least one (1) year.
 3. A tenant card has not been issued on the property within the twelve (12) months immediately prior to the sale of the owner-occupied property.
 4. The Member(s) submit a refund request for the MCF. GVR will review the property transaction details to confirm ownership and eligibility for both properties. Refunds will be processed upon verification.
- C. Revenue from the Membership Change Fee may be used as will most effectively further the general purpose of The Corporation to provide for current and future needs. A portion of the revenue from Membership Change Fee is to be used to fund contributions to the Initiatives Reserve Fund as determined by the Board.

Fiscal Impact:

None



Green Valley Recreation, Inc.
Board Affairs Committee

Update All CPM Regarding Membership Fee Change

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Review reason for name change from New Member Capital Fee to Property Acquisition Capital Fee to Membership Change Fee.</p> <p>Review updating CPM to Membership Change Fee in Part 5 Fiscal/Accounting (See Attachment): 5.2.3.A.1., 5.2.4.C.1, 5.2.4.C. Chart 3, Line 2, 5.3.2.B.4., and 5.3.5.C.1.a.</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: In updating the CPM with the name change from Property Acquisition Capital Fee to Membership Change Fee a few places were missed and have not been changed. Staff could make these changes, but thought it would be good to bring to the BAC. The BAC could decide these are Correction of Error found in Part 10 Miscellaneous, Section 3 Typographical Errors: 10.3.2.A.2 as stated here and by corrected without taking further action:</p> <p>10.3.2 Correction of Error</p> <p>A. Upon receipt of that information, the Chairperson or a BAC Member designated by the Chairperson for such purpose, shall examine the reported error and:</p> <ol style="list-style-type: none"> 1. If the error in any way changes or confuses the intended meaning of the section, it shall be referred to the BAC. The Committee shall take appropriate corrective action. 2. If the error does not alter or confuse the intended meaning of the section, the reviewing person shall forward the information to the CEO designee, who may cause the item to be placed in a tickler file for corrective action to be taken the next time the page containing the error is otherwise revised.
<p>Staff Recommendation: 1) Staff correct the CPM after BAC reviews those changes.</p>
<p>Attachments: 1) Part 5 of the CPM Needing Corrections</p>

5.2.3 Description of Cash Accounts

A. Operating Cash Bank Account

1. Consists of all deposits at a local bank, including, but not limited to annual membership dues, **Property Acquisition Capital Fee (PACF)**, Tenant Fees, and program revenue.
2. All checks are written on this account for operating expenses.
3. Withdrawals are also done for the transfer of Board-approved amounts to each Reserve Fund as described in Part 5 Section 3.

5.2.4

C. Description and On-Going Monitoring of Cash Cycle:

4. GVR receives the majority of its revenues from member dues in December/January of each year with other revenue streams budgeted on a monthly basis. Some expenses are budgeted on an equal monthly basis; however, those that are seasonal, such as member activities and facility maintenance expenses are budgeted as close to expected timing of expense. As actual expenses are reported each month and reflected in the monthly financial statements, staff may adjust the projected expense for the remaining months to account for any timing issues related to the actual expenses. Because of this seasonality of the collection of revenues and projected monthly expenses, the chart below reflects the uneven nature of cash balances at the end of each month. The cash balances are gradually spent down each month with the 90-Day Guideline projected in November of each year. GVR also subtracts the amount of the **Property Assessment Capital Fund (PACF)** that has been paid to property owners. The Auditors require this item be recorded in this manner.

2.

Chart 3 – Projecting Operating Cash Above the 90-Day Minimum

Steps	Description	Example (Cy 2021)
1.	Use Cash Balance Projected for November (from Monthly Chart of Cash Flow with Projections for Remaining Months)	3,517,961
2.	Subtract PACF Allowance	(312,340)
3.	Total Net Cash Available for Operating funds	3,205,621

5.3.2

1. Reserve Contributions to the Initiatives Reserve Fund shall be funded from a portion of **the Property Acquisition Capital**

Fee and/or from the Initial Fee based on the applicable fee when a GVR member property is sold.

5.3.5

B. **Funding Source:**

2. Within 10 business days after the end of each month, GVR shall transfer the following to the Initiatives Reserve Fund based on the applicable fee ("Initiatives Reserve Funding Formula"):
 - a. Twenty percent (20%) of the PACF assessed on each GVR Member property sold rounded up to the next \$5.00, and



Green Valley Recreation, Inc.
Board Affairs Committee

**Changes to Bylaws Recommended by Staff
 For Membership Section**

Prepared By: Nanci Moyo, Admin. Sup.

Meeting Date: September 12, 2023

Presented By: Carol Crothers, Chair

<p>Originating Committee / Department: Board Affairs Committee</p>
<p>Action Requested: Discuss changes to the Bylaws for the Membership Section in Article 2, Section 3.</p>
<p>Strategic Plan Goal: GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p>Background Justification: Staff made a recommendation for Article II Membership Property and Members, Section 3 Definitions in the Bylaws. This was not considered for the top changes to the Bylaws due to BAC wanting further discussion on the topic.</p> <p>CHANGE: Earlier version of Meeting Book had the wrong changes for Member Definition. Please disregard the earlier version and review this correct version below.</p> <p>Staff recommendations redlined:</p> <p>Section 3: Member Definitions <u>GVR will recognize the following approved card holders: Owner Member and Associate Member:</u> Each Member shall be issued an ID badge; Membership cards are non-refundable and non-transferable to another person or property.</p> <ul style="list-style-type: none"> A. Owner Member: Each record holder of legal title on a GVR deed restricted property is an Owner Member and payment of annual Owner Member Dues is mandatory. <ul style="list-style-type: none"> 1. Each owner, whether one or more persons or entities, of a GVR deed restricted property shall be an Owner Member. 2. An Owner Member in good standing, shall be entitled to vote, hold office, sign petitions, and use all available facilities, subject to the provisions of the Governing Documents. 3. An Assigned Member is an individual who occupies a GVR Property without paying rent and has been assigned the right to use GVR’s facilities by the GVR Member owning such GVR Property, pursuant to Article II, Section 2. B. An Associate Member is a non-titleholder who meets the qualifications as defined by the Board of Directors in the Corporate Policy Manual (CPM). This membership is elective and does not have to be maintained. <ul style="list-style-type: none"> 1. The following memberships are considered Associate Members: Additional Card Holder, Life Care, Tenant, and others as defined in the Corporate Policy Manual (CPM). 2. Associate Members in good standing shall not be entitled to vote, serve on a GVR Board or committee, or sign petitions, but shall be entitled to use all facilities, subject to the facility use obligations of an Owner Member, as set forth in the Governing Documents.

3. Associate Members in good standing shall be eligible for membership in GVR Clubs including the ability to hold the position of a club officer.
 4. *Exceptions:* Silver Springs and Green Valley Estates Park – As the title-holder, the owners of Green Valley Estates Park and Silver Springs shall be Owner Members. The residents of both of these communities are Associate Members.
- C. A Guest is a temporary visitor of a GVR Owner Member or Associate Member who lives more than twenty (20) miles outside GVR's Corporate Jurisdiction.

Section 3: Definitions

~~A. Additional Card Holder is an individual who shares a common household with a GVR Member and, with payment of a fee established by the Board of Directors, has the right to use GVR's facilities.~~

~~B. Assigned Member is an individual who occupies a GVR Property without paying rent and has been assigned the right to use GVR's facilities by the GVR Member owning such GVR Property, pursuant to Article II, Section 2.~~

~~C. Tenant is an individual who leases and pays rent for the use of a GVR Property from a GVR member and may not be an Assigned Member.~~

~~D. Commercial Residential/Care Facility (CRCF) is a commercial property that leases residential units and/or provides its residents with care related services.~~

~~E. Commercial Residential/Care Facility Resident (CRFC Resident) is a resident of a Commercial Residential/Care Facility.~~

~~F. Guest is a temporary visitor of a GVR Member, Assigned Member, CRCF Resident, Life Care Member or Tenant who lives more than twenty (20) miles outside GVR's Corporate Jurisdiction.~~

~~G. GVR Member is an individual who holds Membership in GVR as set forth in Article II, Section 2.~~

~~H. GVR Property is residential property as set forth in Article II, Section 1.~~

~~I. Life Care Member is a former GVR Member residing in a residential care facility in the greater Green Valley area who has been extended privileges to use GVR facilities by the Board of Directors.~~