

BYLAWS

Of

SUN LAKES COMMUNITY THEATRE, INC

Created: February 7, 2005
Updated: October 10, 2013

Part One

Articles, Governing Law and Policies

1.1 **Reference to the Articles.** Any reference herein made to the Articles will be deemed to refer to the Corporation's Articles of Incorporation and all amendments thereto on file with the Arizona Corporation Commission, together with any and all certificates filed by the Corporation with the Arizona Corporation Commission pursuant to Arizona Revised Statutes.

1.2 **Governing Law.** The governing law relevant to the conduct of the Corporation's business shall be the laws of the United States and the State of Arizona, the Articles of Incorporation of the Corporation, the Bylaws of the Corporation, and the corporate policies and resolutions adopted from time to time by the members and Board of Directors. The priority of the governing bodies of law are as follows: (a) the laws of the United States; (b) the laws of the State of Arizona; (c) the Articles of Incorporation of the Corporation; (d) the Bylaws of the Corporation; (e) the corporate policies and resolutions adopted by the Board of Directors.

1.3 **Corporate Policies.** The Board of Directors may adopt, from time to time, certain "corporate policies", which shall be the controlling permanent regulations for the conducting of the Corporation's business. The Bylaws of the Corporation contain those permanent legal provisions which are required by statute and parliamentary custom, are not subject to frequent change and are usually prepared upon the legal advice of an attorney. The corporate policies are adopted by the Corporation to conduct the non-legal affairs of the Corporation and do not require the concurrence of an attorney or other professional adviser.

The reason for the distinction between the Bylaws and policies is to reduce the amount of involvement of the corporate attorney in the day-to-day affairs of the Corporation and to give the Corporation the leeway to adopt policies of all types without creating complex and lengthy documentation which must be reviewed by the corporate attorney or the corporate certified public accountant on an audit. The policies of the Corporation shall be kept separately under document control so as not to confuse them with the Bylaws and Articles. Any policies inconsistent with the laws of the United States and the State of Arizona, the Articles of Incorporation, or the Bylaws of the Corporation, shall forthwith be amended to conform with same.

An up-to-date copy of all policies which have been adopted by the Board of Directors shall be kept by the president and a policy shall be deemed effective when placed under document control. The effective date of each policy shall be designated at the end of the text of each policy and should a page of the policy be amended the effective date of the change shall be noted in the change log on the document.

PART 2

2.0 **Mission Statement.** The mission of the Sun Lakes Community Theatre (SLCT) shall be to:

- present live theatre that is produced and performed by residents of the Sun Lakes communities
- provide specialized productions for targeted audiences
- create educational opportunities for residents to develop and enhance their skills
- support the development of live theatre in the surrounding community

2.1 **Qualifications and Classification.** All persons who support the purposes of the Corporation, residents/property owners of all Sun Lakes communities, may become members with the payment of dues.

2.2 **Membership Records.** The membership roster shall be kept under document control, in which shall be accurately recorded the date, the name, post office address, phone number, and electronic mail (e-mail) address of the member.

2.3 **Transfer of Membership.** Membership is not transferrable or assignable.

2.4 **Record Date.** The Board of Directors may close membership at their discretion for a period not exceeding 40 days preceding any meeting, annual or special, of the members.

2.5. **Annual Dues.** The Board of Directors shall determine from time to time the amount of contribution and annual dues payable to the Corporation by members of each class.

2.6 **Payment of Dues.** Dues shall be paid each year.

2.7. **Roster of Members.** Each year, prior to the annual meeting, the president and treasurer of the Corporation shall give to the members and the directors a certified statement setting forth the members who are entitled to vote as members of the Corporation. An original of the Roster of Members shall be archived with the minutes of the annual meeting. Until the next Roster of Members is prepared, this Roster of Members shall control who is entitled to vote.

2.8. **Compensation.** Members shall not receive compensation or expenses for attendance at any meeting of the members. Members shall not receive any stated salary for their services; however, the Board of Directors has the power in its discretion to contract for and to pay compensation to members rendering unusual or special services to the Corporation for the value of such services.

2.9. **Document Control of Official Records.** All business records shall be electronically placed under document control in a secure manner. These will be considered the official copies for all business purposes. Hard copies may be printed for personal use. All previous versions of official records must be retained when superseded by an updated version. Document control is necessary to maintain corporate history and accuracy.

PART 3

3.1. **Annual Meeting.** The annual meeting of the members for the purpose of electing directors and transacting any other business which may properly come before the meeting shall be held at a time and place determined by the Board of Directors.

3.2 **Special Meetings.** A special meeting of the members may be called at any time by the president, the Board of Directors, or by the president upon written petition requesting same by not fewer than 20% of all the members of the Corporation and filed with the secretary.

3.3 **Quorum.** At all meetings of the members of the Corporation, 20% of the members entitled to vote, present in person or by proxy, shall constitute a quorum. Every decision of a majority of such quorum shall be valid as a corporate act unless a larger vote is required by the Articles of Incorporation, these bylaws or the laws of the State of Arizona then in effect.

3.4 **Notice.** Notice of special members' meetings shall be in writing, signed by an officer of the Corporation. A notice shall be sent not less than 10 calendar days nor more than 50 calendar days prior to the date of the meeting, unless a longer period is required by law, to each member of record entitled to notice of such meeting, at the email address or registered post office address of such member as it appears on the records of the Corporation. Such notice shall state the time and place of the meeting and the purpose for which it is called, so far as is known at the date of the notice, and if the call be for an annual meeting, the notice shall so state. Such notice shall be sufficient for such meeting and any adjournment thereof. Any member may waive notice of any meeting either before, at, or after the meeting.

3.5 **Voting.** At any meeting of the members, each member shall have one vote. The Board of Directors may provide for vote by absentee ballot and the form of such absentee ballot. An absentee ballot is to be published in the newsletter prior to each board election. An absentee ballot may be revoked by the grantor prior to its exercise.

3.6 **Informalities and Irregularities.** All informalities or irregularities in any call or notice of a meeting, or in the areas of credentials, proxies, quorums, voting and similar matters, will be deemed waived if no objection is made at the meeting.

3.7 **Presiding Officer.** The president of the Corporation or a chairperson elected by the Board of Directors shall preside over the meeting of the members, and the secretary of the Corporation, or a secretary designed by the Board of Directors, shall be the recording secretary for the meeting.

3.8 **Order of Business.** The suggested order of business at meetings shall be as follows:

3.8.a Call to order

3.8.b Reading of minutes of previous meeting

3.8.c Reports of officers

3.8.d Reports of committee heads and committee members

3.8.e Other reports

3.8.f Unfinished business

3.8.g New business

3.8.h Election of directors

3.8.i Adjournment

3.9 **Inspection of Records.** Each member entitled to vote, upon written demand stating the purpose of

the examination, may examine, in person or by agent or attorney, at any reasonable time, for any proper purpose, the Corporation's relevant books and records of account, minutes and record of members, and may make copies of, or extracts from the books, records, or minutes.

3.10 **Informal Action Without a Meeting.** Any action which under any provisions of the Arizona Non-Profit Corporation law may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting for the action taken, shall be signed by two-thirds of the persons entitled to vote with respect to the subject matter thereof. Such consent shall be filed with the secretary of the Corporation.

PART 4

4.1 **General Powers.** The property, affairs, and activities of the Corporation shall be managed by the Board of Directors, which shall have all powers granted by the State of Arizona to the board of directors of a non-profit organization. No resolution or motion to commit the Corporation on any matter shall be considered by the Corporation until it has been authorized by the Board of Directors. Such resolutions or motions, if offered at a meeting of members, shall be referred to the Board of Directors without discussion.

4.2 **Number and Qualifications.** The Board of Directors shall consist of such number of directors, not fewer than three (3) and not more than nine (9), as may be determined from time to time by the Board of Directors. Directors shall be members of the Corporation.

4.3 **Election of Directors.** The first Board of Directors shall be elected at the organization meeting of the Corporation. At such meeting, directors shall be elected for terms as follows:

- one-third of the total number of directors for one year;
- one-third of the total number of directors for two years;
- one-third of the total number of directors for three years;

Thereafter, at each annual meeting of members, the members shall elect a number of directors equal to the number of directors whose terms expire as of that annual meeting, and each director so elected shall serve for a term of three (3) years. A director shall serve for the term for which he is elected and until his successor is elected and qualified. A director whose term expires or who resigns as a director shall not be appointed, elected or serve as a director until he has been off the Board of Directors for a period of twelve (12) months. A director who is elected to fill a vacancy on the Board of Directors for an unexpired term of less than one year may serve as a director, if elected, without having been off the Board of Directors for twelve (12) months. The term of a director who ceases to be an active member of the Corporation shall terminate immediately.

4.4 **Annual Meeting and Election of Officers.** Immediately after the annual meeting of members, the Board of Directors shall hold its annual meeting and elect the officers of the Corporation as follows: a president, a vice president, a secretary, a treasurer, and such other officers with such titles and with such powers and duties as may be deemed necessary by the Board of Directors. An officer must be a director and a member of the Corporation.

4.5 **Regular Meeting.** The Board of Directors shall meet at least quarterly. The president shall give each director reasonable notice of the time and place of each meeting of the Board of Directors. The Board of Directors shall keep minutes of its meetings and a full account of its transactions.

4.6 **Special Meetings.** Special meetings of the Board of Directors may be held from time to time upon call by the president, a majority of the Board of Directors, or two-thirds of the members of the Corporation.

Notice of special meetings of the Board of Directors shall be signed by the person(s) calling same, or by someone designated and so authorized and instructed by the person(s) calling same, and shall be sent by first class mail to each director at his post office address of record, or by electronic transmission (e-mail), with the Corporation not less than five (5) calendar days and not more than twenty (20) calendar days prior to the date of the meeting. Such notice shall state the time and place of the meeting and the purpose(s) for which it was called. No special meeting of the Board of Directors shall be valid unless notice of the meeting has been mailed to each director as provided above, or the giving of such notice shall have been waived in writing, or by electronic transmission (e-mail).

Attendance of a director at a special meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.7 **Quorum and Voting.** A majority of the Board of Directors at the time holding office shall constitute a quorum for the transaction of business. Each Board of Director present shall be entitled to one vote at each director's meeting. The act of the majority of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. All informalities or irregularities in any call or notice of a meeting, or in the areas of credentials, quorums, voting and similar matters, will be deemed waived if no objection is made at the meeting.

4.8 **Presumption of Assent.** A director of the Corporation who is present at a meeting of the Board of Directors or of any committee, at which action is taken on any corporate matter, will be presumed to have assented to the action taken unless (1) his dissent is entered in the minutes of the meeting, (2) he files his written dissent of such action with the person acting as secretary of the meeting before the adjournment of the meeting, or (3) he forwards his written dissent by certified mail to the secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent will not be available to a director who voted in favor of the action.

4.9 **Vacancies.** Any vacancy on the Board of Directors of the Corporation caused by the death, resignation, removal or other disqualification of a director may be filled by a majority vote of the remaining directors, even though not constituting a quorum, and such person who shall hold such office of director by like tenure for the unexpired term. Alternatively, at a special meeting called for that purpose, the members may fill any vacancy occurring on the Board of Directors for the unexpired term.

4.10 **Removal.** Any director may be removed by affirmative vote of two-thirds of the full Board of Directors for failure to participate, non-performance of duties, or other cause deemed sufficient by the Board of Directors. The members, by a vote of two-thirds of all members present at any special meeting called for the purpose, may remove from office any director, notwithstanding his term of office has not expired, and may forthwith at such meeting proceed to elect a successor for the unexpired term.

4.11 **Compensation.** Directors shall receive no compensation for their services as such but may, by resolution of the Board of Directors, be allowed reimbursement for their expenses actually and reasonably incurred on behalf of the Corporation.

4.12 **Informal Action Without a Meeting.** The Board of Directors may without a meeting, act by a resolution in writing (or in an email), agreed to by a majority of the full Board of Directors which shall be deemed to be action of the directors therein expressed, with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the secretary of the Corporation to record such resolution in the minutes of the Corporation under its proper date. An approved Consent Agenda at the next official meeting of the Board of Directors can also be used to officially document the vote.

4.13 **Executive Committee.** The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate two or more of its members to constitute an Executive Committee. The designation of such committee and the obligation thereto of authority shall not operate to relieve the Board of Directors, or any members thereof, of any responsibility imposed by law.

4.13.a **Authority.** The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee and except also that the Executive Committee shall not have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the members the sale, lease or other disposition of all or substantially all the property and assets of the Corporation otherwise than in the usual and regular course of its business, recommending to the members a voluntary dissolution of the Corporation or a revocation thereof, or amending the Bylaws of the Corporation.

4.13 .b **Tenure and Qualifications.** Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his designation and until his successor is designated as a member of the Executive Committee and is elected and qualified.

4.13 .c **Meetings.** Regular meetings of the Executive Committee may be held without notice at such times and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than one day's notice stating the place, date and hour of the meeting, which notice may be written or oral, and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at his business address. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting.

4.13.d **Quorum.** A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof and action of the Executive Committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

4.13.e **Informal Action Without a Meeting.** Any action that may be taken by the Executive Committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all the members of the Executive Committee before such action is taken.

4.13.f **Vacancies.** Any vacancy on the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

4.13.g **Removal and Resignations.** Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the president or secretary of the Corporation, and unless otherwise specified thereof, the acceptance of such resignation shall not be necessary to make it effective.

4.13.h **Procedure.** The Executive Committee shall elect a presiding officer from its members

and may fix its own roles of procedure which shall not be inconsistent with these Bylaws. The Executive Committee shall keep regular minutes of its meetings and report the same to the Board of Directors prior to the directors next meeting.

4.14 **Nominating Committees.** Prior to the annual meeting of the members, the Board of Directors shall appoint a committee to nominate persons for the director positions becoming vacant. The committee shall present their nominations for directors at the annual meeting of members.

4.15 **Special Committees.** The Board of Directors may also, from time to time, appoint any Special Committees deemed by it expedient, and refer to such Special Committees any matters with instructions and/or powers to act. Each Special Committee shall keep regular minutes of the transaction of their meetings and make such minutes available to the Board of Directors at the next meeting thereof following the proceedings of the Special Committee.

PART 5

5.1 **Officers.** The officers of the Corporation shall include a president, a vice president, a secretary, a treasurer, and such other officers with such titles, powers, and duties as may be prescribed by the Board of Directors. All officers shall be members and directors and shall be elected by the Board of Directors at its annual meeting or whenever a vacancy occurs. Each officer shall serve until a successor is elected and qualified.

5.2 **President.** The president shall preside at all meetings of the members and the Board of Directors. The president, along with other authorized officers, shall sign for and on behalf of the Corporation, or in its name, deeds, mortgages, contracts, and other instruments in writing, except that contracts may be signed with like effect by any other officer or employee of the Corporation specified in these bylaws or designated by the Board of Directors. While actively engaged in conducting the business of the Corporation, the president shall be charged with all the duties, and have all the authority, customarily performed and exercised by the chief executive of a corporation organized under the laws of Arizona, and shall perform such other duties as may be prescribed by the Board of Directors.

5.3 **Vice President.** The vice president shall have and may exercise such powers, and shall perform such duties, as may be delegated by the Board of Directors or the president of the Corporation. The vice president shall, in the event of the death, absence, or other disability of the president, perform all the duties, and exercise all the authority, of the president.

5.4 **Secretary.** The secretary shall record and keep the minutes of all meetings of the members, the Board of Directors, and any special committee of the Board of Directors; and keep the seal of the Corporation and affix and attest the same upon any document executed by the Corporation requiring a seal.

5.5 **Treasurer.** The Treasurer shall be a non-voting, non-elected member of the Board who is approved by the General Membership but is not subject to term limits. The Treasurer may be removed from office per standard removal procedures described above. The treasurer shall be the custodian of all monies belonging to the corporation and shall hold all funds of the Corporation subject to the order of the Board of Directors or persons thereunto authorized by the Board of Directors, and the treasurer shall deposit the funds of the corporation with such bank or banks as the Board of Directors may approve and designate. At each annual meeting of the members, and at each annual meeting of the Board of Directors, and whenever called upon at any other directors' meeting, the treasurer shall make a complete and correct report of the corporation's accounts and disclose the true financial condition of the Corporation. The treasurer shall submit the books and accounts of the Corporation for audit when so requested by the Board of Directors. The treasurer shall keep the membership records of the corporation.

5.6 **Other Officers.** Any assistant secretary elected by the Board of Directors, shall have and may exercise the same powers and perform the same duties as the secretary, subject to supervision by the secretary; and any assistant treasurer elected by the Board of Directors, shall have and may exercise the same powers and perform the same duties as the treasurer, subject to the supervision of the treasurer. Such assistant secretary, assistant treasurer, and any and all other officers elected by the Board of Directors, shall have and may exercise such powers and perform such duties as may be assigned to them by the Board of Directors.

5.7 **Compensation for Non-Profit Corporate Officers.** The officers of the Corporation shall not receive any salary or compensation for services rendered to the Corporation unless there is approval of the compensation by a majority of the Board of Directors in attendance at a duly held meeting, with any person seeking salary or compensation abstaining from voting on the matter.

5.8 **Bonds and Other Requirements.** The Board of Directors may require any officer to give bond to the Corporation (with sufficient surety and conditioned for the faithful performance of the duties of his office) and to comply with such other conditions as may from time to time be required of such officer by the Board of Directors. The premium on any bond shall be paid by the Corporation.

5.9 **Removal of Officers.** The Board of Directors may at any time, by a majority vote of the full Board of Directors, remove any officer or agent of the Corporation, with or without cause, and declare such office or offices vacant; or in the case of the absence or disability of any officer or for any other reason considered sufficient, the Board of Directors may temporarily delegate his powers and duties to any other officer or to any director.

5.10 **Vacancies.** In case of any vacancy among the officers by death, resignation, disqualification, or any other cause, the Board of Directors shall elect a successor to hold office until the next annual meeting of the Board of Directors.

5.11 **Committees.** The president may appoint such committees as he deems necessary to implement the intended purposes of the Corporation.

PART 6

6.1 **Description.** The Corporation shall have a corporate seal in the form of two circular conforming metal discs bearing the imprint and inscription of the name of the Corporation, in the center with, the words *Corporate Seal, Arizona* and the year of incorporation.

6.2 **Use.** The corporate seal shall be impressed upon all instruments executed by the Corporation upon which a seal is required by law.

6.3 **Authorization.** In the absence of the secretary or assistant secretary, any officer authorized by the Board of Directors may affix the seal of the Corporation to any instrument requiring a seal.

PART 7

7.1 **Fiscal Year.** The fiscal year of the Corporation shall be July 1 to June 30 of the following year.

7.2 **Bank Accounts.** All funds of the Corporation shall be deposited to its credit in such banks or

financial institutions designated by the Board of Directors. No funds shall be withdrawn therefrom unless the checks or other orders evidencing such withdrawals are signed by such officers or directors as the Board of Directors shall designate.

7.3 **Contracts.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

7.4. **Gifts.** The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purposes of the Corporation.

7.5 **Books and Records.** The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Directors and committees of the Board of Directors. The Corporation shall keep at its statutory agent's office, or its known place of business, a record of the names and addresses of its members entitled to vote. Books, records and minutes shall be in written form or in any other form capable of being converted into written form within a reasonable time.

PART 8

8.1 **Vote Required.** These Bylaws may be amended by a majority vote of the members of the Corporation at the annual meeting of members or at a special meeting of the members called for that purpose.

8.2 **Notice of Meetings for Amending Bylaws.** An amendment to the Bylaws may be adopted at any annual meeting of the members without previous notice, but if to be adopted at a special members' meeting, notice thereof shall be given in the call for the special meeting.

PART 9

9.1 **Prohibition Against Sharing in Corporate Earnings.** No member, director, officer, or employee of, or member of a committee of, or other person connected with the Corporation, or any other private individual, shall at any time receive any of the net earnings or pecuniary profit from the operations of the Corporation. This shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by the Board of Directors. No such person shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. All members of the Corporation shall be deemed to have expressly consented and agreed that upon dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, shall be distributed, transferred, conveyed, delivered, and paid over, in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, to one or more organizations organized and operated exclusively for charitable, religious, scientific, testing for public safety, literary, or educational purposes and which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and the regulations thereunder as they now exist or as they may hereafter be amended.

9.2 **Investment.** The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, as directed by the Board of Directors, which is or may hereafter be permitted by law. No action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial of the tax

exemption under Sections 503 or 507 of the Internal Revenue Code and the regulations thereunder as they now exist or as they may hereafter be amended.

9.3 **Exempt Activities.** Notwithstanding any other provision of these Bylaws, no member, director, officer, employee, or representative of the Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization, contributions to which are deductible under Section 170(c)(2) of such Code and regulations as they now exist or as they may hereafter be amended.

9.4 **Indemnification of Directors and Officers.** The Corporation shall indemnify every person and his estate, who by reason of the fact that the person is or was a director or officer of the Corporation, against liabilities and damages, including financial loss for judgments, fines and amounts paid or agreed to be paid in settlement of any claim, and in addition, the necessary and reasonable costs and expenses, including attorney's fees, incurred in connection therewith. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by the express provisions of Chapter 5, Title 10, Arizona Revised Statutes, and all amendments or additions thereto at any time in force or effect, and such indemnification shall be permissive in all other circumstances in which indemnification is not prohibited by law. In addition, permissive indemnification of any such person who incurs loss and expenses as above mentioned shall be permitted in any circumstances in which such indemnification is not prohibited by law and in which it is determined, in accordance with the provisions of A.R. S. Section 10-1005B, that such person acted, or failed to act, in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. As used herein, expenses shall include, but shall not be limited to, amounts of judgments, settlements of any claims, penalties or fines and interest thereon, rendered, levied or adjudged against such persons, costs of action, suit or proceeding, attorneys' fees, expert witness fees and amounts paid in settlement by such persons, provided that such settlement shall have been, or is thereafter, approved by the Board of Directors of the Corporation. It is intended hereby to comply with and take full advantage of Arizona laws governing such indemnification.

9.5 **Loans to Directors and Officers Prohibited.** The Corporation shall not lend money to, or use its credit to assist, its directors or officers, whether or not they are employees. Any director or officer who assents to, or participates in, the making of any such loan shall be liable to the Corporation for the amount of such loan until the repayment of the loan.

9.6 **Limitation of Liability of Directors.** The personal liability of the directors to the Corporation and its members for monetary damages for breach of fiduciary duty as a director is eliminated except for the following:

- 9.6.a Any breach of the director's duty of loyalty to the Corporation or its members;
- 9.6. b Acts or omissions which are not in good faith or which involve intentional misconduct or a knowing violation of law;
- 9.6.c A violation of A. R .S. Section10-1026 regarding the prohibition of shares of stock and dividends;
- 9.6.d Any transaction from which the director derived an improper personal benefit; and
- 9.6. e A violation of A.R. S. Section 1 0-1 097 regarding member and director conflicts of interest.

9.7 **Member and Director Conflicts of Interest.**

9.7. a No contract or other transaction between the Corporation and one or more of its members, directors, officers, or any other corporation, firm, association or entity in which one or more of its members, directors or officers are members, directors or officers or are financially interested, shall be void or voidable because of such relationship or interest, or because any member, director, or officer is present at the meeting of the Board of Directors or a committee of the Board of Directors which authorizes, approves or ratifies such contract or transaction, or because his or their votes are counted for such purpose, if any of the following apply:

9.7. a(1) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of those interested directors.

9.7.a(2) The fact of such relationship or interest is disclosed or known to the members entitled to vote on the matter, if any, and they authorize, approve or ratify the contract or transaction by vote or written consent.

9.7.a(3) The contract or transaction is fair and reasonable to the Corporation at the time the contract or transaction is authorized, approved or ratified in the light of circumstances known to those entitled to vote on the matter at that time.

9.7. b Any person seeking to establish that a contract or transaction described in this section is void or voidable must prove by clear and convincing evidence, that subsection 9.7 .a, paragraphs (1), (2) and (3) of this section are not applicable.

9.7.c Common or interested members, directors or officers may be counted in determining the presence of a quorum at a meeting of the Board of Directors, members or a committee of directors or members which authorizes, approves or ratifies the contract or transaction.

9.8 Conflict of Interest Policy: Exceptions.

9.8.a The Board of Directors of the Corporation may adopt a policy regarding transactions between the Corporation and interested persons. In this section, "interested person" means an officer or director of the Corporation or any other corporation, firm, association or entity in which an officer or director of the Corporation is a member, officer or director or has a financial interest.

9.8. b The requirements of this section do not apply:

9.8.b(1) If the Corporation had assets at the end of its last fiscal year with a book value of less than \$1,000,000 dollars, net of accumulated depreciation, or had gross receipts or revenues of less than \$500,000 dollars in its last fiscal year; or

9.8.b(2) If the Corporation offers goods or services only to members who are entitled to vote for its board of directors.

Change Log:

October 10, 2013

Modified Mission Statement to conform to changes voted by Board in September 12, 2013 meeting

Modified notification to include email.

Defined Document Control to encompass all secure and accessible electronic methods

Removed Membership designations that belong in the Policies.

Redefined Treasurer as a long term non-voting, non-elected Board position not subject to Term Limits.

Added Consent Agenda as method of documenting Board decisions outside of meetings

Defined Fiscal Year

Added Change Log to document changes in each version of Bylaws.