

**BY-LAWS
OF
FOUNTAIN OF THE SUN COUNTRY CLUB, INC.**

**ARTICLE I
OFFICES**

Section 1. Name

The name of this corporation is Fountain of the Sun Country Club, Inc. (hereafter the "Corporation"). The principal office of the Corporation shall be at 500 South 80th Street, Mesa, Arizona 85208-6400, or at such other places as the business of the Corporation may require.

Section 2. Purpose

The Corporation has been formed to promote recreational and social activities for the pleasure and benefit of the equity owners of the Corporation and for enhancement of the value of the entire Fountain of the Sun Community by maintaining and operating a golf course in the Fountain of the Sun, Mesa, Arizona, that is now available for use by the public.

Section 3. Status

Beginning in 2017, the Corporation shall be operated as a profit-based entity as provided under the laws of the State of Arizona.

**ARTICLE II
MEMBERSHIP**

Section 1. Membership Eligibility

Any person interested in furthering the purposes for which the Corporation was formed and desiring to become an equity member of the Corporation may do so by paying such fees and dues as have been established by the Corporation's Board of Directors. The Corporation shall issue an equity membership certificate to the applicant, provided the number of equity certificates issued shall not exceed three hundred fifty (350). Owners of an equity membership shall be entitled to one vote on all Corporation matters per certificate owned.

Section 2. Transfer of Membership Certificates

Equity members may sell or transfer a membership certificate to any person for a consideration acceptable to the parties involved, provided that no person may own an interest in more than two (2) certificates. A member who is transferring a certificate shall deliver the certificate to the Corporation with a statement indicating the name and address of the buyer and a transfer fee as established by the Board of Directors. After determination that all of the seller's accounts are current, a membership certificate shall be issued to the new member.

Section 3. Annual Dues

The Board of Directors shall by no later than October 1st of each year establish and inform members of the amount, payment options, and due dates for the annual certificate (maintenance) fee and golf dues for equity owners. If dues and fees are not fully paid by the due date established by the Board for the payment option selected by a member, the member shall not be considered a member in good standing and shall not be eligible to vote, hold office or participate in Corporation activities. If a member has not fully paid dues and fees within sixty (60) days of the due date of any dues under the payment option selected by a member, the member's certificate shall be revoked and the member's equity in the Corporation forfeited.

Section 4. Special Assessments

A Special Assessment may be levied by the Board of Directors to provide for the purchase of equipment or other specific purpose, but only after such assessment has been approved by the membership at a regular, special or emergency membership meeting.

Section 5. Rights and Privileges of Membership

Equity members of the Corporation shall have the right and privilege to attend and vote at all general and special meetings of the members of the Corporation, to attend, but not vote, at all Board of Directors meetings, to remove a member of the Board of Directors for cause at a members meeting by a vote of two-thirds (2/3) of the members present and voting, to inspect and copy all minutes, accounting records, membership lists, and other records of the Corporation, to participate in all activities of the Corporation, and if equity golf members, to unlimited use of the golf facilities, including participating in golf leagues and tournaments under rules established by the Board of Directors.

Section 6. Expulsion and Suspension

The Board of Directors shall have the authority to expel a member or suspend membership privileges of a member for serious or repeated conduct adverse to the best interest of the Corporation as determined by a vote of the majority of the total of the Board of Directors but only after the member has been given fifteen (15) days notice in writing of the charges upon which the proposed action is contemplated, and has the opportunity to present a response to the charges at least five (5) days before any proposed discipline is imposed. In any case where the Board decides to expel a member or suspend membership privileges, the member shall have a right to appeal such decision to the Grievance Committee. Such Committee, which shall be appointed by the Board at its first regular meeting of each year, shall hear the appeal and present its decision to the Board. In the event no appeal is requested within ten (10) days, the Board's decision will be final. Any written notice that is mailed shall be sent to the last address of the member shown on the Corporation's records.

ARTICLE III BOARD OF DIRECTORS

Section 1. Qualifications Terms and Quorum

The Board of Directors shall be elected at large and shall consist of five (5) persons, who are members in good standing of the Corporation. The terms of office for each Board member shall begin at the close of the Annual Membership meeting at which each Board member is appointed or elected and shall continue for a term of three (3) years. A Director may serve a maximum of two (2) consecutive three (3) year terms, but will again be eligible to serve after one year without serving as a Director. A quorum of the Board shall consist of a majority of the members of the Board and the affirmative vote of a majority of Directors participating in the meeting is required for the Board to take any action.

Section 2. Vacancies

If a vacancy shall occur on the Board, the vacancy shall be filled by appointment of a successor within thirty (30) days of the occurrence of the vacancy by a majority of the remaining Board. If the resignation is within four (4) months of the annual election, the Board may, in its discretion, choose not to fill the vacancy. An appointee shall serve until the next annual election, at which time a director shall be elected to serve either the remaining unexpired term of the vacated position or a full term if the term of the vacated position is expiring.

Section 3. Nominating and Election Procedures

At the January Board Meeting, the Board President shall appoint a Nominating/Election Chairperson who will then appoint at least three (3) equity members who are not members of the Board. The Nominating/Election Committee shall, on or before the October Board Meeting each year, select and present to the Board, from all equity certificate owners in good standing, the name(s) of at least one (1) nominee for each vacant position that will be filled at the election. Any member may become a nominee by giving written notice of his/her willingness to serve to the Nominating/Election Committee Chairperson by the October Board Meeting of each year. The names, resumes and photos of the nominees shall be posted on the official bulletin board of the Corporation on or before November 1st of each year.

The Nominating/Election Committee shall oversee all Corporation elections and balloting. The Committee shall establish such rules and procedures as are required to ensure that all votes are accurately counted and all requirements met. All voting shall be by secret ballot. Absentee ballots shall be allowed and shall be counted at the same time as other ballots. The election of Directors shall be held at the Annual December Membership Meeting. Voters shall have as many votes as there are Directors to be elected, but may only cast one vote for each candidate. The nominee receiving the highest number of votes shall be declared elected and in descending individual vote total, additional nominees shall be elected until all vacancies are filled. In the event of a tie vote, the Election Committee shall determine by lot which of the nominees receiving the same number of votes shall be elected.

Section 4. Duties and Responsibilities

The Board of Directors shall constitute the ruling and governing power in all matters affecting the operation, development, and maintenance of the Corporation's buildings and grounds and the protection and welfare of the membership of the Corporation. It shall establish rules and policies, as necessary and proper for the conduct of the affairs, of the Corporation and its members. The Board shall, by majority vote, have authority to:

- 1) Elect and, if necessary, remove from office, the officers of the Corporation.
- 2) Establish the amount, payment options, and due date for the annual certificate (maintenance) fee and golf dues for equity owners, initiation fees for new members and transfer fees on transfer of a membership. Dues for golf privileges shall be levied on a per playing-member basis.
- 3) At the January regular meeting of the Board each fiscal year, appoint committees and assign duties.
- 4) Hire and/or appoint managers and other employees.
- 5) Adopt a fiscal year for the Corporation.
- 6) Purchase, at the expense of the Corporation, liability insurance for the Corporation and its Directors.
- 7) Adopt, alter, amend, or repeal rules and regulations governing use of the Corporation facilities.

The Board shall also have the following specific authority, which it may exercise in its discretion but only at an open Board meeting where the proposed action was placed on the agenda for the meeting:

- 8) The Board may hire a General Manager for the club and prescribe the manager's duties and responsibilities; however, the Board may not delegate to the manager its responsibility to authorize or ratify all expenditures.
- 9) The Board may authorize, by resolution, any Officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.
- 10) The Board shall annually prepare and adopt a balanced budget. It shall be the policy of the Corporation that, at a minimum, the dues and fees, plus all other available income, will be sufficient, insofar as possible to project, to meet the annual operating needs of the Corporation, not including depreciation.

- 11) The Board of Directors may establish Leagues and Sanctioned Groups as required. Any proposed changes to League or Sanctioned Groups' rules and regulations shall be submitted to and approved by the Board of Directors before being adopted by the League or Sanctioned Group memberships.
- 12) The Board may establish various classifications of equity memberships as deemed necessary.

The Board of Directors, within the time frame provided, must take the following actions or the Board may take the specified action only after complying fully with any requirement for membership approval:

- 13) The Board shall have the authority to levy special assessments, subject to provisions in these Bylaws requiring member approval.
- 14) The Board may not in any one (1) year authorize or ratify any capital expense in excess of \$40,000 without the approval of a majority of the membership present and voting, or voting by absentee ballot, at a membership meeting at which the matter is considered. No proposed expense may be artificially divided to avoid compliance with this restriction and the entire cost of a project, including but not limited to labor, material and taxes, shall be totaled to determine if the limit is applicable. This limitation includes all funds from any source, including donations, reserve, depreciation, and operating funds. The Board of Directors may, at its discretion, approve a capital expenditure in excess of \$40,000 that is funded entirely by a donation to the Corporation dedicated to pay for that capital expenditure.
- 15) No loans of any kind shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in the name of the Corporation and signed by any officer or officers of the Corporation without prior permission of a majority of the membership voting in person, or by absentee ballot, at a membership meeting at which the matter is considered. For the purpose of this paragraph, lease purchase agreements and rental agreements will not be considered to be loans subject to this restriction.
- 16) The Board may not utilize any funds paid to the Corporation as dues or fees for membership for the next fiscal year for the payment of any obligation that, using generally accepted accounting standards, would properly be paid in the current fiscal year, if current year funds were available, except as provided in this section. The Board may, in its discretion, but only at an open Board meeting where the proposed action was placed on the agenda for the meeting, approve the use of up to \$20,000 of said prepaid dues and fees. Use of more than \$20,000 shall require approval of a majority of the membership present and voting, or voting by absentee ballot, at a membership meeting at which the matter is considered.
- 17) The Board of Directors shall ensure that a complete up-to-date financial statement

shall be posted on the Corporation office bulletin board and the Corporation Website, within fifteen (15) days of the end of each month. If the Board of Directors has not approved the financial statement as of the required for posting, it shall be marked as pending, unapproved or in some manner identified as being subject to change.

- 18) The Board of Directors shall ensure that minutes of all regular, special and annual Board and Member meetings shall be posted on the Corporation office bulletin board and Corporation Website within ten (10) working days of the date of each meeting. If the Board of Directors has not approved the minutes as of the date required for posting, they shall be marked as pending, unapproved or in some manner identified as being subject to change.
- 19) The Board of Directors shall establish, and enforce, a policy defining and prohibiting nepotism in the hiring of Corporation employees and/or contractors.
- 20) The Board of Directors shall at such times as it determines, retain a qualified agent or agency to perform an independent review, compilation or audit of the financial records of the Corporation, at least once every two (2) years or more often if required by law or regulation.
- 21) In order to avoid a conflict of interest, all contracts or business transactions between the Corporation and one or more of its' Directors or Officers shall be void unless approved by a majority of the membership present and voting, or voting by absentee ballot, at a membership meeting at which the matter is considered.
- 22) No Director shall receive a salary or any other compensation of any kind.

Section 6. Removal of Directors

The Board of Directors shall have the right and responsibility, by the vote of a majority of its members, to remove a Board member when the Board finds the Board member is not performing in the best interest of the membership. A special closed meeting shall be called for discussion of this issue, but any vote on the matter shall be made in open session. Any Board member absent three (3) consecutive regular meetings without valid reason shall be deemed to be not performing in the best interest of the membership.

ARTICLE IV OFFICERS

Section 1. Officers and Compensation

The Board of Directors shall at a Board meeting held within 48 hours after the Annual Meeting of Members elect from the members of the Board, for a term of one year, a President, Vice President/Secretary, Treasurer, Buildings and Grounds Director and a Pro Shop/Membership Director. No Officers shall receive a salary or any other type of

compensation throughout their term.

It is the intent of these By-Laws that each Officer shall be cross trained to ensure they are able to perform and accomplish any and all of the tasks assigned to each of the individual Officers. Each Officer may, with the approval of the Board, execute any and all documents, contracts, agreements and other legal instruments on behalf of the Corporation. Only the President, Vice President/Secretary or Treasurer may sign disbursements, tax forms or any such documents that require their specific signature.

Section 2. President

The President shall:

- Establish standards of professional conduct while keeping business practices current.
- Preside at monthly Board meetings of the general membership.
- Prepare and present an annual report on the condition of the Corporation to the membership on behalf of the Board.
- With the approval of the Board, sign all contracts and evidence of indebtedness in the name of the Corporation.
- Attend FOSA President's meetings and advise the Board of Directors of any relevant issues.
- Serve as Chairperson and appoint members, not less than three (3), to the Business Advisory Committee. The Business Advisory Committee shall contribute to the development of the Corporation by providing advice and direction to the Board of Directors based upon each committee member's life skills, employment experience, and expertise in financial services, management, organization, technological or academic areas.
- Be the liaison between the Board of Directors and the leased restaurant/lounge management.
- Work with the Business Advisory Committee and the restaurant/lounge management to negotiate the contract and make a recommendation to the Board of Directors for approval of said contract.
- Serve as Liaison to the Nominating/Election Committee. The Committee shall select nominees whose experience and qualities meet the needs of the Corporation, contact prospective nominees and obtain their consent to serve if elected. The Committee will be responsible for the preparation and submission of

a report on the results of their activities and findings to the Board of Directors in addition to overseeing the election process of the Corporation as described in these Bylaws.

- Serve as Chairperson and appoint members, not less than three (3), to the Grievance Committee. This Committee shall be comprised of members that have served on prior Boards. The Committee shall hear representations by members and employees directly involved in grievances, mediate voluntary adjustment by the parties and present solutions to the Board of Directors when appropriate.
- Appointment to the above Committees shall be made at the January Board of Directors meeting with appointees serving until their successors have been appointed at the next year's January Board of Directors Meeting.

Section 3. Vice President/Secretary

The Vice President/Secretary shall:

- Preside at meetings in the absence of the President.
- Have such other powers and duties as may be delegated by the President, or is delegated by the Board, in the event of the extended absence or disability of the President.
- Assist the President in the preparation of meeting agendas, record/maintain the minutes of all Board of Director Meetings, Executive Sessions and membership meetings. All records shall reflect all positive and negative votes on any measure passed by the Board.
- Have direct supervision of the Corporation's secretarial administrative staff.
- Conduct an annual performance review of all employees that report to him/her.
- Preserve all significant papers and documents of the Corporation which, at all times, are to be housed in the main office of the Corporation.
- Supervise the completion of all correspondence on behalf of the Corporation, other than that appropriately handled by other officers or managers.
- Have charge of the Corporate seal.
- Sign, countersign or attest such instruments as may be required by virtue of this office.
- Manage an official roster, which is to be in the main office of the Corporation, of

Membership Certificate Holders which identifies names, all associated addresses of the member, certificate numbers and any other pertinent contact information which is to be updated on a regular basis or as needed.

- Prepare and post or send notices of all required meetings to the membership or any individuals entitled to such notices.
- Serve as Chairperson and appoint members, not less than three (3), to the Policy and Procedure Committee. The Committee shall conduct an annual review of all Corporation By-laws, policies and procedures and will suggest revisions when appropriate. The Committee shall also review all by-law, policy and procedural changes suggested by the Board of Directors, Board Committees or members. When appropriate, the Committee shall draft motions for all by-law, policy or procedural changes for discussion and vote by the Board of Directors.
- Serve as Co-Chairperson with Buildings, Grounds/Pro Shop Director to appoint members, not less than three (3), to the Long Range Planning Committee. The Committee shall seek to research, review and recommend to the Board of Directors any and all plans, programs, policies and projects for changes in the use of facilities, replacement of facilities or new proposed facilities as needed by the Corporation.
- Appointment to the above Committees shall be made at the first January Board of Directors meeting with appointees serving until their successors have been appointed at the next year's January Board of Directors Meeting.
- Maintain and manage all areas of the Corporation's Website.
- Perform any other duties as the Board may assign to this office.

Section 4. Treasurer

The Treasurer shall:

- Have primary responsibility for all financial matters of the Corporation, which includes but is not limited to, budgets, contingency and reserve funds, financial planning, maintenance of all records of all monies received or disbursed by the Corporation with applicable support, deposit of funds and signing of all disbursement checks. In the absence of the Treasurer, The President shall have the authority to designate another Board member to sign all checks. The designated Board member must have proper bank authorization.
- Have direct supervision of the Corporation's financial administrative staff.
- Conduct an annual performance review of all employees that report to them.

- Review the monthly financial reports with the Board of Directors and assist in interpreting as needed.
- Prepare an annual financial report for presentation at the annual member meeting.
- Assist the Board and Finance Committee in preparation of the annual budget.
- When applicable, make recommendations for improvement in accounting and financial procedures.
- Submit all financial records to proper reviewing agencies for independent review or audit, as required, but at least annually.
- Confirm submission of timely State and Federal reports and tax reports.
- Submit all financial records to proper reviewing agencies for independent review or audit, as required, but at least bi-annually (every 2 years).
- Ensure all Corporation assets are properly insured.
- Serve as Board liaison with the Vice President/Secretary for all bookkeeping and accounting services.
- Serve as Chairperson and appoint members, not less than three (3), to the Finance Committee. The Committee shall provide financial oversight for the Corporation including developing an annual operating budget, approving the budget within the Finance Committee, monitoring adherence to the budget, setting long-range goals along with finding strategies to achieve them and ultimately presenting all financial goals, proposals and budgets to the Board of Directors for approval.
- Appointment to the above Committee shall be made at the first January Board of Directors meeting with appointees serving until their successors have been appointed at the next year's January Board of Directors Meeting.
- Perform any other duties as the Board may assign to this office.

Section 5. Marketing/Membership Director

The Marketing/Membership Director shall:

- Market the Corporation to the public or other FOSA groups.
- Supervise expenditures from the advertising budget.
- Represent the Corporation at relevant community meetings within the target market of the Corporation.

- Advise the Board of Directors about community issues relevant to the Corporation.
- Conduct annual performance reviews of all managerial employees in his/her department and assure that those managers conduct annual performance of his/her staff.
- Serve as Co-Chairperson with the Vice President/Secretary to appoint members, not less than three (3), to the Long Range Planning Committee. The Committee shall seek to research, review and recommend to the Board of Directors any and all plans, programs, policies and projects for changes in the use of facilities, replacement of facilities or new proposed facilities as needed by the Corporation.
- Attend meetings and work with the Activities Task Force Committee to research, review and report to the Board any plans for the remodeling/rebuilding of the FOSA buildings.
- Serve as Chairperson and appoint members, not less than three (3), to the Marketing Advisory and Public Relations Committee. The Committee shall seek to generate public interest and utilization of the Corporation's products and services by developing and implementing a promotional campaign for member and golf recruitment in addition to updating the Corporation's social networking sites at least quarterly. The Committee shall also monitor the Corporation Website providing to the Vice President/Secretary updated and current news, event reminders, calendar items, video clips and all other relevant content to be placed on the Website.
- Appointment to the above Committee shall be made at the first January Board of Directors meeting with appointees serving until their successors have been appointed at the next year's January Board of Directors Meeting.
- Perform any other duties as the Board may assign to this office.

Section 6. Buildings and Grounds/Pro Shop Director

The Buildings and Grounds/Pro Shop Director shall:

- Serve as liaison with the Head Golf Professional.
- Serve as liaison between the Board of Directors and the Superintendent of Grounds.
- Manage and oversee the daily activities on the Golf Course.
- Conduct annual performance reviews of all managerial employees in his/her department and assure that those managers conduct annual performance of his/her staff.

- Work with all involved parties for the improvement and maintenance of the pro shop and restaurant/lounge building.
- Assist with and attend regular meetings of the Golf Leagues within the FOSCC.
- Perform any other duties as the Board may assign to this office.

Section 7. Additional Committees

The President and/or Board of Directors shall have authority to appoint additional standing or temporary committees to serve such purposes as assigned. The President shall appoint an individual to serve as Chairperson of a newly assigned committee. The Chairperson shall appoint members, not less than three (3) individuals, to the newly formed committee. Appointments to a newly established committee shall serve until the purpose of the committee has been met or shall serve until their successors have been appointed at the next year's January Board of Directors Meeting.

Section 8. Joint Powers

It is the intent of these By-laws that each Officer of the Corporation have joint and equal responsibility, obligation and power to accomplish any and all of the tasks assigned to each of the above named individual officers and each may, upon approval and authority from a majority of the Board, execute any and all documents, contracts, agreements and other legal instruments on behalf of the Corporation that may require the signature of a President, Vice President/Secretary, Treasurer or other Corporate Officer.

ARTICLE V MEETINGS

Section 1. Meetings of the Members

- 1) An annual meeting of the members of the Corporation shall be held during the month of December of each year at a location and time as determined by the Board of Directors. The purpose of the meeting shall be to elect members to the Board of Directors and for the transaction of such other business as may come before the meeting. Notice of the date and time of the annual meeting shall be posted on the official bulletin board and Corporation Website, mailed and emailed to all members, at least ten (10) days but no more than sixty (60) prior to such meeting date and must include an agenda and an absentee ballot.
- 2) An annual "Meet the Candidates" meeting of the members of the Corporation shall be held in November of each year, prior to the distribution of ballots, at a location and time as determined by the Board of Directors. The purpose of the meeting is to give members an opportunity to obtain information regarding the qualifications of nominees to the Board of Directors. In the event an election will not be held at the

annual meeting, this meeting shall not be held. Notice of the date and time of this meeting shall be posted on the official bulletin board and Corporation Website at least ten (10) days but no more than sixty (60) days prior to such meeting.

- 3) The Board of Directors shall hold an annual financial meeting of the members of the Corporation during the month of March each year at a location and time as determined. The purpose of the meeting is to give members an opportunity to obtain information regarding the current status of the Corporation and to transact any other business to come before the meeting. Notice of the date and time of this meeting shall be posted on the official bulletin board and Corporation Website at least ten (10) days but no more than sixty (60) days prior to such meeting.
- 4) Special meetings of the members of the Corporation may be called by the Board of Directors and shall be held at a location and time as determined by the Board. The business to be conducted at a special meeting shall be limited to that stated in the notice of the meeting. Notice of all special membership meetings shall be posted on the official bulletin board and the Corporation Website, mailed and emailed to all members at least (10) days but no more than sixty (60) days prior to such meeting date and must include an agenda and, if an election is necessary, an absentee ballot.
- 5) The members of the Corporation may authorize any action by the Board of Directors that requires the members' approval, without a meeting of members, if immediate actions is required because of the existence of an unforeseeable emergency situation that will pose an imminent threat to public safety or that will cause serious harm to the Corporation unless it is immediately corrected. The action shall be approved if one or more written consents describing and approving the action taken are signed by twenty-five percent (25%) of members entitled to vote and are delivered to the Corporation for inclusion in the minutes or filing with the Corporation records. Written notice of member approval shall be given to all members who have not signed a written consent. For the purposes of this paragraph, signature includes an electronic signature as defined by law.
- 6) Informational meetings of the members may be called by a majority of the Board of Directors and shall be called by the Board upon receipt of a written request subscribed to by at least ten percent (10%) of the equity members. Notice of informational meetings shall be posted on the official bulletin board, the corporation Website, and e-mailed at least ten (10) days but no more than sixty (60) days in advance of such meeting.
- 7) A complete list of current members in good standing and entitled to vote at meetings of the Corporation (arranged in alphabetical order with the address of each) shall be prepared at least ten (10) days before each meeting of the members. This list shall be available for inspection by any equity member during business hours, upon reasonable notice.
- 8) Equity members present, or represented by absentee ballot, amounting to twenty-five

percent (25%) of all members entitled to vote shall constitute a quorum for membership meetings.

- 9) All business of the Corporation shall be governed according to the current edition of Robert's Rules of Order in all cases in which they are applicable and which are not inconsistent with these by-laws or any special rules of order of the Corporation.

Section 2. Board of Directors Meetings

- 1) An Annual Directors' Meeting for the purpose of electing officers shall be held at such time and place as designated by the Board of Directors, but within forty-eight (48) hours of the Annual Members Meeting. In addition, at such meetings, the Board shall schedule and subsequently post the date, time and place of a minimum of six (6) regular monthly Board meetings to be held during the fiscal year.
- 2) A special meeting of the Board may be called by the President or at the request of any three (3) Directors and shall be held at such time and place as designated in the notice of the meeting.
- 3) Notice of a special meeting of the Board of Directors may be given in any manner, but shall be given at least two (2) days prior to the meeting. The business to be conducted at a special meeting shall be limited to that stated in the notice of the meeting. In the event the meeting is of an emergency nature, twenty-four (24) hours notice will be sufficient.
- 4) The Board of Directors may enter into an Executive Session as part of any meeting and such session shall be open only to Board Members unless the Board specifies otherwise. An Executive Session may only be called for the purposes of discussing personnel, legal actions or contracts that might be jeopardized if discussed openly.
- 5) A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

ARTICLE VI AMENDMENTS

The Board shall have the power to recommend changes to these By-laws by an affirmative vote of the majority of the Board, but any change shall not be effective until after it has been approved by a vote of a majority of the equity membership at a meeting at which the matter has been discussed or by absentee ballot following information regarding the changes has been mailed to all equity members.

**ARTICLE VII
BOOKS AND RECORDS**

There shall be kept at the office of the Corporation or such other place as designated by the Board, books of all business and transactions of the Corporation, including but not limited to copies of all annual financial statements, the Articles of Incorporation the By-laws, a membership record listing the names and addresses of all equity members, and the minutes of all regular, special or executive session meetings of the membership and Board of Directors. All Corporation records described in this Article shall be available for inspection, and copying if desired, by Corporation equity members.

**ARTICLE VIII
DISSOLUTION**

In the event of the dissolution of the Corporation, the real and personal assets of the Corporation, after return to equity members of excess membership dues, fees and assessments, but not net earnings, shall be distributed on a pro rata basis to the equity members, after all provisions for liabilities have been made, in accordance with federal and state law.

**ARTICLE IX
RESERVE FUNDS**

Section 1. Corporation Reserve Fund

A separate bank account known as the Corporation Reserve Fund shall be established for the management of monies to be accumulated monthly from general income. Prior to the fiscal year, the Board of Directors shall approve a budgeted dollar amount to be withdrawn monthly from the Corporation operating funds and transferred to the Corporation Reserve Fund. This reserve fund shall only be used to repair or replace assets needed for the purposes of the Corporation. This fund is not available for non-budgeted capital expenditures, nor for normal operating expenses, unless unanimous approval for such use is approved by the Board of Directors at a meeting at which discussion of the proposed use is included in the meeting notice and agenda. Each month the complete activity of this account will be posted on the Corporation bulletin board and website for membership review and presented to the Board of Directors as a part of the financial statement.

Section 2. Additional Reserve Funds

The Board of Directors may establish additional reserve funds that shall be funded from an annual Corporation profit, sale of corporate assets, gifts and donations or other extraordinary income.

Section 3. Corporation Contingency Fund

A separate bank account known as the Corporation Contingency Fund shall be established for the management of monies to be accumulated monthly from general income. Prior to the fiscal year, the Board of Directors shall approve a budgeted dollar amount to be withdrawn monthly from the Corporation operating funds and transferred to the Corporation Contingency Fund. This Contingency Fund shall only be used to cover unplanned expenditures or expenses that exceed the annual budget. To control expenditures from this fund, there must be approval of at least three (3) of the (5) Board of Directors. If, at the end of the year this Contingency Fund is not needed, the Board, at its discretion may carry some portion or all of it to be used for the subsequent year Contingency Fund. The Board may also decide to transfer some portion or all of the excess to the Reserve Fund. In all cases, the use of the Contingency Fund is at Board discretion. Each month the complete activity of this account will be posted on the Corporation bulletin board and website for membership review and presented to the Board of Directors as a part of the financial statement.

ARTICLE X EFFECTIVE DATE

These Bylaws shall be effective upon their approval by the equity membership. Approved by equity membership on _____.