

# RECREATION CENTERS OF SUN CITY, INC.

## CORPORATE BYLAWS

Amended December 19, 2024

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

NOW, THEREFORE, BE IT RESOLVED the Corporation must adhere to the following Bylaws.

The following definitions will apply:

- A. **“Business Affairs of the Corporation”** is defined as all matters conducted by the Corporation, excluding amendment of Bylaws, that are not in violation of its Corporate Documents or The Arizona Nonprofit Corporation Act in effect at the time the matter is conducted.
- B. **“Cardholder(s)”** is defined as a Member and/or Privilege Cardholder(s).
- C. **“Chartered Club(s)”** or **“Club(s)”** is a group of Cardholders with a common interest formed as a part of the Corporation’s group tax exemption as a subordinate Chartered Club under section 501(c)(4) of the Internal Revenue Code. A Chartered Club qualifies as such as outlined in Board Policy Resolution No.12 titled Chartered Clubs.
- D. **“Company”** is defined as a Corporation, LLC, Partnership, LLP, or any other entity that represents non-individual ownership other than trusts which holds or owns the current ownership interest in a Property.
- E. **“Corporate Documents”** are the Restated Articles of Incorporation, Corporate Bylaws, Board Policies and/or any rules and regulations of the Corporation.
- F. **“Directors of the Board”** is defined as the nine elected or appointed Members of the Board of Directors of the RCSC hereafter referred to as Director(s).
- G. **“Facilities Agreement”** is an agreement between the Corporation and the Property Owner(s) which obligates each and every Owner to pay assessments and fees imposed by the Corporation when due whether or not Owners occupy the Property or use RCSC Facilities.
- H. **“Incident Report Forms”** are filed to document injuries (trips, slips, falls), destruction of RCSC property, theft, verbal or physical abuse of staff or member, indecent exposure, threats made, police interaction, and gross or malicious behavior. In general, any situation in which there is an injury, perceived or actual harm to any individual, unacceptable behavior or destruction of any RCSC property.
- I. **“Member(s)”** or **“Membership”** as defined in Article II, Section 1, is an Owner(s) who meets Member qualifications. Once Member qualifications are verified by the Cardholder Services Office, Member status will be established, and a Member Card with Owner’s photo will be issued by the Corporation.
- J. **“Member Card”** is defined as a card with Owner’s photo that is issued by the Corporation after Member qualifications are verified by the Cardholder Services Office. Owners who cannot meet the Member documentation requirements will not be issued a Member Card and will not receive any Member Privileges.

- K. **“Member(s) in good standing”** is defined as a Member whose assessments, fees and any and all other charges are current for **All Properties** in which the Owner has an ownership interest and whose Member Privileges are not suspended. Privileges for Members in good standing are listed in Article II, Section 1.
- L. **“Member Privileges”** are granted Member Cardholders in good standing who may vote, serve on the Board or Committees, speak at Membership and Board meetings, join and participate in Chartered Clubs, receive discounted rates for golf and bowling, attend free RCSC events and entertainment, and use all available RCSC Facilities subject to the Corporate Documents. Owners who cannot meet the Member documentation requirements will not be issued a Member Card and will not receive any Member Privileges.
- M. **“Owner(s)”** or **“the Owner(s)”** is defined as any individual or entity holding or owning a current ownership interest in a Property.
1. If a trust holds or owns the ownership interest in the Property, then the Owner(s) will be no more than two of the Grantors, or if deceased, no more than two remainder beneficiaries of the trust. Remainder, contingent or non-vested beneficiaries of a trust will not be considered Owner(s) unless grantors are deceased.
  2. If a Company holds or owns the current ownership interest in the Property, then the Owner(s) will be no more than two individuals selected by the Company from its shareholders, members or partners provided that said individuals have an ownership interest in said Company.
  3. If life estate and remainderman interests hold or own the current ownership interest in the Property, then Owner(s) will be the life estate interest(s). The life estate is considered the owner when dual ownership is life estate and remainderman.
- N. **“Privilege Card”** is defined as a non-owner property resident card with Cardholder’s photo that is issued by the Corporation after qualifications for such are verified by the Cardholder Services Office.
- O. **“Privilege Cardholder”** is a non-owner property resident as defined in Article II Section 3 of these bylaws.
- P. **“Privilege Cardholder(s) in good standing”** is defined as a Privilege Cardholder whose privileges are not currently suspended and the property owner’s assessments, fees and any and all other charges against the Property for which the Privilege Card is issued are current. Privilege Cardholders in good standing may join and participate in Chartered Clubs, receive discounted rates for golf and bowling, attend free RCSC events and entertainment, and use all available RCSC facilities subject to the Corporate Documents.
- Q. **“Property(ies)”** or **“the Property(ies)”** or **“a Property”** is defined as any land, building or structure or portion of any building or structure which is, has been or is intended to be, for use and occupancy as a dwelling unit that is real property in Sun City, Arizona located in the area entitled "Sun City General Plan, Maricopa County, Arizona," as prepared by the Del E. Webb Development Company and dated July 1972, November 1974, August 1975, and September 1978 with subsequent amendments thereto.
- R. **“RCSC Facilities”** is defined as any and all facilities in Sun City, Arizona owned and/or operated by the Recreation Centers of Sun City,

- S. “**RCSC Organization(s)**” is defined as an organization directly affiliated with RCSC, including but not limited to: Chartered Clubs, golf associations affiliated with RCSC golf courses, Sun City Foundation, Inc., Sun City Property Holdings, Inc., and Viewpoint Lake Management Board.
- T. “**Senior Management**” is defined as the employees designated by title by the General Manager.

## **ARTICLE I – CORPORATE OFFICE**

### **SECTION 1: CORPORATE CATEGORIZATION**

The Recreation Centers of Sun City, Inc., is categorized by the Internal Revenue Service as a private non-profit 501(C) (4) corporation. The corporation is regulated by Arizona Revised Statute Title 10 for non-profit corporations.

### **SECTION 2: PURPOSE**

The purpose of the RCSC as stated in part in the Articles of Incorporation is to do anything and everything lawfully necessary in the interest of the Members of the Corporation, including, without limitation, the following:

1. To establish and conduct a general social, cultural, recreational and amusement enterprise for the benefit of its Members and do anything lawfully necessary or convenient to accomplish such purpose.
2. To contract, coordinate or operate, with other organizations, associations, corporations, or individuals in carrying out and conducting the activities and endeavors for which this Corporation is formed and in effecting the benefits and results sought to be gained.

### **SECTION 3: PARLIAMENTARY AUTHORITY**

The rules contained in the current edition of *Robert’s Rules of Order, Newly Revised*, shall govern the corporation in all cases to which they are applicable.

### **SECTION 4: CORPORATE OFFICE**

The principal Corporate Office of the Recreation Centers of Sun City, Inc. is located in Sun City, Maricopa County, State of Arizona.

### **SECTION 5: FISCAL YEAR**

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

### **SECTION 6: GENERAL PROVISIONS**

Whenever any action must be taken under these Bylaws during a certain period of time (or by a particular date) that ends or occurs on a non-business day, then such period (or date) may be extended until the next succeeding business day. As used herein, the term “day” means any day of the year except Saturdays, Sundays or federal holidays (which are considered non-business days).

## **ARTICLE II – MEMBERSHIP, CARDHOLDERS AND GUESTS**

### **SECTION 1: MEMBERS, MEMBERSHIP, MEMBER CARD/CARDHOLDER**

Members in good standing will be considered as the Membership of the Corporation. Members in good standing may:

1. Vote;
2. Serve on the Board of Directors or Committees;
3. Speak at Membership, Board Exchange and Board meetings;
4. Join and participate in Chartered Clubs;
5. Receive discounted rates for golf and bowling;
6. Attend free RCSC events and entertainment; and
7. Use all available RCSC facilities subject to the Corporate Documents

Members will be Owners who meet the following qualifications:

- A. A Member must be an Owner of property in Sun City and is 55 years of age or older who occupies a Property as his/her primary Arizona residence unless his/her other residence is farther than seventy-five (75) miles from Sun City, Arizona in which case the Owner(s) must provide proof that he/she occupies the Property as well.
- B. If a spousal Owner is under 55 years of age, he/she may be a Member, provided:
  1. he/she is not under 19 years of age;
  2. he/she occupies the Property as his/her primary Arizona residence unless his/her other residence is farther than seventy-five (75) miles from Sun City, Arizona in which case the Owner(s) must provide proof that he/she occupies the Property as well; and
  3. that one spousal Owner is 55 years of age or older and occupies the Property at the same time.
  4. Continued Member status by an underage spousal Owner because of the death or long term medical relocation of the Owner meeting the age requirement, will continue so long as the Owners and occupancy status of the Property does not change.
- C. If there are more than two Property Owners who meet the Member qualifications, such Owners must decide which two concurrent Owners will be classified as Members. Additional Owners who qualify may purchase a Privilege Card or Day Pass.
- D. If the Owner is a trust, no more than two of the Grantors, or if deceased, no more than two remainder beneficiaries of the trust may be deemed to be Members, provided that they individually meet the Member qualifications. Remainder, contingent or non-vested beneficiaries of a trust will not be considered Owner(s) and are not eligible to be Members, unless the Grantors are deceased. Those granted life estate use of a property are not eligible to be Members.
- E. If the Owner is a Company, the Company may select two of its shareholders or partners to be Members, provided that they individually meet the Member qualifications and further provided that said individuals have an ownership interest in said Company.
- F. If Owner interests are split between separate life estate and remainderman interests, only the life estate holders may be Members. Those holding remainderman interests will not be considered Owners and are not eligible to be Members until the termination of the separate life estate interests. No more than two life estate holders, or if the life estate is terminated, two remaindermen, may be deemed to be Members provided that they individually meet the Member qualifications.

- G. Owners that own multiple properties are not considered to occupy more than one property at a time.

## **SECTION 2: DEEDED OWNERS UNDER 55 YEARS OF AGE**

Owners who cannot meet Member qualifications are considered Unqualified Owners.

- A. An Unqualified Owner who does not occupy the Property may be entitled to purchase a Day Pass through the Cardholder Services Office. The Day Pass gives the Unqualified Owner the privilege of using RCSC Facilities while temporarily (14 days or less per year) in-Sun City, Arizona. The unqualified owner is not allowed to bring guests.
- B. An Unqualified Owner under 55 years of age who occupies the Property may be issued an annual Privilege Card for a fee, as determined by the Board, provided the Owner, who is under 55 years of age:
1. is not under 19 years of age; and
  2. occupies the Property as his/her primary Arizona residence unless his/her other residence is farther than seventy-five (75) miles from Sun City, Arizona in which case the Underage Owner must provide proof that he/she occupies the Property; and
  3. provided further that there is verifiable proof of at least one person 55 years of age or older occupying the Property at the same time.

## **SECTION 3: NON-OWNER PROPERTY RESIDENTS**

Non-Owners defined as renters, tenants, lessees, occupants, those granted lifetime use of Property who are not Owners and reside in a Property and that meet the following criteria may be entitled to purchase a Privilege Card:

A Non-Owner may be issued a 30-day, 60-day, 90-day or annual Privilege Card for a fee, as determined by the Board, provided:

- A. at least one Owner or Non-Owner who occupies the Property is 55 years of age or older;
- B. the Non-Owner occupies the Property for the period of time requested as his/her primary Arizona residence; unless his/her other residence is farther than seventy-five (75) miles from Sun City, Arizona in which case the Non-Owner(s) must provide proof that he/she occupies the Property as well;
- C. the Non-Owner is not under 19 years of age, and;
- D. the assessments, fees and any and all other charges against the Property where such Non-Owner resides, are current.

## **SECTION 4: INCIDENT REPORTS**

[Incident Report Forms](#) are used to report any and all incidents occurring on RCSC property within thirty (30) days of the incident as defined in definitions of these Bylaws. Anyone can report a person(s) failing to comply with the Corporate Documents by completing an [Incident Report Form](#). An [Incident Report Form](#) can be obtained at RCSC Facilities, on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)) or at the Corporate Office. Completed Incident Reports remain confidential subject to the provisions and requirements of federal, state and local laws. The maker of the Incident Report may be asked to provide additional information. [Incident Report Forms](#) are sent or delivered to the Corporate Office where they are reviewed for Cardholder notifications and processing.

All Incident Reports submitted against a Cardholder will result in the Cardholder being notified of the reported incident via letter from Senior Management. The Cardholder will be asked to complete an [Incident Report Form](#) describing their version of the incident. If after investigation the Cardholder is found to be in violation, the Cardholder will be sent another letter from Senior Management and asked to cease and desist any actions that are contrary to the Corporate Documents. Incident Reports will remain on record for three (3) years.

If the current report is sufficiently egregious or an additional incident is reported against the Cardholder, the Cardholder may be notified by the Board of Directors to appear at a hearing.

### **ARTICLE III – ASSESSMENTS AND FEES**

Each and every Property Owner must execute a [Facilities Agreement](#) in the form required by the Corporation. All Owners are obligated to pay assessments, fees and other charges when due whether or not Owners occupy the Property or use RCSC Facilities. Assessments, fees and other charges will be determined by the Board and will be payable by Owners pursuant to the Facilities Agreement and Corporate Documents.

#### **SECTION 1: ANNUAL PROPERTY ASSESSMENTS**

The Corporation may levy an annual property assessment against each Property and its Owner(s). Each Owner of a Property, by accepting a deed or entering into a Facilities Agreement, is deemed to covenant and agree to pay these annual property assessments. All annual property assessments, together with interest due from the due date of such annual property assessment, late charges, costs (including lien fees and administrative costs) and reasonable attorneys' fees, will be a charge and continuing lien upon each Property against which the annual property assessment is levied until paid and will be the obligation of the Owner(s) of such Property at the time the annual property assessment is imposed. Upon a transfer of title to a Property, the grantee(s) will be jointly and severally liable with the grantor(s) for any assessments, fees and other charges due at the time of conveyance. No first mortgagee or first deed of trust beneficiary who obtains title to a Property by exercising the remedies provided in its mortgage or deed of trust, as the case may be, will be liable for unpaid annual property assessments which accrued prior to such acquisition of title. Annual property assessments will be paid in such a manner and on such dates as the Board may establish. No Owner may exempt himself, herself or itself from liability for annual property assessments, by non-use of RCSC's Facilities, abandonment of his, her or its Property, or by any other means. The obligation to pay annual property assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of annual property assessments or setoff will be claimed or allowed for any alleged failure by the Corporation, Board or RCSC personnel to take any action or perform such function required of it.

Annual property assessments are assessed on two methods, as follows:

- A. Per Property Basis: Each Property and its Owner(s) is assessed, regardless of the number of Owners, one annual assessment on a Per Property basis as determined by the Board. Any Property which has any change in its legal or beneficial ownership after February 1, 2003 will be assessed on a Per Property basis.
- B. Per Person Basis: Each Property and its Owner(s) is assessed for each and every Owner at the rate of one-half (1/2) of the annual Per Property basis assessment as determined by the Board. Property owned prior to February 1, 2003 will continue being assessed on a Per Person basis as long as:

1. Owners consistently maintain the Property as their primary Arizona residence unless Owner's current residency requires long term medical relocation, and the occupancy status of the Property has not changed;
2. Owners are in compliance with the Corporate Documents; and
3. original Owners as of February 1, 2003 remain as majority (50% or more) Owners or income beneficiaries of the Property.

If any purchase, acquisition, transfer, inheritance of a Property occurs after February 1, 2003, or if any Owner or beneficial interest is added to the Deed after February 1, 2003, then the assessment basis will be changed to a Per Property basis and a new Facilities Agreement will be executed by all Owners.

All refunds for annual property assessments must be applied for in writing through the Cardholder Services Office. Eligible pro-rata refunds on estate properties are issued only upon the sale of the Property. To receive a refund for annual property assessments, the Member Card should be returned if applicable. Pro-rata refunds for annual property assessments may be available as follows provided all annual property assessments, fees, and any and all other charges against the Property and Owners are paid in full:

- A. UPON THE SALE OF PROPERTY, the Owner may be entitled to receive a pro-rata refund, provided the Owner has met the obligations as described in the Facilities Agreement and Corporate Documents including the execution of a Facilities Agreement by the new Owners. To receive a refund an application must be filed with the Cardholder Services Office within three (3) years from the close of escrow. Closing documents showing the sale of the property may be required at the time the application for a refund is submitted. Refunds will be prorated from the date of the sale to the next annual assessment due date.
  - B. IN THE EVENT OF DEATH, the estate may be entitled to receive a pro-rata refund provided the deceased Owner has met the obligations as described in the Facilities Agreement and Corporate Documents and the estate property has been sold. To receive a refund an application must be filed with the Cardholder Services Office within three (3) years from the date of death. A death certificate must be presented at the time the application for a refund is submitted. Refunds will be prorated from the date of death to the next annual assessment due date.
- Excluding the aforementioned, no other refunds will be issued for any reason for annual property assessments.

## **SECTION 2: PRESERVATION AND IMPROVEMENT FEE (PIF)**

The PIF as determined by the Board, must be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to a Property:

- A. Pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payor of the PIF no longer retains a majority (50% or more) ownership interest in the Property; or
  - B. Following the death of the last payor of said PIF for the Property resulting in Owners who have not paid said PIF for the Property owning a majority (50% or more) ownership interest; or
  - C. Following the death of the last original Grantor under a trust which holds title to the Property;
- or
- D. Following the death of the last holder of a life estate.

### **SECTION 3: CAPITAL IMPROVEMENT FEE (CIF)**

The CIF as determined by the Board, must be imposed on the purchase, acquisition, transfer, inheritance, gift or any change in ownership of legal or beneficial interest in the title to a Property:

- A. Pursuant to any deed, contract for sale, will or other instrument or document transferring an interest in such property, so long as the original payor of the CIF no longer retains a majority (50% or more) ownership interest in the Property; or
- B. Following the death of the last payor of said CIF for the Property resulting in Owners who have not paid said CIF for the Property owning a majority (50% or more) ownership interest; or
- C. Following the death of the last original Grantor under a trust which holds title to the Property; or
- D. Following the death of the last holder of a life estate.

## **ARTICLE IV – MEMBERSHIP MEETINGS**

### **SECTION 1: ANNUAL MEMBERSHIP MEETING**

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

- A. Written notice stating the place, day and hour of the annual meeting of the Members will be posted in RCSC Facilities and published in RCSC printed and electronic communication as determined by the General Manager at least sixty (60) days before the date of the meeting.
- B. With respect to amendments to the Bylaws, notice of any proposed amendment will be posted in RCSC Facilities and published in RCSC printed and electronic communication as determined by the General Manager at least ten (10) business days prior to a Membership meeting at which these changes will be considered.
- C. With respect to amendments to the Articles, notice of any proposed amendment will be posted in RCSC Facilities and published in RCSC printed and electronic communication as determined by the General Manager at least thirty (30) days prior to a Membership meeting at which these changes will be considered. Such notice will include the proposed changes to the Articles.

### **SECTION 2: SPECIAL MEMBERSHIP MEETINGS**

Special meetings of the Members may be called by a majority of 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 will be stated in such call and petition. After receiving the petition and validating the signatures thereon, the President will set a date for such meeting, which will be held within sixty (60) days after validation of the signatures is completed.

- A. With respect to a special meeting called by petition of the Members for the purpose of amending the Articles or Bylaws, the Board, after validation of the petition, will set a special meeting. A written notice will be posted in RCSC Facilities and published in RCSC printed and electronic communication as determined by the General Manager at least ten (10) business days, nor more than sixty (60) days before the date of the meeting.



- B. With respect to a special meeting of the Members called by the Board of Directors or the President of the Corporation, a written notice will be posted in RCSC facilities and published in RCSC printed and electronic communication as determined by the General Manager at least ten (10) business days, nor more than sixty (60) days before the date of the meeting. Notice will include information concerning the purpose for the special meeting.

### **SECTION 3: MEMBERSHIP QUORUM**

A quorum for any Membership meeting must consist of not less than five hundred (500) Members in good standing represented at the meeting in person or by proxy. The maximum number of proxies for any one member is twenty-five (25). Once a quorum has been established for any meeting, the quorum must be maintained to conduct business. If, however, such quorum will not be present or represented at any meeting of the Members, the Members entitled to vote at such meeting will have the power to adjourn the meeting without notice other than announcement at the meeting.

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

### **SECTION 4: MEMBERSHIP MEETING RULES AND REGULATIONS**

Robert's Rules of Order will govern procedure at all meetings of the Corporation provided they are consistent with the laws of the State of Arizona and the Corporate Documents. A Parliamentarian may be present at the discretion of the President.

The Bylaws may be amended, modified, revised or revoked by the Directors or by the Members. In the event of conflict concerning the Bylaws as amended, modified, revised or revoked by the directors, the action of the Members will prevail. Proposals or matters relating to the conduct of the business affairs of the Corporation, if brought before a Membership meeting, will be referred to the Board for study. Such matters, being solely within the powers delegated to the Board in accordance with the laws of the State of Arizona and Corporate Documents, will be considered only as a recommendation to the Board.

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

### **SECTION 5: VOTING PROCEDURES AT MEMBERSHIP MEETINGS**

Voting will be by Members in good standing present at any meeting of the Members. The initial vote may be a floor vote indicated by raising of hands or standing. The following procedures will apply for ballot voting, if necessary:

1. Voting will proceed under supervision of the Election Committee.
2. At least two (2) members of the Election Committee will be in attendance at all times during voting and they, along with their assigns, will issue all official ballots, and witness the casting of the ballots.
3. Ballot boxes will remain sealed until all votes are cast. Votes will be tabulated in the presence of at least three (3) members of the Election Committee. Any Member may be present as an observer at the tabulation of the votes. Upon completion of the tabulation of ballots, the results will be certified by the Election Committee Chair to

the Board and posted and published in RCSC printed and electronic communication as determined by the General Manager.

### **SECTION 6: LIMITATION PERIOD**

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

### **SECTION 7: MEETING MINUTES**

The meeting minutes of the Annual Membership or any Special Membership meeting will be approved by three (3) current Officers of the Board within two weeks after the adjournment of such meeting and posted on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org))

## **ARTICLE V - BOARD OF DIRECTORS**

### **SECTION 1: COMPENSATION OF BOARD OF DIRECTORS**

Directors will receive no compensation of any kind for their service as a Board Director.

### **SECTION 2: CONFLICT OF INTEREST**

Directors must disclose in writing to the Corporation's President or Vice-President any material interest or relationship on their part which is or may be considered a conflict of interest. Violation of this policy could provide grounds for removal as a Director. A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult to fulfill his/her duties impartially. A conflict of interest can exist even if no unethical or improper act results from it.

### **SECTION 3: INSTALLATION OF DIRECTORS**

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

### **SECTION 4: LENGTH OF TERMS AND VACANCIES**

There will be nine (9) elected or appointed Members of the Board as Directors. The term of office for an elected Director will be three (3), two (2) or one (1) year. One (1), two (2) or three (3) year elected terms enter into the six (6) year limit set forth in the Articles of Incorporation. At the annual election, three (3) Directors will be elected for three (3) year terms unless a candidate has only one (1) or two (2) years remaining on the maximum six (6) years elected per the Articles of

Incorporation. In the event more than three (3) vacancies exist as of the deadline for turning in the petitions, those vacancies will also be filled at the annual election as follows:

- A. A candidate receiving less than one hundred (100) votes will not be eligible to fill any vacancies.
- B. The candidate receiving the highest number of votes, after the three (3) three-year terms are filled, will fill the next longest vacant term unless one of the three (3) year term candidates has only one (1) or two (2) years remaining of the maximum six (6) years then they will take the shorter term.
- C. If a candidate is elected to the Board and prior to the beginning date of the term for which he/she/they have been elected, declines or is unable to assume the office, then the term of the declining candidate will be filled with the unsuccessful candidate receiving the next highest number of votes, based on the vote totals of the candidates in the last annual Board election.
- D. The Election Committee will determine the order of placement in the event of a tie vote. The method will be a simple drawing of the names of the candidates involved in the tie vote.
- E. Vacancies occurring on the Board during the year (January 1 through December 31) may be filled by appointment by the Board. A majority vote of the Board (5) is required for said appointment. An appointment ends on December 31 of the year appointed. An appointed term does not enter into the six (6) year limit set forth in the Articles.

#### **SECTION 5: MEETINGS OF THE BOARD**

- A. All meetings of the Board and the Exchanges will be open, and video recorded, excluding Executive Sessions, Informational Meetings, and gatherings involving any number of Directors for solely social, informational, or educational purposes that clearly do not have a formal meeting format and do not allow for any form of decision making, action, or business transaction to take place. Member comments at Board Meetings will be limited to posted motions. Directors can attend all duly called regular Governing Board Meetings, Informational Meetings, Planning Sessions, and Special Sessions of the Board either in person, by telephone conference call, video conferencing or other communication methods by which all participants can simultaneously hear and talk to each other.
- B. At least seven (7) days prior to all Board Meetings, excluding Executive Sessions, Special Sessions, Informational Meetings, Planning Sessions, and the Exchanges, an agenda, subject to amendment, will be posted in RCSC Facilities and/or on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)). Motions made in Board Meetings will be read and passed a minimum of two times before finalized and acted upon unless readings are waived by two-thirds (2/3) majority of the Board (6). This rule, however, does not preclude the consideration of privileged motions, or of any subsidiary, incidental, or other motions that may arise in connection with the transaction of such business or the conduct of the meeting. For purposes of clarity, no motions will be made at Informational Meetings or Planning Sessions. As soon as practicable, a brief summary of the preceding Board Meeting will be posted on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)). After approved by the Board, minutes of Board Meetings, excluding Executive Sessions, Informational meetings or the Exchanges will be available on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)). After approved by the Board, minutes of Board Meetings will be available to Members in good standing at no cost upon request at the Corporate Office, subject to the requirements of Arizona Revised Statutes 10-11602, as amended.

- C. The Exchange is an opportunity for Members to speak on items of concern. No formal business is conducted at The Exchange.
- D. Informal Informational Meetings of the Board (closed meetings) are held after the Exchange to identify and resolve issues brought forth at the Exchange by the Membership or as needed to discuss complex issues and/or review educational materials. Only Directors and RCSC Management may attend except when additional information is needed from other individuals.
- E. The RCSC Board of Directors may hold a Planning Session quarterly or as needed to discuss issues or to garner information from the General Manager and requires a five (5) day notice to members. These sessions will be open to attendance by Members who will not be allowed to comment. These sessions will be video recorded, and the agenda posted on the RCSC website prior to the meeting.
- F. The Board may meet in an Executive Session (closed meeting) to discuss confidential matters such as; litigation, matters relating to the formation of contracts with third parties, Cardholder discipline and personnel matters. All matters discussed in an Executive Session will remain confidential indefinitely. Executive Sessions may be called separately or during any meeting of the Board or Membership. The Board has the authority to take final action in Executive Sessions and is not required to reveal those decisions. Minutes of Executive Sessions are retained as a part of the confidential records of the Corporation, subject to the requirements of Arizona Revised Statutes 10-11602, as amended.
- G. Special Sessions are business meetings of the Board called by the President or upon the written request of three (3) or more Directors. The purpose of the meeting must be stated in the call and posted on the RCSC website [www.suncityaz.org](http://www.suncityaz.org). Except in cases of emergency, at least seventy-two (72) hours' notice must be given.

## **SECTION 6: BOARD AUTHORITY/DUTIES, COMMISSIONS AND SENIOR MANAGEMENT**

### **A. Board Authority/Duties:**

1. The Board will have the authority and responsibility to employ the General Manager; to hold and administer assets, and direct, control, manage, and supervise the business and financial affairs of the Corporation without limitation except as set forth in the Corporate Documents.
2. The General Manager will report to the Board. The President will provide direction and guidance to the General Manager. A job performance review will be conducted annually by the President with input from the Board. Any successful candidate for General Manager must be approved by a majority of the Board (5). The General Manager cannot be terminated without a majority approval of the Board (5).
3. The Board Coordinator will report to the President. Duties include administrative support for Board Meetings, Corporate Document maintenance and all other Board functions as assigned.
4. The Board does have authority to establish, amend, and/or delete any and/or all individual parts of these Bylaws, Board Policies, committees and any rules and regulations of the Corporation as deemed necessary and within the authority as outlined in the Corporate Documents.

5. The Board's fiduciary duty requires Directors to act in the best interests and for the benefit of the Corporation. This duty requires Directors to avoid conflicts of interest and acting out of self-interest; and to act as reasonable people in conducting the affairs of the Corporation.
6. Except for Directors who are also Officers and who are required by the Corporate Documents to perform certain operational functions in their official capacities, the Board's duty and responsibility is to establish policy and to ensure the implementation of that policy by Senior Management.
7. It is the role of the Board to establish objectives and approve budgets for the Corporation. The Board can delegate the implementation of Board decisions to the General Manager. The Board can direct and empower the General Manager to take action on behalf of the Corporation.
8. The Board has no direct supervisory authority over RCSC personnel, excluding the General Manager and Board Coordinator. The Board will make any requests for reports, information, repairs, maintenance or any other requests to Senior Management only.
9. Any Director will have the right to attend, as a guest, all meetings of Committees or RCSC team meetings. Directors attending such meetings may not participate during the meeting unless invited to do so by the Committee Chair, Committee Co-Chair or Senior Management. In no instance will a guest Director have the right to vote on any issue before the Committee.

**B. Commissions:**

1. Commissions may be established by the Board and are made up of Directors only. The purpose of a Commission is to carry out specific business of the Corporation, with written guidelines (i.e. Bid Commission, Investment Commission) as assigned to that Commission by the Board. The Board may empower Commissions to act on behalf of the Corporation to fulfill such duties.

## **ARTICLE VI – OFFICERS**

### **SECTION 1: OFFICERS OF THE CORPORATION**

The Officers of the Corporation will be President, Vice-President, Secretary and Treasurer.

### **SECTION 2: ELECTION OF OFFICERS**

The Board will meet in a closed Executive Session on the first business day after January 1 to elect Officers. The Board will select from their own number, by majority ballot vote of the Board (5), the Officers who will serve for the term of one year to end at the election of Officers in the following year. A Director may be re-elected to consecutive terms as an Officer if he/she/they receives the majority vote of the Board (5).

The RCSC Board must appoint Directors for the Sun City Foundation at this meeting. All Sun City Foundation Directors are appointed to a one-year term.

### **SECTION 3: PRESIDENT**

The President will call, preside and conduct all meetings of the Corporation by a formal order of business. The President will have general supervision and direction of the affairs of the Corporation in accordance with the Corporate Documents. The President will have authority to administer all

matters not otherwise expressly delegated and may call special meetings of the Membership and/or Board.

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

#### **SECTION 4: VICE-PRESIDENT**

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

#### **SECTION 5: SECRETARY**

The Secretary will adhere to the duties of the Secretary as outlined in Robert's Rules of Order and will ensure that the records of the Corporation are maintained and in order.

#### **SECTION 6: TREASURER**

The Treasurer will ensure that financial records and cash/investment handling procedures are audited after the close of each fiscal year by a Certified Public Accountant, as selected by the Board. The Treasurer will make certain that annual income tax returns and other required filings have been filed as required. The Treasurer will require safeguards to protect assets. Any indebtedness issued in the name of the Corporation will be signed by the Treasurer or other Board Officer after such indebtedness is approved by a majority vote of the Board (5).

#### **SECTION 7: THEFT, DISHONESTY AND LIABILITY INSURANCE**

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

#### **SECTION 8: RESIGNATION OF OFFICER POSITIONS**

An Officer who needs to resign their office but remain as a Director must notify the President and Vice President.

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

### **ARTICLE VII - NOMINATION AND APPOINTMENT PROCEDURES**

#### **SECTION 1: PRESENTATION OF CANDIDATES**

The Chair of the Election Committee will present at a Board meeting no later than October 31 of each year a list of candidates for Board positions to be filled at the coming annual election.

#### **SECTION 2: RECRUITMENT OF CANDIDATES**

On or before the first Monday in June, Board Candidate Packets will be available. In the event additional candidates are needed, the Election Committee will begin recruiting to provide the required number.

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

### **SECTION 3: PETITION AND APPLICATION OF CANDIDATES**

A Member who is eligible to become a candidate for election to the Board will provide to the Chair of the Election Committee on the scheduled date in the candidate packet, the following:

- A. On the official petition form required at least one hundred (100) valid signatures of Members in good standing;
- B. An application on the official form required, to include a resume and list of goals; and,
- C. Nominee will make himself/herself available to RCSC for a photograph.

### **SECTION 4: CANDIDATE REQUIREMENTS**

An eligible candidate for election to the Board will satisfy all the following requirements and a candidate for appointment to the Board will satisfy all except Section G. below:

- A. Must be at least fifty-five (55) years of age;
- B. Must be Member in good standing;
- C. Must not reside with or be related by marriage or birth to any other Director, Board candidate, or Senior Management;
- D. Must reside in Sun City, Arizona and be available at least ten (10) months of the year;
- E. Must meet the requirement to hold an Arizona liquor license;
- F. Must be eligible and available to serve a three (3) year term; and
- G. Must attend Board Candidate Orientation(s).

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

## **ARTICLE VIII - ELECTION OF DIRECTORS**

### **SECTION 1: POLLING PLACES, TIMES AND DATES**

- A. Election of the Board will be held on the second Tuesday in December each year.
- B. The Board may schedule earlier voting dates.
- C. The Board will select the number of polling places, their locations and times of operation for voting within Sun City, Maricopa County, Arizona.
- D. The Board will select the number of days for online voting through the Web Portal.

### **SECTION 2: VOTES**

The Board candidate or candidates receiving the highest number of votes will be elected to the vacancy or vacancies for which the election is held.

### **SECTION 3: RECALL ELECTION**

- A. In a recall election, a Director will be deemed recalled if a majority of the votes cast by Membership ballots are for his/her/their removal, provided further that the total number of votes received for the recall is not less than one hundred (100).

- B. Subsequent to recall, an election will be held to elect a replacement Board member. The person receiving the highest number of votes cast by Membership ballots to replace the recalled Director will be deemed elected to fill the unexpired term of said Director.
- C. The Board, or its designated representative, may use the services of a neutral entity and adopt their procedures, as desired, to ensure a fair election process.
- D. The Board, or its designated representative, may exercise the flexibility to negotiate technical and routine matters with the neutral entity conducting the election at the Board's request and to make any necessary arrangements or revisions as the need arises.

## **ARTICLE IX – INITIATIVE, REFERENDUM AND REMOVAL PETITIONS**

Any initiative, referendum, or removal petition must have a total number of signers not less than ten percent (10%) of the voting Members of the Corporation as of the preceding July 1. All signers must have signed in person, and they must provide their Property address and Member Card number. The completed petition will be filed with the Secretary of the Corporation.

A removal petition will set forth the name of the Director whose removal is desired and the reasons for the recall and must follow the procedures in Article IX of the Articles of Incorporation.

An referendum petition must set forth the existing Bylaws, Article, Section or Articles of Incorporation that is being challenged in clear and precise language that will allow the challenge to be determined by a "YES" or "NO" vote. Any petition will be subject to the requirements and limitations of the Corporate Documents.

Before an initiative petition to create a new Bylaw, Article, Section or Articles of Incorporation is filed, the party or parties intending to circulate and file such a petition will submit to the Board the proposal in the exact language that the initiative will contain. The Board will have fourteen (14) days from the date of submission to assign a petition control number by the Secretary of the Corporation.

If issues can be resolved without the petition process, the Board and the Members will achieve savings in terms of cost and time while avoiding disharmony and divisiveness in Sun City, Arizona.

### **SECTION 1: STEPS TO TAKE BEFORE CIRCULATING A PETITION**

- A. Consider alternatives before beginning the petition process:
  - 1. Bring the issue to the attention of the Board at Board meetings or in other direct communication with the Board.
  - 2. The Board will consider the issue and provide in writing their consensus regarding such. If the Board approves, action will be taken accordingly. If the Board disapproves, proponents may initiate the petition process.
- B. File request to circulate your petition with the Secretary of the Corporation.
  - 1. Submit:
    - a. The names, addresses, and telephone numbers of the petition organizers.
    - b. The organization, if any, supporting the petition.
    - c. The text of the proposed petition on the official petition form as required.
  - 2. The Secretary of the Corporation will provide:



- a. Written notice of receipt of petition as submitted will be within fifteen (15) business days.
  - b. Official petition with control number for use by all Circulators within fifteen (15) business days.
  - c. Petition regulations.
  - d. Petition start and completion dates will not exceed ninety (90) days.
- C. Copy official, numbered petitions.
1. Copy as many copies of the official, numbered petition, as needed to circulate your petition. No other petition form is acceptable. Number each page. Each page should have:
    - a. The exact wording of the petition as approved by the Board.
    - b. The control number as assigned by the Corporation.
    - c. The Certification on the back of each page.
- D. Select and orient Circulators to the regulations and procedures to follow in circulating petitions.

## **SECTION 2: ACCEPTABLE PRACTICES DURING THE PETITION'S CIRCULATION**

- A. All Circulators:
1. Must be Members in good standing.
  2. May not use intimidation, misleading statements or payments in securing signatures.
  3. Obtain signatures of current Members only. Privilege Cardholders are not eligible to vote or sign a petition.
  4. Must certify, as their legal obligation requires, that he/she witnessed the signatures of each individual signing.
- B. Petitions regarding RCSC matters may be circulated within or at all RCSC facilities/properties while not disrupting or interfering with RCSC Member activities or blocking ingress or egress at any facility.
- C. Signers of the petition, in addition to being current Members, must:
1. Be the actual person, a wife may not sign for husband or vice versa.
  2. Legibly sign in ink. A printed "signature" is not acceptable unless that is the usual way the person signs.
  3. Indicate date on which they signed; otherwise, signature is voided.
  4. Write legibly their Property address and Member Card number.
  5. Legibly print their name below their signature.
- D. Signers of the petition may withdraw their signatures at any time during the validation process by written notice to the Corporate Office.

## **SECTION 3: POST-PETITION CIRCULATION PROCEDURES**

When petition circulation is complete:

- A. File completed petitions with the Secretary of the Corporation in book form including:
1. A cover page specifying the quantity of individual official petition forms filed, the total number of signatures claimed, and the date submitted.

2. Number each signed official petition submitted.
  3. A cover page to verify each group of petitions submitted and certified by each Circulator.
- B. The Corporation will:
1. Provide a dated receipt for submitted petitions.
  2. Initiate the petition verification process.
- C. The petition verification process will include, but is not limited to, the following:
1. Investigation of Circulators:
    - a. Circulator must be a current Member in good standing.
    - b. Circulator must witness every signature.
    - c. Circulator must sign the affidavit of Circulator on the reverse side of the last official petition form submitted in a group.
    - d. Irregularities, including false or misleading statements by the Circulator, in obtaining, verifying and certifying signatures will result in rejection of all petitions of the Circulator.
  2. Inspection of signatures for:
    - a. Legibility.
    - b. Printing instead of signing.
    - c. Absence of dated signature, Property address, and Member Card number.
    - d. Duplication.
- D. Time required for petition verification:
1. Once the completed petition is filed with the Corporation, the Corporation will have thirty (30) days from the filing to determine and announce whether or not the required number of signers has been obtained.
- E. Upon completion of the verification process:
1. If the number of verified signers is insufficient, the petition is declared invalid.
  2. If the number of verified signers is sufficient, the Board will set the date to present the petition to the Members for their vote which will be conducted by the Election Committee within sixty (60) days of the validation announcement.

## **ARTICLE X – INDEMNIFICATION AND RISK MANAGEMENT**

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

## **ARTICLE XI – INVESTMENTS**

The Corporation has an unrestricted cash reserve and additional unrestricted operations funds, a restricted Preservation and Improvement Fund and a restricted Capital Reserve Fund which will be invested as follows:

### **SECTION 1: GENERAL OBJECTIVES**

The primary objectives, in priority order, of investment activities will be safety, liquidity, and yield:

- A. **Safety**: Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio. The objective will be to mitigate credit risk and interest rate risk.
1. **Credit Risk**: RCSC will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:
    - a. Limiting investments to the types of securities per the Corporate Documents; and
    - b. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
  2. **Interest Rate Risk**: RCSC will minimize interest rate risk, which is the risk that the market value of securities in the investment portfolio will fall due to changes in market interest rates by:
    - a. Structuring the investment portfolio so that securities mature or are available to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to the target duration strategy; and
    - b. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the investment portfolio in accordance with the Corporate Documents.
- B. **Liquidity**: The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the investment portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the investment portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the investment portfolio may be placed in money market mutual funds or local government investment pools which offer same day liquidity for short-term funds.
- C. **Yield**: The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities will generally be held until maturity with the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
  2. Liquidity needs of the investment portfolio require that the security be sold.

### **SECTION 2: STANDARDS OF CARE**

Authority to manage the investment portfolio is granted to RCSC's Investment Commission made up of approved Directors of the Corporation. The President of the Corporation will serve as Chair

of the Investment Commission each year. The President, in January of each year, will recommend to the Board three (3) fellow Directors to serve with him/her on said Commission for that calendar year. The Board will approve the Directors who will serve with the President on the Investment Commission by majority vote of the Board (5).

Responsibility for the operation of the investment portfolio is hereby delegated to the Support/Finance Sr. Leader, who will act in accordance with established written procedures and internal controls for the operation of the investment program consistent with the Corporate Documents. The Support/Finance Sr. Leader will be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials.

- A. Prudence: The standard of prudence to be used by the Investment Commission will be the "prudent person" standard and the standard of care set forth in Arizona Revised Statutes for directors and officers which will be applied in the context of managing the overall investment portfolio. The Investment Commission, acting in accordance with Arizona Revised Statutes, written procedures, the Corporate Documents and exercising due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of the Corporate Documents.
1. The "prudent person" standard states: "Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."
  2. Arizona Revised Statutes states: "A director's duties, including duties as a member of a committee, will be discharged: (i) in good faith, (ii) with the care an ordinary prudent person in a like position would exercise under similar circumstances, and (iii) in a manner the director reasonably believes to be in the best interest of the corporation."
- B. Ethics and Conflicts of Interest: Officers and employees involved in the investment portfolio must refrain from personal business activity that could conflict with the proper execution and management of the investment portfolio, or that could impair their ability to make impartial decisions. Officers and employees will disclose any material interests in financial institutions with which they conduct business. They will further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Officers and employees will refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of RCSC.

### **SECTION 3: AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS**

- A. Authorized Financial Institutions, Depositories, and Broker/Dealers: A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

1. All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:
  - a. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines;
  - b. Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties);
  - c. Proof of state registration; and
  - d. Certification of having read and understood and agreeing to comply with RCSC's Corporate Documents.

#### **SECTION 4: SAFEKEEPING AND CUSTODY**

- A. Internal Controls: The Support/Finance Sr. Leader will establish a system of internal controls, which will be documented in writing. The internal controls will be reviewed by the Investment Commission and with an independent auditor. The controls will be designed to prevent the loss of funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by Officers and employees of RCSC.

#### **SECTION 5: SUITABLE AND AUTHORIZED INVESTMENTS**

##### A. Investment Types:

1. U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government.
2. U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value.
3. Certificates of deposit and other evidences of deposit at financial institutions.
4. Bonds, debentures and notes that are issued by corporations organized and doing business in the United States and that are rated "A3" or better by Moody's Investor Service, "A"- or better by Standard and Poor's and/or "A"- by Fitch rating service or their successors. All bonds must have at least two of these ratings.
5. Commercial paper of prime quality that is rated "A1" and/or better by Standard and Poor's, and/or "P1" or better by Moody's Investor Services and/or "F1" by Fitch rating service or their successors. All commercial paper must have at least two of these ratings. All commercial paper must be dollar-denominated and issued by corporations organized and doing business in the United States.
6. Investment-grade obligations of state, provincial and local governments and public authorities.
7. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities.

#### **SECTION 6: INVESTMENT PARAMETERS**

- A. Diversification: It is the policy of RCSC to diversify its investment portfolio. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or

class of securities, all cash and cash equivalent assets in all RCSC funds will be diversified by maturity, issuer, and class of security. Diversification strategies will be determined and revised periodically by the Investment Commission for all funds.

1. In establishing specific diversification strategies, the following general policies and constraints will apply:
    - a. Portfolio maturities will be staggered to avoid undue concentration of assets in a specific maturity sector.
    - b. Maturities selected will provide for stability of income and reasonable liquidity.
  2. For cash management funds:
    - a. Positions in securities having potential default risk (e.g., commercial paper) will be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities.
    - b. Risks of market price volatility will be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year will not be greater than coupon interest and investment income received from the balance of the portfolio.
  3. The following diversification limitations will be imposed on the portfolio:
    - a. Maturity: No more than 50% percent of the portfolio may be invested beyond 12 months, and the weighted average maturity of the portfolio will never exceed 2.5 years.
    - b. Default risk: No more than 5 percent of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury.
    - c. Liquidity risk: At least 25 percent of the portfolio will be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice.
- B. Maximum Maturities: To the extent possible, RCSC will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, RCSC will not directly invest in securities maturing more than five (5) years from the date of purchase. RCSC will adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities will be disclosed in writing to the entire Board of Directors.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds and appropriate liquidity is maintained to meet ongoing obligations.

## **SECTION 7: REPORTING**

- A. Investment Commission: The Support/Finance Sr. Leader and/or assigned employee will prepare an investment report at least quarterly that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This report will be prepared in a manner which will allow RCSC's Investment Commission

to ascertain whether investment activities during the reporting period have conformed to the Corporate Documents.

1. The report will include the following:
  - a. Listing of individual securities held at the end of the reporting period.
  - b. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
  - c. Listing of investment by maturity date.
  - d. Percentage of the total portfolio which each type of investment represents.
- B. RCSC Membership: A summary report will be updated quarterly and will be reported as a part of the Treasurer's report in a Board meeting excluding the months of July and August.

## **ARTICLE XII - COMMITTEES**

### **SECTION 1: COMMITTEES**

A committee is a small group of Members, subordinate to the Board, which is organized to assist the Board in specific areas. Committees have no decision-making authority and are limited to presenting ideas and recommendations to the Directors and Management unless otherwise authorized. Special (Ad Hoc) committees shall be established by the Board. Method of appointments will be as specified and determined by the Board. Special committees are formed for a specific task or objective and dissolved after the completion of the task or achievement of the objective. Committees generally do not meet in the months of July and August. Meetings can be determined by each committee individually or by the direction of the Board. RCSC members in good standing may attend meetings, except during Executive Session or Informational meetings, but may not speak without approval by the Chair or other person in charge of the meeting.

### **SECTION 2: COMMITTEE CHAIR AND CO-CHAIR**

All committees will have a Director as Chair and Co-Chair who will be proposed for those positions by the President and approved by the Board. If a Chair or Co-Chair is unwilling or incapable of satisfactorily performing the responsibilities, they may be removed from his/her position as Chair or Co-Chair by a ballot vote of a majority vote of the Board (5). The Committee Chair and Co-Chair will conduct committee meetings unless unavailable, then another Director may do so. The Committee Chair, or Co-Chair in the absence of the Chair, will be responsible for presenting committee recommendations to the Board.

### **SECTION 3: MEMBERS OF COMMITTEES**

All committees must attempt to have no less than five (5) members. Members of committees will be selected from the Membership at large who must meet the following requirements:

- A. Must be a Member in good standing;
- B. Must not reside with or be related to any other member of the committee by marriage or birth unless committee members are selected by election or appointment to another position; i.e., greens committee members may be on the Golf Advisory Committee, Sun City Mens Golf Association (SCMGA) and Sun City Womans Golf Association (SCWGA) officers, and/or Chartered Club Presidents; and

- C. Must agree to adhere to the Corporate Documents.
- D. The Board President, Committee Chair or Co-Chair appoint or remove committee members. Committees may establish internal processes for selection of members nominated for appointment.
- E. Members of the committees may attend meetings either in person, by telephone conference call, video conferencing or other communication methods by which all participants can simultaneously hear and talk to each other.

#### **SECTION 4: COMMITTEES**

- A. **Bowling Committee:** The purpose of the Bowling Committee is to assist in the promotion and interest in the game of bowling, encourage fellowship amongst bowlers, gather input from Cardholders and recommend changes to the Board in bowling policies, fees, operations and facilities as a result.
  
- B. **Club Organization Committee:** (also known as the COC): The purpose of the Club Organization Committee is to support Chartered Clubs as needed, make recommendations for Chartered Club policy changes to the Board, promote and encourage participation in Chartered Clubs.
- C. **Election Committee:** The purpose of the Election Committee is to review and recommend election procedure changes, to recruit a sufficient number of Board candidates, conduct the candidate forums, ensure that elections and recall elections of the Board are conducted pursuant to the Corporate Documents, and announce the results.
- D. **Finance, Budget and Audit Committee:** The purpose of the Finance, Budget and Audit Committee is to recommend to the Board for its approval an annual financial budget, to review monthly, quarterly and year-to-date financial statements, to determine the financial performance of the operation in comparison to Board approved annual budget and the financial performance compared to the previous year, advise the Board of any concerns regarding the financial operations and to make recommendations to the Board regarding the annual capital project list. The annual budget and annual capital project list will be presented to the Finance, Budget and Audit Committee by Management. The committee will recommend an annual budget and capital project list to the Board for approval. In addition, the Finance, Budget and Audit Committee will review Management's proposed five-year operating plan. Finally, the committee will recommend to the Board, auditors for the Chartered Clubs.
- E. **Golf Advisory Committee:** The purpose of the Golf Advisory Committee is to assist in the promotion and interest in the game of golf, encourage fellowship amongst golfers, gather input from Cardholders and recommend changes to the Board in golf policies, fees, operations and facilities. The Golf Advisory Committee will direct each golf course's Greens Committee.
- F. **Insurance Committee:** The purpose of the Insurance Committee is to review and recommend to the Board insurance requirements and adequate coverage and selection of insurance brokers/agents/carriers which will be reviewed at least annually based upon renewals, service, bid proposals and recommendations for any changes or additions.
- G. **Lawn Bowling Advisory Committee:** The purpose of the Lawn Bowling Advisory Committee is to assist in the promotion and interest in lawn bowling, encourage fellowship amongst lawn bowlers, gather input from Cardholders and recommend changes to the Board in lawn bowling policies, fees, operations and facilities as a result.



- H. **Long Range Planning Committee:** The purpose of the Long-Range Planning Committee is to provide the Board with reports, recommendations, and suggestions regarding the future needs of Members. The committee will annually present a Ten-year PIF Forecast to the Board for approval. All requests for changes to the PIF Project Forecast will be presented to the Committee which will recommend approval/non-approval to the Board.
- I. **Outreach & Communications Committee:** The purpose of the Outreach and Communication Committee is to ensure that we increase our visibility, help re-establish a sense of community, identify key messages, connect with our Members, Board of Directors and our RCSC Staff; while recommending avenues for an exchange of information, encouraging active participation, and serving as a link with our community partners to promote quality messages as we all serve the same people.
- J. **Properties Committee:** The purpose of the Properties Committee is to conduct at least three inspections annually of RCSC Facilities; specifically, the buildings, equipment, and grounds surrounding the buildings to determine if they are safe, properly cared for and in good condition. The Properties Committee will meet with Senior Management to report the status and make recommendations to the Board and/or Senior Management for preservation and care of the facilities.
- K. **Technology Committee:** The purpose of the Technology Committee is to research, identify and determine the impact of current and future technology requirements needed to support the RCSC Board, Management and Members, while simultaneously enhancing both current and future facilities. Consideration will also be given as to which technologies best support the mission of the of the RCSC Board and Management in terms of providing accurate and accessible data and programs designed to meet the day-to-day needs of the community. Special attention will be given by the Committee to cutting edge technologies, future trends, and innovations that will place the RCSC Board, Management, and the community in the best competitive position to entice future Members.

### **AD HOC COMMITTEES**

Ad hoc committees are formed for a specific task or objective and dissolved after the completion of the task or achievement of the objective. An ad hoc committee is a group of Members subordinate to the Board.

### **SECTION 5: MEMBERS OF COMMITTEES RESPONSIBILITIES**

Committee members are expected to attend all committee meetings, review materials in advance of the meetings, participate in meetings, and meet as frequently as necessary to discharge properly the committee's responsibilities. All Committees will select a Secretary annually who will prepare a summary of the committee meeting and submit it to the Corporate Office within three (3) days after the committee meeting. If the Secretary is not present, the Chair or Co-Chair will appoint a Secretary for the meeting.

### **SECTION 6: MEMBERS OF COMMITTEES SUSPENDED OR EXPELLED**

Committee members may be suspended or removed by the unanimous vote of the Board President, Committee Chair and Co-Chair for the following reasons:

- A. Failure to adhere to the Corporate Documents;

- B. For any good and sufficient cause which is contrary to the highest moral or professional principles;
- C. For being unwilling or incapable of satisfactorily performing the responsibilities of a member of a committee; or,
- D. Failure to attend three (3) committee meetings in a row.

### **ARTICLE XIII DISCIPLINE PROCEEDINGS**

#### **SECTION 1:**

If a Director or Member is accused of a serious offense, the Director may be given the opportunity to resign; and, a Member, may waive their right to a hearing when it's in the best interest of all parties concerned.

#### **SECTION 2: BOARD OF DIRECTORS**

- A. Hearings for Directors will be conducted in Executive Session. Directors may be removed from the Board, or Officer of the Board by the Board or the Members as specified in the Articles of Incorporation. Directors may be removed for violating the Corporation Bylaws and/or Policies.
- B. An Officer who is unwilling or incapable of satisfactorily performing the responsibilities of his/her office may be removed from his/her office or membership on the Board by a ballot vote of two-thirds (2/3) cast by the Directors following the report of the findings and recommendations of an appointed Hearing Commission consisting of three (3) Director members appointed by the Board President to gather and present facts.
- C. The Hearing Commission will send a notice to the accused no later than ten (10) business days prior to the meeting date at which time a hearing will occur regarding proof of charges and discipline recommended and voted upon.
- D. The Notice will inform the accused of the date, time and place of the Hearing and of each charge against the accused.

#### **SECTION 3: MEMBERS AND PRIVILEGE CARDHOLDERS**

- A. Members and Privilege Cardholders who fail to comply with the Corporate Documents may be subject to suspension of Privileges as determined by a Hearing Commission and may no longer be considered a Member or Privilege Cardholder in good standing. A Member, Privilege Cardholder or group of Members and/or Privilege Cardholders, or any other person(s), must not behave in a manner which jeopardizes the rights or privileges of RCSC Employees, other Members and Privilege Cardholders, their guests or any other person(s). A cease-and-desist order may be issued by the Board or Senior Management against Members and/or Privilege Cardholders for such behavior and upon failure of Members and Privilege Cardholders to comply; a Board Hearing will be set.
- B. In the case of imminent danger to any person(s) or property and/or assault charges filed as a result of an alleged act committed on or at RCSC Facilities, the President and/or General Manager has the authority to immediately and temporarily suspend their Cardholder Privileges for thirty (30) days. A temporary suspension must be reported to the Board and a Board Hearing must be set. During a period of suspension or expulsion of any privileges or

use of RCSC Facilities, Cardholders will not be entitled to/nor receive any reimbursement of any assessments or fees.

- C. The President will appoint a Hearing Commission made up of no fewer than three (3) Directors to gather and present facts and make a recommendation(s) regarding charges to be brought and discipline to be enforced.
- D. The Board Coordinator will provide notice of a scheduled Board Hearing in writing at least fourteen (14) days prior to the hearing. The notice will inform Member/Cardholders why and where the hearing will be conducted and will include the following:
  - 1. Reported violation(s);
  - 2. Board hearing procedure;
  - 3. Date, time and place of hearing; and
  - 4. Notice that all witnesses have the right to attend the hearing. If witnesses are unable to attend, they may provide written comments that will be read at the hearing and submitted to the Hearing Commission.
- E. The Member/Cardholder may submit a written request to the Corporate Office to waive the hearing at least twenty-four (24) hours prior to commencement of the hearing. The failure by a Member/Cardholder to appear at the time and place of the hearing will result in a waiver of the Member/Cardholder's right to a hearing. Refusal or failure by the Member/Cardholder to attend the hearing will require the Hearing Commission to use the information available to arrive at a decision. In the event the Member/Cardholder is an employee of RCSC, the employee will be provided leave without pay to attend the Board Hearing.

**SECTION 4: HEARING PROCEDURES, SUSPENSION OR REMOVAL OF MEMBERS,  
PRIVILEGE CARDHOLDERS AND DIRECTORS**

**A. HEARING PROCEDURE:**

The Hearing Commission must preside and conduct the hearing. The Chair of the Hearing Commission will make an opening statement detailing the reported violation(s) and outlining the Board Hearing procedure to be followed and providing information as to when a decision can be expected.

- 1. Neither the Hearing Commission nor the Director or Cardholder is bound by technical rules of evidence and/or court procedure in conducting the hearing.
- 2. All discussions and testimony must be conducted in a polite and respectful manner without harassment or intimidation.
- 3. The Chair of the Hearing Commission will preside over and conduct the hearing. The Hearing Commission Chair details the reported violation(s) by the Director or Cardholder(s), outlining the Board Hearing procedure to be followed and providing information as to when the decision can be expected.
- 4. The Director or Cardholder will not speak or provide comment until such time as they are recognized by the Chair of the Hearing Commission. The accused will be given ample opportunity to respond and present his/her case and make comments which specifically relate to the violation(s) under review.

5. The responsibility to secure witnesses rests solely with the Director or Cardholder. The Hearing Commission does not subpoena witnesses or compel testimony from witnesses.
6. Witnesses may be presented by both the Hearing Commission and the accused. Witnesses will remain outside the hearing room and will be called in one at a time to give testimony.
7. Information provided by all witnesses, whether in person or in writing, will be reviewed and heard by the Hearing Commission. If a witness is reluctant to make their comments in the presence of the accused, they will be allowed to do so in front of the Hearing Commission only. If the incident involves RCSC personnel, then any federal, state and local laws and regulations applicable to employees will apply. The General Manager or an appointee may attend the hearing.
8. The Director or Cardholder may address the Hearing Commission and may call and question witnesses. The Hearing Commission may ask questions and/or address the accused and all witnesses and provide the details of any witness that addresses the Commission without the accused being present.
9. The accused is asked to leave.
10. If the accused is found in violation by the Hearing Commission of any specification or charge, the Commission will determine the discipline to be assigned to each specification and/or charge resulting in a finding of “in violation”.

**B. Board Hearing Decision:**

1. The Hearing Commission will notify the Director or Member/Cardholder in writing of the results of the hearing.
2. The Hearing Commission has full authority to suspend Member/Privilege Cardholders for any length of time, including permanently and on any basis. The minimum suspensions for the following offenses are:
  1. Owners who misrepresent their or other’s occupancy of a Property– 6 months
  2. Owners, members or Privilege Cardholders who falsify documents – 12 months
  3. Members or Privilege Cardholders who misrepresent the age or residency of a Guest – 6 months
  4. Members or Privilege Cardholders or their guests who fail to comply with the Corporate Documents – appeal process may provide additional information– 3 months
  5. Should none of the above four options be pertinent to the offense, the Hearing Commission may determine the discipline as they deem appropriate.
  6. If a hearing involves two or more individuals from a club, both parties will receive a closing letter stating the decision made by the Board Hearing Commission.

**C. Board Hearing Appeal:**

Any Director, Member or Privilege Cardholder may appeal the action taken by the Hearing Commission by submitting a written appeal request with the basis for the appeal to the Corporate Office within ten (10) business days after the date of the Board Hearing decision. The Board President may deny or accept the appeal request and will notify the Director, Member or Privilege Cardholder in writing accordingly, and if denied the reasons for denial will be detailed. If the appeal request is accepted, the Director, Member or Privilege Cardholder may introduce new witnesses or evidence. The entire Board will review all evidence submitted and watch the recorded hearing conducted by the Hearing Commission, if available. The Board of Directors will notify the Director or Cardholder in writing of its final decision.

BE IT FURTHER RESOLVED that a copy of these Corporate Bylaws must be posted on the RCSC website ([www.suncityaz.org](http://www.suncityaz.org)) and must be made available to Members upon request at no cost.

Adopted and signed this 19<sup>st</sup> day of December, 2024 at a duly called Board meeting by a majority (5) of the Recreation Centers of Sun City, Inc. Board of Directors.

ATTEST:

\_\_\_\_\_  
Tom Foster, President

\_\_\_\_\_  
Connie Jo Richtmyre, Secretary