

RECREATION CENTERS OF SUN CITY, INC.

CORPORATE BYLAWS

Amended June 30, 2016

WHEREAS Article VIII, Section 3 of the Restated Articles of Incorporation (“Articles”) provides that the Board of Directors (“Board” or “Director(s)”) of the Recreation Centers of Sun City, Inc. (“RCSC” or “Corporation”) may adopt Corporate Bylaws (“Bylaws”) not in conflict with the Restated Articles of Incorporation.

NOW, THEREFORE, BE IT RESOLVED the Corporation shall adhere to the follow Bylaws:

ARTICLE I – OFFICE AND RCSC FACILITIES

The principal Corporate office for the transaction of business of the Recreation Centers of Sun City, Inc. is located in Sun City, Maricopa County, Arizona.

Smoking shall be prohibited and banned inside all buildings of the Recreation Centers of Sun City, Inc. and also throughout and around RCSC facilities and per Federal and Arizona State law. Electronic cigarettes are not permitted within and on RCSC facilities except in designated smoking areas.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES

For purposes of clarification, the following definition shall be used: (a) Property: Any land, building or structure or portion of any building or structure which is, has been or is intended to be, for use and occupancy as a dwelling unit, real property in Sun City, Arizona as defined by these Corporate Bylaws; and (b) Deeded Real Estate Owner(s): Any individual or entity holding or owning a current ownership interest in Property as defined in these Corporate Bylaws.

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS

Members shall be Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto. Owners who meet the following qualifications shall be entitled to a Member Card and therefore considered as the Membership of the Corporation, as long as they are Members in good standing:

- A. A Member must be an Owner 55 years of age or older and occupy the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well.
- B. If a spousal Owner is under 55 years of age, he/she may be a Member, provided:
 - (i) he/she is not under 19 years of age;
 - (ii) he/she occupies the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well; and

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS (Cont.)

- (iii) that one spousal Owner is 55 years of age or older and occupies the property at the same time.

Continued Membership by an underage spousal Owner, because of the death or long term medical relocation of the Owner meeting the age requirement, shall continue only as long as the spousal Owner does not change the ownership and his/her occupancy status of the property.

- C. If there are more than two Deeded Real Estate Owners per property who meet the above qualifications for Membership and a Member Card, such Owners must decide which two of the Deeded Real Estate Owners shall be classified as Members. Up to two Member Cards may be provided for each property, provided there are two persons who meet the qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws. Additional Owners who meet the above qualifications must purchase a Privilege Card in order to use RCSC facilities. An Owner who does not occupy a Sun City property may purchase a Host Punch Card. The Host Punch Card gives such Owner the privilege of using the RCSC facilities while temporarily in Sun City, subject to being signed in by a valid Member or Privilege Cardholder.
- D. If the Deeded Real Estate Owner is a Trust, no more than two of the Grantors / Trustors / Settlers, or if deceased, no more than two remainder beneficiaries of the Trust may be deemed to be Members, provided that they meet the individual Member qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws. If none of the above meet said qualifications, no person(s) will be eligible for a Member Card. Remainder, contingent or non-vested beneficiaries of a trust will not be considered Owner(s) and are not eligible to be Members, unless the Grantors / Trustors / Settlers are deceased. Those granted lifetime use of a property are not eligible to be Members.
- E. If the Deeded Real Estate Owner is a Corporation, LLC, Partnership, LLP, or any other entity (“Company”) that may represent non-individual ownership other than Trusts, the Company may select two of its shareholders or partners to be Members, provided that they meet the individual Member qualifications of Article II, Sections 1.A and 1.B of these Corporate Bylaws; and further provided that said individuals have an ownership interest in said Company. If none of the individuals meet said qualifications, no person(s) will be eligible for a Member Card.
- F. Each individual qualified as a Member shall be issued no more than one Member Card, regardless of whether more than one Sun City property is owned and assessments and fees are paid. A multiple property Owner is not considered to occupy more than one property at a time. Each individual qualified as a Member is entitled to only one vote on each matter voted on by the Members.
- G. Member Cardholders in good standing may vote, serve on the Board or Committees, and use all available RCSC facilities, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. A Member whose annual property assessments are not paid in full is not considered a Member in good standing.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 1: MEMBERS, MEMBERSHIP AND MEMBER CARDS (Cont.)

- H. Member Cardholders in good standing may become members of the Chartered Clubs and participate in the activities of said Clubs, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- I. Member Cardholders in good standing may participate in Board/Member exchanges and speak at Board meetings, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- J. Guests of Members in good standing may use RCSC facilities for a fee, as determined by the Board, and subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and guests must be signed in by a valid Member or Privilege Cardholder.
- K. No Member may be denied the use of any RCSC facilities furnished by the Corporation as long as he/she is in compliance with the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders Guest Code of Conduct, any Rules and Regulations of the Corporation and Chartered Clubs and is a Member in good standing. A Member whose annual property assessments are not paid in full is not considered a Member in good standing.
- L. A Member or group of Members, whether or not sponsored by a Chartered Club, or any other person or persons, must not behave in a manner which jeopardizes the rights and privileges of other Cardholders, their guests or any other person or persons. A Cease and Desist Order may be issued by the Board or Management against said Member(s) for such behavior and, upon failure of said Member(s) to comply with said Order, denial of the future use of RCSC facilities by said Member(s) may be ordered by the Board, which may include denied attendance at any and all Corporate meetings.
- M. A Member may be suspended or expelled from RCSC facilities or property by the Board, after a hearing by the Board, for non-compliance by said Member within the provisions of the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. Any Member who is suspended or expelled is not considered to be a Member in good standing.
- N. Written application for reinstatement may be filed with the Board after the suspension or expulsion has been in effect for a minimum of thirty (30) days. During the period of suspension or expulsion, said Member shall not be entitled to any privileges of Membership or use of RCSC facilities or property and shall remain obligated to pay assessments and fees.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 2: UNDERAGE DEEDED REAL ESTATE OWNERS

Underage Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto, are subject to the following:

- A. An Owner under 55 years of age, who is not eligible for the spousal Owner exemption as stated in Article II, Section 1.B of these Corporate Bylaws, may be issued an annual Privilege Card for a fee, as determined by the Board, provided the Owner, who is under 55 years of age:
 - (i) is not under 19 years of age, and;
 - (ii) occupies a Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Owner(s) must provide proof that he/she occupies the Sun City residence as well; and
 - (iii) provided further that there is verifiable proof of at least one person 55 years of age or older occupying the property at the same time.
- B. An Owner, who is under the age of 55, but over the age of 19, and who does not occupy a Sun City property as his/her primary Arizona residence, is entitled to purchase a Host Punch Card. The Host Punch Card gives such Owner the privilege of using the RCSC facilities while temporarily in Sun City, subject to being signed in by a valid Member or Privilege Cardholder.

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS

Non-Owners, renters, tenants, lessees, occupants, those granted lifetime use (“Non-Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto and who meet the following qualifications may be entitled to a Privilege Card:

- A. A Non-Owner may be issued an annual Privilege Card for a fee, as determined by the Board, provided:
 - (i) at least one Owner or Non-Owner who occupies the property is 55 years of age or older;
 - (ii) the Non-Owner occupies the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than seventy-five (75) miles from Sun City in which case the Non-Owner(s) must provide proof that he/she occupies the Sun City residence as well;
 - (iii) the Non-Owner is not under 19 years of age, and;
 - (iv) the property assessments and fees, where such Non-Owner resides, are current.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS (Cont.)

- B. Annual Privilege Card fees are not refundable except:
- (i) in the event of death of the Privilege Cardholder, or;
 - (ii) upon the acquisition of a Sun City, Arizona property, by the Privilege Cardholder, provided the Privilege Cardholder has met the related Facilities Agreement obligations.
 - (iii) All refunds shall be on a pro-rata basis and may be subject to a service charge.
 - (iv) Refunds shall not be issued if the property assessments and fees, where such Privilege Cardholders occupied, are not current.
 - (v) Refunds shall not be issued on privilege cards that were issued for a term of less than one year.
- C. Privilege Cardholders in good standing may use all available RCSC facilities, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. If the annual property assessments are not current on the property the Privilege Cardholder occupies, they will be denied use of RCSC facilities. Privilege Cardholders cannot vote or hold Corporate office and may not be entitled to participate in corporate meetings.
- D. Privilege Cardholders in good standing may become members of the Chartered Clubs and participate in the activities of said Clubs, subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs.
- E. Guests of Privilege Cardholders in good standing may use RCSC facilities for a fee, as determined by the Board, and subject to the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and guests must be signed in by a valid Member or Privilege Cardholder.
- F. No Privilege Cardholder may be denied the use of any RCSC facilities furnished by the Corporation as long as he/she is in compliance with the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs and is a Cardholder in good standing except if the annual property assessments are not current on the property the Privilege Cardholder occupies.
- G. A Privilege Cardholder or group of Privilege Cardholders, whether or not sponsored by a Chartered Club, or any other person or persons, must not behave in a manner which jeopardizes the rights and privileges of other Cardholders, their guests or any other person or persons. A Cease and Desist Order may be issued by the Board or Management against said Privilege Cardholder(s) for such behavior and, upon failure of said Privilege Cardholder(s) compliance with said Order, denial of the future use of RCSC facilities or property by said Privilege Cardholder(s) may be ordered by the Board.

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 3: NON-OWNERS AND PRIVILEGE CARDHOLDERS (Cont.)

- H. A Privilege Cardholder may be suspended or expelled from RCSC facilities or property by the Board, after a hearing by the Board, for non-compliance by said Privilege Cardholder with the provisions of the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs. Any Cardholder who is suspended or expelled is not considered to be a Cardholder in good standing.
- I. Written application for reinstatement may be filed with the Board after the suspension or expulsion has been in effect for a minimum of thirty (30) days. During the period of suspension or expulsion, said Privilege Cardholder shall not be entitled to any privileges or use of RCSC facilities or property, nor receive any reimbursement of Privilege Card fees.

SECTION 4: ASSESSMENTS AND FEES

Each and every Deeded Real Estate Owners (“Owner(s)”) of property located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto shall join in a Facilities Agreement. Each Owner shall be responsible for the payment of assessments and fees.

- A. Owners must execute a Facilities Agreement in the form required by the Corporation, obligating property Owners to pay property assessments when due. The Facilities Agreement shall obligate Owners to pay assessments whether or not Owners occupy the property or use RCSC facilities.
- B. Assessments and fees shall be determined by the Board and shall be payable by property Owners pursuant to the Facilities Agreement.
- C. Late fees and penalties, as determined by the Board, shall be imposed on all property assessments and fees which are in arrears. Legal action to secure payment may be taken, as authorized by Arizona State Law, including but not limited to additional fees, liens and the enforcement of the same. Any Owner whose assessments and/or fees are in arrears is not considered a Member in good standing.
- D. Property assessments are not refundable except:
 - (i) in the event of death of an Owner, or;
 - (ii) upon the sale of the Owner’s Sun City, Arizona property, provided the Owner has met the obligations as described in the Facilities Agreement and the purchaser(s) have executed said Facilities Agreement, or;

ARTICLE II – MEMBERSHIP, CARDHOLDERS, ASSESSMENTS AND FEES (Cont.)

SECTION 4: ASSESSMENTS AND FEES (Cont.)

- (iii) in the event of death of an Owner resulting in an estate property; however, no refund shall be issued until the sale of such Sun City, Arizona estate property, provided all annual assessments and fees are then current.
 - (iv) All refunds shall be on a pro-rata basis and may be subject to a service charge.
- E. A Preservation and Improvement Fee, as determined by the Board, shall be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to Property located in Sun City, Arizona (a) pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payor of said Preservation and Improvement Fee no longer retains a majority ownership interest in the property; or (b) following the death of the last original Grantor / Trustor / Settlor under a Trust which holds title to the Property.
- F. A Transfer Fee, as determined by the Board, shall be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to Property located in Sun City, Arizona (a) pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payer of said Transfer Fee no longer retains a majority ownership interest in the property; or (b) following the death of the last original Grantor / Trustor / Settlor under a Trust which holds title to the Property.
- G. A onetime Access Fee per property, as determined by the Board, shall be paid by the builder, owner or developer desiring to have access to the RCSC facilities for future property owners. Said builder/owner/developer must execute a Facilities Agreement with the Corporation. Purchasers of individual properties are also required to execute a Facilities Agreement and pay a Preservation and Improvement Fee.

ARTICLE III - MEETINGS

SECTION 1: ANNUAL MEMBERSHIP MEETING

An annual meeting of the Members shall be held each year.

Written notice stating the place, day and hour of the annual meeting of the Members shall be posted in RCSC facilities and/or published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (www.sunaz.com), not less than ten (10) days, nor more than fifty (50) days before the date of the meeting.

With respect to amendments to the Corporate Bylaws, notice of any proposed amendment shall be given by written notice to the Board of Directors and posted in RCSC facilities and/or on the RCSC website (www.sunaz.com) at least ten (10) days prior to a Board meeting at which these changes shall be considered.

ARTICLE III – MEETINGS (Cont.)

SECTION 1: ANNUAL MEMBERSHIP MEETING (Cont.)

With respect to amendments to the Restated Articles of Incorporation, notice of any proposed amendment shall be posted in RCSC facilities and published in the RCSC (*SunViews*) newsletter and/or on the RCSC website (www.sunaz.com) at least thirty (30) days prior to a Membership meeting at which these changes shall be considered. Such notice shall include the proposed changes to the Restated Articles of Incorporation.

SECTION 2: SPECIAL MEMBERSHIP MEETINGS

Special meetings of the Members may be called by the Board of Directors, President of the Corporation or by petition of the Members having at least one-tenth (1/10) of the votes entitled to be cast according to the Corporation's records as of the preceding July 1. The reason for the meeting shall be stated in such call and petition. After receiving the petition and validating the signatures thereon, the President shall set a date for such meeting, which shall be held within sixty (60) days after validation of the signatures is completed.

With respect to a special meeting called by petition of the Members for the purpose of amending the Restated Articles of Incorporation or the Corporate Bylaws, the Board, after validation of the petition, shall set a special meeting. A written notice shall be posted in RCSC facilities and published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (www.sunaz.com) not less than ten (10) days, nor more than fifty (50) days before the date of the meeting.

With respect to a special meeting of the Members called by the Board of Directors or the President of the Corporation, a written notice shall be posted in RCSC facilities and published in the RCSC newsletter (*SunViews*) and/or on the RCSC website (www.sunaz.com) not less than ten (10) days, nor more than fifty (50) days before the date of the meeting. Notice shall include information concerning the purpose for the special meeting.

SECTION 3: MEMBERSHIP QUORUM

A quorum for any Membership meeting shall consist of not less than one thousand two hundred fifty (1,250) Members in good standing. A quorum shall be presumed in the absence of a challenge. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote at such meeting shall have the power to adjourn the meeting without notice other than announcement at the meeting, until a quorum is present.

Once a quorum has been established for any meeting, appropriate business may be conducted and decided by a majority vote of Members present unless otherwise required by the Restated Articles of Incorporation or the Arizona Revised Statutes.

SECTION 4: MEMBERSHIP MEETING RULES AND REGULATIONS

The laws of the State of Arizona, the Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation and Chartered Clubs shall govern procedure at all meetings of the Corporation, and

ARTICLE III – MEETINGS (Cont.)

SECTION 4: MEMBERSHIP MEETING RULES AND REGULATIONS (Cont.)

Robert's Rules of Order, when applicable, shall apply, provided they are not inconsistent with the aforementioned. The President may appoint a parliamentarian to serve during his/her term of office.

Proposals or matters relating to the conduct of the business affairs of the Corporation, if brought before a Membership meeting shall be referred to the Board for study. Such matters, being solely within the powers delegated to the Board in accordance with the laws of the State of Arizona, the Restated Articles of Incorporation, and these Corporate Bylaws will be considered only as a recommendation to the Board.

If the disposition of these proposals or matters is determined by the Board not to be in the best interest of the Corporation, the Board shall announce its decision and such proposal or matter shall not be considered further. The Members may, by petition signed by at least ten percent (10%) of the total membership of the Corporation as of the first day of the preceding July, bring the proposal or matter before the Membership for a majority vote of the Members present at a duly called and noticed Annual or Special Membership meeting.

ARTICLE IV - BOARD OF DIRECTORS

SECTION 1: FISCAL YEAR

For all purposes, financial and otherwise, the calendar year January 1 - December 31, shall be synonymous with the term “fiscal year” of the Recreation Centers of Sun City, Inc. (RCSC).

SECTION 2: COMPENSATION OF DIRECTORS

The Board of Directors (“Board”) shall receive no compensation of any kind for his/her service as a Board of Director (“Director”) or Officer or from any group using RCSC facilities. Furthermore, a Director cannot serve on any Chartered Club Boards during their term in office.

SECTION 3: INSTALLATION OF DIRECTORS

At the first regular Board meeting after a Director has been newly-elected or newly-appointed, the President of the Corporation shall formally install the new Director(s) specifying when their term of office commences.

SECTION 4: ELECTION OF OFFICERS

The Board shall meet on the first business day after January 1 for election of Officers. At this organizational meeting, the Board shall select from their own number, by ballot, the Officers listed in Article V of these Corporate Bylaws who shall serve for the term of one year, to end at the election of Officers in the following year.

A Director may be re-elected to consecutive terms as an Officer if he/she receives the majority approval of the Board of Directors.

ARTICLE IV - BOARD OF DIRECTORS (Cont.)

SECTION 5: LENGTH OF TERMS AND VACANCIES

The term of office for an elected Director shall be three (3) years. At the annual election, three (3) Directors shall be elected. One, two or three-year elected terms enter into the six (6) year limit set forth in the Restated Articles of Incorporation. In the event more than three (3) vacancies exist as of the deadline for turning in the petitions, those vacancies shall also be filled at the annual election as follows:

- (i) The candidate receiving the highest number of votes, after the three (3) three-year terms are filled, shall fill the next longest vacant term.
- (ii) If a candidate is elected to a Board position and, prior to the beginning date of the term for which he/she has been elected, declines or is unable to assume the office (“declining candidate”), then the term of the declining candidate(s) shall be filled with the unsuccessful candidate(s) receiving the next highest number of votes, based on the vote totals of the candidates in the last annual Directors’ election. A candidate receiving less than one hundred (100) votes shall not be eligible to fill any vacancies.
- (iii) The Balloting Committee (hereinafter referred to as the “Election Committee”) will determine the order of placement in the event of a tie vote. The method shall be a simple drawing of the names of the candidates involved in the tie vote.
- (iv) Vacancies occurring on the Board during the year (January 1 through December 31) may be filled by appointment of the Board. A majority vote of the Board is required for said appointment. An appointment ends on December 31 of the year appointed. An appointed term does not enter in the six-year limit set forth in the Restated Articles of Incorporation.

SECTION 6: MEETINGS OF THE BOARD

Regular monthly meetings of the Board of Directors shall be held on the day or days as designated by the Board. The Board may elect to delete summer meetings. The President or his/her appointee shall preside at all meetings. Six (6) Board of Directors shall constitute a quorum.

The regular meetings of the Board of Directors, with a prepared agenda, shall be open to the Members and the press. At each of these meetings, a specified time may be allotted for the Members to make comments in regards to corporate matters.

Special meetings of the Board of Directors may be called by the President or upon the written request of three (3) or more of the Board of Directors. The purpose of the meeting shall be stated in the call. Except in cases of emergency, at least seventy-two (72) hours notice shall be given.

The Board may meet in an Executive Session (closed meeting) to discuss confidential matters such as; litigation; matters relating to formation of contracts with third parties; Member or Privilege Cardholder discipline and personnel matters. Before going into Executive Session,

ARTICLE IV - BOARD OF DIRECTORS (Cont.)

SECTION 6: MEETINGS OF THE BOARD (Cont.)

the Chair must state such and all matters discussed thereafter shall remain confidential. Executive Sessions may be called during any work session or regular, special or emergency meeting of the Board and/or the Membership. The Board has the authority to take final action in Executive Session and is not required to make public those decisions that are of a confidential nature. Minutes may or may not be taken of Executive Sessions. If they are recorded, they are retained as a part of the confidential records of the Corporation.

SECTION 7: BOARD AUTHORITY

The Board of Directors shall have the authority to employ the General Manager; to hold and administer corporate assets, and direct, control, manage, and supervise the business and financial affairs of the Corporation without limitation, except as set forth in the Restated Articles of Incorporation.

The Board of Directors shall have authority to establish, change, and/or delete Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation as deemed necessary and within the authority as outlined in the Restated Articles of Incorporation and these Corporate Bylaws.

ARTICLE V – OFFICERS

SECTION 1: OFFICERS OF THE CORPORATION

The Officers of the Corporation shall be President, Vice-President, Secretary, and Treasurer and shall be elected pursuant to Article IV, Section 4 of these Corporate Bylaws.

SECTION 2: PRESIDENT

The President shall be Chair and shall preside at and conduct all meetings by a formal order of business. The President shall have general supervision and direction of the affairs of the Corporation in accordance with the Restated Articles of Incorporation, these Corporate Bylaws, Board Policies, and any Rules and Regulations of the Corporation. The President shall have authority to administer all matters not otherwise expressly delegated, and shall call special meetings of the Membership and/or Board.

After approval by the Board, he/she may execute bonds, investments, debts, and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof may be expressly delegated by the Board to some other Officer or Agent of the Corporation.

SECTION 3: VICE-PRESIDENT

The Vice-President shall perform such duties as assigned by the President and in the absence or incapacity of the President; shall perform the duties of the President.

ARTICLE V – OFFICERS (Cont.)

SECTION 4: SECRETARY

The Secretary shall adhere to the duties of the Secretary as outlined in Robert's Rules of Order and shall assure that the Corporate Board of Directors records of the Corporation are maintained and in order.

SECTION 5: TREASURER AND ASSISTANT TREASURER

The Treasurer shall issue financial statements when required and perform such other duties as ordinarily pertain to that office. The Treasurer shall ensure that financial records and cash/investment handling procedures are audited after the close of each fiscal year by a Certified Public Accountant, as selected by the Board. The Treasurer shall make certain that annual income tax returns and other required corporate filings have been filed as required. The Treasurer shall require safeguards to protect corporate assets. Any indebtedness issued in the name of the Corporation shall be signed by the Treasurer after such indebtedness is approved by a majority of the Board of Directors.

The Board of Directors may appoint an Assistant Treasurer and who shall in the absence or incapacity of the Treasurer, have the duties and the responsibilities of the Treasurer, but shall receive no compensation therefor. An appointed Assistant Treasurer must be a Member in good standing. In the event of the absence of the Treasurer, any appointee who has been designated by the Board to countersign checks may become a signatory.

SECTION 6: THEFT, DISHONESTY AND LIABILITY INSURANCE

The Officers of the Corporation shall ensure that an Employee Dishonesty Insurance Policy, as determined by the Board, is in place to insure the Corporation against losses relating to theft or mishandling of assets by Employees, Directors or Corporate Agents. The Corporation shall provide Directors and Officers liability insurance for all Directors and Officers and their spouses.

SECTION 7: REMOVAL OF BOARD OFFICERS

A Board Officer who is unwilling or incapable of satisfactorily performing the responsibilities of his/her office, may be removed from his/her office by a ballot vote of a majority of the Board of Directors. An Officer so removed shall be eligible to continue as a Director. The Restated Articles of Incorporation addresses removal of any elected or appointed Director from the Board.

A new election of the Officer by the Board of Directors for the vacated position(s) shall be held within fifteen (15) days after removal. In the case of a vacancy in the President's office, the Vice President will perform the duties of the President until a new President is elected.

SECTION 8: INDEMNIFICATION

Recreation Centers of Sun City, Inc., its successors and assigns, hereby agree to protect, defend, indemnify and hold harmless its Directors and their spouses, Officers, Management and Employees ("Agents") from and against any and all claims, demands, actions, damages, loss, and judgments arising out of or occurring in connection with any act or omission of such, including reasonable attorney fees and court costs. Such indemnification of said Agents of the Recreation Centers of Sun City, Inc. shall exclude any such liability caused by gross negligence or willful misconduct.

ARTICLE VI – COMMITTEES

The Board shall be empowered to create or eliminate committees as they may deem necessary to properly and effectively carry on the affairs of the Corporation. A standing committee is a small group of Members, subordinate to the Board of Directors, which is organized to assist the Board in specific areas as assigned. Adhoc committees are formed for a specific task or objective and dissolved after the completion of the task or achievement of the objective. RCSC Cardholders may present specific concerns and issues to the appropriate committee for review and recommendation to the Board. Committees have no decision making authority and are limited to presenting ideas and recommendations to the Board of Directors and Management. All committees shall have a Board of Director as Chair and Co-Chair who shall be appointed by the Board President in January each year. A Board Chair or Co-Chair who is unwilling or incapable of satisfactorily performing the responsibilities may be removed from his/her position as Chair or Co-Chair by a ballot vote of a majority of the Board of Directors. All committees shall attempt to have no less than five (5) members. Members of committees shall be selected from the Membership at large who must meet the following requirements: (a) Must be an RCSC Member Cardholder in good standing; (b) Must not be related to any other member of the committee by marriage or birth unless committee members are selected by election or appointment to another position; i.e., green committee members, association officers, and/or Club Presidents; and (c) Must agree to adhere to RCSC's Articles, Bylaws, Board Policies, and any and all rules and regulations of the Corporation.

Standing committee members shall serve a term of not more than three (3) years. Upon expiration of each term, the Board of Directors shall post notice to the Membership at large all vacancies and accept applications/requests for service. The Board of Directors shall review each application/request and select by majority vote of the Board of Directors the RCSC Member(s) to serve on each committee.

Committee members are expected to attend all committee meetings, review materials in advance of the meetings, participate in meetings, and meet as frequently as necessary to discharge properly the committee's responsibilities. Committee members may be suspended or expelled by a majority vote of the Board of Directors for the following reasons: (a) Failure to adhere to RCSC's Articles, Bylaws, Board Policies, or any rules and regulations of the Corporation; (b) For any good and sufficient cause which is contrary to the highest moral or sportsman like principles; (c) For being unwilling or incapable of satisfactorily performing the responsibilities of a committee member; or (d) Failure to attend three (3) committee meetings in a row.

ARTICLE VII - CHARTERED CLUBS

A group of Cardholders interested in a particular hobby, avocation or field of interest may join together for the purpose of pursuing said interest and may request the Board to certify them as a Chartered Club. Duties, responsibilities and requirements of such Clubs are outlined in the Board Policies. The Restated Articles of Incorporation, Corporate Bylaws, Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation shall take precedence over any and all Chartered Club or individual club rules and regulations. The Chartered Club facilities are to be used solely for the purpose of leisure recreational hobbies and not as a profit making endeavor.

ARTICLE VIII - NOMINATION AND APPOINTMENT PROCEDURES

SECTION 1: PRESENTATION OF CANDIDATES

The Chair of the Elections Committee shall present to the Board, at a Board meeting no later than October 31 of each year, a list of candidates for Director position(s) to be filled at the coming annual election. The election shall be held in accordance with Article IX of these Corporate Bylaws.

SECTION 2: RECRUITMENT OF CANDIDATES

On or before July 1 each year, by appropriate notice to the Membership at large, Members shall be invited to become candidates. In the event additional candidates are needed, the Elections Committee shall begin recruiting to provide the required number.

If a member of the Election Committee desires to become a Board of Director candidate, he/she must resign from the Committee prior to becoming a candidate.

SECTION 3: PETITION AND APPLICATION OF CANDIDATES

A Member who is eligible, as per Article VIII, Section 4 of these Corporate Bylaws, to become a candidate for election to the Board of Directors shall provide to the Chairperson of the Election Committee on any date specified or no later than October 15 the following:

- (i) A written petition on the official form required with valid signatures from at least one-hundred (100) Member Cardholders in good standing;
- (ii) An application on the official form required, to include a resume and list of goals; and
- (iii) Nominee shall make himself/herself available to RCSC for a photograph.

SECTION 4: CANDIDATE REQUIREMENTS

An eligible candidate for election to the Board of Directors shall satisfy all the following requirements and a candidate for appointment to the Board shall satisfy all except number seven (vii) below:

- (i) Must be at least fifty-five (55) years of age;
- (ii) Must not be related by marriage or birth to any other member of the Board, Sr. Management Staff, or Board Candidate;
- (iii) Must be a Deeded Real Estate Owner of property in Sun City, Maricopa County, Arizona as well as a resident of Sun City;
- (iv) Must be a Member in good standing;
- (v) Must reside in Sun City, Arizona and be available at least ten (10) months of the year;

ARTICLE VIII - NOMINATION AND APPOINTMENT PROCEDURES (Cont.)

SECTION 4: CANDIDATE REQUIREMENTS (Cont.)

- (vi) Must meet the requirement to hold an Arizona liquor license;
- (vii) Must be eligible and available to serve a three (3) year term; and
- (viii) Must attend Board Candidate Orientation(s).

A Board Candidate that withdraws from his/her candidacy for any or no reason may not elect to reestablish candidacy in the same election year.

ARTICLE IX - ELECTION OF DIRECTORS

SECTION 1: POLLING PLACES, TIMES AND DATES

- (i) Election of Directors shall be held on the second Tuesday in December each year.
- (ii) The Board may schedule earlier voting dates.
- (iii) The Board shall select the number of polling places, their locations and times of operation for voting within Sun City, Maricopa County, Arizona.

SECTION 2: VOTES

The person or persons receiving the highest number of votes shall be elected to the vacancy or vacancies for which the election is held.

SECTION 3: RECALL ELECTION

- (i) In a recall election, a Director shall be deemed recalled if a majority of the votes cast by Membership ballots are for his/her removal, provided further that the total number of votes received for the recall is not less than one hundred (100).
- (ii) The person receiving the highest number of votes cast by Membership ballots to replace the recalled Director shall be deemed elected to fill the unexpired term of said Director.
- (iii) The Board, or its designated representative, may use the services of a neutral entity such as the Maricopa County Election staff and adopt their procedures, as desired, to ensure a fair election process.
- (iv) The Board, or its designated representative, may exercise the flexibility to negotiate technical and routine matters with the neutral entity conducting the election at the Board's request and to make any necessary arrangements or revisions, as the need arises.

ARTICLE X –VOTING PROCEDURES AT MEMBERSHIP MEETINGS

SECTION 1: NON-BALLOT VOTING

Voting shall be by ballot of the eligible Members present at any meeting of the Members.

ARTICLE X – VOTING PROCEDURES AT MEMBERSHIP MEETINGS (Cont.)

SECTION 2: BALLOT VOTING

The following procedures shall apply for ballot voting:

- (i) Voting shall proceed under supervision of the Election Committee;
- (ii) At least two (2) members of the Election Committee shall be in attendance at all times during voting and they shall determine eligibility of all voters, issue all official ballots, and witness the casting of the ballots; and
- (iii) Ballot boxes shall remain sealed until all votes are cast. Votes shall be tabulated in the presence of at least three (3) members of the Election Committee. Any Member may be present as an observer at the tabulation of the votes. Upon completion of the tabulation of ballots, the results shall be certified by the Election Committee Chairperson to the Board and posted on the Corporate website (www.sunaz.com) and in RCSC facilities.

SECTION 3: LIMITATION PERIOD

No Membership election or vote, initiated by petition of the members, shall be held on an issue which is the same as, or substantially similar to, any issue which has been voted upon by the Membership within the current calendar year or any of the past three (3) calendar years (hereinafter referred to as the "Limitation Period"). The Board of Directors shall determine, in its sole discretion, whether the issue proposed to be voted upon by the Membership is the same as, or substantially similar to, an issue previously voted upon by the Membership during the Limitation Period. In the event a Membership election or vote is not required to be held due to the provisions of this section, then the Board of Directors shall not set, call, notice or post the proposed Membership election or vote or any Membership meeting in connection therewith, or take any other action normally associated with a Membership election or vote or a Membership meeting. This section shall not apply to the election or removal of Directors.

BE IT FURTHER RESOLVED that a copy of these Corporate Bylaws shall be posted on the RCSC website for members and shall be made available to members upon request at no cost.

Adopted and signed this 30th day of June, 2016 at a duly called Board meeting by a majority (5) of the Recreation Centers of Sun City, Inc. Board of Directors.

ATTEST:

Dan Schroeder, President

Carol Lawry, Secretary