

# RECREATION CENTERS OF SUN CITY, INC. ANNUAL MEMBERSHIP MEETING MINUTES

At the Annual Membership Meeting, called to order by President Foster at 6:00pm on March 11, 2025 at Sundial Auditorium the following took place:

## **PLEDGE OF ALLEGIANCE:**

**PRESENT:** Tom Foster, President; Chris Nettesheim, Vice President; Anita Borski, Treasurer and Directors Preston Kise, Jim Rough, John Bressett, Rick Gray, Steve Collins

**ALSO PRESENT:** Marcia Johnson, Board Coordinator; Rae Chornenky, Parliamentarian; 1,767 RCSC Cardholders in attendance including verified proxies.

**ABSENT:** Connie Jo Richtmyre, Secretary

**Membership Quorum:** Director Collins verified that a Membership Quorum was present with 1,767 members in attendance including verified proxies. Total proxies were 628 and 1,139 Members were in attendance.

**Minutes:** The November 29, 2023 Minutes were attached to the Agenda. These minutes were previously approved under a procedure for approving minutes when there isn't a quorum at the annual meeting in the following year. These minutes were previously approved following that procedure. As a result, we do not need to approve minutes at this meeting.

## **New Business:**

President Foster - Legal Advice of General Counsel regarding proposed membership motions.

I know there has been a lot of confusion, frustration and misunderstanding surrounding the position the Board has taken regarding the motions proposed by Members for this meeting. Fundamentally the Board's actions with regard to the proposed motions for the Annual Meeting were driven by legal advice. As you know, the Board employs Legal Counsel to provide advice and opinions on legal matters. In the case of the Member proposed motions for the Annual Membership Meeting, all the proposed motions were provided to Legal Counsel. In turn, Legal Counsel provided the Board with Feedback and advice.

All the Member proposed motions were posted on the RCSC website and if you look through the proposed motions you may see some of the issues that concerned the Board and Legal Counsel. Briefly these include:

- Some of the proposed motions appear to conflict with other proposed motions.
- Some proposed motions appear to suggest changes to current Board Policies. That is problematic, however, as only proposed changes to the Articles of Incorporation or the Bylaws are contemplated by Article IV, Section 1, Paragraphs (A) and (B) of the Bylaws.

- Some of the proposed motions appear to be structured as a recommendation or a suggestion rather than a motion.
- Finally, while noting the observations that I just mentioned, Legal Counsel focused on possible legal implications.
  - The Articles of Incorporation, Article VIII, Section 1 states “The affairs of the Corporation shall be conducted by the Board of Directors and such officers as the Board may elect or appoint.”
  - RCSC Bylaws, Article V, Section 6 (A)(1) states, “The Board will have the authority and responsibility to direct, control, manage, and supervise the business and financial affairs of the Corporation.
  - Perhaps most importantly, Article IV, Section 4, of the Bylaws states, “The Bylaws may be amended, modified, revised or revoked by the Directors or by the Members. However, 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 the Corporate Documents, will be considered only as a recommendation to the Board.

Because of these concerns, The Board’s Legal Counsel recommended that all proposed motions be referred to the Board for study, be considered only as a recommendation to the Board and that no Membership votes be taken at this time. I know that some Members find that conclusion a relief and others find it frustrating. But Board Members have a fiduciary duty to act in the best interest of all Members and for the benefit of the Corporation (Bylaws, Article V, Section 6, Paragraph 5). If the Board were to ignore the advice of its Legal Counsel it would raise the question that the Board was failing to do its fiduciary duty. This could open Board Members to possible charges that they breached their fiduciary duty. While some may maintain that the Board is also open to breach of fiduciary duty allegations by following the advice of Legal Counsel, the Board needs to follow the advice of its Legal Counsel.

A couple further observations on the Board’s position. First, when a new bill is proposed in the Arizona legislature, that proposed bill is vetted by an army of attorneys before it ever gets debated. The language of the proposed legislation, and amendments that are suggested, all get carefully reviewed by numerous attorneys. Our process does not allow for the same vetting of proposed motions as is done in the legislature and that leaves the RCSC open to possible unintended consequences. There is no reason to rush to a conclusion when proposing amendments to our bylaws that the Board and the membership may regret later.

In addition, Article IV, Section 4 of the bylaws builds in a method for the membership to respond to decisions that they disagree with. So, there are means for the membership to redress decisions on bylaws.

As you know, a lawsuit was filed last week challenging the Board’s ability to refer the member motions for study and not vote on them at this meeting. In speaking about the lawsuit, the Plaintiff will always present his arguments in the best manner possible. That doesn’t make them true. The RCSC has been advised by its counsel that the Plaintiff’s arguments are not correct. The RCSC believes its positions on these matters will prevail in the Court. By law, the Board of

Directors has the right to rely upon legal advice and it is properly exercising its fiduciary duty by doing so. In addition, the RCSC has received legal advice from its counsel that the RCSC should not publicly discuss the issues and legal arguments involved in the lawsuit. The issues will be framed and argued in Court. Please remember that RCSC did not file the lawsuit. Once the lawsuit was filed, the Board must, pursuant to its fiduciary duty, follow the appropriate advice of its legal counsel. While the Plaintiff can advocate his legal theories in public, the Court will ultimately determine the outcome of these issues. RCSC, pursuant to legal advice, cannot comment further on the pending litigation and the issues involved in that litigation.

The second item on the agenda under new business is the proposed Ad Hoc Bylaws Committee. So how will we as a Board and as a community attempt to deal with this? Again, based on advice from our Legal Counsel and feedback from our community, the Board will form an Ad Hoc Bylaws Review Committee composed of Board Members and RCSC Members. This Ad Hoc Committee will review the current Bylaws, and importantly, all the proposed Member motions. The Ad Hoc Committee will be asked to:

- Address the pros and cons of the motions that were proposed for this Annual Meeting.
- Address the pros and cons of other portions of the Bylaws for possible revision: and
- Recommend language appropriate for the Corporation's Bylaws that is well vetted and consistent with the applicable statutes of the state of Arizona.

I am not an attorney, and I am not pretending to be qualified to give legal advice. But this Ad Hoc Committee needs to be sure that our Bylaws are consistent with applicable state of Arizona statutes. Therefore, I feel like we can't limit this Bylaws review to just the member proposed motions. There may be other concerns that this Ad Hoc Committee should consider.

- a. Are we handling proxies properly?
- b. Do the current provisions of the Bylaws provide an appropriate means of addressing Member proposed amendments?
- c. Can Non-Arizona residents (i.e. Snowbirds) serve on the Board of Directors?
- d. How many Chair and Co-Chairs should Standing Committees have?
- e. Is our guest policy appropriate?
- f. Are the bylaws consistent with Arizona statutes?

If you would like to serve on this committee, please send me an email by March 18<sup>th</sup>. Because the Board has been messaging to the Membership with the intent to set up this Ad Hoc Bylaws Committee, the Board has already received a number of requests from individuals asking to serve on this committee.

I have asked Directors Preston Kise, Rick Gray, Jim Rough and Vice President Chris Nettesheim to serve on this Ad Hoc Committee. The Board's thought is to divide the Bylaws into several sections and assign sections to each Director or group of Directors. Directors Kise and Gray will serve as overall Chair and Co-Chair of the committee.

There is no specific time frame for the Ad Hoc Committee to complete its assignments. Addressing some of the Member proposed motions may take less time than others and hopefully some of the Member proposed motions can be resolved relatively quickly. That said, my charge to those serving on this committee is that they reach recommendations for consideration by the

2025 October Board Meeting. Thus, if you wish to volunteer, you should be aware there will likely be meetings and discussions over the summer months. If you are a part-time Arizona resident, please be prepared to accommodate attending virtual meetings.

This concludes the business portion of this Annual Meeting, and the Meeting is hereby adjourned.

**Member Comments:**

Thirty Five (35) Members approached the podium and spoke on different topics. The Members were allowed three (3) minutes to speak with the Board responding to numerous comments after the three (3) minutes were up.

**Next Meeting:** The next Annual Meeting March 10, 2026 Sundial Auditorium at 6:00pm.

**Adjournment:** The meeting was adjourned at 8:15pm.

Respectfully submitted,

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Tom Foster, President

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Chris Nettlesheim, Vice President

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Steve Collins, Director