

RCSC Corporate Documents

What are the Articles of Incorporation?

The Recreation Centers of Sun City, Inc. (RCSC) Restated Articles of Incorporation (Articles) <http://suncityaz.org/restated-articles-of-incorporation/> define the general nature of business in which the corporation is engaged and certain powers of the corporation and its Board of Directors (Board) and Members. In order for RCSC to govern effectively, the Members elect a Board of Directors to act on their behalf. The corporate documents delegate most of RCSC's decision-making powers to the Board.

This leaves the Members with very few *direct* powers. The Members have the *voting* power to:

- Elect and remove Directors
- Amend the Restated Articles of Incorporation
- Convey assets exceeding \$50,000 in assessed value
- Approve indebtedness or liability in excess of \$750,000

RCSC is not now, nor has it been in debt in excess of \$750,000 and primarily operates ***DEBT FREE!***

How are the RCSC Articles of Incorporation changed?

An amendment to the Recreation Centers of Sun City, Inc. (RCSC) Restated Articles of Incorporation (Articles) <http://suncityaz.org/restated-articles-of-incorporation/> may be proposed by resolution of the Board of Directors or by petition signed by at least ten percent (10%) of the total membership of the Corporation as of the first day of the preceding July. The proposed amendment shall be submitted to a vote of the Members at a regular or special meeting called pursuant to the provision of the Bylaws <http://suncityaz.org/corporate-bylaws/>. Contrary to the RCSC Articles, however, the proposed amendment cannot be adopted or rejected by a majority vote of the Members, present or represented by proxy, because Arizona Revised Statutes Title 10 requires a two-thirds vote of the Members.

What are the Corporate Bylaws?

The Recreation Centers of Sun City, Inc. (RCSC) Corporate Bylaws <http://suncityaz.org/corporate-bylaws/> are formally adopted governing regulations for the administration and management of RCSC. Bylaws address such topics as:

- Requirements for membership
- Requirements for membership meetings
- Voting rights of Members
- Procedures for electing the Board of Directors
- Procedures for the Board of Directors to elect officers
- General powers and duties of the Board

How are the RCSC Corporate Bylaws changed?

The Recreation Centers of Sun City, Inc. (RCSC) Board of Directors (Board) is given the power to amend the Corporate Bylaws <http://suncityaz.org/corporate-bylaws/> in the Restated Articles of Incorporation <http://suncityaz.org/restated-articles-of-incorporation/>. Members have two methods by which they can amend the Corporate Bylaws:



- Members may present a timely notice (*at least 10 days prior to a Board meeting*) to the Board of Directors a proposed Bylaw amendment. At the Board meeting, a majority of the Board of Directors could vote in favor or against the Member's Bylaw amendment.
- A Member could petition for a special membership meeting to have the Members consider a proposed Bylaw amendment. Special meetings of the Members may be called by the Board of Directors, President of the Corporation or by petition of the Members having at least one-tenth (1/10) of the votes entitled to be cast according to the Corporation's records as of the preceding July 1. The reason for the meeting shall be stated in such call and petition. After receiving the petition and validating the signatures thereon, the President shall set a date for such meeting, which shall be held within sixty (60) days after validation of the signatures is completed.

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

What are the Board Policies?

The Recreation Centers of Sun City, Inc. (RCSC) Board Policy Resolutions <http://suncityaz.org/rcsc-board-policies/> enact rules and regulations or formalize other types of Board decisions. RCSC has two basic types of Board Policy resolutions:

- **Policy:** These are resolutions that affect RCSC Members, Cardholders and Sun City property owner's rights and obligations. (For example – rules for the use of the recreational facilities, golf courses, and chartered clubs.)
- **Administrative:** These are resolutions that address the internal operations of the corporation. (For example – bid procedures, collection procedures, financial management.)

How are Board Policies changed?

The Recreation Centers of Sun City, Inc. (RCSC) Board of Directors (Board) have authority to establish, change, and/or delete Board Policies, Cardholders and Guest Code of Conduct, and any Rules and Regulations of the Corporation as deemed necessary as within the authority as outlined in RCSC Restated Articles of Incorporation and Corporate Bylaws (*see Corporate Bylaws, Article IV, Section 7*).

Such matters, being solely within the powers delegated to the Board in accordance with the Corporate Bylaws <http://suncityaz.org/corporate-bylaws/>, Members may recommend an amendment to Board Policy at a membership meeting, the disposition of which may be announced at the next regular Membership meeting. If the disposition of the amendment is determined by the Board not to be in the best interest of the Corporation, the Board shall announce its decision and such proposal or matter shall not be considered further. The Members may, by petition signed by at least ten percent (10%) of the total membership of the Corporation as of the first day of the preceding July, bring the proposal or matter before the Membership for a majority vote of the Members present at a duly called and noticed Regular or Special Membership meeting.

How do Federal, State, and Local Laws affect RCSC Corporate Documents?

Federal, state and local laws supersede any of the Recreation Centers of Sun City's (RCSC) corporate documents which is evidenced in how the RCSC Articles of Incorporation are changed as the documents are not consistent with State law. To that end, RCSC is regulated by Arizona Revised Statutes Title 10 as a private, non-profit corporation.

What is a Facilities Agreement?

The Facilities Agreement, executed by each Deeded Real Estate Owner in Sun City AZ, obligates Owners to pay annual property assessments to the Recreation Centers of Sun City, Inc. (RCSC) whether or not Owners occupy the Sun City AZ property or use RCSC facilities.

Why isn't RCSC regulated by Title 33 for planned community associations?

The Recreation Centers of Sun City, Inc. (RCSC) does not qualify under Title 33 as a planned community association, because not every property owner in Sun City is required or can qualify to be a member of the Recreation Centers of Sun City. A planned community association is a common interest organization to which all the owners of lots in a planned community must belong. The four defining characteristics of a planned community association are: 1) all owners are automatically members; 2) governing documents create mutual obligations; 3) mandatory fees or assessments are generally levied against owners and used for the operation of the association; and 4) owners share a property interest in the community.

There are three qualifications required to be an RCSC Member:

- Must be a Deeded Real Estate Owner of property located in Sun City, Arizona;
- Must be 55 years of age or older (*unless qualified under spousal exemption*); and
- Must occupy the Sun City property as his/her primary Arizona residence unless his/her other Arizona residence is farther than 75 miles from Sun City.

What's the history with the membership quorum?

The previous membership quorum of 100 was less than one-half of a percent (.3%) of the total membership and left RCSC and its Members at risk of being controlled by a small minority. Someone with 100 proxies could have made changes with numerous unintended consequences that could have done a great deal of harm to RCSC and Sun City AZ homeowners. Following the advice of RCSC's legal counsel, the RCSC Board of Directors (Board) eliminated this provision thereby causing RCSC to be subject to the default provisions of the Arizona Revised Statutes Title 10 which set a nonprofit corporation's quorum at "one-tenth of the votes entitled to be cast." Then the Board formed an Ad-Hoc Committee with the membership at large to propose a more reasonable number. This Ad-Hoc Committee met on several occasions and in the end made a recommendation to the Board who adopted a 1,250 membership quorum on May 27, 2010, which includes proxies. This number is believed to be reasonable and attainable because it has been easily reached by Members present (with no proxies) at meetings regarding utility rate cases as well as other meetings and history has shown that one RCSC Member has voted in excess of 800 proxies at a prior membership meeting.