

# **Recreation Centers of Sun City West**

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AMENDED AND RESTATED BYLAWS

OF

RECREATION CENTERS OF

SUN CITY WEST, INC.

AN ARIZONA NONPROFIT

CORPORATION

December 4, 1996

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AMENDED AND RESTATED  
BYLAWS OF  
RECREATION CENTERS OF SUN CITY WEST, INC.  
an Arizona nonprofit corporation

SECTION I

1.1 PURPOSE

These Amended and Restated Bylaws (hereinafter, "Bylaws") effective the fourth day of December, 1996, provide for the governance and operation of RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona nonprofit corporation that has been formed under the laws of the State of Arizona for the purpose of operating, maintaining and preserving facilities which enhance the recreational, social and leisure interests of its Members. As provided in Article III, Section 1 of its Articles of Incorporation, this corporation also is incorporated " to provide and maintain certain civic and community services not otherwise provided for including, without limitation, the maintenance of landscaping of medians, rights-of-way, landscape easements of major arterial streets and other areas within Sun City West constituting Association Property as defined in Article I to the extent they are not maintained by the County of Maricopa or other governmental entities and/or community organizations." Sun City West is a retirement community subject to the Federal Fair Housing Amendments Act of 1988 and the Arizona Fair Housing Act under which at least one Member of the Association who is also a member of the Family residing in each Residential Unit must be fifty-five (55) years of age or older and none under nineteen (19) years of age.

1.2 DEFINITIONS

1. "Annual Meeting": shall mean and refer to the annual meeting of the Association membership at which the Governing Board reports on the Association's activities during the calendar year that is ending.

2. "Associate Member": shall mean and refer to any non-homeowning resident of Sun City West who is nineteen (19) years of age or older and domiciled with a homeowner in Sun City West for more than six (6) months in a twelve (12) month period, and who meets the other requirements set forth in Section III herein.

3. "Associate Member Card": shall mean and refer to the cards issued to Associate Members to permit them access to the Association's facilities.

4. "Association Membership Fee" or "Annual Membership Fee": shall mean and refer to the annual charge authorized and levied by the Association's Governing Board of Directors against each Member and Associate Member within Sun City West.

5. "Association" or "Recreation Centers": shall mean and refer to Recreation Centers of Sun City West, Inc., an Arizona nonprofit corporation.

6. "Capital Expenditures": shall mean and refer to moneys spent for long term betterments or additions to the Recreational Facilities, as determined by the Governing Board, and shall include the replacement and improvement of existing facilities. Capital Expenditures shall not include operating expenses.

7. "Declarations": shall mean the Declarations of Covenants, Conditions and Restrictions recorded against the Properties within Sun City West, as amended or supplemented from time-to-time.

8. "Developer": shall mean and refer to Del E. Webb Development Co., L.P., a Delaware limited partnership, and its affiliates, successors and assigns, but for purposes of the foregoing, no individual, corporation, trust, partnership or other entity who or which has at any time purchased less than Developer's entire remaining interest in Sun City West shall be deemed to be a successor or assign of Developer unless Developer's rights have been specifically assigned by a recorded instrument.

9. "Developer's Rights": shall mean and refer to the rights and obligations retained by Developer in accordance with the terms of these Bylaws.

10. "Director": shall mean and refer to a Member who is elected or appointed and installed to serve on the Governing Board of Directors in accordance with these Bylaws.

11. "Facilities Agreement" or "Recreational Facilities Agreement": shall mean and refer to the agreement executed by each owner of a Residential Unit within Sun City West.

12. "Fiduciary responsibility": shall mean and refer to the responsibility of all elected and appointed officials of the Association to carry out with integrity and honesty the duties which are theirs by law and regulation and to at all times take those actions which are in the best interest of the Members of the Association.

13. "Family": shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not so related who maintain a common household.

14. "General Manager": shall mean and refer to the person or corporate entity appointed by the Governing Board of Directors to manage and administer the operations of the Association.

15. "Governing Board of Directors" or "Governing Board": shall mean and refer to the Directors elected by the membership or appointed by the Governing Board in accordance with these Bylaws to establish the policies and oversee the operation of the Association pursuant to the Governing Documents, as now in effect or duly adopted or amended.

16. "Governing Documents": shall mean and refer to these Bylaws, together with the Articles of Incorporation of the Association, the Master Agreement, the Recreational Facilities Agreement, and the Declarations recorded against the Properties, as the same may be amended or supplemented from time-to-time.

17. "Governing Rules": shall mean and refer to the conditions and provisions of the Governing Documents, as the same may be amended or supplemented from time-to-time.

18. "Master Agreement": shall mean and refer to the Third Amended and Restated Master Agreement dated January 14, 1994, by and between Del E. Webb Development Co., L.P., a Delaware limited partnership and Recreation Centers of Sun City West, Inc., an Arizona nonprofit corporation, as now in effect or duly adopted and amended, for so long as the same shall be in effect.

19. "Member(s)": shall be homeowners/titleholders of record who meet the membership requirements set forth in Section III herein.

20. "Membership Card": shall mean and refer to the cards issued by the Association to Members and Associate Members to permit access into the Associations' facilities and participation in the related activities, all in accordance with the Governing Documents.

21. "Properties": shall mean the properties situated in Sun City West, Maricopa County, Arizona, as more specifically identified in Section 1.2(31) below.

22. "Quorum": shall mean and refer to the number of Members of the Association or Directors, as applicable, required or presumed to be present in accordance with these Bylaws at a meeting in order to transact business at such meeting.

23. "Resident": shall mean and refer to any person who resides in a Residential Unit in Sun City West.

24. "Recreational Facilities": shall mean and refer to all real and personal property, including the improvements thereto, owned by the Association for the



common use and enjoyment of the membership, and such additional facilities as may be conveyed by Developer to the Association for ownership and operation by the Association.

25. "Renter(s)/Tenant(s)": shall refer to persons renting a Residential Unit in Sun City West, at least one (1) of whom must be fifty-five (55) years of age or older, and no one under nineteen (19) years of age may reside in the Residential Unit.

26. "Resale Transfer Fee": shall mean and refer to the fees provided for in Section 3A.3(f) charged by the Association to be paid upon the resale of a Sun City West home.

27. "Residential Rental Property": shall mean any single-family Residential Unit and each Residential Unit of a multi-family structure or complex that is rented or leased at any time during the calendar year to Renters (who do not own the Residential Unit.).

28. "Residential Unit": shall refer to a single-family home, condominium, townhouse, or individual living unit of a multi-family housing structure or complex located in Sun City West, zoned for residential use and intended for residential use.

29. "Special Assessments": shall mean a charge which may be authorized and levied by the Association's Governing Board of Directors against each Residential Unit within Sun City West and required to be paid in accordance with the Governing Documents.

30. "Special Housing Property": shall mean and refer to lifecare, convalescent care, catered living, and other similar facilities.

31. "Sun City West": shall mean and refer to all of the real property situated in Sun City West, Maricopa County, Arizona, more specifically identified on the Sun City West General Plan dated November, 1985, and the Sun City West Development Master Plan dated July 31, 1991, as thereafter revised and approved by the County of Maricopa, as the same may be from time-to-time duly revised or amended, attached as Exhibits "A" and "B" to these Bylaws, provided that no revision or amendment shall enlarge the boundary shown on Exhibit "B" unless approved by a vote of not less than a majority of the Members voting in an election in which not less than a majority of the entire voting membership of the Association votes.

32. "Tenant Activity Card": shall mean and refer to a card issued by the Association to a Renter of a Residential Unit to permit the Renter access to the facility use privileges granted to the owner of the Residential Unit.

## SECTION II

### GOVERNANCE STRUCTURE

#### 2.1 GENERAL

The affairs of the Association shall be directed by a Governing Board of Directors and administered by a General Manager. The Governing Board of Directors shall establish policies and oversee the operation of the Association pursuant to the Governing Documents; the General Manager shall be responsible for carrying out the policies and directives of the Governing Board of Directors.

#### 2.2 GOVERNING BOARD OF DIRECTORS

The Governing Board shall consist of nine (9) members each of whom shall be resident Members of the Association, elected by the membership or appointed by the Governing Board in accordance with the provisions of these Bylaws. No Director or officer of the Governing Board shall receive compensation of any kind for his/her services; provided, however, that the Governing Board may cause a Director to be reimbursed for expenses incurred in carrying on the business of the Association. The principal purposes, powers, duties and functions of the Governing Board shall be as provided in these Bylaws, as the same may be amended from time-to-time.

#### 2.3 GENERAL MANAGER

Responsibility for management and administration of the Association shall be vested in a General Manager, who may either be a natural person or corporate entity. The General Manager shall be appointed by and serve at the pleasure of the Governing Board. Method of appointment and removal, and duties and responsibilities of the General Manager shall be as more fully set forth in these Bylaws. (Section V)

#### 2.4 DEVELOPER INVOLVEMENT

a. July 1, 1995 was the first day of the fiscal year following the calendar year in which eighty percent (80%) of the total number of planned residential lots in Sun City West had been sold and transferred. Therefore, in accordance with previous agreements between the Developer and the Association, Developer involvement in the affairs of the Association terminated on that date.

b. Following the termination of Developer involvement in accordance with subsection 2.4(a), Developer shall retain Developer's Rights as specified in Exhibit "C", attached hereto and incorporated herein by reference; and Developer shall pay annual fees for each residential lot (planned or subdivided) in the expansion area shown on Exhibit "B", in accordance with the terms of Sections III.B., and IV.B., of the then current Master Agreement.

## SECTION III

### PART A

#### ASSOCIATION MEMBERSHIP

##### 3A.1 MEMBERSHIP

a. A Member and an Associate Member shall meet the following requirements:

(1) Member: A Member shall be the owner (whether one or more persons or entities), of a Residential Unit within Sun City West. Ownership shall be evidenced by a recorded document and shall include, without limitation, any of the following: 1) persons who acquire title by means of a Sheriff's Deed issued as a result of a mortgage or Deed of Trust foreclosure; ii) persons who acquire title by means of a Trustee's Deed issued as a result of the exercise of a power of sale under a Deed of Trust; iii) persons who acquire title by means of a Deed in lieu of the foreclosure of a mortgage or Deed of Trust; or iv) in the case of any valid and outstanding recorded Executory Agreement of Sale with respect to a Residential Unit, the purchaser under such Agreement of Sale. The term "owner" shall include a beneficial owner in a Grantor-type, Living Trust or Testamentary Trust but shall exclude in all cases any party holding an interest merely as security for the performance of an obligation or merely as an executor, administrator or trustee.

(2) Associate Member: An Associate Member shall not be considered a Member of the Association. An Associate Member is not entitled to vote in any election or at any meeting of the membership nor to hold office in the Association, nor to sign any petitions authorized by these Bylaws. An Associate Member shall be entitled to all of the other privileges and rights of a Member to use the Association's facilities and be subject to all of the responsibilities and obligations of a Member as set forth in these Bylaws.

b. There shall be one (1) vote per Member.

c. Membership in the Association shall be limited to Members. Under no circumstances will a Resident, a Member, or an Associate Member be granted facility use privileges as a guest of a Member. Membership shall be subject to the following restrictions and qualifications.

(1) One (1) member of the Family residing in each Sun City West Residential Unit must be fifty five (55) years of age or older in order to qualify to reside in that Residential Unit and to use the facilities of the Association, subject only to the provisions of 3A.1(c) (3) below.

(2) Any Member of a Family nineteen (19) years of age or older and domiciled with a homeowner in Sun City West for more than six (6) months in a twelve (12) month period is eligible to be an Associate Member in the Association as long as such person is a resident of Sun City West and is current in the payment of the then current Associate Member Fee required to obtain an Associate Member Card.

(3) Any person under fifty-five (55) years of age may acquire a Residential Unit in Sun City West by purchase or inheritance. Such persons shall be Members and shall be obligated to pay to the Association an Annual Membership Fee and Special Assessments. Such persons shall retain voting rights in the affairs of the Association, but are not authorized use of Association facilities unless said persons are nineteen (19) years of age or older and reside in the Residential Unit with person(s) who otherwise qualify for membership under 3A.1(c)(1) above.

(4) However, if the only person in the household who is 55 years of age or older dies, the remaining members of the household will be allowed to continue whatever membership status that they had prior to that person's death and to continue to live in the same Residential Unit.

d. Membership shall not be transferable.

e. Notwithstanding any provision to the contrary, the General Manager shall be a Member of the Association. The General Manager shall not be required to pay an Annual Membership Fee or Special Assessment unless (s)he is otherwise required to do so in accordance with these Bylaws.

f. A Member must be current in the payment of the Annual Membership Fee and any duly adopted Special Assessment to validate the membership and to entitle the Member to all rights and privileges of same.

g. In the event an owner or developer of property within Sun City West purchased originally from Developer as commercial or industrial property obtains rezoning of said property for residential use, or in the event an owner or developer of property within Sun City West purchased originally from Developer as residential

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property obtains rezoning of said residential property for a higher density residential use, the Governing Board of the Association shall determine in its sole discretion whether to permit such owner or developer or individual owners of Residential Units thereof to purchase memberships in the Association.

### 3A.2 PRIVILEGES AND RIGHTS

a. Members in good standing shall be entitled to vote, to hold office, and to use all available facilities subject to the provisions of Section 3A.1 (c) (3) of these Bylaws and all rules and regulations of the Association.

b. Associate Members in good standing and holders of valid Tenant Activity Cards shall be entitled to use all facilities of the Recreation Centers subject to the responsibilities and obligations of Members as set forth in these Bylaws.

c. Membership in chartered clubs is open to all Members and Associate Members in good standing and holders of valid Tenant Activity Cards; however, membership in a chartered club is governed by the Rules, Regulations and Procedures for Chartered Clubs which, in some cases, require the completion of training courses.

d. Members and Associate Members in good standing and holders of valid Tenant Activity Cards shall have certain guest privileges as provided in the Association's Guest Policies and the Rules, Regulations and Procedures for Chartered Clubs.

e. No Member or group of Members, whether or not sponsored by a chartered club, or any other person or persons, shall so conduct themselves in or on Association property so as to jeopardize the rights and privileges of other Association Members, their guests or any other person(s).

### 3A.3 ASSOCIATION MEMBERSHIP FEE, SPECIAL ASSESSMENTS AND OTHER FEES AND CHARGES

a. Association Membership Fees. Each owner of a residential lot within Sun City West, other than Developer, is obligated to pay to the Association, in accordance with the Governing Documents governing said owner's Residential Unit, an Annual Membership Fee. Developer shall be obligated to pay annual Membership Fee(s) for each residential lot owned by Developer in accordance with the terms of the then current Master Agreement. The amount of the Membership Fee will be determined annually by the Governing Board of Directors and shall be due and payable by each owner in advance each year on or before the owner's Association membership anniversary date. Membership begins on the day of closing of escrow of the purchase

of a Residential Unit. See Section 4B.2(e)(1) for limitations on Annual Membership Fee increases. Upon payment of the appropriate Annual Membership Fee, the Member shall be issued a Membership Card which shall be used to gain entrance into the Association's facilities and participate in the activities related thereto, subject to the restrictions contained in Sections 3A.1 and 3A.2 above.

b. Facilities Agreement, Payment of Annual Membership Fee, Due Dates. Each owner shall execute and require successive owners to execute a Recreation Centers of Sun City West, Inc. Facilities Agreement, and such shall be binding upon and inure to each owner's assigns and successors. Owner, Associate Members and all holders of valid Tenant Activity Cards residing in said Residential Unit shall abide by the Articles of Incorporation and Association Bylaws and any amendment thereto. Initial payment of the Annual Membership Fee shall be made at the time of closing of the purchase of a Residential Unit and shall be paid annually thereafter.

c. Special Assessments. In addition to the Association Membership Fee authorized above, in any fiscal year, the Governing Board of the Association may levy against each residential Residential Unit within Sun City West other than those lots owned by Developer, Special Assessments for the purpose of defraying, in whole or in part, the costs of any action or undertaking on behalf of the Association, including the repair, replacement or addition of improvements to or upon the Association's Recreational Facilities, provided that any such Special Assessment shall be approved by the affirmative vote of a majority of the Members of the Association voting in person, by absentee ballot or by mail-in ballot. Special Assessments must be fixed at a uniform rate for all Residential Units and may be collected on a monthly or yearly basis.

d. Delinquencies. Any Association Membership Fee or Special Assessment or portion thereof which is not paid within thirty (30) days after the due date, charges for the late payment of assessments will be the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid assessment.

e. Tenant Activity Card. Persons renting Residential Units in Sun City West shall be subject to an additional fee charged by the Association for issuing a Tenant Activity Card. The fee for a Tenant Activity Card, to be determined annually by the Governing Board, is payable in advance annually or for the term of the lease, whichever period is shorter, and is non-refundable. The number of Tenant Activity Cards issued for any dwelling unit shall not exceed the number of paid annual memberships on file with the Association. If the owner(s) does not have a sufficient number of paid annual memberships for such dwelling unit on file with the Recreation Center Administration Office to provide sufficient Tenant Activity Cards to all renters, the owner may purchase additional Membership Card(s) for said renter(s) and the renter(s) may then purchase additional Tenant Activity Card(s) at the established fee.

f. Resale Transfer Fee. Purchasers of Residential Units from owners other than Developer ("Resales") are obligated to pay to the Association a Resale Transfer Fee. The fee for a Resale Transfer will be determined annually by the Governing Board and shall be due and payable by each new owner at time of closing. Membership begins on the day of closing of escrow in the purchase of a Resale Residential Unit. Upon payment of the appropriate Resale Transfer Fee and Annual Membership Fee, the new owner shall be issued a Membership Card which shall be used to gain entrance into the Association's facilities, and participation in all activities related thereto, subject to the restrictions contained in Sections 3A.1 and 3A.2 above.

g. Other Fees and Charges. Golf Fees, Bowling Fees and rental charges for the use of Recreational Facilities of the Association shall be levied by the Association. The amount of such fees and charges shall be recommended by the General Manager and approved by the Governing Board, and may be changed at any time upon thirty (30) calendar days notice to the membership. Upon advising the Board, the General Manager is authorized to temporarily reduce such fees and charges as part of a promotional program without the requirement for Board approval or the thirty day notice. All remaining fees and charges will be determined by the General manager with timely notification of the Governing Board.

h. Reserve Funds. The Governing Board of Directors is empowered to establish and maintain such reserve funds as it deems appropriate for major additions to, replacements of, or repairs to the recreation centers' facilities (see Section 4B.2[k]). Contributions to such reserve funds shall be determined by the Governing Board as part of the Association's annual budgeting process.

### 3A.4 SUSPENSION OF MEMBERSHIP

a. The provisions of this Section of these Bylaws apply to all Members, Associate Members and Renters.

b. Pending a hearing before the Governing Board for failure to comply with the provisions of the Governing Documents, or duly enacted Rules and Regulations of the Association or approved rules and regulations of chartered clubs, the General Manager may temporarily suspend a Member's rights as a Member of the Association. The General Manager shall notify the Governing Board in writing within forty eight (48) hours of taking any such suspension action. The Governing Board hearing must be held within fifteen (15) calendar days after the Governing Board has received written notice of a suspension. A suspended Member must be given at least ten (10) calendar days prior notice of the hearing before the Governing Board, which notice shall state the actions or conduct of the Member giving rise to the proposed suspension of the Member. Notice required by this sub-section may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by

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Revised 3A.3 "g." - Approved by the Governing Board June 26, 1997

Certified Mail (Return Receipt Requested), sent to the last address of the Member shown on the Association's records. At the hearing, the Member shall be provided an opportunity to be heard, either orally or in writing, and to be represented by any other party. Any action challenging a suspension of membership, including any claim alleging defective notice, must be commenced within one (1) year after the date of the suspension. During a period of suspension, such Member shall be required to pay the Annual Membership Fee and Special Assessment, but shall not have any right to utilize any of the facilities of the Association, vote in any election of the Association or serve in or run for any office or position within the Association. Within forty-eight (48) hours after the conclusion of the hearing, the Governing Board shall determine the length of the temporary suspension. The majority decision of the Governing Board shall be final and binding.

c. Application for reinstatement may be filed with the Governing Board after such suspension has been effective for thirty (30) calendar days. The Governing Board must act upon an application within thirty (30) calendar days after its receipt by the Governing Board, by either approving or rejecting the application by a majority decision, which shall be final and binding upon the Member. Upon the Governing Board approving an application for reinstatement, the applicant Member shall be reinstated upon payment of any Annual Membership Fee and Special Assessment due and owing by the Member and the completion of any other obligations, responsibilities or duties to be fulfilled as determined by the Board.

### **3A.5 MEMBERSHIP VALIDATION.**

A Member's signature on any membership petition or request provided for in these Bylaws shall be valid only if the Member is in good standing and is not delinquent in the payment of fees or assessments levied by the Association, owed and outstanding at the time (s)he signs the petition or request.

### **3A.6 SPECIAL HOUSING PROPERTIES**

a. The owner(s) of Special Housing Properties may request, in writing that the Association issue to such owner(s) a certain number of Tenant Activity Cards for use by residents of the Special Housing Property. Upon the approval of the Governing Board of the Association to such request, and upon the owner(s) paying a Fee in the amount of the then current Annual Membership Fee for each Tenant Activity Card requested, the Association will issue the approved number of Tenant Activity Cards in the name of the Special Housing Property. The Tenant Activity Card shall show the name of the Renter and the number of the Rental Unit.



b. Occupants of Special Housing Property shall not be considered Members or eligible for membership in the Association unless either:

(1) The occupant is an owner of other residential property located in Sun City West (and otherwise qualifies to be a Member); or

(2) The Special Housing Property in which the person resides has made specific arrangements with the Association for membership of its residents under such terms and conditions as may be acceptable to the Governing Board of the Association in its sole discretion.

### 3A.7 RESIDENTIAL RENTAL PROPERTY

a. The Owners of Residential Rental Property shall pay to the Association, for each Residential Rental Property owned by them, an annual lessor fee in an amount equal to twice the then current Membership Fee.

b. Owner(s) of Multi-Unit Residential Rental Property who have been extended membership privileges by the Association shall be considered a Member and shall be entitled to one (1) vote. In the event any such Multi-Unit Residential Rental Property is subsequently subjected to a condominium or horizontal property regime, said building shall no longer be deemed to be a Residential Rental Property. The Residential Units therein shall be treated in the same manner hereunder as Residential Units to which ownership has passed to the individual purchaser. The Governing Board may, but need not, extend membership to Multi-Unit Residential Property owners as it deems appropriate and under such terms and conditions as the Governing Board of Directors in its sole discretion, shall determine.

c. Renters shall not be considered Members of the Association, but with a Tenant Activity Card (see sub-section 3A.3(e)) shall be entitled to full use and enjoyment of the Association facilities and participation in all clubs, subject to all of the responsibilities and actions and penalties as set forth in these Bylaws, provided the requirements of 3A.1 (c) (1) are met. In such instances, Tenant Activity Cards will be issued for such Renters provided that the owner of the Rental Property has paid the current Annual Membership Fee and any Special Assessments. The Association shall hold the Membership Card(s) of any owners of Rental Property for so long as a valid Tenant Activity Card for said Rental Property is outstanding.

## SECTION III

### PART B

#### MEMBERSHIP MEETINGS

##### 3B.1 PLACE

Unless otherwise designated in the written notice required under Section 3B.4 hereunder, all meetings of the Members of the Association shall be held at such locations within Sun City West as the Governing Board shall determine.

##### 3B.2 ANNUAL MEMBERSHIP MEETING

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

##### 3B.3 SPECIAL MEMBERSHIP MEETINGS

A special meeting of the Members of the Association shall be scheduled by the Governing Board in response to a written request (petition) for a special meeting signed by Members representing at least five percent (5%) of the Members of record of the Association as of the end of the preceding month, which request shall set forth the nature of the business to be undertaken at the meeting. Within ten (10) calendar days after final verification of the signatures on the request, the President shall give written notice of a special meeting to be held within the time periods set forth in Section 3B.4 below. Special meetings of Members may also be called and shall be scheduled upon request for such meeting by the President of the Governing Board or by a majority vote of the Governing Board.

##### 3B.4 NOTICE OF MEMBERSHIP MEETINGS

Written notice of regular and special meetings of the Members, stating the place, day and hour and agenda of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be published, mailed or delivered as determined by the Governing Board, not less than ten (10) nor more than fifty (50) calendar days before the date of the meeting by the President of the Association, to each Member entitled to vote thereat. Such notice if mailed, shall be addressed to the Member at the Member's address last appearing on the records of the Association, or supplied by such Member to the Association for the purpose of notice, or, if published,

shall be published in all newspapers primarily circulated in the Sun City West area, and conspicuously posted on Association bulletin boards at each facility. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, date and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, once a quorum is established, the Association may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) calendar days, notice of the adjourned meeting shall be given to each Member entitled to vote at the meeting.

### 3B.5 QUORUM

At a meeting of the Members, the presence in person or represented by proxy of at least five percent (5%) of the Members in good standing of record as of the end of the preceding month, shall be considered a Quorum for the purpose of the transaction of business at such meeting. A Quorum shall be presumed in the absence of a challenge. If, however, such Quorum shall not be present or represented by proxy at any meeting, the Members entitled to vote at such meeting shall have the power to adjourn the meeting to another time (but may not transact any other business) without notice other than announcement at the meeting, until a Quorum shall be present or represented. An adjournment for lack of a Quorum by those in attendance shall be to a date not less than five (5) calendar days and not more than thirty (30) calendar days from the original meeting date. At such adjourned meeting at which a Quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

### 3B.6 PROXY

At any meeting of the Members where proxy voting is authorized by the Governing Board, a Member may vote by proxy executed in writing by the Member or by his/her duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association no later than two (2) business days prior to the time of the meeting. Proxy forms shall be available at the Association general offices, or by mail, thirty (30) calendar days prior to the meeting date. No proxy shall be valid three (3) months from the date of its execution. Proxies shall be used for ballot voting only. Proxy voting shall not be permitted for election of the Governing Board members.

### 3B.7 CONDUCT OF MEMBERSHIP MEETINGS

At all meetings of the Association, Robert's Rules of Order shall prevail; provided, however, that in the event of any conflict between Robert's Rules of Order and these Bylaws, the Bylaws shall control.

## SECTION III

### PART C

### VOTING

#### 3C.1 VOTING RIGHTS

a. At any meeting of the membership of the Association, each Member in good standing is entitled to vote the number of votes authorized in Section 3A.1(b) on each matter voted upon by the membership. Provided a quorum is present, the vote of a majority of the votes cast by Members present at such meetings shall be the act of the full membership, except as may be otherwise specifically provided in these Bylaws, the Articles of Incorporation or Arizona law.

b. Voting for the Governing Board shall take place on the second Tuesday in December in accordance with these Bylaws, and results shall be made known upon tabulation and certification of the election by the Election Committee. The newly elected members of the Governing Board shall be installed and officially take office as provided in Section 4C.1 of these Bylaws.

#### 3C.2 VOICE VOTE

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

a. The election of all members of the Governing Board of Directors who are elected by the membership;

b. Matters on which the majority of the Governing Board requests a vote by written ballot;

c. Matters on which a vote by written ballot is requested by the majority vote of the eligible Members of the Association attending the meeting.

### 3C.3 BALLOT VOTE

When a ballot vote is required, the following will apply:

a. Voting shall proceed under supervision of an Election Committee composed of not less than five (5) members who are appointed by the President with the consent of the Governing Board. No member of the Election Committee shall be a member of the Governing Board. No person can be a member of the Election Committee while also a candidate for the Governing Board.

b. At least two (2) members of the Election Committee shall be in attendance at all times during voting and they shall determine eligibility (Section 3A.2 of these Bylaws) of all voters, issue all official ballots and witness the casting of the ballots.

c. All ballot boxes shall remain sealed until the date set for regular ballots to be cast. On that day, Maricopa County Voting Official(s), with at least one (1) Sun City West Election Committee member in attendance, shall be allowed to open the sealed ballot boxes and begin the counting process prior to the closing of the polls. A tie vote for the final position shall be decided by lot. Upon completion of the tabulation of ballots, the results shall be certified by the Election Chairperson to the Governing Board and officially posted on Association bulletin boards.

d. At the tabulation of votes, any Member may be present as an observer.

e. Following tabulation, all ballots will be sealed and stored for a period of thirty (30) calendar days in custody of the General Manager.

### 3C.4 ABSENTEE BALLOTS

a. If an eligible voter (Section 3A.2 of these Bylaws) will be absent from the meeting on the date set for balloting, (s)he may cast an absentee ballot at the place or time, or by mail, as designated by the Election Committee, but not more than fourteen (14) calendar days nor less than three (3) calendar days prior to the voting date.

b. When requested by an ill or incapacitated eligible voter, and the request is received at least ten (10) calendar days prior to the election, the Election Committee shall deliver an official ballot, by either mail or messenger, to the voter. The voter may cast the ballot and return it to the Election Committee either by mail or messenger, in the official envelope provided with the ballot. The ballot must be received by the close of business prior to the day of the election.

c. Ballot boxes containing absentee votes shall be opened and the ballots tabulated at the same time and place and under the same conditions as the regular ballots.

### 3C.5 MAIL VOTE

a. A majority of the Governing Board may authorize use and implementation of a mail-in ballot for any election or issue it deems appropriate if not otherwise prohibited by these Bylaws, the Articles of Incorporation, or Arizona law.

b. When mail-in ballots are authorized, said ballots shall be prepared and mailed to the Members not less than twenty-two (22) calendar days prior to the date of the election. The ballot shall state a cutoff date for the return of ballots. Ballots postmarked after the cutoff date shall not be counted.

c. The determination of eligibility and tabulation of votes shall proceed under the supervision of the Election Committee as set forth in Section 3C.3.

## SECTION IV

### PART A

### GOVERNING BOARD OF DIRECTORS

#### 4A.1 COMPOSITION (See Section 2.2)

a. The nine (9) members of the Governing Board elected by the membership or appointed by the Governing Board in accordance with the provisions of these bylaws shall comprise the total membership of the Governing Board of Directors and shall exercise all powers and duties of the Governing Board of Directors. Each Director shall hold office until his/her successor is elected and installed, or until his/her death, or until his/her earlier resignation or removal in the manner hereinafter provided.

#### 4A.2 SELECTION AND ELECTION OF CANDIDATES FOR GOVERNING BOARD POSITIONS

a. Any Member in good standing may become a candidate for election to the Governing Board by filing with the elected Secretary of the Association prior to November 1<sup>st</sup>.

(1) A petition on the appropriate Association form. This form must include an "Affidavit of Circulator" on the reverse side of each petition signature sheet and must be signed by at least two-hundred (200) Members in good standing; and

(2) A resume of not more than two-hundred (200) words completed by the nominee.

b. A candidate must be a Member in good standing, must declare his/her availability on a year around basis for participation in the business affairs of the Association, and must make himself/herself available for any office to which the Governing Board may elect him/her.

c. Upon the Member filing the foregoing petition and resume, the elected Secretary shall obtain from the Membership Office of the Association certification of membership in good standing of the petitioner and verification of petition signatures. Upon receipt of this certification and verification, the elected Secretary shall report to the President the names of all members who have qualified as candidates by petition. The names of these candidates shall be posted no later than November 10<sup>th</sup> on the Association bulletin boards and at the general office of the Association.

d. The election of Governing Board members (Directors) will be held on the first Tuesday of December each year. Voting for the members of the Governing Board shall be by secret ballot. Cumulative voting for the election of Governing Board members shall not be permitted. Candidates receiving the highest number of votes shall be elected to the open positions on the Governing Board of Directors. In the event there is an open position to be filled at the election for a shorter term than the regular terms, then after all of the regular terms have been filled, the person having the next highest number of votes shall fill the short term position.]

#### **4A.3 TERM OF OFFICE**

The term of office for a Director of the Governing Board shall be three (3) years and terms shall be staggered. No Member who has served a three (3) year term may be re-elected or appointed to the Governing Board until such Member has had a one (1) year absence from the Board.

#### **4A.4 PLACE OF GOVERNING BOARD MEETINGS**

The Governing Board may hold its meetings at the general office of the Association or at such other place(s), within Sun City West, as the Governing Board may from time to time determine. Any such meeting, whether regular or special, may

be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in such manner shall constitute presence in person at such meeting.

#### 4A.5 REGULAR GOVERNING BOARD MEETINGS

Regular meetings of the Governing Board shall be held monthly except in the months of July and August at such time and meeting place as the Governing Board shall determine. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Association's Recreational Facilities and shall be communicated to Governing Board members not less than four (4) calendar days prior to the meeting. Notice of a meeting need not be given to any Governing Board member who has signed a waiver of notice or a written consent to holding of the meeting. Attendance of a Governing Board member at any meeting shall constitute a waiver of notice of such meeting, except when a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Regular and special meetings of the Governing Board shall be open to all Members of the Association in accordance with the existing Arizona Revised Statutes Title 33-1804, et. seq. Association Members who are not on the Governing Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Governing Board. The Governing Board may, with the approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to consider matters as specified in the existing Arizona Revised Statutes Title 33-1804, et. seq. The nature of any and all business to be considered in executive session shall first be announced in open session.

#### 4A.6 SPECIAL GOVERNING BOARD MEETINGS

Special meetings of the Governing Board may be called by written notice signed by the President of the Governing Board or by any two (2) members of the Governing Board other than the President. The notice shall specify the time and place of the meeting, and the nature of any special business to be considered. Notice shall be posted in the manner prescribed for notice of regular meetings. Except as otherwise provided in Section 4A.9 below, notice of each such meeting shall be sent to all Governing Board members either by mail, or other form of recorded communication, or delivered personally not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, that notice of the meeting need not be given to any Governing Board member who signed a waiver of notice or a written consent to holding of the meeting. Attendance of a Director at a special meeting of the Governing Board shall constitute a waiver of notice of such meeting, except when a Director

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attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

#### 4A.7 GOVERNING BOARD QUORUM AND MANNER OF ACTION

A majority of the number of directors elected by the membership or appointed by the Governing Board shall be present in person at any meeting of the Governing Board in order to constitute a quorum for the transaction of business at such meeting. Except as otherwise provided in these Bylaws and Arizona law, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Governing Board.

In the absence of a quorum at any Governing Board meeting, a majority of the directors present thereat may adjourn such meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present. The directors shall act only as a Governing Board and the individual directors shall have no power as such.

#### 4A.8 ORGANIZATION

At each meeting of the Governing Board, the President, or if he or she is absent therefrom, the Vice President, or if he or she is absent therefrom a member chosen by a majority of the members present, shall act as Chairman and preside over such meeting. The Secretary, or if he or she is absent, the Assistant Secretary, if any and if present, or the person whom the Chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

#### 4A.9 ACTION BY DIRECTORS WITHOUT A MEETING

Any action required or permitted to be taken by the Governing Board may be taken without a meeting if all members of the Governing Board shall individually or collectively consent in writing to such action. Such written consent(s) shall be filed with the minutes of the proceedings of the Governing Board and an explanation of the action taken shall be posted within three (3) days upon Association bulletin boards located within the Recreational Facilities. Any action by written consent in accordance with the terms of this sub-section shall have the same force and effect as a unanimous vote of the members of the Governing Board.

#### 4A.10 RESIGNATIONS

Any member of the Governing Board may resign at any time by giving written notice of his or her resignation to the Governing Board. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

#### 4A.11 REMOVAL OF DIRECTORS OF THE GOVERNING BOARD

a. Governing Board Directors may be removed from office prior to the expiration of their terms of office by Members of the Association only by means of a special election held for the purpose of recalling Directors. However, Directors who are serving the last year of their term of office are exempt from recall.

b. The recall of a Director is an expensive and disruptive process. Therefore, to prepare the membership to vote on this issue and to ensure that this effort is warranted, the following procedure is required:

(1) An Application for a Petition Registration Number must be filed with the elected Secretary of the Association for each Director to be recalled. (See Exhibit D.)

(2) Before a Petition Registration Number is issued, the President of the Governing Board shall, within seven (7) calendar days of the date of the Petition Application, schedule a special information meeting of the membership. At this meeting, the challengers shall present their reasons for the recall and the Directors to be recalled shall have the opportunity to respond. Notice of this meeting shall be published in compliance with Section 3B.4 of these Bylaws (Notice of Special Membership Meetings).

(3) Within four (4) business days after this special information meeting of the membership, the Association's elected Secretary shall, unless the recall initiative is withdrawn, issue a Petition Registration Number and specify the date on which petition signing may begin and the date by which it must be completed. All signatures must be obtained within sixty (60) calendar days.

(4) Each petition must be filed on the appropriate Association Form (see Exhibit E) and must include an "Affidavit of Circulator" (see Exhibit F). The "Affidavit of Circulator" shall be on the reverse side of each petition signature sheet.

(5) The total number of signatures on the signature sheets attached to each petition must equal at least fifteen percent (15%) of the total number of voting Members at the beginning of the month in which the Petition Registration Number was issued.

(6) By the specified completion date, all pages of the completed petition and circulator affidavits must be presented to the elected Secretary of the Association.

(7) Upon receipt of the completed Petition and Affidavit of Circulator, the elected Secretary of the Association shall verify that all pages of the Petition, its signature sheets and the Affidavit of Circulator are in good order and request the Association's General Manager to verify that the signatures and Recreation Card Numbers of the signers are those of Members in good standing. Upon completing this verification, the General Manager shall certify in writing to the elected Secretary of the Association that the valid signatures on the petition are equal to or greater than fifteen (15%) of the Members of the Association in good standing at the beginning of the month in which the Petition Registration Number was issued. This verification and certification shall be completed within fourteen (14) calendar days of the date on which the petition, its completed signature sheets, and affidavits are received by the General Manager.

(8) If the above requirements are met, the recall process shall proceed. If these requirements are not met, the recall process shall be terminated.

(9) Within four (4) business days after successful verification and certification of a Recall Petition, the President of the Governing Board shall schedule a special election for the purpose of voting by ballot on the recall and electing Members to fill any vacancies that may be created by the recall of Directors. This election shall be scheduled to be held no earlier than twenty (20) calendar days, nor later than sixty (60) calendar days after the Recall Petition has been certified.

(10) Notice of a special election to vote on a Director recall shall include an invitation to all Members to become candidates to fill any vacancies that may be created by the recall. Such nominations shall be submitted to the elected Secretary of the Association no later than five (5) business days before the date of the special election. Nominations shall include (a) a petition prepared in accordance with the Board Policy on Petitions and signed by no less than two hundred (200) Members in good standing, and (b) a statement of no more than 200 words summarizing the candidate's background and reasons for becoming a candidate. The candidates statements shall be placed in the R. H. Johnson Library for review by Members.

(11) At the special election scheduled for the purpose of Director recall, the majority of votes cast shall prevail, however no currently serving Director shall be removed from office unless the total number of votes cast in the recall election is equal to or greater than the total number of votes cast in the most recent annual Governing Board election.

(12) Any vacancies that have been created as a result of recall will be filled by the candidates receiving the greatest number of votes at the special election. Candidates thus elected will serve the remaining terms of those Director(s) who have been recalled. Vacancies shall be filled in the order of the longest remaining terms of office being filled by the candidates receiving the greatest number of votes.

(13) If there are no candidates nominated in accordance with Subsection 10 above, the Governing Board, by a majority vote, shall appoint Director(s)P other than those who have been removed to serve until the next Governing Board election.

(14) The special election for the purpose of Director(s) recall shall be conducted in accordance with Section 3C.3 of these Bylaws. No more than one recall election shall be permitted between any two annual Governing Board elections.

(15) Absentee voting shall be provided in accordance Section 3C.4 of these Bylaws. Voting by proxy shall not be permitted. (See Section 3B.6 of these Bylaws.) All voting shall be on printed ballots.

#### **4A.12 VACANCIES ON THE GOVERNING BOARD OF DIRECTORS**

a. Any vacancy occurring on the Governing Board other than through removal by the membership may be filled by the affirmative vote of a majority of the remaining Governing Board members, though less than a quorum, or by a sole remaining Governing Board member. Any Governing Board member so chosen shall hold office until the next election of the Governing Board members when his successor is elected and qualified. Said successor shall serve the unexpired term. If by reason of death, resignation or otherwise, the Association has no Governing Board members in office, any Member of the Association may call a special meeting of Association Members for the purpose of electing the Governing Board of Directors.

b. Should an elected Governing Board member fail to assume office by reason of death, disability or declination prior to the date of installation of the term to which elected, then the unsuccessful candidate in such election receiving the next highest number of votes shall be deemed elected in his/her stead. The Governing Board will appoint a Director if no such runner-up is available for office.

#### **4A.13 INDEMNIFICATION OF GOVERNING BOARD MEMBERS AND OFFICERS AND COMMITTEES**

The Association shall indemnify any and all of its Governing Board members and its Officers and committees of the Governing Board against all expenses incurred by them and each of them, including but not limited to legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of authority as a Governing Board member or Officer. Whenever any current or former Governing Board member or Officer shall report to the President of the Governing Board that (s)he has incurred or may incur expenses,

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including but not limited to legal fees, judgments and penalties in a legal action brought or about to be brought against him/her for or on account of any action or omission alleged to have been committed by him/her while acting within the scope of his/her authority as a Governing Board member or Officer, the Governing Board shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent. If the Governing Board determines in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him/her in the action.

## SECTION IV

### PART B

#### POWERS AND DUTIES OF THE GOVERNING BOARD OF DIRECTORS

##### 4B.1 GENERAL

The Governing Board shall establish policies and oversee the operation of the Association. The Board shall bear the fiduciary responsibility for the preservation of all Association assets. The Board shall establish such policies as it deems proper and expedient in conformance with the Governing Documents and Arizona law, as the same may be amended from time-to-time. Such policies shall promote the objectives of the Association and shall protect the best interest and welfare of the Members. The rights, powers, and duties of the Governing Board shall be as set forth in or enabled by the Governing Documents.

##### 4B.2 POWERS

The Governing Board shall have power to:

a. Hold and administer the assets, and provide oversight of the administration of the affairs of the Association; and

b. Establish policies, rules and regulations within the authority as outlined in the Governing Documents and publish same, and establish penalties, including but not limited to fines, probation and/or suspension of membership or membership privileges for the infraction thereof. Additions to or changes in policies, rules and regulations shall be conspicuously posted on Association bulletin boards at each facility and published in an Association newsletter and in at least one newspaper circulated in the Sun City West area. There shall be copies of all Association policies, rules and regulations available for review at R.H. Johnson Library and available for purchase or inspection by all Members of the Association in the Association's Administration Offices; and

c. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not otherwise reserved to the membership or the General Manager by other provisions of these Bylaws and the Articles of Incorporation; and

d. Appoint a General Manager in accordance with these Bylaws; and

e. As more fully provided in these Bylaws, to:

(1) Establish the amount of the Annual Membership Fee to be collected from each Member; provided, however, that the Governing Board may not, without the affirmative vote of the majority of the Members of the Association voting impose an Annual Membership Fee per Member which is more than fifteen percent (15%) greater than the Annual Membership Fee for the immediately preceding fiscal year. Establish duly adopted Special Assessments to be collected from each Member. Establish Membership Fees and Special Assessment collection policies. Establish the amount of the fee for a Tenant Activity Card, Resale Transfer Fee and collection policies.

(2) Perfect and foreclose a lien against any property for which the Membership Fee and/or Special Assessments are not paid, or to bring an action at law against the Member personally obligated to pay the same.

(3) Establish fees to be collected for the use of the Association facilities.

f. Pay any taxes and assessments which are, or could become a lien on the facilities of the Association or any portion thereof; and

g. Ensure that goods and/or services for the grounds, facilities and interests of the Association are provided for and maintained in a timely and professional manner, and in a manner to insure the continuing integrity and operation of the Association; and

- h. Elect officers of the Governing Board of Directors; and
- i. Delegate its powers to the Governing Board committees, officers or employees of the Association as expressly authorized by these Bylaws; and
- j. Fill vacancies on the Governing Board as provided in Sections 4A.13 and 4A.14; and

k. Establish and maintain such restricted reserve funds designated for specific purposes as it shall see fit in furtherance of its management and budgeting for the Association. Such reserve funds shall not be used for routine operating expenses or maintenance expenses. The Board shall establish and publish written policies for collection and disbursement of any such reserve funds. However, any such reserve funds shall be required to be: i) designated and segregated for that specific purpose; ii) funded exclusively from charges to or surpluses generated by the activities of the specific division; and iii) used only for major additions, replacements or repairs to the designated division's recreation facilities; and

l. Enforce, by any proceeding at law or in equity, all restrictions, covenants, reservations, liens and charges now or hereinafter imposed by the provisions of the Declarations in any court of appropriate jurisdiction and shall be entitled to any other appropriate relief including money damages, reasonable attorney's fees and court costs. Failure of the Board to enforce any covenant or restriction contained in the Declarations shall in no event be deemed a waiver of the right to do so thereafter. This power shall become effective upon the Association's acceptance of responsibility from the Developer for enforcement of these Declarations. At such time, the Governing Board shall establish such procedures, form such committee(s), and retain such personnel as may be necessary to ensure the satisfaction of this obligation to meet the needs of the residents and to ensure preservation of the properties within Sun City West.

Enforcement of the Declaration shall require a written request from the owner(s) of one or more residential lots covered by these Bylaws. The owner(s) of residential lots covered by these Bylaws must notify the Board in writing of any amendments to the Declarations which may be requested or approved in accordance with the Amendment section of the Declarations; and

m. Exercise such other powers as may be granted to the Governing Board by these Bylaws, the Articles of Incorporation or Arizona law.

### 4B.3 DUTIES AND RESPONSIBILITIES

The duties and fiduciary responsibilities of the Governing Board shall include:

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Revised Section 4B.2 "1." - Approved by the Governing Board December 19, 1996

a. Ensuring that the Recreation Centers, Golf, Bowling and any other operating divisions are operated as independent, self-sufficient financial divisions;

b. Overseeing the performance of the General Manager in accordance with these Bylaws.

c. Ensuring that adequate property, business and liability insurance is maintained on property owned by the Association, and directors' and officers' liability insurance (or similar errors and omissions insurance) on behalf of the Governing Board members, and their Committee members and Association employees;

d. Ensuring that the facilities are properly maintained.

e. Ensuring that a summary of the budget for each fiscal year is available in the R.H. Johnson Library and the Association office not less than thirty (30) calendar days before the beginning of the fiscal year. Copies may be purchased at a reasonable fee.

f. Ensuring that an annual independent audited financial report is prepared within one hundred twenty (120) calendar days after the close of the fiscal year covering at least the following items:

(1) A balance sheet as of the end of the fiscal year.

(2) An operating (income) statement for the fiscal year.

(3) A statement of cash flow for the fiscal year.

Any Member requesting a copy of the annual audited report may be provided with a copy for a reasonable charge. In addition thereto, one or more copies of the report shall be placed in the R.H. Johnson Library for review and copying by the membership.

g. Approving the annual budget. Such approval shall require the vote or assent of two-thirds (2/3) of the Governing Board members. The annual budget prepared by the Association shall include, but not necessarily be limited to, the following:

(1) Estimate revenue and expenses (including a detailed schedule of repair and maintenance items) on an accrual basis, providing for depreciation accounts for capital assets newly acquired or repaired in accordance with schedules of life expectancy and dollar values established by policies adopted by the Governing Board.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of the Association's facilities.



(3) An itemized estimate for the major repair and maintenance requirements for the Association's facilities and the methods of funding to defray the costs of any such repair or replacement.

(4) A separate Capital Expenditure budget for each division (Centers, Bowling and Golf).

(5) A separate cash flow budget, indicating the cash availability at the commencement of the fiscal year, and the corresponding impact of the profit and loss and capital expenditure budgets for the ensuing fiscal year.

h. Performing such other duties as may be established by the membership from time to time or set forth in the Governing Documents.

i. Maintaining an open line of communication with the Association membership. Ensure that an Association newsletter is published on a regular basis.

j. Attending all duly called meetings of the Governing Board. Attendance may be either in person or by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Unless a Board member's absence is excused by a majority vote of the Board or his/her attendance is prevented by death or incapacitation, the position of any Board member who is absent from three consecutive duly called Board meetings shall automatically become vacant and a replacement shall be appointed by the Board in accordance with the provisions of Section 4A.14(a) of these Bylaws.

#### 4B.4 RESTRICTIONS ON POWERS.

The Governing Board of Directors shall be prohibited from taking any of the following actions, except with the affirmative vote of not less than a majority of the Members voting:

a. Incurring non-budgeted aggregate expenditures for capital improvements to the Recreational Facilities (excluding those projected Capital Expenditures to be made from special reserve funds) in any fiscal year in excess of two percent (2%) of the budgeted gross operating expenses of the Association for that fiscal year.

b. Selling during any fiscal year property of the Association having an aggregate fair market value greater than one percent (1%) of the budgeted gross expenditures of the Association for that fiscal year.

c. Entering into a contract with a third person wherein the third person will furnish goods or services to the Association or for the Recreational Facilities of the Association for a term longer than one (1) year with the following exceptions:

- (1) A management contract.
- (2) Employment contracts for a General Manager and/or golf professionals.
- (3) A construction contract.
- (4) A contract with a public utility company regulated by the Arizona Corporation Commission, provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
- (5) Agreements for communications and computer equipment and services of not to exceed five (5) years duration.
- (6) Pre-paid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

## SECTION IV

### PART C

### OFFICERS

#### 4C.1 ELECTION

The officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected from and be a member of the Governing Board of Directors. At the discretion of the Governing Board, the Association may also have additional Vice Presidents, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, who shall be members of the Governing Board. The newly elected Directors of the Governing Board shall take office on January 1st following their election. The Directors remaining in office and the newly elected Directors shall have a special organizational meeting within fifteen (15) calendar days of the Governing Board election date for the purpose of electing the Board's new officers. The outgoing President shall preside. The term of the new officers and Directors will become effective on January 1, of the new year. The Directors shall elect from their own

number by ballot the officers listed in this Section. The officers shall serve until their successors are chosen and installed. Officers are not prohibited from succeeding themselves in office. The General Manager shall not be considered an officer of the Association.

#### 4C.2 PRESIDENT

The President shall preside at and conduct all Governing Board meetings by a formal order of business. (S)he shall have general supervision over and direction of the affairs of the Association in accordance with the Governing Documents, and the Rules and Regulations and policies of the Association duly adopted by the Governing Board, and shall have authority to administer all matters not otherwise expressly delegated to the General Manager. (S)he shall appoint all committee Chairpersons (with the advice and consent of the Governing Board), and may call any special meetings of the Members of the Association and/or the Governing Board. After approval by the Governing Board, (s)he shall execute bonds, mortgages and other contracts and cause the corporate seal of the Association to be affixed to any instrument which requires it, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated in writing by the Governing Board to some other officer or agent of the Association.

#### 4C.3 VICE PRESIDENT

The Vice President shall have such powers and perform such duties as the President or the Governing Board may from time-to-time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the written request of the President, or in case of his/her inability to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

#### 4C.4 SECRETARY

The Secretary shall be responsible for seeing that a record is kept of all the proceedings of the meetings of the membership, and the Governing Board, in one (1) or more books kept for that purpose and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall be responsible for ensuring that the provisions of Section 7.7 of these Bylaws, Inspection of Association's Records and Reports, are carried out in a timely manner.

#### 4C.5 TREASURER

The Treasurer shall have responsibility for overseeing of all funds and securities of the Association, official records, documents, ledgers and accounts involving the financial business of the Association. All financial records and documents shall be kept and maintained at the Association's office. The financial records of the Association shall be subject to an audit by a certified public accountant to be appointed by the Governing Board and paid by the Association. The Treasurer shall see to it that the Association's funds are deposited to the account of the Association in such bank or banks and savings and loan institutions which are federally insured and/or shall use said funds to purchase U.S. Treasury Notes, Certificates of Deposits or other obligations of the Federal Government or agencies thereof, as designated by the Governing Board.

#### 4C.6 BONDING

All officers, Governing Board members (and the Governing Board's Committee members) and Association employees who are in any way involved in the handling of Association funds and the paid managerial personnel of the Association shall be bonded in a sum to be determined by the Governing Board.

#### 4C.7 REMOVAL

Any officer may be removed from office by the majority vote of the Governing Board at any regular or special meeting called for that purpose, whenever in the Governing Board's judgment, the best interests of the Association will be served by the removal. Any officer proposed to be removed shall be entitled to at least three (3) calendar days notice in writing by certified mail (return receipt requested) of the meeting of the Governing Board at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Governing Board at such meeting. The removal of an officer shall not work to remove him or her as a member of the Governing Board, unless also removed in accordance with Section 4A.13 herein.

#### 4C.8 VACANCIES

In case any office of the Association becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Governing Board, although less than a quorum, may elect a member of the Governing Board to fill such vacancy, and the member so elected shall hold office until the election of his/her successor.

#### 4C.9 MULTIPLE OFFICES.

No Director shall hold more than one officer position.

### SECTION IV

#### PART D

### COMMITTEES

#### 4D.1 ORGANIZATION OF COMMITTEES

Committees shall be established by the Governing Board to assist the Board in performing its duties. In this respect, Committees recommend policy changes, analyze problems, and review operations as required to support the Board's oversight responsibilities. Committees also support the General Manager by providing analysis and recommendations based on their expertise in specific areas. Committees have no direct decision making authority but are limited to presenting options and recommendations to the Governing Board.

All committees shall be chaired by a member of the Governing Board. Chairmen are appointed by the President. These appointments will be announced at the January regular Governing Board business meeting. Standing Committees include: Bowling, Budget and Finance, Chartered Clubs and Library, Golf, Legal Affairs, Human Resources, Properties, and Public Relations. The President may, with the consent of the Governing Board, establish special committees and appoint Chairmen for said committees. Any special committee shall be formed for a specific purpose and for a defined period of time.

The Chairman of each standing committee shall select the other committee members. All standing committees shall have not less than five (5) members, all of whom must be Members of the Association. Employees of the Association may serve in an advisory capacity. Paid consultants may be hired from time to time to assist the Chairman, subject to authorization by a majority of the Governing Board. The Chairman shall consider technical qualifications and related experience in selecting committee members. Members of the Governing Board may serve concurrently on a maximum of two standing committees.

There shall also be an Executive Committee consisting of the President, Vice President, Treasurer, and Secretary of the Governing Board.

#### 4D.2 EXECUTIVE COMMITTEE

The Executive Committee will establish the agenda for the regular Governing Board meetings. The agenda will include proposed resolutions for consideration, discussion, and action by the total Governing Board. The Executive Committee shall have the authority to act on behalf of the Governing Board in emergency situations which may develop during periods between Governing Board meetings. The Committee shall be responsible for providing written accounts of its actions to the Governing Board in a timely manner.

#### 4D.3 BOWLING COMMITTEE

The Bowling Committee serves as a liaison between the bowling community and the Governing Board. The Committee shall review and make recommendations to the Governing Board and the General Manager concerning matters pertaining to the Bowling Division.

#### 4D.4 BUDGET AND FINANCE COMMITTEE

The Budget and Finance Committee shall review all aspects of the financial policies and financial plans of the Association and make recommendations to the Governing Board and the General Manager. This shall include providing recommendations after reviewing the General Manager's proposed budgets for the ensuing fiscal year (presented at the May Governing Board meeting), the Five Year Financial Forecast (updated annually), the Association's insurance requirements and policies, and the Association's fees and any special assessments.

This Committee shall ensure that an audit of the Association's financial records is conducted annually by a reputable public accounting firm and that the resulting audit is promptly reported to the Governing Board. This Committee shall recommend for Governing Board approval, a public accounting firm to conduct the annual financial audit.

#### 4D.5 CHARTERED CLUBS AND LIBRARY COMMITTEE

The Chartered Clubs and Library Committee serves as a liaison between the Governing Board and the Chartered Clubs and Library. At the request of the Governing Board and/or the General Manager, this Committee will investigate and make recommendations regarding any administrative, personnel, financial, or facility usage matters.

This Committee should monitor the Clubs adherence to the Recreation Centers' Chartered Club Rules, Regulations, and Procedures and make recommendations to the Governing Board for updating and/or changing these Rules, Regulations, and Procedures to improve Club understanding and operations.

This Committee, working in conjunction with the Properties Committee, will review for positive needs and demonstrated usage, all requests the General Manager receives for additions or modifications to Club or Library facilities and recommend appropriate changes.

#### 4D.6 GOLF COMMITTEE

The Golf Committee serves as a liaison between the golfing community and the Governing Board. This Committee may make recommendations regarding the General Manager's annual budget and five-year forecast for the Golf Division. This committee may recommend to the Governing Board changes in fees, equipment, course maintenance, and any expenditures from the Golf Reserve Fund.

This committee shall provide oversight review of the Recreation Centers' Discharge and Recovery Program. Water resource activities will be coordinated with the PORA Water Resources Committee. Close liaison with the Sun City West Golf Association shall be maintained. All alterations to the golf courses must be approved by an affirmative vote of six members of the Governing Board.

#### 4D.7 HUMAN RESOURCES COMMITTEE

The Human Resources Committee shall recommend to the Governing Board policies involving the employment and benefits for the employees of the Recreation Centers of Sun City West. These policies shall be established with due regard for high ethical standards, comparable wages and benefit plans, and in full compliance with the law. The Human Resources Committee shall review annually the General Manager's employee wage scales and benefit plans, with recommendations for appropriate adjustment to be forwarded to the Governing Board for consideration.

This Committee shall recommend to the Governing Board, policies and guidelines for the search and recruitment of candidates for the position of General Manager. (See Section 5.2)

#### 4D.8 LEGAL AFFAIRS COMMITTEE

The Legal Affairs Committee shall recommend to the Governing Board employment or retainer of legal counsel to represent the Association. The Committee shall review and make recommendations to the Governing Board and appropriate officers and committees concerning all matters of a legal nature that are referred to it and that are not otherwise expressly delegated to any other committee that may be created in accordance with these Bylaws, and in appropriate instances, review such matters with the legal counsel retained by the Association.

#### 4D.9 PROPERTIES COMMITTEE

This Committee, working with the General Manager, shall advise the Governing Board regarding the physical condition of the Association's recreation facilities. This Committee will conduct an annual inspection of all the Association's physical properties including all buildings, equipment, and grounds to determine if they are safe, reasonably maintained, and in good condition. Following these inspections, a written report shall be submitted to the General Manager and Governing Board on the status of the Association's facilities with recommendations for preservation, maintenance, alteration, new construction, or replacement.

At the request of the General Manager, this Committee will provide a cost and feasibility analysis of any requests the General Manager has received for additional facilities or the remodeling of existing facilities, and recommend appropriate actions.

This Committee will make recommendations to the Governing Board and the General Manager for inclusion in the Five Year Plan for Capital Expenditures and Repair and Maintenance of the Association facilities. This Committee will report to the Governing Board the progress in completing each year, the scheduled items in the current Five Year Plan. As part of this review, this Committee may recommend to the Governing Board, changes in the intervals of maintenance and replacement scheduled in the Five Year Plan. This Committee will work with the Governing Board on the long range planning for other community responsibilities the Association will assume in compliance with the Association's Governing Documents.

#### 4D.10 PUBLIC RELATIONS COMMITTEE

This Committee shall recommend to the Governing Board any proposed changes in the General Manager's plans to communicate with the residents and the various media representatives in the area.



This Committee will interface with the General Manager, using every means available to create a better understanding and appreciation of the operation of the Association.

## SECTION V

### GENERAL MANAGER

#### 5.1 GENERAL

The General Manager may be either a natural person or a corporate entity. The principal purpose and function of the General Manager shall be to implement the policies of the Association as established by the Governing Board of Directors, to act upon and fulfill such powers and duties as are imposed on the General Manager by the Governing Documents, and to otherwise manage and administer the operations of the Association. The General Manager shall report to the Governing Board through the President of the Governing Board.

#### 5.2 APPOINTMENT AND QUALIFICATIONS

When required, the Governing Board of Directors shall appoint a committee (hereinafter the "Selection Committee") to be chaired by the Chairperson of the Governing Board's Human Resources Committee, and to consist of not less than five (5) Association Members, approved by a majority of the Governing Board. The Selection Committee shall be responsible for the recruitment of qualified candidates for the position of General Manager. The General Manager shall be appointed by the vote of not less than a majority of the Governing Board of Directors.

#### 5.3 POWERS AND DUTIES

The General Manager shall implement policies, administrative rules and operating procedures, and develop programs consistent with policies established by the Governing Board of Directors. The powers and duties of the General Manager include, but are not limited to the following:

a. Administer and supervise the Governing Board's Human Resources Program policies to include position establishment, recruiting/hiring/firing, training, discipline, performance evaluation, application and reporting of taxes, and administration of health and other benefit programs. Policy and wage scales shall be reviewed annually

by the General Manager, in conjunction with the Human Resources Committee, with recommendations for adjustment (if any) to be forwarded to the Governing Board of Directors for review and approval.

b. Ensure that the maintenance of Association assets and financial operations are in compliance with the established annual budgets. Ensure that accounting records of the Association are maintained in accordance with generally accepted accounting principles. Prepare complete cash flow statements, Operating and Capital Expenditure budgets for the Association in a timely manner. In conjunction with budgetary planning, provide recommendations and justification for adjustments in annual fees and assessments.

(1) Notwithstanding any other provision contained in these Bylaws, the General Manager's spending authority to make emergency repairs to Recreational Facilities shall be limited to Five Thousand and No/100 Dollars (\$5,000.00). In the event additional expenditures are needed, the approval of the Executive Committee of the Governing Board is required.

(2) The Governing Board of Directors shall retain the right to establish such other spending limits for the General Manager as deemed appropriate and necessary by the Governing Board.

c. Develop, recommend, and maintain the five (5) year long range strategic and tactical plans for the Association to ensure the cost-effectiveness and proper maintenance and operation of the Association's Recreational Facilities. Establish reasonably detailed plans relating to future operations, and the proper and timely repair/replacement of Recreational Facilities and equipment, with Governing Board approval.

d. Within the limits established by Governing Board policy and the authority delegated to the General Manager by the Governing Documents, establish and implement operating instructions and procedural guidelines for internal controls, routine operations, and resident programs.

e. On a monthly basis, prepare and present to the Governing Board a written report which shall include changes in the status of the Recreational Facilities and equipment, financial condition, human resource matters, and special projects. Deliver to Governing Board committees and the membership presentations from time-to-time in such a manner and on such matters as determined by the Governing Board.

f. In the absence of policy or directive established by the Governing Board, the General Manager shall have the power to take appropriate or necessary interim action, and notify the Governing Board of such action.

#### 5.4 TERM AND REMOVAL.

a. The performance of the General Manager shall be evaluated by the Governing Board on an annual basis, with such performance to be measured in accordance with established and quantifiable performance standards established by the Governing Board. The term of the General Manager shall be extended for one (1) year periods for so long as the General Manager meets or exceeds such standards. However, the term of the General Manager may be terminated at any time by a vote of not less than two-thirds (2/3) of the members of the Governing Board of Directors.

#### 5.5 VACANCY

If a vacancy occurs in the position of the General Manager, through resignation or any other cause, the recruitment of qualified candidates shall proceed in accordance with Section 5.2, above. During any period that a vacancy exists, the President of the Governing Board shall appoint an interim General Manager who shall act in that capacity until the position is permanently filled.

### SECTION VI

#### CHARTERED CLUBS

#### 6.1 GENERAL

A chartered club is a specified group of Association Members who wish to join together in the pursuit of a particular hobby, or field of mutual interest. A charter formalizes the structure, and establishes a sponsor relationship between the Association and the club. A charter extends priority for facility use, waiver of facility use fees, maintenance support, insurance coverage, and administrative guidance and direction. While all facilities within the operating scope of the Association are available to all Association Members, membership in a chartered club may be required in order to use a particular facility to protect the health, safety and welfare of persons and/or protection of property. Specific information and rules pertaining to the establishment and operation of a chartered club are provided in the Chartered Club Rules, Regulations and Procedures (the "Club Rules") available at Recreation Centers Administration office. The Club Rules are prepared by the General Manager and approved by the Governing Board of Directors. The approval of club charters shall be the responsibility of the General Manager.

## 6.2 MEMBERSHIP

Any Association Member in good standing is entitled to join a chartered club. Specific membership requirements, rules and regulations are delineated in chartered club bylaws. Club bylaws are approved by the General Manager and are a prerequisite for charter approval.

## 6.3 USE OF FACILITY

A club charter extends priority of use of a Recreation Centers facility to a club, either on a shared basis, or on a dedicated full-time basis. The Association may delegate the responsibility for these certain facility operations to chartered clubs in order to provide to the membership affordable, high quality recreational programs in a safe and orderly environment. It shall be the responsibility of the General Manager to ensure that all chartered clubs operate in furtherance of the protection of Association and club-purchased property and equipment, the safety of operating conditions and facilities, and the provision of comprehensive, self-directed leisure-time programs.

## 6.4 MISCELLANEOUS

- a. Charters shall not be granted to any group which sets a restrictive precondition for membership, or otherwise discriminates as to race, religion, color, ethnic culture, or national heritage.
- b. Charters will not be granted to groups whose purpose is similar in design and/or purpose to existing clubs using a common facility.
- c. Charters may be revoked following a recommendation by the General Manager to and approval by majority vote of the Governing Board of Directors. Reasons for revocation of a club charter shall include, but shall not be limited to: a decline in club membership below a minimum number specified in the Club Rules; non-compliance with Association rules and policies; irreconcilable conflict among Members; creation and/or existence of a condition that projects the club and/or the Association in an undesirable or embarrassing position; or violation of Federal, State, or local government, statutes and ordinances. Revocation of a club charter may be appealed by the club by providing to the Governing Board of Directions in writing a statement as to why said charter should not be revoked within fourteen (14) calendar days of the club's receipt of the notice of revocation. The Governing Board shall provide a written notice of final decision of an appeal of charter revocation within thirty (30) calendar days of receiving said request for appeal.

d. A copy of the Club Rules will be provided to the president of each chartered club. Any club which cannot reasonably comply with the stated rules and procedures may request, in writing, an exemption from the Governing Board of Directors. The request will first be sent to the General Manager for review and comment, and then forwarded to the Governing Board. The Governing Board shall act upon the request within sixty (60) calendar days after receipt, which decision will be final. Failure of the Governing Board to act on a request within sixty (60) calendar days shall constitute a rejection of the request.

## SECTION VII

### GENERAL PROVISIONS

#### 7.1 PROCEDURE FOR AMENDMENT

a. These Bylaws may be amended, revised, modified or revoked (collectively, an "Amendment") by a unanimous vote of the Directors of the Governing Board, or by the affirmative vote of not less than two-thirds ( $\frac{2}{3}$ ) of the Members voting thereon, in person or by proxy, at a meeting called for the purpose of amending the Bylaws. In the event of a conflict concerning the Bylaws as amended, revised, modified or revoked by the Governing Board and the Members, the action of the Members shall prevail.

b. Amendments to the Bylaws may be proposed by action of the Governing Board or by a petition signed by at least five percent (5%) of the Members of the Association (based upon the total number of Members at the close of the Association's immediately preceding fiscal year).

c. In the event that a Bylaw Amendment is proposed by a petition of the Members, the Governing Board shall establish a date for a meeting of the Members to vote on a proposed amendment to these Bylaws not less than forty-five (45) calendar days nor more than sixty (60) days after the receipt of the Members' petition for the purpose of voting on said proposed Amendment. Notice of such proposed Amendment shall be given to all Members by notice published in all newspapers primarily circulated in Sun City West and posted on Association bulletin boards at least thirty (30) calendar days prior to the date of said meeting or election. In addition, the Governing Board, at its discretion, may put any Bylaw Amendment proposed by the Governing Board to a non-binding, advisory vote of the Members. Such a non-binding, advisory membership vote may occur at any meeting of the Members following no less

than thirty (30) calendar days after the Governing Board has proposed the Bylaw Amendment. The Governing Board shall give reasonable notice to the membership of the proposed Bylaw Amendment and the meeting at which the Members will vote on the proposed Bylaw Amendment.

d. The Association shall make no amendment to the Developer's Rights (See Exhibit C) without the concurrence in writing of the Developer.

## 7.2 CONFLICT

In the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

## 7.3 CORPORATE SEAL

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

## 7.4 EXEMPT ACTIVITIES

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

## 7.5 FISCAL YEAR

The fiscal year for the Association shall begin on the first day of July and end on the 30th day of June of each year, provided, however, that the Governing Board is expressly authorized to change such fiscal year in accordance with the provisions and regulations from time-to-time prescribed by the Internal Revenue Code of the United States of America, at such time as the Governing Board deems it advisable.

## 7.6 GENERAL OFFICE AND PRINCIPAL PLACE OF BUSINESS

The general office for the transaction of business of the Association shall be located at 19803 R.H. Johnson Boulevard, Sun City West, Arizona. The principal place of business of the Association shall be Sun City West, Arizona, Maricopa County, Arizona.

## 7.7 EXAMINING RECORDS, REPORTS, AND DOCUMENTS

a. Recent records, reports, and documents will be maintained for Members of the Association to examine at the R. H. Johnson (RHJ) Library during normal business hours. Older records, reports, and documents are retained in the archives and may be provided upon written request to the President of the Governing Board. The request must clearly identify the information that is being requested and the need and purpose for the information. The Governing Board will respond to all requests within thirty (30) days.

b. The records, reports, and documents to be maintained in the Library will include:

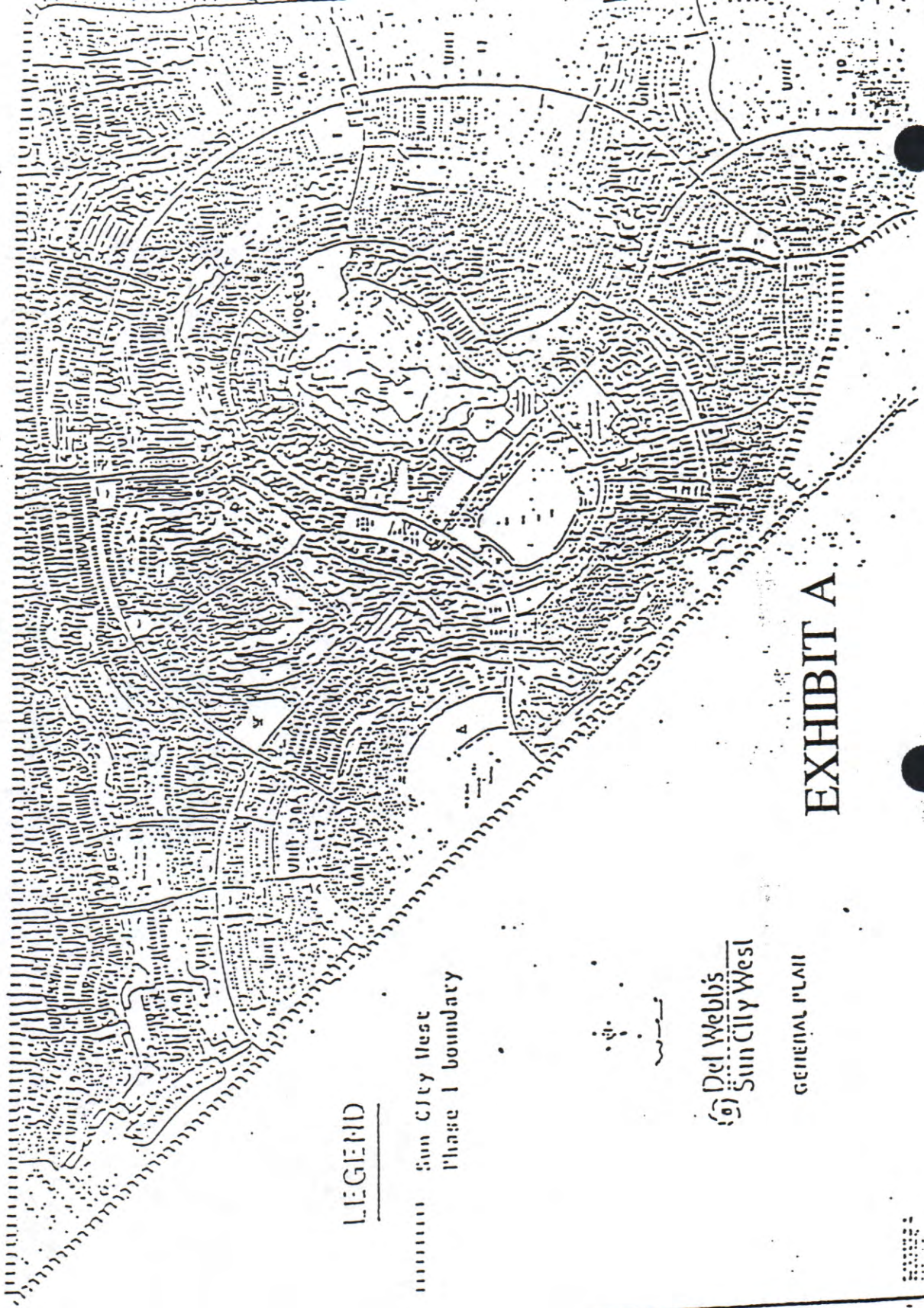
- (1) The line-by-line monthly and year-to-date financial reports for the current Fiscal Year.
- (2) Year end financial reports for the two preceding Fiscal Years.
- (3) Authorized budgets for the current and two prior Fiscal Years.
- (4) Minutes of Governing Board Business Meetings for the current and two prior Calendar Years.
- (5) The three most recent annual audits of the combined financial statements.
- (6) Articles of Incorporation.
- (7) Master Agreement.
- (8) Bylaws of the Recreation Centers of Sun City West, Incorporated.
- (9) Governing Board Policy Statements.
- (10) Rules and Regulations for Chartered Clubs.
- (11) Formal Agreements made by the Association.
- (12) List of all Governing Board Standing Committees and their members.

c. These records, reports, and documents may not be taken from the RHJ Library; however, Members may make copies at their expense.

d. Copies of the corresponding archival documents, and any other record, report, or document may also be requested and may be provided when the recommended procedure is followed. Similarly, copies will be provided at the requester's expense.

e. Every member of the Governing Board of Directors shall have the right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Governing Board member includes the right to make extracts and copies of documents. This right carries with it the responsibility of confidentiality of the documents and copies thereof.





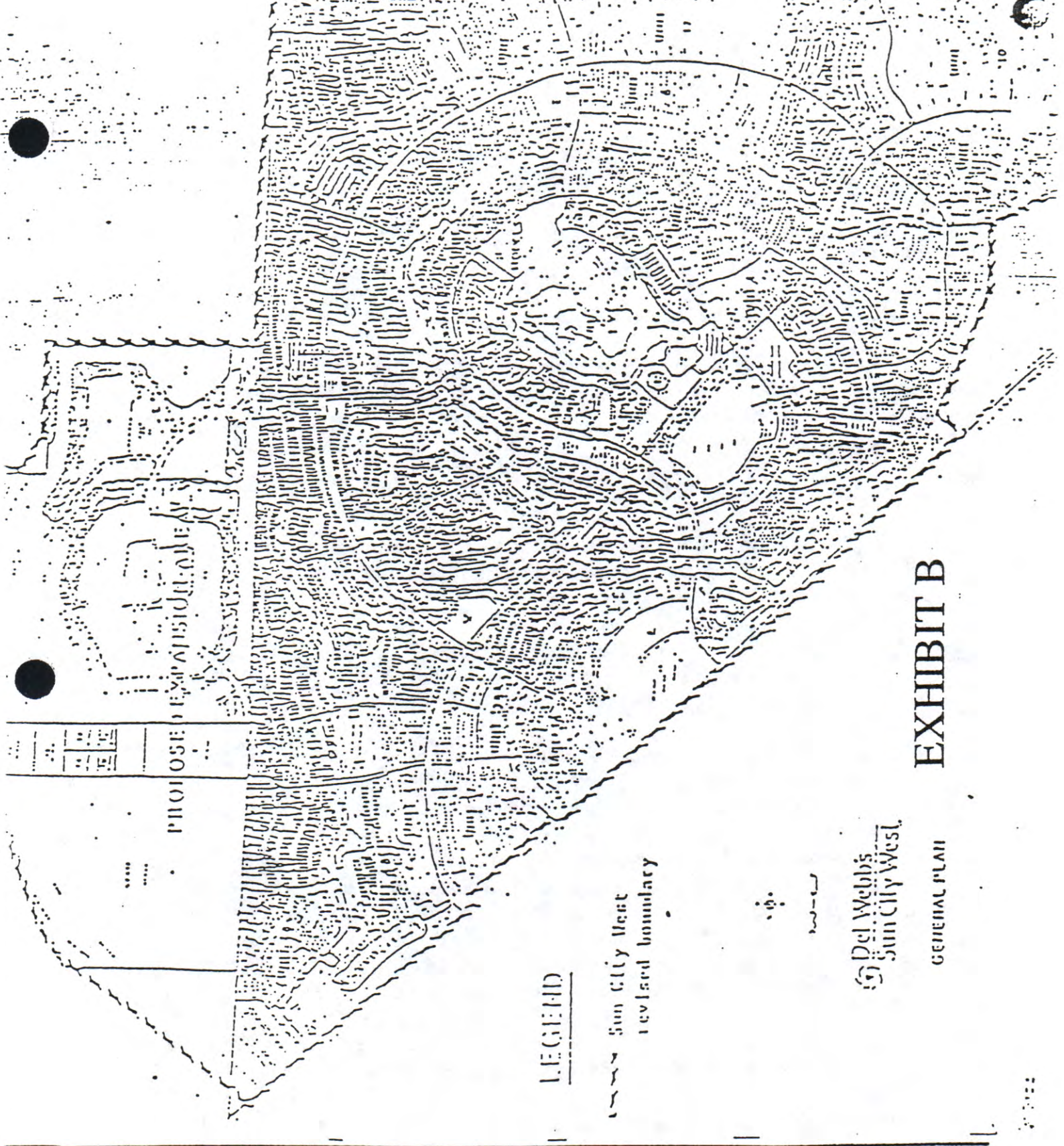
**LEGEND**

----- Sun City West  
Phase I boundary

(o) Del Webb's  
Sun City West

GENERAL PLAN

**EXHIBIT A**



PHOTOSE  
EXPANSION

LEGEND

Sun City West  
revised boundary

Del Webb's  
Sun City West

GENERAL PLAN

EXHIBIT B

## AMENDED AND RESTATED BYLAWS

### EXHIBIT C

#### Developer's Rights

In order to secure Developer's interests related to the development of Sun City West, Developer shall have the benefit of certain rights.

##### A. Duration of Developer's Rights

Developer's Rights shall continue until substantial completion of residential development of Sun City West which shall be attained when there are fewer than one hundred (100) planned residential lots left to be conveyed to owners other than the Developer.

##### B. Rights to Complete Plans for Sun City West

The Association, acting through its Governing Board of Directors, shall not adopt any of the following policies, rules or procedures without the specific written approval of the Developer.

1. Any policy, rule or procedure that limits the access of the personnel of Del Webb Corporation, its successors, assigns and/or affiliates and its guests, including vacation special visitors, to any facility of the Association.
2. Any policy, rule or procedure that limits or prevents the personnel of Del Webb Corporation, its successors, assigns and/or affiliates from advertising, marketing or using the Association or its facilities in promotional materials.
3. Any policy, rule or procedure that limits or prevents purchasers of new residential housing constructed by Del Webb Corporation, its successors, assigns and/or affiliates in Sun City West from becoming members of the Association or enjoying full use of its facilities. The boundaries of Sun City West are shown on Exhibits A and B to these Bylaws. This Section shall be expressly subject to the membership limitations specified in Section 3A.2(c) of these Bylaws.
4. Any policy, rule or procedure that discriminates against or singles out any group of Association members or prospective members or the Developer. This provision shall expressly include the establishment of a discriminatory fee structure, i.e., homeowners fees, special assessments and other mandatory fees or charges.

5. Any policy, rule or procedure that impacts the ability of Del Webb Corporation, its successors or assigns and/or affiliates to carry out to completion its development plans and related construction activities for Sun City West, as such plans are expressed in the Sun City West Master Plan and the Development Master Plan for the Sun City West Expansion Area, (see Exhibits A and B to these Bylaws) as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by Developer and limiting the establishment by Developer of easements necessary to complete Sun City West shall be expressly included in this provision. Easements that may be established by Developer shall include but shall not be limited to easements for development, construction and landscaping activities and utilities.

6. Any policy, rule or procedure that impacts the ability of Del Webb Corporation, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

C. Amendments Affecting Developer

The Association shall make no amendments to Developer's Rights without the concurrence in writing of the Developer.

D. Other Agreements

No provision of Developer's Rights is intended to, in any manner, negate any other written agreement between the parties hereto, or the terms or provisions thereof, or enlarge or broaden the scope of Developer's rights, powers or obligations contained in any other written agreement between the parties, or the terms of provisions thereof.

AMENDED AND RESTATED BYLAWS

EXHIBIT D

APPLICATION FOR PETITION REGISTRATION NUMBER

The undersigned Member in good standing intends to circulate and file a petition for a special election for the purpose of

\_\_\_\_\_ and hereby makes application for the issuance of an official registration number to be printed on the lower right-hand corner of each side of each signature sheet of such petition. The petition shall be printed in no less than eight (8) point type.

**SUMMARY:** A general statement of no more than two hundred words stating the reasons for the special election will appear in no less than eight (8) point type on the face of each petition signature sheet to be circulated.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name of Applicant

\_\_\_\_\_  
Post Office

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Applicants's Telephone Number

\_\_\_\_\_  
Date of Application:

\_\_\_\_\_  
Applicant's Membership Card Number

**[To be completed by the elected Secretary of the Association]**

Date Application Received: \_\_\_\_\_

Registration Number: \_\_\_\_\_ Date Issued: \_\_\_\_\_

Number of Signatures Required \_\_\_\_\_

Circulation Starting Date: \_\_\_\_\_ Circulation Completion Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Elected Secretary Signature

AMENDED AND RESTATED BYLAWS

EXHIBIT E

PETITION TO CALL FOR A SPECIAL ELECTION

The undersigned Members in good standing of the Recreation Centers of Sun City West, Inc. request that a special election be held for the following reasons:  
[Enter in no less than 8-point type]

Signature	Print Name	Mbr Card Number	Date Signed
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____
11. _____	_____	_____	_____
12. _____	_____	_____	_____
13. _____	_____	_____	_____
14. _____	_____	_____	_____
15. _____	_____	_____	_____
16. _____	_____	_____	_____
17. _____	_____	_____	_____
18. _____	_____	_____	_____
19. _____	_____	_____	_____
20. _____	_____	_____	_____

Petition Registration Number \_\_\_\_\_

AMENDED AND RESTATED BYLAWS

EXHIBIT F

AFFIDAVIT OF CIRCULATOR

STATE OF ARIZONA            )  
  )SS  
COUNTY OF MARICOPA        )

I, \_\_\_\_\_, a Member in good standing of the Recreation Centers of Sun City West, Inc. at all times during my circulation of this petition sheet, and under the penalty of perjury, depose and say that each individual signed this sheet in my presence on the date indicated, and I believe that each signer's name is correctly stated and that each signer is a Member in good standing of the Recreation Centers of Sun City West, Inc., and that at all times during circulation of this signature sheet no other text or material of any kind was attached to the signature sheet.

Signature of Affiant \_\_\_\_\_

Residence Address of Affiant \_\_\_\_\_

Affiant Membership Card No. \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

Petition Registration Number \_\_\_\_\_

## SECOND AMENDED AND RESTATED MASTER AGREEMENT

THIS SECOND AMENDED AND RESTATED MASTER AGREEMENT ("Second Master Agreement"), dated this 7<sup>th</sup> day of July, 1992, by and between the DEL E. WEBB DEVELOPMENT CO., L.P., a Delaware limited partnership, hereinafter called "Developer", and RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona non-profit corporation, hereinafter called "Association".

### WITNESSETH

WHEREAS, Developer is the developer of Sun City West, a community located in Maricopa County, Arizona; and

WHEREAS, Association is a non-profit corporation organized under the laws of the State of Arizona for the purpose of providing certain community services and acquiring, operating and maintaining properties, including the recreation facilities (hereinafter referred to as "facilities") and golf courses in what is known as Sun City West, Arizona, for the benefit and use of the residents of said area; and

WHEREAS, Developer and the Association originally entered into a Master Agreement dated December 1, 1980, which was rescinded and replaced by a new Master Agreement dated November 20, 1984; and

WHEREAS, Developer and the Association amended and restated the Master Agreement dated November 20, 1984 with the First Amended and Restated Master Agreement dated January 12, 1987 (hereinafter referred to as the "First Master Agreement"); and

WHEREAS, Developer and the Association desire to rescind the First Master Agreement and replace it with this Second Master Agreement in order to accommodate the changes brought about by the addition of new facilities, modification of existing facilities and planned amendments to the Association's Articles of Incorporation and Bylaws; and

WHEREAS, Developer and the Association desire to rescind in its entirety the Management Agreement dated January 12, 1987, attached as Exhibit "D" to the First Master Agreement; and

WHEREAS, Paragraph V.D of First Master Agreement specifically provides that said agreement may be modified from time-to-time by written amendment.

NOW, THEREFORE, in consideration of the covenants, conditions, and agreements contained herein and other good and valuable consideration, the receipt and value of which is hereby acknowledged, Developer and the Association, intending to be legally bound, hereby agree to rescind in its entirety the First Master Agreement and the Management Agreement, and replace the First Master Agreement with the terms, provisions and conditions of this Second Master Agreement as follows:



## I. SCOPE

A. The First Master Agreement, including the Exhibits attached thereto, is hereby fully revoked, rescinded and cancelled effective the date of execution of this Second Master Agreement with the exception of those portions of the First Master Agreement which have already been performed by the parties thereto, which include but are not necessarily limited to the construction, transfer, maintenance and operation of all recreational and community facilities and improvements thereto transferred from Developer to the Association to date. This Second Master Agreement replaces in its entirety the First Master Agreement and represents the complete agreement between the parties hereto as to their rights and obligations with respect to the subject matter set forth herein.

B. This Second Master Agreement shall be limited in its scope to the geographic area known as Sun City West, including the expansion area (hereinafter "Sun City West"), and shall be further limited in scope to only those portions of Sun City West which are designed and developed by Developer as residential and/or recreational properties to the express exclusion of all commercial, industrial or hospital property. Maps of Sun City West showing generally the geographic area covered by this Agreement are attached as Exhibits "A" and "B". Exhibit "B" may be revised from time-to-time by Developer, but shall not be revised so as to enlarge the Sun City West revised boundary shown on Exhibit "B" nor to increase the number of lots within Sun City West by more than two percent (2%) in excess of 17,000 residential lots (one dwelling unit per lot).

## II. FACILITIES

### A. Recreation Centers and Recreation Centers Facilities

1. Developer has constructed three (3) recreation centers known as the R.H. Johnson Center, Beardsley Park Recreation Center, and Fred P. Kuentz Recreation Center (collectively, the "Centers"), respectfully, and has conveyed the Centers including the real property, personal property, and equipment appurtenant thereto, to the Association free and clear of liens and encumbrances. The Association has accepted the Centers and has agreed to be solely responsible for the ownership, operation and maintenance of the Centers pursuant to the terms of this Agreement.

2. Developer shall design, develop, and construct one (1) additional recreation center in Sun City West at such location as it deems advisable for the most efficient and convenient use of the residents (the "New Center"), and agrees to use its best efforts in planning and designing the New Center, including consultation with elected members of the Advisory Board and the Governing Board of Directors of the Association or such other committees as the Advisory Board and Governing Board may designate, in order to provide activities and amenities which accommodate the requirements of the residents of Sun City West. Both parties agree that final decisions as to all amenities, activities and equipment relative to the New Center shall be determined by Developer. Upon completion, the New Center shall be conveyed to the Association free and clear of liens and encumbrances along with all personal property, equipment and fixtures necessary for the operation and maintenance thereof. The conveyance shall be made by deed and bill(s) of sale on forms prepared by Developer and approved by the elected members of the Advisory Board and the Governing Board of Directors, and shall provide for use restrictions in accordance with the provisions of this Second Master Agreement. The Association agrees to accept the New Center and agrees to be solely responsible for its ownership, operation and maintenance pursuant to the terms of this Second Master Agreement. Said New Center shall be fully completed and available for use on or before March 31, 1994.

3. Developer shall remodel and/or expand certain existing facilities owned by the Association as may be mutually agreed upon by both parties (the "Improvements"). The scope of work to be performed by and obligations of Developer with regard to the Improvements shall be further specified by construction contract(s) executed between the Developer and the Association. Developer shall be required to complete any and all Improvements to existing facilities commenced by Developer pursuant to this subsection. Developer shall convey and relinquish any and all of its rights, title or interest in and to the Improvements to the Association free and clear of real property liens and encumbrances along with all personal property, equipment and fixtures necessary for the operation and maintenance thereof. The Association agrees to accept and to be solely responsible for the ownership, operation, and maintenance of said Improvements. The Improvements shall be completed by March 31, 1993.

4. Developer agrees to commit not less than \$6 million dollars for the construction of the New Center and the Improvements specified in Sections II.A.2 and 3 above to meet the recreational needs of the membership of the Association. If more than 2,400 residential lots are incorporated into the expansion area shown on Exhibit "B", Developer agrees to commit an additional \$2,100 per planned residential lot (as estimated in good faith by Developer) for each lot in excess of 2,400 residential subdivided lots incorporated into the expansion area shown on Exhibit "B" for additional Association recreation facilities, not to exceed \$8.1 million cumulatively. Developer shall determine the number of planned residential lots within 25 days of the end of each calendar year based on the current planned density (in lots) for the expansion area for Sun City West. Any monies not specifically expended or budgeted to be spent on new facilities or modifications of existing facilities will be paid by Developer to the Association's Asset Replacement Fund.

5. The Association agrees to maintain and operate all facilities conveyed to it by Developer in a first-class manner so as to reflect and be in conformance with the general environment of the community, and to assume all responsibilities and liabilities for maintenance and operation including modifications and additions thereto, provided that no additions and/or remodeling to any of the facilities conveyed pursuant to the terms of this Second Master Agreement shall take place without the prior written approval of Developer. This right of prior approval shall remain in full force and effect for so long as Developer, its successors, assigns (who shall be limited to affiliates or subsidiaries of Del Webb Corporation, its subsidiaries and affiliates) are selling new dwelling units in Sun City West or until January 1, 1998, whichever first occurs, and shall be set forth in the form of a deed restriction on each facilities' deed of conveyance; provided, however, that existing deed restrictions on existing facilities owned by the Association as of the effective date of this Agreement shall not be modified pursuant to this Section.

6. Developer, its agents and employees, shall have the right to enter into and upon all facilities conveyed to the Association by Developer for the purpose of exhibiting the same to prospective purchasers of new homes in Sun City West and acquainting them with the facilities. Prospective purchasers of new residences in Sun City West, while visiting Sun City West under the authority of a Sales Associate employed by Developer, shall be entitled to use the facilities, including, but not limited to, all golf courses owned or operated by the Association, on the same basis as members of the Association. Such visitors shall not be responsible for payment of Association membership fees, but shall be required to pay the standard facility use fees in effect at the time of use.

7. All revenue, expense and capital requirements for the operation and maintenance of the recreation centers conveyed to the Association by Developer shall be maintained by an itemized system of accounting which will include, but not be limited to expenses for taxes, utilities, maintenance, capital requirements and depreciation, as well as a proportionate share of the Association's general and administrative expenses. The Association shall operate and maintain the recreation centers division on a self sufficient basis, using only revenue generated from Association membership fees, use fees, assessments, investments and interest generated therefrom and Developer fees provided for in this Agreement to offset recreation center division expenses.

B. Golf Courses

1. Developer has constructed and has conveyed to the Association five (5) golf courses known as Pebblebrook, Stardust, Grandview, Echo Mesa, and Trail Ridge, respectively. Developer shall construct one (1) additional 18-hole regulation golf course in the expansion area of Sun City West for the use of the members of the Association (the "New Golf Course"). Developer agrees to commit for the construction of the New Golf Course not less than \$6.5 million dollars. If more than 2,400 residential lots are incorporated into the expansion area shown on Exhibit "B", Developer agrees to use its best efforts to provide additional golf facilities to the community after consultation with elected members of the Advisory Board and Governing Board.

2. The Association and Developer agree that Developer has constructed Hillcrest Golf Course, which Developer may operate for its own account, designate as a private country club, or sell or otherwise transfer to any other person or entity. In the event Developer decides to offer Hillcrest Golf Course for sale, Developer agrees to notify the Association, in writing, of such intent at least one hundred-twenty (120) days prior to offering the course for sale. Developer agrees that any sale or conveyance of Hillcrest Golf Course shall require a deed restriction preserving its use as a golf course.

3. The Association and Developer agree that the Association shall assume responsibility for all golf courses conveyed to it under the following terms and conditions:

a. The New Golf Course to be turned over to the Association as set forth in Paragraph II.B.1 of this Agreement shall be conveyed outright to the Association, free of liens and encumbrances. The New Golf Course shall be fully completed and available for use on or before March 31, 1994.

b. The Association agrees to maintain and operate all golf courses under its control in a first-class manner so as to reflect and be in conformance with the general environment of the community and its existing Association golf courses. Any deed, lease or other form of conveyance of ownership, operation and control of the Association's golf courses shall specify that the provisions of this Paragraph shall be enforceable by Developer through injunction or any other available means until the later of: i) a period of ten (10) years from the date of said conveyance; or ii) Developer is no longer offering new dwelling units for sale within Sun City West.

c. Developer has constructed and owns a system of pumps, pipes and leaching fields for the purpose of providing the alternative of using effluent water to irrigate the golf courses in Sun City West. Developer agrees to continue development of this system, including obtaining all required permits, such that applicable Arizona State and Maricopa County regulations governing golf course irrigation will be met for all new golf facilities constructed in the expansion area upon the date of conveyance of such new golf facilities to the Association.

C. Landscaping

1. Subject to II.C(2) below, the Association agrees to assume responsibility for landscape maintenance in medians, rights-of-way, landscape easements of major arterial streets, and other areas within Sun City West which will not otherwise be assumed by other community organizations, the County of Maricopa, Arizona or other governmental entities. Developer, in consultation with the elected members of the Advisory Board and the Governing Board, shall delineate and specify to the Association the areas required to be maintained pursuant to this Paragraph, and the design criteria and landscape materials to be used with consideration for minimal maintenance cost. In the event the level of County maintenance in medians and landscape easements on major arterial streets is not acceptable to the community, it shall be the responsibility of the community and/or the Association to provide such additional maintenance.

2. The buffer area along the northern boundary of the expansion area shown on Exhibit "B" shall be designed and landscaped by Developer, in consultation with the elected members of the Advisory Board and Governing Board, with primary consideration for minimal maintenance cost. The Association will accept ownership and assume maintenance responsibility for each section of the buffer area only upon completion of improvements, including landscaping, in the adjacent subdivision and that section of the buffer area, provided that Developer has commenced paying the fees pursuant to Article III.C.

III. **FINANCIAL**

A. Annual Fees

1. The Association shall provide for annual homeowner fees to be collected from all titleholders of completed residential dwelling units. Developer shall provide for such annual homeowner fees in the Declarations of Covenants, Conditions and Restrictions ("Declarations") recorded against all residential lots in Sun City West, which Declarations shall also require the execution of the Association's Recreation Facilities Agreement by purchasers of all new dwelling units sold and transferred by Developer in Sun City West. Additionally, Developer shall collect assessments for the first year from purchasers of new dwelling units in Sun City West in accordance with the terms of the Facilities Agreement, said assessments to be paid to the Association at the time of closing of the purchase of each dwelling unit.

2. Developer will require that any purchasers of lots in the expansion area shown on Exhibit "B" will also agree to pay the annual fee to the Association set forth in this Section III.C, and further, agree to the provisions of Section III.A. relating to the execution of the Association's Recreation Facilities Agreement and collection of the first year fee.

B. Subsidy

1. Developer agrees that for the fiscal years 1991-92 and 1992-93 only, Developer shall reimburse the Association for all "Costs" which the Association expends in operation of the facilities and golf courses (contained within the area of Sun City West shown on Exhibit "A") conveyed to it by Developer over and above the "revenue" as both terms are defined herein. Notwithstanding the foregoing, Developer and the Association agree that the Association shall use its best efforts to operate and maintain the Association's golf courses and recreation centers and bowling divisions on a break-even basis. For the purpose of this subsection, the terms "Cost" and "Revenue" shall be interpreted as follows:

a. "Cost" shall mean all operating and maintenance expenses of the Association and shall include all salaries, wages, repairs, utilities, office and operating supplies, insurance, taxes, and any other expense directly chargeable or properly allocable to the operation of the Association. Costs shall not include any expenditures for capital items. Costs shall include depreciation of any personal property acquired by the Association after June 30, 1990.

b. "Revenue" shall mean all membership fees, assessments, rental fees, entry fees, vending machine commissions, golf fees, bowling fees and any other income of any nature resulting from the operation of the facilities and golf courses.

2. Developer agrees that during the subsidy period and upon receipt of the annual financial statement as audited by an independent auditor, Developer will pay to the Association a sum equal to the amount by which the Cost of the operation of all the facilities and golf courses of the Association exceeds its Revenue. Developer's maximum guarantee and obligation shall be the deficit, if any, between Costs and Revenues of all divisions.

3. During the subsidy period, Developer's approval shall be required prior to the Association incurring any Cost which has not been included in the operating budget. If the Association incurs a Cost which has not been included in the operating budget without first obtaining Developer's approval, Developer shall have the right to withhold an equivalent portion of the subsidy until its objection to said Cost has been justified to its satisfaction.

#### C. Annual Fees: Advances

Upon the conveyance of the New Center to the Association (Section II.A.2), Developer agrees to pay an annual fee to the Association. Initially, this fee will be based upon the number of planned residential lots in the expansion area (as estimated in good faith by Developer) shown on Exhibit "B" x 1.86 x the then established annual Association membership fee, less any residential lots in said expansion area conveyed by Developer to purchasers other than Developer, its successors or assigns (who shall be limited to affiliates or subsidiaries of Del Webb Corporation, its subsidiaries and affiliates). Thereafter, the annual fee to be paid by Developer shall be based upon the number of remaining residential lots in the expansion area shown on Exhibit "B", as estimated in good faith by Developer, less any conveyed lots. Such good faith determination shall be made by Developer upon each anniversary date of the conveyance of the recreation center and the fee shall be paid within twenty (20) days of that date.

During the course of any fiscal year, Developer shall have the right but not the obligation to make cash advances to the Association. Any advances made shall be credited against the annual fees in succeeding assessment periods.

#### D. Golf Courses

Developer agrees to subsidize the golf course division for a period of two (2) years following conveyance of the New Golf Course in the expansion area to the Association. The Association agrees to use its best efforts to operate and manage the golf division in a manner that will result in the lowest possible subsidy. The subsidy shall be determined in a manner similar to that set forth in Section III.B.

#### IV. MISCELLANEOUS

A. This Agreement shall terminate upon the earlier of: i) receipt by the Association from Developer of a certified statement that Developer's development of residential housing in Sun City West is substantially completed; or ii) Developer, its subsidiaries or affiliates cease to own any planned residential lots in Sun City West.

Upon the termination of this Agreement, all obligations and requirements of both parties hereto to each other shall cease. Substantial completion shall be attained when there exists fewer than one hundred (100) residential lots left to be conveyed to owners other than Developer.

B. If at any time the Association members vote to terminate Developer control or involvement in the Association as specifically set forth in the Bylaws of the Association (as amended or supplemented from time-to-time), Developer's obligation to pay an annual fee in accordance with Article III above shall cease, and Developer shall thereafter pay one (1) annual membership fee for each residential subdivided lot owned by Developer in the expansion area shown on Exhibit "B" of Sun City West. Correspondingly, Developer shall become a member of the Association and be entitled to vote on a per lot basis in the same manner as other members as more specifically set forth in the Bylaws of the Association.

C. Developer, as such term is used in this Second Master Agreement, shall mean and refer to Del E. Webb Development Co., L.P., a Delaware limited partnership, and its affiliates, successors and assigns, but for purposes of the foregoing, no individual, corporation, trust, partnership or other entity who or which has at any time purchased less than Developer's entire remaining interest in Sun City West shall be deemed to be a successor or assign of Developer unless Developer's rights have been specifically assigned by a recorded instrument. For purposes of this Second Master Agreement, successors and assigns of Developer shall be limited to affiliates or subsidiaries of Del Webb Corporation, its subsidiaries or affiliates.

D. This Agreement, which may be modified from time-to-time by written agreement executed by both parties, shall constitute the sole and entire agreement between the parties hereto and sets forth completely the obligation which Developer has with respect to the matters set forth herein. Notwithstanding the above, any modification of this Agreement that provides for the enlargement of the Sun City West boundary as shown on Exhibit "B", shall, prior to becoming effective, be approved by a vote of not less than a majority of those voting, in an election in which not less than a majority of the entire voting membership of the Association votes.

E. The parties agree to execute such additional documents and to perform and do such additional acts and things as shall be necessary and proper to effectuate and carry out all of the provisions of this Agreement. It is intended by the parties that this Agreement shall govern the overall obligations of the parties as to the recreational facilities and amenities to be developed and constructed in Sun City West.

F. "Force Majeure" as used in this sub-section shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockage, public riot, lightning, fire, flood, explosion, failure to timely receive necessary governmental approvals, government restraint, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, other than financial inability, which is not reasonably within the control of the party claiming suspension. If either party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than the obligation to make money payments, such party shall give to the other party prompt written notice of the Force Majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving notice, so far as they were affected by the Force Majeure, shall be suspended during, but no longer than, the continuance of the Force Majeure. The affected party shall use all possible diligence to remove the Force Majeure as quickly as possible.

G. In the event of bankruptcy, insolvency, failure or incapacity to perform pursuant to this Agreement by the Association or Developer, the other party shall have the right to terminate any further future operation of this Agreement by giving written notice of termination to the other party either in person, or by certified mail, return receipt requested. Said notification shall become effective upon the date of receipt thereof as evidenced by the date affixed to the United States Post Office return receipt, or upon actual receipt if delivered in person as follows:

To Developer:	Del Webb Communities, Inc. 13950 Meeker Boulevard Sun City West, Arizona 85375 ATTN: General Manager
To Association:	Recreation Centers of Sun City West, Inc. 19803 R.H. Johnson Boulevard Sun City West, Arizona 85375 ATTN: General Manager
To Governing Board of Directors:	Recreation Centers of Sun City West, Inc. 19803 R.H. Johnson Boulevard Sun City West, Arizona 85375 ATTN: Chairman of the Governing Board

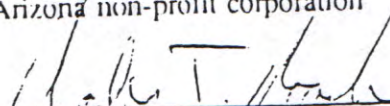
H. Developer makes no warranty either expressed or implied, including any implied warranties of merchantability or of fitness for a particular purpose, either as to existing or future facilities which are or shall be turned over to the Association, except as may be otherwise provided for by law. Developer shall pass through to the Association all warranties which it receives on structures, equipment, or materials received from the original supplier, manufacturer, or contractor, to the extent that they are transferable.

I. All terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of all administrators, successors, assigns, and transferees of the parties hereto.

J. Claims, disputes or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof shall be subject to and decided by arbitration in accordance with the rules of the American Arbitration Association currently in effect unless the parties mutually agree otherwise. Request for arbitration shall be filed in writing with the other party to this Agreement and a demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen.

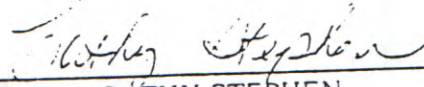
IN WITNESS WHEREOF, the parties hereto have caused this Second Amended and Restated Master Agreement to be executed on the day and year first hereinabove written.

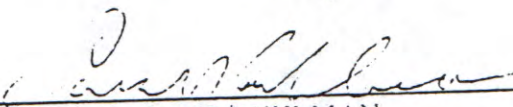
RECREATION CENTERS OF SUN CITY WEST, INC.,  
an Arizona non-profit corporation

  
CHARLES T. ROACH

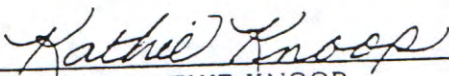
  
STEPHEN J. CARDER

  
MARTHA MOYER

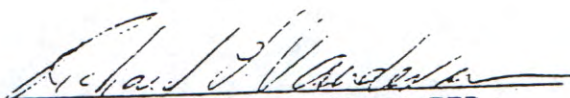
  
CATHY STEPHEN

  
CASS RUHLMAN

  
BARBARA GEROULD

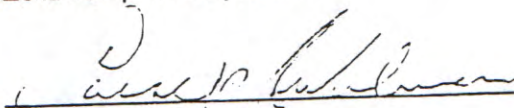
  
KATHIE KNOOP

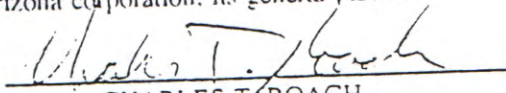
  
DARYL MILIUS

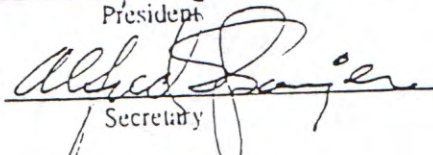
  
RICHARD L. VANDERMEER

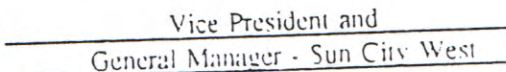
Acknowledged by the Advisory Board of  
RECREATION CENTERS OF SUN CITY  
WEST, INC.,  
an Arizona non-profit corporation

DEL E. WEBB  
DEVELOPMENT CO., L.P.,  
a Delaware limited partnership,  
by DEL WEBB COMMUNITIES, INC.,  
an Arizona corporation, its general partner

BY:   
President

BY:   
CHARLES T. ROACH

ATTEST:   
Secretary

ITS:   
Vice President and  
General Manager - Sun City West



AMENDMENT OF MASTER AGREEMENT

WHEREAS, Del E. Webb Development Co., L.P., a Delaware limited partnership ("Developer") and Recreation Centers of Sun City West, Inc., an Arizona non-profit corporation ("Association") have entered into that certain agreement dated May 28, 1992, known as the Second Amended and Restated Master Agreement (the "Agreement");

AND WHEREAS, the Agreement provides in Article IV.D, that said Agreement may be modified from time-to-time by written agreement executed by both parties;

AND WHEREAS, the Governing Board of Directors of the Association approved by unanimous vote at a meeting of said Board on July 23, 1992, amendment of the Agreement as stated herein;

AND WHEREAS, Developer and the Association desire to amend the terms of said Agreement as follows:

NOW, THEREFORE, Developer and the Association do hereby agree to amend the Agreement as follows:

The following paragraph is hereby added to Article II. Section C.2:

The Advisory Board shall have the right to approve the overall design concept for sound attenuation in connection with the buffer area. Developer agrees that it shall be responsible for the payment of all costs associated with the design, development, construction and installation of the buffer area, and that it shall provide to the Advisory Board its best estimate of ongoing maintenance costs.

All other terms and provisions of the Agreement remain as stated.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amended and Restated Master Agreement to be executed on the day and year first hereinabove written.

RECREATION CENTERS OF SUN CITY WEST, INC.,

an Arizona non-profit corporation

Charles T. Roach  
CHARLES T. ROACH

Martha Moyer  
MARTHA MOYER

Cass Ruhlman  
CASS RUHLMAN

Stephen J. Carder  
STEPHEN J. CARDER

Cathy Stephen  
CATHY STEPHEN

Barbara Gerould  
BARBARA GEROULD

Kathie Knoop  
KATHIE KNOOP

Daryl Milius  
DARYL MILIUS

Richard L. Vandermeer  
RICHARD L. VANDERMEER

Acknowledged by the Advisory Board of  
RECREATION CENTERS OF SUN CITY  
WEST, INC.,  
an Arizona non-profit corporation

DEL E. WEBB  
DEVELOPMENT CO., L.P.,  
a Delaware limited partnership,  
by DEL WEBB COMMUNITIES, INC.,  
an Arizona corporation, its general partner

BY: Carol M. ...  
President

BY: Charles T. Roach  
CHARLES T. ROACH

ATTEST: Shed ...  
Secretary

ITS: ...  
Vice President and  
General Manager - Sun City West

ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION  
OF  
THE RECREATION CENTERS OF SUN CITY WEST, INC.

Pursuant to the provisions of § 10-1035, Arizona Revised Statutes, the undersigned corporation adopts these Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is RECREATION CENTERS OF SUN CITY WEST, INC.

SECOND: The amendments to the Articles of Incorporation are attached hereto as Exhibit A.

THIRD: The amendments were duly adopted by an act of the members of the corporation on November 19, 1992.

DATE: January 26, 1993.

RECREATION CENTERS OF SUN CITY  
WEST, INC.

By Alfred Spanjer  
Alfred Spanjer, President

By Virginia Smith  
Virginia Smith, Secretary

STATE OF ARIZONA     )  
                              )     ss.  
County of Maricopa    )

The foregoing instrument was acknowledged before me this 26th day of January, 1993, by Alfred Spanjer, President, and Virginia Smith, Secretary, of the Recreation Centers of Sun City West, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

Sandra A. Bennett  
Notary Public

My commission expires:

02/05/97

EXHIBIT A

FIRST AMENDED AND RESTATED  
ARTICLES OF INCORPORATION OF

RECREATION CENTERS OF SUN CITY WEST, INC.,  
an Arizona nonprofit corporation

KNOW ALL MEN BY THESE PRESENTS:

Pursuant to the provisions of Title 10, Chapter 5, Article 3, Arizona Revised Statutes §§ 10-1035 and 10-1037, the undersigned non-profit corporation, pursuant to a resolution adopted by its Governing Board of Directors, and pursuant to approval by its members on November 19, 1992, hereby adopts the following Amended (in toto) and Restated Articles of Incorporation:

ARTICLE I

NAME, NATURE, INCORPORATORS, MEMBERS

A. Name: The name of the corporation shall be Recreation Centers of Sun City West, Inc., (hereinafter referred to as the "Association").

B. Purpose: This Association is formed as a nonprofit corporation to function as an association of homeowners. This Association is organized and operated to provide for the acquisition, construction, management, maintenance, and care of Association Property as defined hereinafter. "Association Property" shall include: i) property owned by the Association; ii) property commonly held by the Association; iii) property located within Sun City West (as hereinafter defined) privately held by the members of the Association, and used for the benefit of the members of the Association; and iv) property located within Sun City West (as hereinafter defined) owned by a governmental unit and used for the benefit of the members of the Association, provided, however, that the foregoing shall not be construed as a limitation on the activities and businesses in which the Association may ultimately engage.

C. Scope: "Sun City West" shall mean and refer to all of the real property situated in Sun City West, Maricopa County, Arizona, more specifically identified on the Sun City West General Plan dated November, 1985, and the Sun City West Development

Master Plan dated July 31, 1991, as thereafter revised and approved by the County of Maricopa, as the same may be from time-to-time duly revised or amended, attached as Exhibits A and B to these Articles, provided that no revision or amendment shall enlarge the boundary shown on Exhibit B unless approved by the members of the Association in accordance with the Association's Bylaws.

D. Incorporators: The names and addresses of the incorporators are:

Donald W. Hart: 1600 Arizona Title Building  
111 West Monroe Street  
Phoenix, Arizona 85003

Cynthia A. Edwards: 1600 Arizona Title Building  
111 West Monroe Street  
Phoenix, Arizona 85003

E. Known Place of Business: The known place of business of the Association shall be 19803 R.H. Johnson Boulevard, Sun City West, Arizona 85375, but different and other offices and places for conducting business, within the State of Arizona, County of Maricopa, may be established from time-to-time by the Governing Board of Directors of the Association.

## ARTICLE II

### MEMBERS

Members of the Association shall be limited to owners and residents of residential real property located in Sun City West, Arizona, as further set forth in the Association's Bylaws. No membership or certificate of membership shall be transferable and no assignee or transferee thereof, whether by operation of law or otherwise, shall be entitled to membership in the Association or to any property rights or interest therein, except as shall be provided in the Bylaws of the Association. Any person ceasing to be a member shall forfeit all rights and privileges of membership and all rights or interest in the Association absolutely, except as shall be provided in the Bylaws of the Association.

## ARTICLE III

### ASSOCIATION BUSINESS AND POWERS

The business which the Association initially intends to conduct is that of an association of homeowners. The general nature of the business to be transacted, the powers to be exercised and the purpose for which this Association was organized are as follows:

1. To provide for the acquisition, construction, management, maintenance and care of Association Property as said term is defined in Article I; to provide and maintain certain civic and community services not otherwise provided for including, without limitation, the maintenance of landscaping of medians, rights-of-way, landscape easements of major arterial streets and other areas within Sun City West constituting Association Property as defined in Article I to the extent they are not maintained by the County of Maricopa or other governmental entities and/or community organizations. The Association shall do any and everything lawfully necessary or convenient to accomplish such purposes, including, but not by way of limitation, to purchase, acquire, develop, sell, lease, own, operate and manage any and all recreational facilities necessary or incidental to accomplish the general purposes of the Association.
2. To coordinate, implement and aid the various recreational, cultural and social clubs or associations which are now or which may become duly recognized as such by this Association.
3. To promote cooperation in all matters of interest and benefit to the members of the Association.
4. To contract, coordinate or operate, with other organizations, associations, corporations or individuals in carrying out and conducting the activities and endeavors for which the Association is formed.
5. Except as limited in Article IV, and to the extent provided by law, the Association shall have all the general powers of a non-profit corporation as set forth in § 10-1005 of the Arizona Revised Statutes.

The foregoing powers shall be construed as both objects and powers and the foregoing enumerations of specific powers shall not be held to limit or restrict in any manner the powers of the Association.

ARTICLE IV

NO CAPITAL STOCK

The Association shall have no power to issue capital stock, and no dividends or pecuniary profits shall be declared or inure to any member, director, officer of the Association, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association affecting one or more of its purposes), and no member, director, officer of the Association, or any private individual, shall be entitled to share in the distribution of any of the Association's assets on dissolution of the Association.

ARTICLE V

TERM OF ASSOCIATION

The time of commencement of the Association is the date the Arizona Corporation Commission filed these Articles of Incorporation, October 4, 1979. The Association shall have perpetual succession by its corporate name.

ARTICLE VI

DIRECTORS AND BYLAWS

A. Governing Board of Directors: The affairs of the Association have been conducted by the persons below named who acted as the initial Governing Board of Directors of the Association. Thereafter, members of the Governing Board have been and shall be elected and/or appointed and duly qualified in accordance with the Bylaws of the Association. The names and addresses of the persons who initially constituted the Governing Board are:

<u>NAMES</u>	<u>ADDRESSES</u>
Joseph S. Aubin	115 W. Butler Drive Phoenix, Arizona 85021
John W. Meeker, II	5001 E. Calle Tuberia Phoenix, Arizona 85018
Gerald E. Williams	6832 West Corrine Peoria, Arizona 85345



The number of members serving on the Governing Board of Directors shall be as set forth in the Bylaws of the Association. The Directors shall be elected by the membership and/or appointed by the Governing Board or Developer at the time, in the manner, and for the terms provided in the Association's Bylaws.

B. Bylaws:

1. The Directors shall have the power to adopt Bylaws for the Association which have been duly approved in accordance with the Association's Bylaws and which may cover any subject and may supplement and add to the provisions of these Articles of Incorporation, so long as they are not in direct conflict with any of the provisions herein contained.

2. The Bylaws may be amended, modified, revised or revoked by the Directors or by the members, as prescribed in the Bylaws of the Association.

3. The Bylaws of the Association may prescribe such qualifications for membership in the Association as shall be consistent with these Articles. The Bylaws shall also prescribe voting rights. Members in good standing shall be entitled to full use, privileges and participation in the recreational facilities, clubs and services owned or provided by the Association, except as may otherwise be provided in the Bylaws. The Bylaws shall also provide the method for determining all fees to be paid by the members.

## ARTICLE VII

### INDEMNIFICATION AND LIABILITY

A. Indemnification: The Association shall indemnify any person (and his/her personal representatives and heirs) who was, or is, or is threatened to be made, a defendant or respondent in any action, suit or proceeding (whether civil, criminal, administrative or investigative), arising out of his/her present or prior status as a director or officer of the Association, against all liabilities or expenses (including attorneys' fees) reasonably incurred by him/her in connection with such action, suit or proceeding to the extent that such indemnification is permitted by law and upon such other or further terms as shall be provided in the Bylaws.

B. Liability: The private property of the members, directors and officers of the Association shall be forever exempt from the debts and obligations of the Association.

C. Limitation of Liability: A director of this Association shall not be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as director, except for liability to the extent provided by applicable law: i) for any breach of the director's duty of loyalty to the Association or its members, ii) for acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law; iii) for any transaction from which the director derived an improper personal benefit; and iv) for a violation of either § 10-1026 or § 10-1097 of the Arizona Revised Statutes as the same exist or hereafter may be amended. If the Arizona Revised Statutes hereafter are amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Association, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Arizona Revised Statutes. Any repeal or modification of this Article shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Association existing at the time of such repeal or modification.

## ARTICLE VIII

### DISPOSITION OF ASSETS

In the event of the dissolution or winding up of the Association, all assets not otherwise disposed of and not subject to any trust, shall be transferred as the Board of Directors may then decide, but may be utilized only for carrying out the purposes or similar purposes of this Association.

## ARTICLE IX

### AMENDMENT

These Articles of Incorporation may be amended by the affirmative vote of a majority of the members of the Association (other than the Developer) voting at a meeting of the members called for that purpose.

ARTICLE X

STATUTORY AGENT

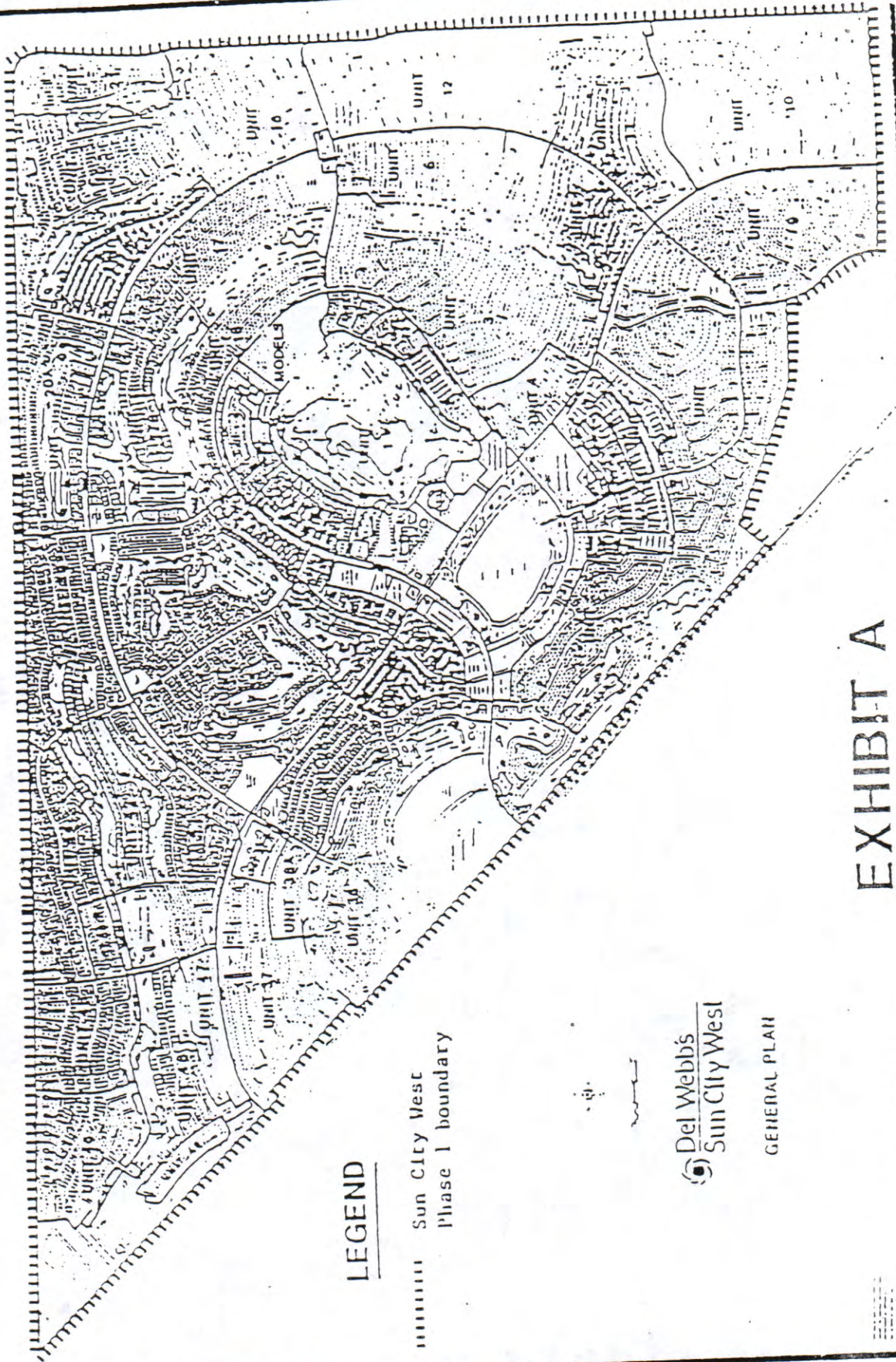
James R. Hienton, whose address is Two North Central, Suite 1600, Phoenix, Arizona 85004-2393, and who has been a bona fide resident of the State of Arizona for more than three (3) years immediately preceding the date hereof, is hereby appointed and made the agent of this corporation, to serve until the appointment of another agent, and upon whom all notices and process, including writ of summons, may be served, and when so served shall be lawful personal service on this corporation.

IN WITNESS WHEREOF, we have hereunto set our hands.

RECREATION CENTERS OF SUN CITY  
WEST, INC.

By Alfred Spanjer  
Alfred Spanjer, President

By Virginia Smith  
Virginia Smith, Secretary



**LEGEND**

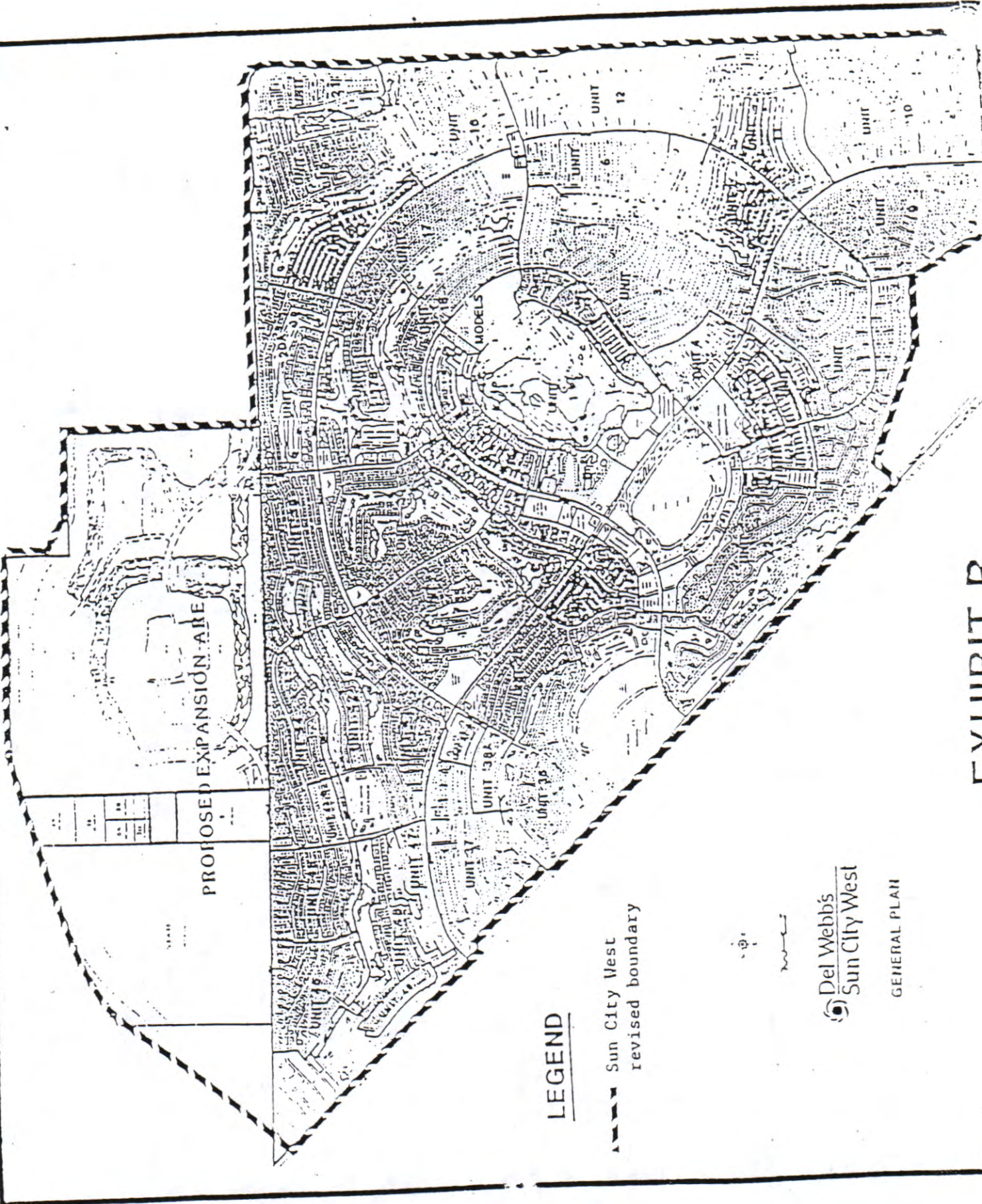
----- Sun City West  
 - - - - - Phase 1 boundary

Del Webb's  
 Sun City West

GENERAL PLAN

**EXHIBIT A**

FEBRUARY 1992



PROPOSED EXPANSION AREA

**LEGEND**

--- Sun City West revised boundary

Del Webb's  
Sun City West

GENERAL PLAN

EXHIBIT B

AMENDED AND RESTATED BYLAWS

OF

RECREATION CENTERS OF SUN CITY WEST, INC.  
AN ARIZONA NONPROFIT CORPORATION

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AMENDED AND RESTATED  
BYLAWS OF

RECREATION CENTERS OF SUN CITY WEST, INC.,  
an Arizona nonprofit corporation

SECTION I

1.1 PURPOSE.

These Amended and Restated Bylaws (hereinafter, "Bylaws") effective the **first day of January, 1993**, provide for the governance and operation of RECREATION CENTERS OF SUN CITY WEST, INC., an Arizona nonprofit corporation that has been formed under the laws of the State of Arizona for the purpose of operating, maintaining and preserving facilities which enhance the recreational, social and leisure interests of its members.

1.2 DEFINITIONS.

1. "Apartment Building": shall mean and refer to any building(s) or structure(s) located in Sun City West containing three (3) or more residential units, where fee title to such building(s) or structure(s) and to all of the residential units in said building(s) or structure(s) are or were originally offered to the public for lease or rental and not for sale.
2. "Associate Member(s)" (also known as "Qualifying Resident[s]"): shall mean and refer to any non-homeowning resident of Sun City West who is nineteen (19) years of age or older and domiciled with a homeowner in Sun City West for more than six (6) months in a twelve (12) month period, and who meets the other requirements set forth in Section III herein.
3. "Association Membership Fee" or "Annual Membership Fee" (also known as "Homeowner Fee"): shall mean and refer to the annual charge authorized and levied by the Association's Governing Board of Directors against each Regular or Associate Member within Sun City West.
4. "Association" or "Recreation Centers": shall mean and refer to Recreation Centers of Sun City West, Inc., an Arizona nonprofit corporation.
5. "Capital Expenditures": shall mean and refer to monies spent for long term betterments or additions to the Recreational Facilities, as determined by the Governing Board, and shall include the replacement and improvement of existing facilities. Capital Expenditures shall not include operating expenses.

6. "Care Facility": shall mean and refer to convalescent care centers or catered living facilities and other similar facilities.
7. "Declarations": shall mean the Declarations of Covenants, Conditions and Restrictions recorded against the Properties within Sun City West, as amended or supplemented from time-to-time.
8. "Developer": shall mean and refer to Del E. Webb Development Co., L.P., a Delaware limited partnership, and its affiliates, successors and assigns, but for purposes of the foregoing, no individual, corporation, trust, partnership or other entity who or which has at any time purchased less than Developer's entire remaining interest in Sun City West shall be deemed to be a successor or assign of Developer unless Developer's rights have been specifically assigned by a recorded instrument.
9. "Developer's Rights": shall mean and refer to the rights and obligations retained by Developer in accordance with the terms of these Bylaws.
10. "Director": shall mean and refer to a member who is elected or appointed and installed to serve on the Governing Board of Directors in accordance with these Bylaws.
11. "Facilities Agreement" or "Recreational Facilities Agreement": shall mean and refer to the agreement executed by each owner of a residential lot within Sun City West.
12. "Family": shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not also related who maintain a common household.
13. "General Manager": shall mean and refer to the person or corporate entity appointed by the Governing Board of Directors to manage and administer the operations of the Association.
14. "Governing Board of Directors" or "Governing Board": shall mean and refer to the Director appointed by the Developer, and the Directors elected by the membership or appointed by the Governing Board in accordance with these Bylaws to operate the Association pursuant to the Governing Documents, as now in effect or duly adopted or amended.
15. "Governing Documents": shall mean and refer to these Bylaws, together with the Articles of Incorporation of the Association, the Master Agreement, the Recreational Facilities Agreement, and the Declarations recorded against the Properties, as the same may be amended or supplemented from time-to-time.
16. "Governing Rules": shall mean and refer to the conditions and provisions of the Governing Documents, as the same may be amended or supplemented from time-to-time.

17. "Master Agreement": shall mean and refer to the Second Amended and Restated Master Agreement dated May 28, 1992, by and between Del E. Webb Development Co., L.P., a Delaware limited partnership and Recreation Centers of Sun City West, Inc., an Arizona nonprofit corporation, as now in effect or duly adopted and amended, for so long as the same shall be in effect.

18. "Membership Card": shall mean and refer to the cards issued by the Association to Regular and Associate Members to permit access into the Associations' facilities and participation in the related activities, all in accordance with the Governing Documents.

19. "Properties": shall mean the properties situated in Sun City West, Maricopa County, Arizona, as more specifically identified in Section 1.2(26) below.

20. "Quorum": shall mean and refer to the number of Regular Members of the Association required or presumed to be present in accordance with these Bylaws at a meeting of the membership in order to transact business at such meeting.

21. "Recreational Facilities": shall mean and refer to all real and personal property, including the improvements thereto, owned by the Association for the common use and enjoyment of the membership, and such additional facilities as may be conveyed by Developer to the Association for ownership and operation by the Association.

22. "Regular Member(s)": shall be homeowners/titleholders of record who meet the membership requirements set forth in Section III herein.

23. "Renter(s)/Tenant(s)": shall refer to persons renting a residence in Sun City West. One (1) person occupying the residence must be fifty-five (55) years of age or older, and no one under nineteen (19) years of age.

24. "Resale Transfer Fee": shall mean and refer to the fees provided for in Section 3A.4(e) charged by the Association to be paid upon the resale of a Sun City West home.

25. "Special Assessments": shall mean a charge which may be authorized and levied by the Association's Governing Board of Directors against each residential lot within Sun City West and required to be paid in accordance with the Governing Documents.

26. "Sun City West": shall mean and refer to all of the real property situated in Sun City West, Maricopa County, Arizona, more specifically identified on the Sun City West General Plan dated November, 1985, and the Sun City West Development Master Plan dated July 31, 1991, as thereafter revised and approved by the County of Maricopa, as the same may be from time-to-time duly revised or amended, attached as Exhibits "A" and "B" to these Bylaws, provided that no revision or amendment shall enlarge the boundary shown on Exhibit "B" unless approved by a vote of not less than a majority of the members voting in an election in which not less than a majority of the entire voting membership of the Association votes.

27. "Tenant Activity Card": shall mean and refer to a card issued by the Association to a Renter of a residence to permit the Renter access to the facility use privileges granted to the owner of the residence.

## SECTION II

### GOVERNANCE STRUCTURE

#### 2.1 GENERAL.

The affairs of the Association shall be directed by a Governing Board of Directors and administered by a General Manager. The Governing Board of Directors shall be the policy making and decision making body of the Association; the General Manager shall be responsible for carrying out the policies and directives of the Governing Board of Directors.

#### 2.2 GOVERNING BOARD OF DIRECTORS.

The policy making and decision making body of the Association shall be known as the Governing Board of Directors. The Governing Board shall consist of ten (10) members: one (1) of whom shall be appointed by and serve at the pleasure of the Developer, and nine (9) of whom shall be resident members of the Association, elected by the membership or appointed by the Governing Board in accordance with the provisions of these Bylaws. The member of the Governing Board appointed by the Developer shall not be a voting member of the Governing Board but shall have the right and obligation to attend all meetings of the Governing Board and the right and power to veto actions of the Governing Board in accordance with these Bylaws. Upon the termination of Developer involvement in the manner specified in these Bylaws (Section 2.4), the Developer appointed Board position shall be eliminated, and the nine (9) members of the Governing Board elected by the membership then shall comprise the total membership of the Governing Board and continue to exercise all powers and duties of the Governing Board of Directors. The principal purposes and functions of the Governing Board shall be as provided in these Bylaws, as the same may be amended from time-to-time.

#### 2.3 GENERAL MANAGER.

Responsibility for management and administration of the Association shall be vested in a General Manager, who may either be a natural person or corporate entity. The General Manager shall be appointed by and serve at the pleasure of the Governing Board. Method of appointment and removal, and duties and responsibilities of the General Manager shall be as more fully set forth in these Bylaws.

## 2.4 PERIOD OF DEVELOPER INVOLVEMENT.

a. Developer involvement in the affairs of the Association shall terminate upon the occurrence of the first of the following events:

i) Vote of the membership to terminate Developer involvement pursuant to Section 2.5 of these Bylaws; or

ii) The first day of the fiscal year following the calendar year in which eighty percent (80%) of the total number of planned residential lots in Sun City West has been sold and transferred. For the purpose of this subsection 2.4(a)(ii) only, the total number of planned residential lots in Sun City West shall not at any time be deemed to exceed seventeen thousand three hundred-forty (17,340) planned residential lots. The Developer shall determine the number of planned residential lots twenty five (25) days after the end of each calendar year based upon the current planned density (in lots) for Sun City West.

b. During the period of Developer involvement, the Developer will provide financial counsel and advice upon request, and shall have authority to veto financial matters that could jeopardize the ability of the Developer to complete its development of Sun City West or the financial security of the Association, as determined by Developer in Developer's sole discretion, in addition to those actions of the Governing Board as specified on Exhibit "C", but shall not be entitled to vote on a per residential subdivided lot basis.

c. Upon the termination of Developer involvement in accordance with sub-section 2.4(a), Developer shall retain Developer's Rights as specified in Exhibit "C", attached hereto and incorporated herein by reference; and Developer shall thereafter pay annual fees for each residential lot (planned or subdivided) in the expansion area shown on Exhibit "B", in accordance with the terms of Sections III.C., and IV.B., of the Master Agreement.

## 2.5 VOTE TO TERMINATE DEVELOPER INVOLVEMENT.

The membership may call for a ballot vote by mail to terminate Developer involvement at any time by submitting a petition calling for said vote to the Governing Board, signed by at least ten percent (10%) of the Regular Members based on the total number of Regular Members of record on the Association's books as of the close of the prior fiscal year. Upon receipt and verification of the percentage of member signatures required, the Governing Board shall hold the ballot vote by mail within sixty (60) days and provide the membership with at least thirty (30) days notice of the date set for such vote. In order for any such ballot vote by mail to be valid, at least a majority of the entire voting membership must vote. If a majority of those voting in a valid ballot vote by mail choose to terminate Developer involvement, then such involvement shall terminate effective sixty (60) days from the date of the vote. Developer shall then:

i) become a member of the Association and be entitled to vote on a per residential subdivided lot basis in the same manner as any other Voting Member;

ii) pay annual membership fee(s) for each residential subdivided lot owned by Developer in the expansion area shown on Exhibit "B" in accordance with the Master Agreement; and

iii) retain Developer Rights as specified in Section 2.4(c) of these Bylaws.

## SECTION III

### PART A

#### ASSOCIATION MEMBERSHIP

##### 3A.1 MEMBERSHIP.

a. Membership shall be limited to Regular Members and Associate Members. Under no circumstances will an Associate Member be granted facility use privileges as a guest of an Association member. Membership shall be subject to the following restrictions and qualifications:

(1) One (1) member of the Family residing in each Sun City West residence must be fifty five (55) years of age or older in order to qualify anyone living in that residence to use the facilities of the Association, subject only to the provisions of 3A.1(a)(3) below.

(2) No person under nineteen (19) years of age shall be entitled to be a member of the Association. Any member of the Family nineteen (19) years of age or older and domiciled with a homeowner in Sun City West for more than six (6) months in a twelve (12) month period is eligible for Associate membership in the Association as long as such person is a resident of Sun City West and is current in the payment of the then current Associate Membership Fee required to obtain a Membership Card.

(3) Any person under fifty-five (55) years of age can acquire a residence in Sun City West by purchase or inheritance. Such persons shall be Regular members and shall be obligated to pay to the Association an Annual Membership Fee and Special Assessments. Such persons shall retain voting rights in the affairs of the Association, but are not authorized use of its facilities unless said persons are nineteen (19) years of age or older and reside in the residence with person(s) who otherwise qualify for membership under 3A.1(a)(1) above.



(4) All current members in good standing who were eligible for membership under the prior Bylaws shall not be made ineligible due to the change of the minimum age requirement from fifty (50) to fifty-five (55) years of age under the Federal Fair Housing Amendments Act of 1988.

(5) Renters shall not be considered members of the Association, but with a Tenant Activity Card (see sub-section 3A.4[d]) shall be entitled to full use and enjoyment of the Association facilities and participation in all clubs, subject to all of the responsibilities and actions as set forth in these Bylaws, provided the requirements of 3A.1(a)(1) are met. In such instances, Tenant Activity Cards will be issued for such Renters provided that the owner of the property has paid the current Annual Membership Fee and any Special Assessment. The Association shall hold the Membership Card(s) of any homeowners renting his/her property for so long as a valid Tenant Activity Card for said property is outstanding.

b. Membership shall not be transferable.

c. Notwithstanding any provision to the contrary, the person appointed by the Developer to serve as a member of the Governing Board of Directors and the General Manager shall be members of the Association. During the period he/she acts as a Director on the Governing Board, or as General Manager, he/she shall not be required to pay an Annual Homeowner Fee or Special Assessment unless he/she is otherwise required to do so in accordance with these Bylaws.

d. A member must be current in the payment of the Annual Homeowner Fee and any duly adopted Special Assessment to validate the membership and to entitle the member to all rights and privileges of same.

e. Occupants of bona-fide Care Facilities shall not be considered members, or eligible for membership in the Association unless either:

(1) The occupant is an owner of other residential property located in Sun City West; or

(2) The Care Facility in which the person resides has made specific arrangements with the Association for membership of its residents under such terms and conditions as may be acceptable to the Governing Board of the Association in its sole discretion.

### 3A.2 MEMBERSHIP CATEGORIES.

a. There shall be Voting and Non-Voting Members, defined as follows:

(1) Voting Member: A Voting Member (Regular Member) shall be the owner (whether one or more persons or entities), of a residential unit within Sun City West. Ownership shall be evidenced by a recorded document and shall include, without limitation, any of the following: i) persons who acquire title by means of a Sheriff's Deed issued as a result of a mortgage or Deed of Trust foreclosure; ii) persons who acquire title by means of a Trustee's Deed issued as a result of the exercise of a power of sale under a Deed of Trust; iii) persons who acquire title by means of a Deed in lieu of the foreclosure of a mortgage or Deed of Trust; or iv) in the case of any valid and outstanding recorded Executory Agreement of Sale with respect to a residential unit, the purchaser under such Agreement of Sale. The term "owner" shall include a beneficial owner in a Grantor-type, Living Trust or Testamentary Trust but shall exclude in all cases any party holding an interest merely as security for the performance of an obligation or merely as an executor, administrator or trustee. For the purposes of this definition, the "owner" of an Apartment Building shall be deemed the owner of the individual apartment units contained in such Apartment Building [See Section 3A.2(b)(2) below].

(2) Non-Voting Member: Non-Voting Members (Associate Members) shall consist of all other members of Sun City West not included in the definition of a Voting Member above. A Non-Voting Member is not entitled to vote in any election or at any meeting of the membership nor to hold office in the Association. Such a Non-Voting Member shall be entitled to all of the other privileges and rights and subject to all of the responsibilities and actions as set forth in these Bylaws.

b. All voting by Voting Members shall be as follows:

(1) THERE SHALL BE ONE (1) VOTE PER VOTING MEMBER EXCEPT VOTING MEMBERS WHO ARE OWNERS OF APARTMENT BUILDINGS LOCATED IN SUN CITY WEST. (SEE SECTION 3A.2b[2])

(2) Owner(s) of Apartment Buildings who have been extended membership privileges by the Association shall be considered a Regular Member and shall be entitled to one (1) vote per apartment unit owned up to a maximum of 100 votes. When proxy voting is authorized by the Association, said votes may be proxied to tenants. In the event any Apartment Building, as defined herein, is subsequently subjected to a condominium or horizontal property regime, said building shall no longer be deemed to be an Apartment Building. The residential units therein shall be treated in the same manner hereunder as residential units to which ownership has passed to the individual purchaser. The Governing Board may, but need not, extend membership to Apartment Building owners as it deems appropriate and under such terms and conditions as the Governing Board of Directors in its sole discretion, shall determine. Notarized certification shall be required to be provided to the Secretary of the Governing Board by the owner thirty (30) days prior to the scheduled vote for the extension of the proxy voting, certifying that the persons to whom proxies have been given are bona fide residents of the Apartment Building.

c. In the event an owner or developer of property within Sun City West purchased originally from Developer as commercial or industrial property obtains rezoning of said property for residential use, or in the event an owner or developer of property within Sun City West purchased originally from Developer as residential property obtains rezoning of said residential property for a higher density residential use, the Governing Board of the Association shall determine in its sole discretion whether to permit such owner or developer or individual owners of residential units thereof to purchase memberships in the Association.

### 3A.3 PRIVILEGES AND RIGHTS.

a. Privileges of members shall be to vote (Voting Members only), to hold office (Voting Members only), and to use all available facilities subject to the rules and regulations of the Association as well as rules and regulations approved by the Association for the chartered clubs, to become members of all clubs of the Association and to participate in all activities of said clubs. Members shall have certain guest privileges as provided in the Rules and Regulations of the Chartered Clubs of the Association.

b. All facilities within the operating scope of the Recreation Centers are available to all Association members; however, membership in a chartered club may be required in order to use a particular facility in order to protect the health, safety and welfare of persons and/or protection of property.

c. No member or group of members, whether or not sponsored by a chartered club, or any other person or persons, shall so conduct themselves in or on Association property so as to jeopardize the rights and privileges of other Association members, their guests or any other person(s).

### 3A.4 ASSOCIATION MEMBERSHIP FEE, SPECIAL ASSESSMENTS AND OTHER FEES AND CHARGES.

a. Association Membership Fees. Each owner of a residential lot within Sun City West, other than Developer, is obligated to pay to the Association, in accordance with the Governing Documents governing said owner's lot, an Annual Homeowners Fee. Developer shall be obligated to pay annual membership fee(s) for each residential lot owned by Developer in accordance with the terms of the Master Agreement. The amount of the Homeowner Fee will be determined annually by the Governing Board of Directors and shall be due and payable by each owner in advance each year on or before the owner's Association membership anniversary date. Membership begins on the day of closing of escrow of the purchase of a residential lot. See Section 4B.2(e)(1) for limitations on Annual Homeowner Fee increases. Upon payment of the appropriate Annual Homeowner Fee, the member shall be issued a Membership Card which shall be used to gain entrance into the Association's facilities and participate in the activities related thereto, subject to the restrictions contained in Sections 3A.1, 3A.2 and 3A.3 above.

b. Special Assessments. In addition to the Association Membership Fee authorized above, in any fiscal year, the Governing Board of the Association may levy against each residential lot within Sun City West other than those owned by Developer, Special Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any action or undertaking on behalf of the Association, including the repair, replacement or addition of improvements to or upon the Association's Recreational Facilities, provided that any such Special Assessment shall be approved by the affirmative vote of a majority of the Regular Members of the Association voting at a membership meeting or by mail ballot. Special Assessments must be fixed at a uniform rate for all lots, and may be collected on a monthly or yearly basis.

c. Delinquencies. Any Association Membership Fee or Special Assessment or portion thereof which is not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of fifteen percent (15%) per annum and the Association will assess a late charge thereon as may, from time to time, be determined by the Governing Board.

d. Tenant Activity Card. Persons renting a residence in Sun City West shall be subject to an additional fee charged by the Association for issuing a Tenant Activity Card. The fee for a Tenant Activity Card, to be determined annually by the Governing Board, is payable in advance annually or for the term of the lease, whichever period is shorter, and is non-refundable. The number of Tenant Activity Cards issued for any dwelling unit shall not exceed the number of paid annual memberships on file with the Association. If the owner(s) does not have a sufficient number of paid annual memberships on file with the Recreation Center Administration Office to provide sufficient Tenant Activity Cards to all renters, the owner may purchase additional Membership Card(s) for said renter(s) and the renter(s) may then purchase additional Tenant Activity Card(s) at the established fee.

e. Resale Transfer Fee. Purchasers of homes from owners other than Developer ("Resales") are obligated to pay to the Association for the creation of a new membership account and issuance of a membership card, an additional fee charged by the Association. The fee for a Resale Transfer will be determined annually by the Governing Board and shall be due and payable by each new owner at time of closing. Membership begins on the day of closing of escrow in the purchase of a Resale residential lot. Upon payment of the appropriate Resale Transfer Fee and Annual Membership Fee, the new owner shall be issued a membership card which shall be used to gain entrance into the Association's facilities, and participation in all activities related thereto, subject to the restrictions contained in Sections 3A.1, 3A.2 and 3A.3 above.

f. Other Fees and Charges. Such fees and charges as, but not limited to, Golf Fees, Bowling Fees and rental charges for the use of Recreational Facilities of the Association shall be levied by the Association. The amount of such fees and charges shall be recommended by the General Manager and approved by the Governing Board, and may be changed at any time upon thirty (30) days notice to the membership.

g. Reserve Funds. The Governing Board of Directors is empowered to establish and maintain such reserve funds as it deems appropriate for major additions to, replacements of, or repairs to the recreation centers' facilities (see Section 4B.2[k]). Contributions to such reserve funds shall be determined by the Governing Board as part of the Association's annual budgeting process.

### 3A.5 SUSPENSION OF MEMBERSHIP.

a. Following a hearing before the Governing Board for failure to comply with the provisions of the Governing Documents, or duly enacted Rules and Regulations of the Association or approved rules and regulations of chartered clubs, the Governing Board of Directors may temporarily suspend a member's rights as a member of the Association. The hearing must be held within thirty (30) days after the Governing Board has received written notice of such non-compliance from Association General Manager, Officers or Directors. The majority decision of the Governing Board shall be final and binding upon the member. A member must be given at least fifteen (15) days prior to notice of the hearing before the Governing Board, which notice shall state the actions or conduct of the member giving rise to the proposed suspension of the member. Notice required by this sub-section may be given by any method reasonably calculated to provide actual notice. Any notice given by mail must be given by First Class or Certified Mail, sent to the last address of the member shown on the Association's records. At the hearing, the member shall be provided an opportunity to be heard, either orally or in writing, and to be represented by any other party. Any action challenging a suspension of membership, including any claim alleging defective notice, must be commenced within one (1) year after the date of the suspension. During a period of suspension, such member shall be required to pay the Annual Membership Fee and Special Assessment, but shall not have any right to utilize any of the facilities of the Association, vote in any election of the Association and serve in or run for any office or position within the Association. The length of the temporary suspension shall be determined exclusively by the Governing Board.

b. Application for reinstatement may be filed with the Governing Board after such suspension has been effective for thirty (30) days. The Governing Board must act upon an application within thirty (30) days after its receipt by the Governing Board, by either approving or rejecting the application by a majority decision, which shall be final and binding upon the member. Upon the Governing Board approving an application for reinstatement, the applicant member shall be reinstated upon payment of any Annual Membership Fee and Special Assessment due and owing by the member and the completion of any other obligations, responsibilities or duties to be fulfilled as determined by the Board.

### 3A.6 MEMBERSHIP VALIDATION.

A Regular Member's signature on any membership petition or request provided for in these Bylaws shall be valid only if the member is in good standing and is not delinquent in the payment of fees or assessments levied by the Association, owed and outstanding at the time he/she signs the petition or request.

## SECTION III

### PART B

#### MEMBERSHIP MEETINGS

##### **3B.1 PLACE.**

Unless otherwise designated in the written notice required under Section 3B.4 hereunder, all meetings of the Regular Members of the Association shall be held at such location within Sun City West as the Governing Board shall determine.

##### **3B.2 ANNUAL MEETING.**

The annual meeting of the Regular Members shall be held on a date to be established by the Governing Board.

##### **3B.3 SPECIAL MEETINGS.**

A special meeting of the Regular Members of the Association shall be scheduled by the Governing Board in response to a written request for a special meeting signed by Regular Members representing at least five percent (5%) of the Regular Members of record of the Association as of the end of the preceding fiscal year, which request shall set forth the nature of the business to be undertaken at the meeting. Within ten (10) days after final verification of the signatures on the request, the President shall give written notice of a special meeting to be held within the time periods set forth in Section 3B.4 below. Special meetings of Regular Members may also be called and shall be scheduled upon request for such meeting by the President of the Governing Board or by a majority vote of the Governing Board.

##### **3B.4 NOTICE OF MEETINGS.**

Written notice of regular and special meetings of the Regular Members, stating the place, day and hour and agenda of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be published, mailed or delivered as determined by the Governing Board, not less than ten (10) nor more than fifty (50) days before the date of the meeting by the President of the Association, to each Regular Member entitled to vote thereat. Such notice if mailed, shall be addressed to the member at the member's address last appearing on the records of the Association, or supplied by such member to the Association for the purpose of notice, or, if published, shall be published in at least one newspaper primarily circulated in the Sun City, Sun City West area, and conspicuously posted on Association bulletin boards at each facility. When a meeting is adjourned to another time or place, notice need not be given

of the adjourned meeting if the time, date and place of the meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, once a quorum is established, the Association may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, notice of the adjourned meeting shall be given to each member entitled to vote at the meeting.

### **3B.5 QUORUM.**

At a meeting of the Regular Members, the presence in person or represented by proxy of at least eight hundred (800) of the Regular Members in good standing of record as of the end of the preceding fiscal year, shall be considered a Quorum for the purpose of the transaction of business at such meeting. A Quorum shall be presumed in the absence of a challenge. If, however, such Quorum shall not be present or represented by proxy at any meeting, the members entitled to vote at such meeting shall have the power to adjourn the meeting to another time (but may not transact any other business) without notice other than announcement at the meeting, until a Quorum shall be present or represented. An adjournment for lack of a Quorum by those in attendance shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. At such adjourned meeting at which a Quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

### **3B.6 PROXY.**

At any meeting of the Regular Members where proxy voting is authorized by the Governing Board, a Regular Member may vote by proxy executed in writing by the Regular Member or by his/her duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association no later than two (2) business days prior to the time of the meeting. Proxy forms shall be available at the Association general offices, or by mail, thirty (30) days prior to the meeting date. No proxy shall be valid three (3) months from the date of its execution. Proxies shall be used for ballot voting only. Proxy voting shall not be permitted for election of the Governing Board members.

### **3B.7 CONDUCT OF MEETINGS.**

At all meetings of the Association, Robert's Rules of Order shall prevail; provided, however, that in the event of any conflict between Robert's Rules of Order and these Bylaws, the Bylaws shall control.

## SECTION III

### PART C

#### VOTING

##### 3C.1 VOTING RIGHTS.

a. At any meeting of the membership of the Association, each Regular Member in good standing is entitled to vote the number of votes authorized in Section 3A.2(b) on each matter voted upon by the membership. Provided a quorum is present, the vote of a majority of the votes cast by Regular Members present at such meetings shall be the act of the full membership, except as may be otherwise specifically provided in these Bylaws, the Articles of Incorporation or Arizona law.

b. Voting for the Governing Board shall take place on the first Tuesday in December in accordance with these Bylaws, and results shall be made known upon tabulation and certification of the election by the Election Committee. The newly elected members of the Governing Board shall be installed and officially take office as provided in Section 4C.1 of these Bylaws.

##### 3C.2 VOICE VOTE.

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

a. The election of all members of the Governing Board of Directors who are elected by the membership;

b. Matters on which the majority of the Governing Board requests a vote by written ballot;

c. Matters on which a vote by written ballot is requested by the majority vote of the eligible Voting Members of the Association attending the meeting.

##### 3C.3 BALLOT VOTE.

When a ballot vote is required, the following will apply:

a. Voting shall proceed under supervision of an Election Committee composed of not less than five (5) members who are appointed by the President with the consent of the Governing Board. No member of the Election Committee shall be a member of the Governing Board. No person can be a member of the Election Committee while also a candidate for the Governing Board.



b. At least two (2) members of the Election Committee shall be in attendance at all times during voting and they shall determine eligibility (Section 3A.2 of these Bylaws) of all voters, issue all official ballots and witness the casting of the ballots.

c. Ballot boxes shall remain sealed until all votes are cast, then opened and votes tabulated in the presence of at least three (3) members of the Election Committee. A tie vote for the final position shall be decided by lot. Upon completion of the tabulation of ballots, the results shall be certified by the Election Chairperson to the Governing Board and officially posted on Association bulletin boards.

d. At the tabulation of votes, any Voting Member may be present as an observer.

e. Following tabulation, all ballots will be sealed and stored for a period of thirty (30) days in custody of the General Manager.

### 3C.4 ABSENTEE BALLOTS.

a. If an eligible voter (Section 3A.2 of these Bylaws) will be absent from the meeting on the date set for balloting, he/she may cast an absentee ballot at the place or time, or by mail, as designated by the Election Committee, but not more than fourteen (14) days nor less than three (3) calendar days prior to the voting date.

b. When requested by an ill or incapacitated eligible voter, not more than five (5) days nor less than three (3) calendar days prior to the voting date, any two (2) members of the Election Committee shall take an official ballot and a sealed ballot box to him and witness the casting of his absentee ballot.

c. Ballot boxes containing absentee votes shall be opened and the ballots tabulated at the same time and place and under the same conditions as the regular ballots.

### 3C.5 MAIL VOTE.

a. A majority of the Governing Board may authorize use and implementation of a mail-in ballot for any election or issue it deems appropriate if not otherwise prohibited by these Bylaws, the Articles of Incorporation, or Arizona law.

b. When mail-in ballots are authorized, said ballots shall be prepared and mailed to the Voting Members not less than twenty-two (22) calendar days prior to the date of the election. The ballot shall state a cutoff date for the return of ballots. Ballots postmarked after the cutoff date shall not be counted.

c. The determination of eligibility and tabulation of votes shall proceed under the supervision of the Election Committee as set forth in Section 3C.3.

## SECTION IV

### PART A

#### GOVERNING BOARD OF DIRECTORS

##### 4A.1 COMPOSITION.

a. During the period of Developer involvement, the Governing Board of Directors shall be composed of ten (10) Directors: one (1) of whom shall be appointed by and serve at the pleasure of the Developer and nine (9) of whom shall be elected by the membership in accordance with these Bylaws. The resident membership on the Governing Board shall initially be comprised of the nine (9) elected members of the resident Advisory Board in office upon the effective date of these Bylaws who shall remain in office for the balance of their elected terms. Once the initial Governing Board is established in accordance with this Section, the Advisory Board will be disbanded. The Director appointed by Developer shall not vote on any Governing Board actions, but shall only have the power to veto certain actions in accordance with Section 2.4 above. The Developer shall designate and authorize representatives to act in the Developer's place and stead so that one (1) representative of the Developer shall be in attendance and have the power to act on behalf of Developer at all Governing Board meetings. The provisions of these Bylaws relating to election procedures and terms of office for the members of the Governing Board shall not apply to the member on the Governing Board appointed by the Developer. No Director or officer of the Governing Board shall receive compensation of any kind for his/her services; provided, however, that the Governing Board may cause a Director to be reimbursed for expenses incurred in carrying on the business of the Association.

b. Upon the termination of Developer involvement in accordance with these Bylaws, the nine (9) members of the Governing Board elected by the membership shall comprise the total membership of the Governing Board of Directors and shall continue to exercise all powers and duties of the Governing Board of Directors. Each Director shall hold office until his/her successor is elected and installed, or until his/her death, or until his/her earlier resignation or removal in the manner hereinafter provided. By resolution, the Governing Board may change the number of its elected members to any number not less than nine (9), provided that no such change shall take effect until the commencement of the next term for Governing Board members. In the event the number of Directors on the Governing Board is changed, the terms of the Directors newly elected shall be staggered so that as nearly as possible the same number will be elected in each year.

##### 4A.2 NOMINATION PROCEDURE.

a. Number On Committee. A Nominating Committee of not less than five (5) members shall make nominations of candidates for positions for the Governing Board of Directors to be elected and filled at the annual election of Governing Board members held on the first Tuesday of December of each year.

b. Selection of Nominating Committee. The Nominating Committee shall consist only of Voting Members in good standing, to be chosen as follows:

(1) The President of the Governing Board of Directors with approval of a majority of the Governing Board members shall appoint the members of this Nominating Committee. The President of the Governing Board shall serve as an advisor to the Nominating Committee; however, no Governing Board member shall be a member of this Committee. The Committee shall be appointed not later than May 1 of each year and the Governing Board President shall appoint the Committee chairperson.

(2) The President of the Governing Board shall call the first meeting of the Nominating Committee to be held no later than June 1 of each year, by giving written notice to each member of the Committee seven (7) or more days prior to the date of such first meeting.

#### **4A.3 SELECTION AND ELECTION OF CANDIDATES FOR GOVERNING BOARD POSITIONS.**

a. On or before September 15th of each year, any member of the Nominating Committee or any Voting Member of the Association may submit the names of prospective candidates for Governing Board positions to the Nominating Committee. The name of each prospective candidate shall be submitted in writing to the Nominating Committee at the general office of the Association, together with a resume of two hundred (200) words or less completed by the candidate.

b. The Nominating Committee shall, by personal interview and such questioning as it deems necessary, carefully review the qualifications of all prospective candidates whom the committee has selected or whose names have been sent to it. On or before October 15th, the Nominating Committee shall prepare and present to the Governing Board a slate of not less than two (2) persons for each Governing Board position to be filled at the upcoming election. Such slate shall be posted on the Association bulletin boards and at the general office of the Association. The Nominating Committee shall obtain certification as to the eligibility of each nominee as a member in good standing.

c. Independently of the Nominating Committee's slate of nominees, any Voting Member may become a nominee by written petition providing that prior to November 1, he/she files with the Chairman of the Nominating Committee:

(1) Such petition on a form provided by the Association signed by at least two hundred (200) Voting Members in good standing;

(2) A written certification as to his/her eligibility as a member in good standing and verification of petition signatures from the General Office of the Association; and

(3) A resume of two hundred (200) words or less completed by the nominee. Upon the member filing the foregoing petition, certification and resume, the Chairman of the Nominating Committee shall add and post the member's name to the slate of nominees no later than November 5.

d. The election of Governing Board members (Directors) will be held on the first Tuesday of December of each year. Voting for the members of the Governing Board shall be by secret written ballot. Cumulative voting for the election of Governing Board members shall not be permitted. Voting by proxy shall not be permitted for the election of Governing Board members. Nominees receiving the highest number of votes shall be elected to the open positions on the Governing Board of Directors. In the event there is an open position to be filled at the election for a shorter term than the regular term, then after all of the regular terms have been filled, the person having the next highest number of votes shall fill the short term position.

#### **4A.4 QUALIFICATION OF CANDIDATES.**

A candidate and/or nominee must be a Regular Member in good standing. No member of the Nominating Committee may be nominated to run for the Governing Board nor shall there be any members of the Governing Board selected to serve on the Nominating Committee. Any person nominated shall declare his availability on a year round basis for participation in the business affairs of the Association and shall make himself/herself available for any office to which the Governing Board may elect him/her.

#### **4A.5 TERM OF OFFICE.**

The term of office for a Director of the Governing Board shall be three (3) years and terms shall be staggered. No member who has served a three (3) year term may be re-elected or appointed to the Governing Board until such member has had a one (1) year absence from the Board. In the event the number of Directors on the Governing Board is changed to more than nine (9), terms shall be staggered in accordance with Section 4A.1(b) above.

#### **4A.6 PLACE OF MEETINGS.**

The Governing Board may hold its meetings at the general office of the Association or at such other place(s), within Sun City West, as the Governing Board may from time to time determine. Any such meeting, whether regular or special, may be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in such manner shall constitute presence in person at such meeting.

#### 4A.7 REGULAR MEETINGS.

Regular meetings of the Governing Board shall be held monthly at such a time and meeting place as the Governing Board shall determine. Notice of the time and place of a regular meeting shall be posted at a prominent place or places within the Association's Recreational Facilities and shall be communicated to Governing Board members not less than four (4) days prior to the meeting. Notice of a meeting need not be given to any Governing Board member who has signed a waiver of notice or a written consent to holding of the meeting. Attendance of a Governing Board member at any meeting shall constitute a waiver of notice of such meeting, except when a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Regular and special meetings of the Governing Board shall be open to all members of the Association provided, however, that Association members who are not on the Governing Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Governing Board. The Governing Board may, with the approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel or unresolved matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. After the close of any regular meeting, the Governing Board may permit questions or comments from the members in attendance.

#### 4A.8 SPECIAL MEETINGS.

Special meetings of the Governing Board may be called by written notice signed by the President of the Governing Board or by any two (2) members of the Governing Board other than the President. The notice shall specify the time and place of the meeting, and the nature of any special business to be considered. Notice shall be posted in the manner prescribed for notice of regular meetings. Except as otherwise provided in Section 4A.9 below, notice of each such meeting shall be sent to all Governing Board members either by mail, telegraph, cable, wireless or other form of recorded communication, or delivered personally not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, that notice of the meeting need not be given to any Governing Board member who signed a waiver of notice or a written consent to holding of the meeting. Attendance of a Director at a special meeting of the Governing Board shall constitute a waiver of notice of such meeting, except when a Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

#### **4A.9 QUORUM AND MANNER OF ACTION.**

During the period of Developer involvement, a majority of the number of Directors elected by the membership or appointed by the Governing Board and the representative appointed by the Developer shall be present in person at any meeting of the Governing Board in order to constitute a quorum for the transaction of business at such meeting. Following the period of Developer involvement, a quorum for the transaction of business at a meeting shall consist of a majority of the number of Directors elected by the membership or appointed by the Governing Board. Except as otherwise provided in these Bylaws and Arizona law, the vote of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Governing Board. However, if Developer's representative is not present at any such meeting, the Governing Board must submit all proposed acts to Developer prior to adoption. Developer shall have twenty (20) calendar days to accept or veto such acts. Non-response by Developer within such twenty (20) day period will be considered acceptance. In the absence of a quorum at any such meeting, a majority of the Directors present thereat may adjourn such meeting to another time or place, without notice other than announcement at the meeting, until a quorum shall be present. The members shall act only as a Governing Board and the individual Directors shall have no power as such.

#### **4A.10 ORGANIZATION.**

At each meeting of the Governing Board, the President, or if he or she is absent therefrom, the Vice President, or if he or she is absent therefrom a member chosen by a majority of the members present, shall act as Chairman and preside over such meeting. The Secretary, or if he or she is absent, the Assistant Secretary, if any and if present, or the person whom the Chairman of such meeting shall appoint, shall act as Secretary of such meeting and keep the minutes thereof.

#### **4A.11 ACTION BY MEMBERS WITHOUT A MEETING.**

Any action required or permitted to be taken by the Governing Board may be taken without a meeting if all members of the Governing Board shall individually or collectively consent in writing to such action. Such written consent(s) shall be filed with the minutes of the proceedings of the Governing Board and an explanation of the action taken shall be posted within three (3) days upon Association bulletin boards located within the Recreational Facilities and pro shops. Any action by written consent in accordance with the terms of this sub-section shall have the same force and effect as a unanimous vote of the members of the Governing Board.

#### 4A.12 RESIGNATIONS.

Any member of the Governing Board may resign at any time by giving written notice of his or her resignation to the Governing Board. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

#### 4A.13 REMOVAL OF DIRECTORS OF THE GOVERNING BOARD.

a. At any duly convened special meeting of the membership at which a Quorum is present, any one (1) or more of the elected Governing Board members may be removed from office, as hereinafter set forth:

i) Unless the entire Governing Board is removed from office by the vote of the Regular Members of the Association, a Director shall not be removed by the Regular Members prior to the expiration of his/her term of office if the number of votes cast against the Director's removal at the special meeting of the membership would be sufficient to elect the same Director to the Governing Board at the most recent prior election (based upon the total votes cast at that election and the votes cast for each candidate in that election).

ii) Any Director who has been elected to office solely by the votes of members of the Association other than the Developer may be removed from office prior to the expiration of his/her term of office at a meeting of the members only by the vote of not less than a majority of the affirmative votes cast by members of the Association other than the Developer, provided that not less than a majority of the entire membership of the Association entitled to vote is present in person or by valid proxy.

iii) The entire Governing Board may be removed from office at a meeting of the members by the vote of not less than a majority of the affirmative votes cast by members of the Association other than the Developer, provided that not less than a majority of the entire membership of the Association entitled to vote is present in person or by valid proxy.

b. In the event that any or all Directors are removed in accordance with (i), (ii), or (iii) above, a successor(s) should then and there be elected by the membership to fill the vacancy thus created for the unexpired term. Should the membership fail to elect a successor, the Governing Board may fill the vacancy in the manner provided in Section 4A.14 below.

c. Except as otherwise provided in 4A.13(b) above, the Governing Board shall not be empowered to fill the vacancy created by the removal of a Governing Board member pursuant to the provisions of this Section.

#### **4A.14 VACANCIES ON THE GOVERNING BOARD OF DIRECTORS.**

a. Any vacancy occurring on the Governing Board other than through removal by the membership may be filled by the affirmative vote of a majority of the remaining Governing Board members, though less than a quorum, or by a sole remaining Governing Board member. Any Governing Board member so chosen shall hold office until the next election of the Governing Board members when his successor is elected and qualified. Said successor shall serve the unexpired term. In filling any vacancy, Governing Board members may give consideration to a list of potential candidates submitted by the Nominating Committee. If by reason of death, resignation or otherwise, the Association has no Governing Board members in office, any member of the Association may call a special meeting of Association members for the purpose of electing the Governing Board of Directors.

b. Should an elected Governing Board member fail to assume office by reason of death, disability or declination prior to the date of installation of the term to which elected, then the unsuccessful candidate in such election receiving the next highest number of votes shall be deemed elected in his/her stead. The Governing Board will appoint a Director if no such runner-up is available for office.

#### **4A.15 INDEMNIFICATION OF GOVERNING BOARD MEMBERS AND OFFICERS AND COMMITTEES.**

The Association shall indemnify any and all of its Governing Board members and its Officers and committees of the Governing Board against all expenses incurred by them and each of them, including but not limited to legal fees, judgments and penalties which may be incurred, rendered or levied in any legal action brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of authority as a Governing Board member or Officer. Whenever any current or former Governing Board member or Officer shall report to the President of the Governing Board that he/she has incurred or may incur expenses, including but not limited to legal fees, judgments and penalties in a legal action brought or about to be brought against him/her for or on account of any action or omission alleged to have been committed by him/her while acting within the scope of his/her authority as an Governing Board member or Officer, the Governing Board shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully, with gross negligence or with fraudulent or criminal intent. If the Governing Board determines in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action or contemplated action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that the Association shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him/her in the action.



## SECTION IV

### PART B

#### POWERS AND DUTIES OF THE GOVERNING BOARD OF DIRECTORS

##### 4B.1 GENERAL.

The Governing Board shall act as the principal rules-making and decision-making body, and shall establish such policies as it deems proper and expedient in conformance with the Governing Documents and Arizona law, as the same may be amended from time-to-time. Such policies shall promote the objectives of the Association and shall protect the best interest and welfare of the members. The rights, powers, and duties of the Governing Board shall be as set forth in or enabled by the Governing Documents.

##### 4B.2 POWERS.

The Governing Board shall have power to:

- a. Hold and administer the assets, and provide oversight of the administration of the affairs of the Association; and
- b. Establish operating policies, make rules and regulations within the authority as outlined in the Governing Documents and publish same, and establish penalties, including but not limited to fines, probation and/or suspension of membership or membership privileges for the infraction thereof. Additions to or changes in policies, rules and regulations shall be conspicuously posted on Association bulletin boards at each facility and published in an Association newsletter and in at least one newspaper circulated in the Sun City West area. There shall be copies of all Association policies, rules and regulations available for review at R.H. Johnson Library and available for purchase or inspection by all members of the Association in the Association's Administration Offices; and
- c. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not otherwise reserved to the membership or the General Manager by other provisions of these Bylaws and the Articles of Incorporation; and
- d. Appoint a General Manager in accordance with these Bylaws; and
- e. As more fully provided in these Bylaws, to:

(1) Establish the amount of the Annual Membership Fee to be collected from each member; provided, however, that the Governing Board may not, without the affirmative vote of the majority of the members of the Association impose a regular Annual Fee per member which is more than fifteen percent (15%) greater than the regular annual Homeowner Fee for the immediately preceding fiscal year. Establish duly adopted Special Assessments to be collected from each member. Establish Homeowner Fee and Special Assessment collection procedures. Establish the amount of the fee for a Tenant Activity Card, Resale Transfer Fee and collection procedures.

(2) Perfect and foreclose a lien against any property for which the Homeowner Fee and/or Special Assessments are not paid, or to bring an action at law against the member personally obligated to pay the same.

(3) Establish fees to be collected from the members for the use of the Association facilities by members, their guests and chartered clubs.

f. Pay any taxes and assessments which are, or could become a lien on the facilities of the Association or any portion thereof; and

g. Ensure that goods and/or services for the grounds, facilities and interests of the Association are provided for and maintained in a timely and professional manner, and in a manner to insure the continuing integrity and operation of the Association; and

h. Elect officers of the Governing Board of Directors; and

i. Delegate its powers to the Governing Board committees, officers or employees of the Association as expressly authorized by these Bylaws; and

j. Fill vacancies on the Governing Board as provided in Sections 4A.13 and 4A.14; and

k. Establish and maintain such restricted reserve funds designated for specific purposes as it shall see fit in furtherance of its management and budgeting for the Association. Such reserve funds shall not be used for routine operating expenses or maintenance expenses. The Board shall establish and publish written policies and procedures for collection and disbursement of any such reserve funds. However, any such reserve funds shall be required to be: i) designated and segregated for that specific purpose; ii) funded exclusively from charges to or surpluses generated by the activities of the specific division; and iii) used only for major additions, replacements or repairs to the designated division's recreation facilities; and

l. Developer may, but shall not be obligated to investigate and enforce the deed restrictions contained within the Declarations until its substantial completion of residential development of Sun City West or when it no longer retains any interest in Sun City West, whichever first occurs. Substantial completion shall be attained when there exists fewer than one

hundred (100) residential subdivided lots left to be conveyed to owners other than Developer. The Association will then accept responsibility for deed restriction investigation and enforcement provided that no other entity at such time is responsible for the same. At such time, the Governing Board shall establish such procedures, form such committee(s), and retain such personnel as may be necessary to ensure the satisfaction of this obligation to meet the needs of the residents and to ensure preservation of the properties within Sun City West;

m. Exercise such other powers as may be granted to the Governing Board by these Bylaws, the Articles of Incorporation or Arizona law.

#### 4B.3 DUTIES.

It shall be the duties of the Governing Board of Directors to:

- a. Maintain the Recreation Centers, golf, bowling and any other operating divisions as independent, self-sufficient financial operating divisions.
- b. Through the General Manager, oversee the supervision of all officers, agents and employees of this Association, and see that their duties are properly performed;
- c. Ensure that adequate property, business and liability insurance is maintained on property owned by the Association, and directors' and officers' liability insurance (or similar errors and omissions insurance) on behalf of the Governing Board members, and their Committee members and Association employees;
- d. Ensure that the facilities are properly maintained.
- e. See that a summary of the budget for each fiscal year is available in the R.H. Johnson Library and the Association office not less than thirty (30) days before the beginning of the fiscal year. Copies may be purchased at a reasonable fee.
- f. See that an annual independent audited financial report is prepared within one hundred twenty (120) days after the close of the fiscal year covering at least the following items:
  - (1) A balance sheet as of the end of the fiscal year.
  - (2) An operating (income) statement for the fiscal year.
  - (3) A statement of cash flow for the fiscal year.

Any member requesting a copy of the annual audited report may be provided with a copy for a reasonable charge. In addition thereto, one or more copies of the report shall be placed in the R.H. Johnson Library for review and copying by the membership.

g. Approve the annual budget. Such approval shall require the vote or assent of two-thirds ( $\frac{2}{3}$ ) of the Governing Board members present at any meeting at which a quorum is present. The annual budget prepared by the Association shall include, but not necessarily be limited to the following:

(1) Estimated revenue and expenses (including a detailed schedule of repair and maintenance items) on an accrual basis, providing for depreciation accounts for capital assets newly acquired or repaired in accordance with schedules of life expectancy and dollar values established by policies adopted by the Governing Board.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of the Association's facilities.

(3) An itemized estimate for the major repair and maintenance requirements for the Association's facilities and the methods of funding to defray the costs of any such repair or replacement.

(4) A separate Capital Expenditure budget for each division (Centers, Bowling and Golf).

(5) A separate cash flow budget, indicating the cash availability at the commencement of the fiscal year, and the corresponding impact of the profit and loss and capital expenditure budgets for the ensuing fiscal year.

(6) Perform such other duties as may be established by the membership from time to time or set forth in the Governing Documents.

h. Maintain an open line of communication with the Association membership. The Governing Board will publish a newsletter.

#### **4B.4 RESTRICTIONS ON POWERS.**

The Governing Board of Directors shall be prohibited from taking any of the following actions, except with the affirmative vote of not less than a majority of the Regular Members (other than the Developer), provided that no less than a majority of the Regular Members cast votes in the election pertaining to the action:

a. Entering into a contract with a third person wherein the third person will furnish goods or services to the Association or for the Recreational Facilities of the Association for a term longer than one (1) year with the following exceptions:

- (1) A management contract.
- (2) Employment contracts for a General Manager and/or golf professionals.
- (3) A construction contract.
- (4) A contract with a public utility company regulated by the Arizona Corporation Commission, provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
- (5) Agreements for communications and computer equipment and services of not to exceed five (5) years duration.
- (6) Pre-paid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

b. Incurring non-budgeted aggregate expenditures for capital improvements to the Recreational Facilities (excluding those projected Capital Expenditures to be made from special reserve funds) in any fiscal year in excess of two percent (2%) of the budgeted gross operating expenses of the Association for that fiscal year.

c. Selling during any fiscal year property of the Association having an aggregate fair market value greater than one percent (1%) of the budgeted gross expenditures of the Association for that fiscal year.

## SECTION IV

### PART C

### OFFICERS

#### 4C.1 ELECTION.

The officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected from and be a member of the Governing Board of Directors. At the discretion of the Governing Board, the Association may also have additional Vice Presidents, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, who shall be members of the Governing Board. The newly elected Directors of the Governing

Board shall take office on January 1st following their election. An organizational meeting of Directors shall be held on the second business day after January 1st to elect officers. The Directors shall elect from their own number by ballot the officers listed in this Section. The officers shall serve until their successors are chosen and installed. Officers are not prohibited from succeeding themselves in office. The General Manager shall not be considered an officer of the Association.

#### **4C.2 PRESIDENT.**

The President shall preside at and conduct all Governing Board meetings by a formal order of business. He/she shall have general supervision over and direction of the affairs of the Association in accordance with the Governing Documents, and the Rules and Regulations and policies of the Association duly adopted by the Governing Board, and shall have authority to administer all matters not otherwise expressly delegated to the General Manager. He or she shall appoint all committee Chairpersons (with the advice and consent of the Governing Board), and may call any special meetings of the members of the Association and/or the Governing Board. After approval by the Governing Board, he/she shall execute bonds, mortgages and other contracts and cause the corporate seal of the Association to be affixed to any instrument which requires it, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Governing Board to some other officer or agent of the Association.

#### **4C.3 VICE PRESIDENT.**

The Vice President shall have such powers and perform such duties as the President or the Governing Board may from time-to-time prescribe and shall perform such other duties as may be prescribed by these Bylaws. At the request of the President, or in case of his/her absence or inability to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

#### **4C.4 SECRETARY.**

The Secretary shall be responsible for seeing that a record is kept of all the proceedings of the meetings of the membership, and the Governing Board, in one (1) or more books kept for that purpose and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall be responsible for ensuring that the provisions of Section 7.7 of these Bylaws, Inspection of Association's Records and Reports, are carried out in a timely manner.

#### **4C.5 TREASURER.**

The Treasurer, through the Controller, shall have responsibility for overseeing of all funds and securities of the Association, official records, documents, ledgers and accounts involving the financial business of the Association. All financial records and documents shall be kept and maintained at the Association's office. The financial records of the Association shall be subject to an audit by a certified public accountant to be appointed by the Governing Board and paid by the Association. The Treasurer, through the Controller, shall see to it that the Association's funds are deposited to the account of the Association in such bank or banks and savings and loan institutions which are federally insured and/or shall use said funds to purchase U.S. Treasury Notes, Certificates of Deposits or other obligations of the Federal Government or agencies thereof, as designated by the Governing Board. The Treasurer, through the Controller, shall issue financial statements when required, and perform such other duties as ordinarily pertain to that office.

#### **4C.6 BONDING.**

All officers, Governing Board members (and the Governing Board's Committee members) and Association employees who are in any way involved in the handling of Association funds and the paid managerial personnel of the Association shall be bonded in a sum to be determined by the Governing Board.

#### **4C.7 REMOVAL.**

Any officer may be removed from office by the majority vote of the Governing Board at any regular or special meeting called for that purpose, whenever in the Governing Board's judgment, the best interests of the Association will be served by the removal. Any officer proposed to be removed shall be entitled to at least three (3) days notice in writing by mail of the meeting of the Governing Board at which such removal is to be voted upon and shall be entitled to appear before and be heard by the Governing Board at such meeting. The removal of an officer shall not work to remove him or her as a member of the Governing Board, unless also removed in accordance with Section 4A.13 herein.

#### **4C.8 VACANCIES.**

In case any office of the Association becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Governing Board, although less than a quorum, may elect a member of the Governing Board to fill such vacancy, and the member so elected shall hold office until the election of his/her successor.

#### 4C.9 MULTIPLE OFFICES.

Any two (2) offices may be held by the same Director except President and Secretary.

### SECTION IV

#### PART D

#### COMMITTEES

#### 4D.1 ORGANIZATION OF COMMITTEES.

Committees shall recommend policies to be established by the Governing Board and implemented by the General Manager. At the next regular Governing Board meeting after election of the President, the Chairpersons of the following standing committees shall be appointed by the President: Budget and Finance Committee, Planning Committee, Legal Affairs Committee, Human Resources Committee, Properties Committee, and Public Relations Committee. The Chairperson of each standing committee shall be a member of the Governing Board and shall select the other members of his/her committee. All standing committees shall have not less than five (5) members, subject to the approval of the President of the Governing Board. The President may, with the advice and consent of the Governing Board, establish other committees and appoint chairpersons for each committee. Any special committee shall be formed for a specific purpose and for a defined period of time. There shall also be an Executive Committee to consist of the President, Vice President, Treasurer, and Secretary of the Governing Board. Additional standing committees may be appointed at any time at the sole discretion of the Governing Board.

#### 4D.2 EXECUTIVE COMMITTEE.

The Executive Committee will establish the agenda for the regular Governing Board meetings and present proposed resolutions for consideration, discussion and action by the total Governing Board. The Executive Committee shall have the authority to act on behalf of the Governing Board in emergency situations which may develop during periods between Governing Board meetings. The Committee shall be responsible for providing written accounts of its actions to the Governing Board in a timely manner.



#### **4D.3 BUDGET AND FINANCE COMMITTEE.**

The Budget and Finance Committee shall recommend for establishment by the Governing Board a financial policy, including ways and means for obtaining funds necessary to meet the authorized budgets for carrying out the work of the Association. The Committee will present in writing at the May Governing Board meeting each year proposed budgets for the ensuing fiscal year which, upon approval of the Governing Board, shall become the authorized budgets for that fiscal year. This Committee shall also be responsible for recommending and interfacing with the public accounting firm hired to prepare the Association's annual financial audit; the review and recommendation for approval by the Governing Board of the five (5) year financial plan prepared by the General Manager (updated annually); and, recommendation to the Governing Board of insurance requirements for the Association.

#### **4D.4 PLANNING COMMITTEE.**

The Planning Committee shall annually assess needs of the Association on a five (5) year planning horizon and recommend to be prepared an annual strategic plan to meet those needs. The plan will cover programs, human resources, facilities and equipment, and financial considerations.

#### **4D.5 LEGAL AFFAIRS COMMITTEE.**

The Legal Affairs Committee shall recommend employment or retainer of legal counsel to represent the Association. The Committee shall review and make recommendations to the Governing Board and appropriate officers and committees concerning all matters of a legal nature that are referred to it and that are not otherwise expressly delegated to any other committee that may be created in accordance with these Bylaws, and in appropriate instances, review such matters with the legal counsel retained by the Association.

#### **4D.6 HUMAN RESOURCES COMMITTEE.**

The Human Resources Committee shall set the policy for the Human Resources Department of the Recreation Centers of Sun City West. This policy shall be set with due regard for high ethical standards, a sense of community responsibility, and in full compliance with the law. The Human Resources Committee in consultation with the General Manager, shall oversee the operation of the Department and report regularly to the Governing Board.

This Committee shall recommend to the Governing Board for approval, policies and guidelines addressing the procedures for the search and recruitment of candidates for the appointment to the position of General Manager. (See Section 5.2)

#### 4D.7 PROPERTIES COMMITTEE.

This Committee shall conduct an annual complete inspection of all Association's physical properties, including the buildings, equipment, and grounds, to determine if same are safe, properly cared for and in good condition. Following the annual inspection, a report in writing shall be submitted to the Governing Board and General Manager on the status of the facilities, including any recommendations for preservation, maintenance, or replacement. The Committee also shall make other inspections and recommendations as it shall deem appropriate for the care and maintenance of said properties.

#### 4D.8 PUBLIC RELATIONS COMMITTEE.

a. The Public Relations Committee may consist of not more than seven (7) Association members.

b. The Committee, through its Chairman, will assist the Governing Board in the development and monitoring of the Association's action plans to communicate with the residents, the various media representatives in the area, and the Developer, so long as the Developer retains an interest in the community.

c. The Committee will interface with the Association's Community Relations Specialist and the General Manager, using every means available to create a better understanding and appreciation of the operation of the Association.

### SECTION V

#### GENERAL MANAGER

##### 5.1 GENERAL.

The General Manager may be either a natural person or a corporate entity. The principal purpose and function of the General Manager shall be to implement the policies of the Association as established by the Governing Board of Directors, to act upon and fulfill such powers and duties as are imposed on the General Manager by the Governing Documents, and to otherwise manage and administer the operations of the Association. The General Manager shall report to the Governing Board through the President of the Governing Board.

## 5.2 APPOINTMENT AND QUALIFICATIONS.

When required, the Governing Board of Directors shall appoint a committee (hereinafter the "Selection Committee") to be chaired by the Chairperson of the Governing Board's Human Resources Committee, and to consist of not less than five (5) Association members, approved by a majority of the Governing Board. The Selection Committee shall be responsible for the recruitment of qualified candidates for the position of General Manager. The General Manager shall be appointed by the vote of not less than a majority of the Governing Board of Directors.

## 5.3 POWERS AND DUTIES.

The General Manager shall implement policies, administrative rules and operating procedures, and develop programs consistent with policies established by the Governing Board of Directors. The powers and duties of the General Manager include, but are not limited to the following:

a. Administer and supervise the Governing Board's Human Resources Program policies to include position establishment, recruiting/hiring/firing, training, discipline, performance evaluation, application and reporting of taxes, and administration of health and other benefit programs. Policy and wage scales shall be reviewed annually by the General Manager, in conjunction with the Human Resources Committee, with recommendations for adjustment (if any) to be forwarded to the Governing Board of Directors for review and approval.

b. Ensure that the maintenance of Association assets and financial operations are in compliance with the established annual budgets. Ensure that accounting records of the Association are maintained in accordance with generally accepted accounting principles. Prepare complete operating, cash flow statements, and Capital Expenditure budgets for the Association in a timely manner. In conjunction with budgetary planning, provide recommendations and justification for adjustments in annual fees and assessments.

(1) Notwithstanding any other provision contained in these Bylaws, the General Manager's spending authority to make emergency repairs to Recreational Facilities shall be limited to Five Thousand and No/100 Dollars (\$5,000.00). In the event additional expenditures are needed, the approval of the Executive Committee of the Governing Board is required.

(2) The Governing Board of Directors shall retain the right to establish such other spending limits for the General Manager as deemed appropriate and necessary by the Governing Board.

c. Develop, recommend, and maintain the five (5) year long range strategic and tactical plans for the Association to ensure the cost-effectiveness and proper maintenance and operation of the Association's Recreational Facilities. Establish reasonably detailed plans relating to future operations, and the proper and timely repair/replacement of Recreational Facilities and equipment.

d. Within the limits established by Governing Board policy and the authority delegated to the General Manager by the Governing Documents, establish and implement operating instructions and procedural guidelines for internal controls, routine operations, and resident programs.

e. On a monthly basis, prepare and present to the Governing Board a written report which shall include changes in the status of the Recreational Facilities and equipment, financial condition, human resource matters, and special projects. Deliver to Governing Board committees and the membership presentations from time-to-time in such a manner and on such matters as determined by the Governing Board.

f. In the absence of policy or directive established by the Governing Board, the General Manager shall have the power to take appropriate or necessary interim action.

#### 5.4 TERM AND REMOVAL.

a. The performance of the General Manager shall be evaluated by the Governing Board on an annual basis, with such performance to be measured in accordance with established and quantifiable performance standards established by the Governing Board. The term of the General Manager shall be extended for one (1) year periods for so long as the General Manager meets or exceeds such standards. However, the term of the General Manager may be terminated at any time by a vote of not less than two-thirds ( $\frac{2}{3}$ ) of the members of the Governing Board of Directors.

#### 5.5 VACANCY.

If a vacancy occurs in the position of the General Manager, through resignation or any other cause, the recruitment of qualified candidates shall proceed in accordance with Section 5.2, above. During any period that a vacancy exists, the President of the Governing Board shall appoint an interim General Manager who shall act in that capacity until the position is permanently filled.

### SECTION VI

#### CHARTERED CLUBS

#### 6.1 GENERAL.

A chartered club is a specified group of Association members who wish to join together in the pursuit of a particular hobby, vocation, or field of mutual interest. A charter formalizes the structure, and establishes a sponsor relationship between the Association and the club. A charter extends priority for facility use, waiver of facility use fees, maintenance support.

insurance coverage, and administrative guidance and direction. While all facilities within the operating scope of the Association are available to all Association members, membership in a chartered club may be required in order to use a particular facility to protect the health, safety and welfare of persons and/or protection of property. Specific information and rules pertaining to the establishment and operation of a chartered club are provided in the Chartered Club Rules, Regulations and Procedures (the "Club Rules") available at Recreation Centers Administration office. The Club Rules are prepared by the General Manager and approved by the Governing Board of Directors. The approval of club charters shall be the responsibility of the General Manager.

## **6.2 MEMBERSHIP.**

Any Association member in good standing is entitled to join a chartered club. Specific membership requirements, rules and regulations are delineated in chartered club bylaws. Club bylaws are approved by the General Manager and are a prerequisite for charter approval.

## **6.3 USE OF FACILITY.**

A club charter extends priority of use of a Recreation Centers facility to a club, either on a shared basis, or on a dedicated full-time basis. The Association may delegate the responsibility for these certain facility operations to chartered clubs in order to provide to the membership affordable, high quality recreational programs in a safe and orderly environment. It shall be the responsibility of the General Manager to ensure that all chartered clubs operate in furtherance of the protection of Association and club-purchased property and equipment, the safety of operating conditions and facilities, and the provision of comprehensive, self-directed leisure-time programs.

## **6.4 MISCELLANEOUS.**

a. Charters shall not be granted to any group which sets a restrictive precondition for membership, or otherwise discriminates as to race, religion, color, ethnic culture, or national heritage.

b. Charters will not be granted to groups whose purpose is similar in design and/or purpose to existing clubs using a common facility.

c. Charters may be revoked following a recommendation by the General Manager to and approval by majority vote of the Governing Board of Directors. Reasons for revocation of a club charter shall include, but shall not be limited to: a decline in club membership below a minimum number specified in the Club Rules; non-compliance with Association rules and policies; irreconcilable conflict among members; creation and/or existence of a condition that projects the club and/or the Association in an undesirable or embarrassing position; or violation

of Federal, State, or local government, statutes and ordinances. Revocation of a club charter may be appealed by the club by providing to the Governing Board of Directions in writing a statement as to why said charter should not be revoked within fourteen (14) days of the club's receipt of the notice of revocation. The Governing Board shall provide a written notice of final decision of an appeal of charter revocation within thirty (30) days of receiving said request for appeal.

d. A copy of the Club Rules will be provided to the president of each chartered club. Any club which cannot reasonably comply with the stated rules and procedures may request, in writing, an exemption from the Governing Board of Directors. The request will first be sent to the General Manager for review and comment, and then forwarded to the Governing Board. The Governing Board shall act upon the request within sixty (60) days after receipt, which decision will be final. Failure of the Governing Board to act on a request within sixty (60) days shall constitute a rejection of the request.

## SECTION VII

### GENERAL PROVISIONS

#### 7.1 PROCEDURE FOR AMENDMENT.

a. These Bylaws may be amended, revised, modified or revoked (collectively, an "Amendment") by a unanimous vote of the Directors of the Governing Board, or by the affirmative vote of not less than two-thirds ( $\frac{2}{3}$ ) of the Regular Members voting thereon, in person or by proxy, at a meeting called for that purpose. In the event of a conflict concerning the Bylaws as amended, revised, modified or revoked by the Governing Board and the Regular Members, the action of the Regular Members shall prevail.

b. Amendments to the Bylaws may be proposed by action of the Governing Board or by a petition signed by at least five percent (5%) of the Regular Members of the Association (based upon the total number of Regular Members at the close of the Association's immediately preceding fiscal year).

c. In the event that a Bylaw Amendment is proposed by a petition of the Regular Members, the Governing Board shall establish a date for a meeting of the Regular Members to vote on a proposed amendment to these Bylaws not less than forty-five (45) days nor more than sixty (60) days after the receipt of the Members' petition for the purpose of voting on said proposed Amendment. Notice of such proposed Amendment shall be given to all Regular Members by first class mail addressed to their last known address on Association records and by notice published in a newspaper circulating in Sun City West and posted on Association bulletin boards at least thirty (30) days prior to the date of said meeting or election. In addition, the Governing Board, at its discretion, may put any Bylaw Amendment proposed by the Governing Board to a non-binding, advisory vote of the Regular Members. Such a non-binding, advisory

membership vote may occur at any meeting of the Regular Members following no less than thirty (30) days after the Governing Board has proposed the Bylaw Amendment. The Governing Board shall give reasonable notice to the membership of the proposed Bylaw Amendment and the meeting at which the Regular Members will vote on the proposed Bylaw Amendment.

d. The Association shall make no amendment to the Developer's Rights without the concurrence in writing of the Developer.

## **7.2 CONFLICT.**

In the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control.

## **7.3 CORPORATE SEAL.**

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

## **7.4 EXEMPT ACTIVITIES.**

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

## **7.5 FISCAL YEAR.**

The fiscal year for the Association shall begin on the first day of July and end on the 30th day of June of each year, provided, however, that the Governing Board is expressly authorized to change such fiscal year in accordance with the provisions and regulations from time-to-time prescribed by the Internal Revenue Code of the United States of America, at such time as the Governing Board deems it advisable.

## 7.6 GENERAL OFFICE AND PRINCIPAL PLACE OF BUSINESS.

The general office for the transaction of business of the Association shall be located at 19803 R.H. Johnson Boulevard, Sun City West, Arizona. The principal place of business of the Association shall be Sun City West, Arizona, Maricopa County, Arizona.

## 7.7 INSPECTION OF ASSOCIATION'S RECORDS AND REPORTS.

a. The following records and reports are available for review by all members at R.H. Johnson Library during normal business hours:

(1) Current annual fiscal year operating budget and each of the preceding years annual operating budgets.

(2) Annual Audit Report of the Association's financial operations and all preceding year's annual audit reports.

(3) Line by line monthly and year-to-date reports of the Association's financial operations and the preceding year's annual line by line financial operations report.

(4) Minutes of all Governing Board of Directors meetings.

(5) Lists of all committees and their membership and their official reports.

(6) Articles of Incorporation.

(7) Bylaws of the Association.

(8) Master Agreement.

(9) Chartered Club Rules and Regulations.

b. Document Availability:

(1) The records and reports described above shall not be removed from the Library, but copies can be made by the member at his/her expense.


(2) If a member or his or her duly appointed representative desires additional information to that provided above, the specific request needs to be made in writing to the President of the Governing Board. The request must state clearly and specifically what information is being requested and the need and purpose the information is being requested for. The Governing Board will take action on such requests within thirty (30) days.




(3) Every member of the Governing Board of Directors shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Governing Board member includes the right to make extracts and copies of documents.

ADOPTED by the Governing Board of Directors of the Association the 19th day of November, 1992.

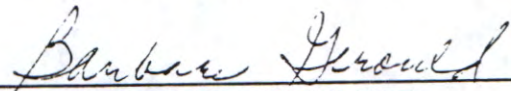
  
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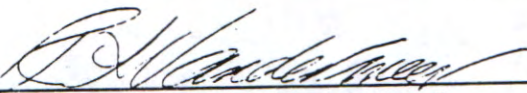
  
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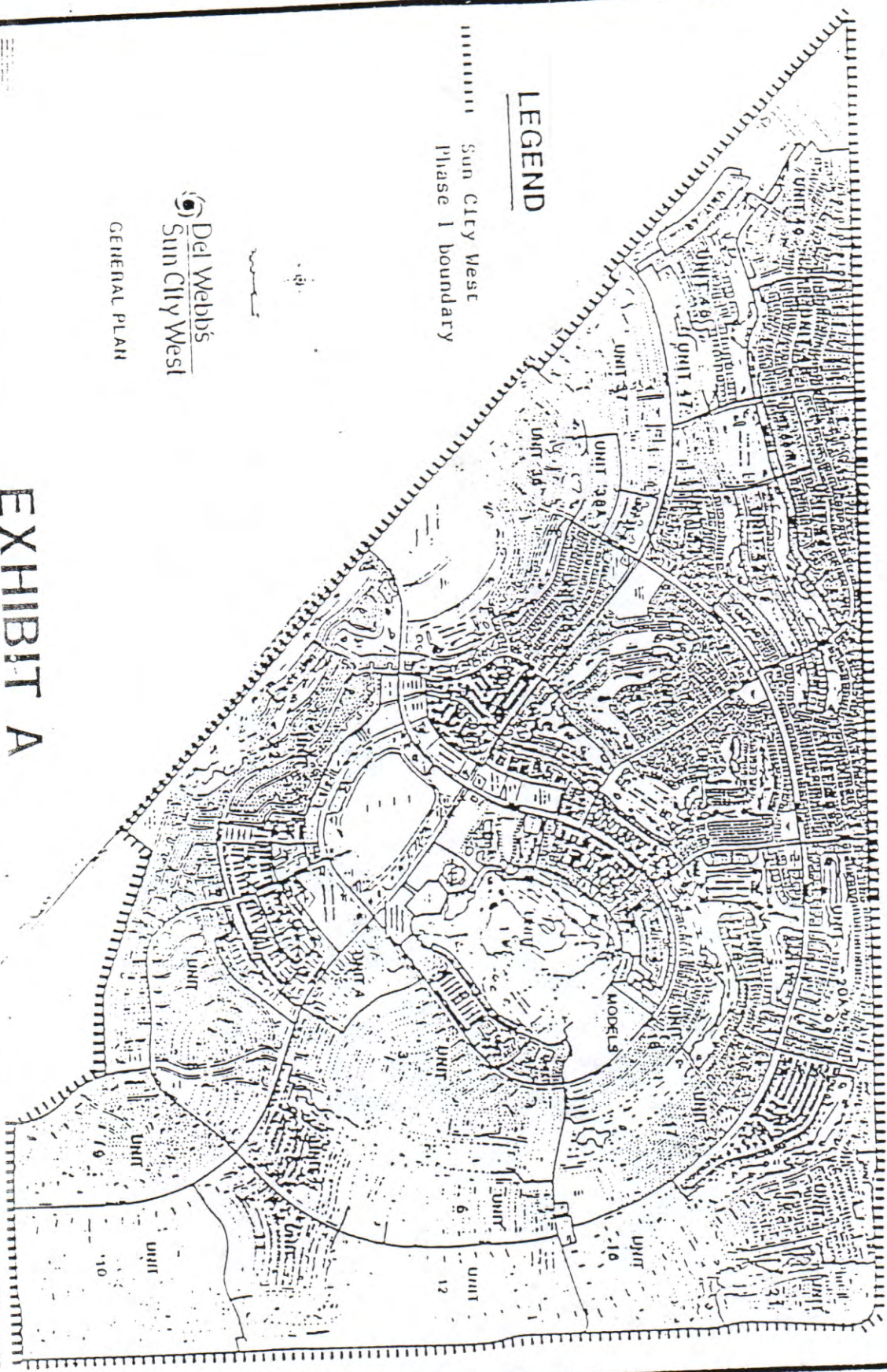
  
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**LEGEND**

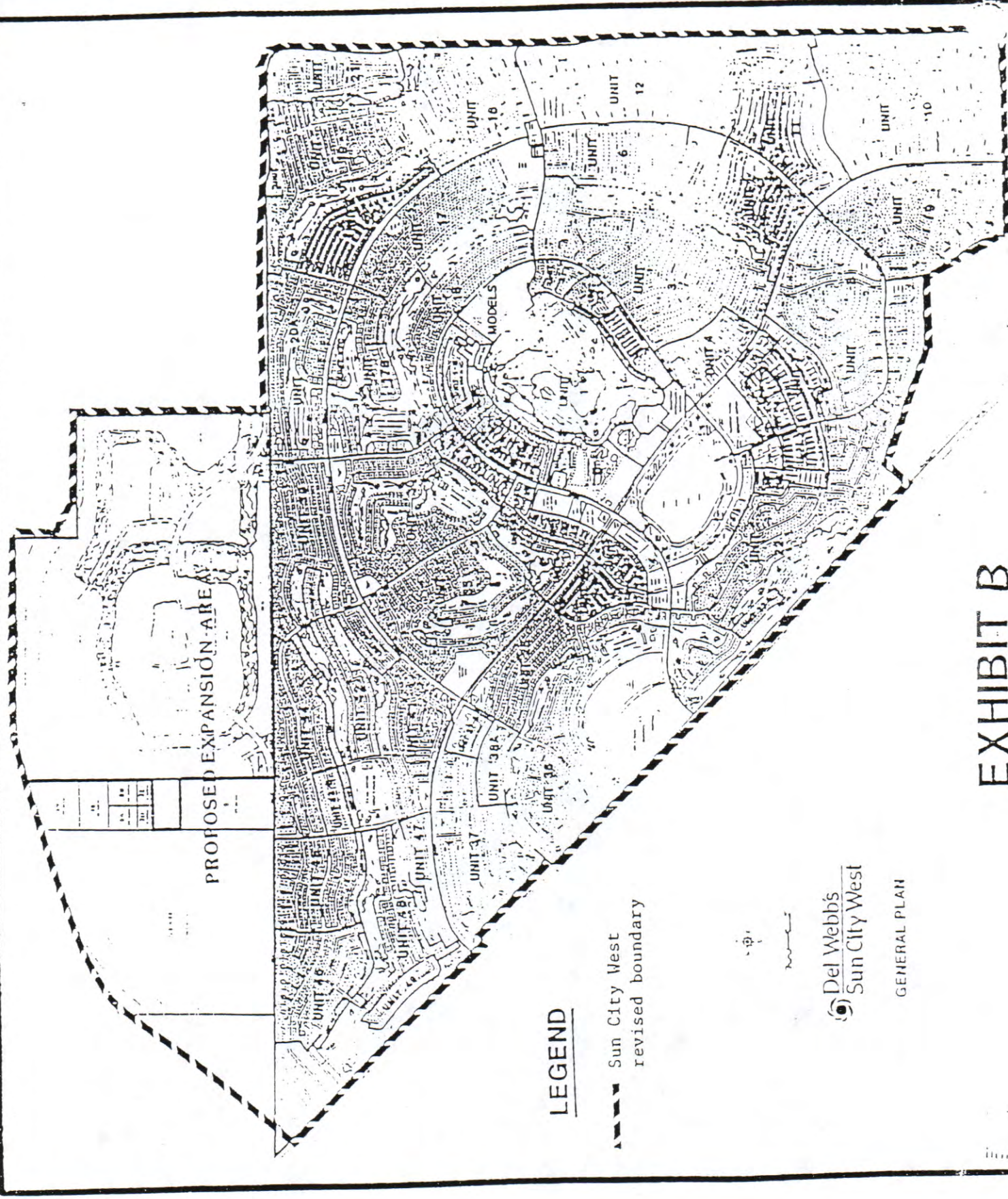
----- Sun City West  
Phase I boundary

 Del Webb's  
Sun City West  
GENERAL PLAN



**EXHIBIT A**

FEBRUARY 1992



PROPOSED EXPANSION AREA

**LEGEND**

--- Sun City West revised boundary

Del Webb's  
Sun City West

GENERAL PLAN

**EXHIBIT B**

# AMENDED AND RESTATED BYLAWS

## EXHIBIT "C"

### Developer's Rights

In order to secure Developer's interests related to the development of Sun City West, Developer shall have the benefit of certain rights.

#### A. Duration of Developer's Rights

Developer's Rights shall continue until substantial completion of residential development of Sun City West which shall be attained when there are fewer than one hundred (100) planned residential lots left to be conveyed to owners other than the Developer.

#### B. Rights to Complete Plans for Sun City West

The Association, acting through its Governing Board of Directors, shall not adopt any of the following policies, rules or procedures without the specific written approval of the Developer.

1. Any policy, rule or procedure that limits the access of the personnel of Del Webb Corporation, its successors, assigns and/or affiliates and its guests, including vacation special visitors, to any facility of the Association.
2. Any policy, rule or procedure that limits or prevents the personnel of Del Webb Corporation, its successors, assigns and/or affiliates from advertising, marketing or using the Association or its facilities in promotional materials.
3. Any policy, rule or procedure that limits or prevents purchasers of new residential housing constructed by Del Webb Corporation, its successors, assigns and/or affiliates in Sun City West from becoming members of the Association or enjoying full use of its facilities. The boundaries of Sun City West are shown on Exhibits "A" and "B" to these Bylaws. This Section shall be expressly subject to the membership limitations specified in Section 3A.2(c) of these Bylaws.
4. Any policy, rule or procedure that discriminates against or singles out any group of Association members or prospective members or the Developer. This provision shall expressly include the establishment of a discriminatory fee structure, i.e., homeowners fees, special assessments and other mandatory fees or charges.

5. Any policy, rule or procedure that impacts the ability of Del Webb Corporation, its successors, assigns and/or affiliates to carry out to completion its development plans and related construction activities for Sun City West, as such plans are expressed in the Sun City West Master Plan and the Development Master Plan for the Sun City West Expansion Area, (see Exhibits "A" and "B" to these Bylaws) as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by Developer and limiting the establishment by Developer of easements necessary to complete Sun City West shall be expressly included in this provision. Easements that may be established by Developer shall include but shall not be limited to easements for development, construction and landscaping activities and utilities.

6. Any policy, rule or procedure that impacts the ability of Del Webb Corporation, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

C. Amendments Affecting Developer

The Association shall make no amendments to Developer's Rights without the concurrence in writing of the Developer.

D. Other Agreements

No provision of Developer's Rights is intended to, in any manner, negate any other written agreement between the parties hereto, or the terms or provisions thereof, or enlarge or broaden the scope of Developer's rights, powers or obligations contained in any other written agreement between the parties, or the terms or provisions thereof.