

BY-LAWS

Of

NORTH CANYON SWIM AND TENNIS CLUB

A Nonprofit Corporation

ARTICLE I

Members

Section 1. Classes of Members. The corporation shall have a single class of voting members within the meaning of the Utah Nonprofit Corporation and Cooperative Association Law. The number of voting memberships shall be fixed from time to time by vote of the members. The board may make provision for various classes of nonvoting members.

Section 2. Consideration. Voting memberships may be issued only for cash consideration in the amount of the value of voting memberships established from time to time by vote of the members. Any class of membership without voting rights can be issued for such consideration and on such terms as is determined by the board.

Section 3. Ownership of Memberships. Ownership of each membership shall be registered in such name or names the purchaser thereof may request. Memberships issued and outstanding as of the date of adoption of these by-laws shall be registered and conclusively deemed owned by the holder thereof in the same name or names as record title of the principal local residence of such holder is held, unless such holder advises the board within sixty (60) days of the date of adoption that ownership of his membership should be registered in some other name or names. A voting membership entitles the registered owner, and members of the household of such owner, to use the facilities operated by this corporation in accordance with these by-laws and any rules, regulations or resolutions now or hereafter in effect.

Section 4. Multiple and Fractional Memberships. No person may hold more than one voting membership, and no fractional memberships may be held.

Section 5. Transfer of Memberships. Voting memberships are transferable or assignable by the registered owner only upon payment of any sums owing to this corporation by such member and payment of any transfer fee established by the board from time to time.

Notwithstanding anything in these by-laws to the contrary, whenever the number of voting memberships issued and outstanding is less than the number of voting memberships authorized by vote of the members as provided herein, voting memberships shall not be transferable or assignable independent of the sale of the principal local residence of the registered owner unless the registered owner shall, within thirty (30) days of the requested transfer or assignment, have first offered to sell such membership to this corporation on the following terms and conditions:

- (a) The purchase price for such membership shall be the price the registered owner paid for the membership, plus the amount of subsequent capital contributions made in respect thereof, multiplied by the greater of (i) one or (ii) a fraction, the numerator of which is the then most recently published Consumer Price Index and the denominator of which is the Consumer Price Index most recently published prior to November 11, 1983. As used herein, "Consumer Price Index" means the Consumer Price Index for All Urban Consumers - U.S. City Average (All items; 1967 = 100 base), as published by the U.S. Bureau of Labor Statistics (or any successor agency) or any other index hereafter employed by the Bureau of Labor Statistics in lieu of said index. The price paid by all owners of voting memberships as of November 11, 1983, shall be deemed to be \$2,600.
- (b) The purchase price shall bear interest at ten percent (10%) per annum and be paid by this corporation in equal monthly installments over eighteen (18) months; provided, however, that if this corporation shall subsequently issue all voting memberships authorized to be issued, the balance of the purchase price then owing shall thereupon become due and payable.

The option of this corporation to purchase voting memberships as provided above shall be irrevocable. Each offer to sell a membership to this corporation in accordance herewith may be waived only in writing. This option shall be reinstated as to any membership not transferred or assigned within thirty (30) days following any waiver of this option in respect of such membership.

Memberships without voting rights in this corporation are transferable or assignable only as provided by the board.

Section 6. Fees, Annual Assessments, Special Assessments and Effect of Nonpayment. Each member shall be deemed to covenant and agree to pay to this corporation any fees and assessments described in this section together with any interest and costs of collection as hereinafter provided. All such amounts shall be, constitute and remain a charge and continuing lien upon the membership with respect to which such fee or assessment is made, and the personal obligation of the registered owner of such membership at the time the assessment falls due. No member may exempt himself from liability for payment of fees and assessments by waiver of his rights concerning the facilities operated by this corporation or any other rights or privileges of membership.

Fees and assessments levied by the board shall be used exclusively for the corporate purposes of this corporation described in its Articles of Incorporation.

Each membership shall be subject to annual assessment for the anticipated costs of maintenance and operation, and to establish appropriate reserves for the repair and replacement, of the facilities operated by this corporation. Such annual assessment shall be made on or before April 1 of each year and shall be due and payable in cash in full on May 1 following assessment.

The board may levy capital assessments for the purpose of payment of the cost of capital improvements, and may levy special assessments to cover shortfalls in assessments collected for maintenance and operation or unanticipated expenses.

Any fee or assessment not paid when due shall, together with the hereinafter provided for interest and costs of collection, be, constitute, and remain a charge and continuing lien upon the membership with respect to which such fee or assessment relates and the personal obligation of the registered owner of the membership at the time the fee or assessment falls due. Such personal liability shall not pass to the member's successor in title unless expressly assumed by such successor. If the assessment is not paid within thirty (30) days after the date on which it becomes delinquent, all rights and privileges of membership shall be suspended, the amount of the fee or assessment shall bear interest from the date of delinquency until paid at an annual rate equal to the greater of (i) twenty-five percent (25%) or (ii) five percent (5%) plus the maximum prime rate charged by banks in Salt Lake City, Utah, and this corporation may bring an action either against the member who is personally liable or to foreclose the lien against the membership and to collect any attorneys' fees, court costs, and each and every other expense incurred by this corporation in enforcing its rights.

## ARTICLE II

### Meetings of Members

Section 1. Regular Meetings. Regular meetings of voting members shall be held annually on a date set by the board in the month of March for transaction of such proper business as may come before the meeting. If the day fixed for the regular meeting shall be a legal holiday in the State of Utah, such meeting shall be held on the next succeeding business day.

Section 2. Special Meetings. Special meetings of voting members may be called by the board or the president. In addition, special meetings of voting members for the purpose of removal of trustees and election of their replacements or to transact other business may be called by the percentage of the voting members required to transact the business for which the meeting is called. No business may be transacted at a special meeting unless the general nature of such business was stated in the notice of the special meeting.

Section 3. Place of Meeting. The board may designate any place within Davis County, Utah, as the place of meeting for any regular meeting or for any special meeting called by the board. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation.

Section 4. Record Date. The record date for the purpose of determining the voting members entitled to notice of any meeting of members or entitled to exercise any rights in respect to any lawful action shall be the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining members entitled to cast written ballots, when no prior action by the board has been taken, shall be the day on which the first written ballot is mailed or solicited, whichever is first.

Section 5. Notice of Meeting. Whenever voting members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than ten (10) nor more than thirty (30) days before the date of the meeting to each voting member entitled to vote thereat. Such notice shall state the place, date and time of the meeting, and in the case of a special meeting, the general nature of the business to be transacted, or in the case of the regular meeting, those matters which the board, at the time of the mailing of the notice, intends to present for action by the voting members. If approval of the voting members is sought concerning the following matters, the general nature of the proposal must be stated in the notice of meeting or in any written waiver of notice, consent the holding of the meeting or approval of the minutes thereof:

- (a) An amendment to the Articles of Incorporation or these by-laws requiring the approval of the voting memberships;
- or
- (b) A modification of the liquidation rights of the memberships.

Notice of a meeting of voting members shall be given either personally or by mail or other means of written communication, addressed to the member at the address of such member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice.

If any notice addressed to a voting member at the address of such member appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to member at such address, all future notices shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one (1) year from the date of the giving of the notice to all other members.

Upon request in writing to the president by any person authorized by these by-laws to call a special meeting (other than the board), the president forthwith shall cause notice to be given to the voting members that a meeting will be held at the time fixed by the board, which time shall not be less than thirty (30) not more than sixty (60) days after the receipt of the request. This notice shall be given within twenty (20) days after receipt of the request.

When a meeting of voting members is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than forty-five (45) days, or if after the adjournment a new record date is fixed for the adjourned meeting, however, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

The transactions of any meeting of voting members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, unless required by law or these by-laws.

Section 6. Quorum. Except as otherwise provided in these by-laws or required by law, a majority of the voting power, represented in person, by written ballot, or by proxy, shall constitute a quorum at a meeting of voting members. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote and voting, shall decide any matters brought before the meeting, unless the vote of a greater number is required by law or these by-laws. The voting members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the voting members required to constitute a quorum. In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the votes represented either in person or by proxy, but no other business may be transacted, except as provided by law.

Section 7. Voting by Proxies. Every person entitled to vote a membership may authorize another person or persons to act by a written proxy with respect to such membership executed by such person or his duly authorized agent and filed with the secretary of the corporation. A proxy shall be valid only for the specific membership meeting for which it was given.

Section 8. Voting Without Meeting. Any action which may be taken at any regular or special meeting of voting members may be taken without a meeting if the written ballot of every voting member is solicited and if the required number of signed approvals in writing, setting forth the action so taken, is received.

**Section 9. Voting Memberships in Two (2) or More Names.** If a voting membership stands of record in the name of two (2) or more persons, whether fiduciaries, members a partnership, joint tenants, tenants in common, husband and wife as community property, tenants by the entirety or otherwise, or if two (2) or more persons (including proxyholders) have the same fiduciary relationship respecting the same voting membership, unless the secretary of the corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: If only one votes, such act binds all; if more than one votes, and the votes are not identical, the votes shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

**Section 10. Meeting of Nonvoting Members.** By resolution, the board may provide for meetings of nonvoting members from time to time, noticed and held in any manner determined by the board.

### ARTICLE III

#### Governing Board

**Section 1. General Powers.** Subject to the provisions of the Utah Nonprofit Corporation and Cooperation Association Act and any limitations in the Articles and by-laws of this corporation, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the governing board. The board may delegate the management of the activities of the corporation to any person or persons management company, or committee however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the board.

**Section 2. Number of Trustees.** The board shall consist of not less than eight (8) nor more than fourteen (14) members with the exact number of trustees to be fixed within the limits specified, by approval of the board, in the manner provided in these by-laws.

**Section 3. Selection.** Except for a trustee elected at a special meeting of the voting membership, trustees shall be elected at a meeting of the board by written ballot. In any election of trustees, the candidates receiving the highest number of votes are elected. Cumulative voting shall not be permitted.

By resolution, the board shall authorize a nomination and selection procedure which includes a reasonable means for voting members to nominate persons for election as trustees, a reasonable opportunity for a nominee to communicate to the board the nominee's qualifications and the reasons for the nominee's candidacy, a reasonable opportunity for all nominees to solicit votes, and a reasonable opportunity for all trustees to choose among the nominees.

No person or any member of such person's household may serve as a trustee within two years of any prior term as trustee of such person or household member.

**Section 4. Term.** Trustees are elected to a term of two (2) years. Terms shall commence and end on a date set by the board in the month of August. The terms of one-half of the board shall expire each year. Each trustee, including a trustee elected to fill a vacancy, shall hold office until his successor is elected, except as otherwise provided by law.

**Section 5. Regular Meetings.** The board may fix by resolution the time and place for the holding of regular meetings of the board without other notice than such resolution. Notice of any change in the time or place of regular meetings shall be given to all of the trustees in the same manner as notice for special meetings of the board.

**Section 6. Special Meetings.** Special meetings of the board for any purpose or purposes may be called by the president or, if the president is absent or refuses to act, by the vice president or the treasurer or any two (2) trustees. The person or persons authorized to call special meetings of the board may fix any place within Davis County, Utah, as the place for holding any special meeting of the board called by him or them.

**Section 7. Notice.** Special meetings of the board shall be held upon two (2) days notice delivered personally, or by first-class mail, telephone, telegraph or facsimile transmission. Notice of a meeting need not be given to any trustee who signed a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to himself. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws.

**Section 8. Quorum and Adjournment.** A majority of the number of trustees then in office shall constitute a quorum for the transaction of business at any meeting of the board. A majority of the trustees present, whether or not a quorum is present, may adjourn a meeting for twenty-four (24) hours or less without further notice. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the trustees who were not present at the time of the adjournment. Members of the board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting in such a manner constitutes presence in person at such meeting.

**Section 9. Manner of Acting.** The act of a majority of the trustees present at a meeting duly held at which a quorum is present shall be the act of the board of trustees, unless the act of a greater number is required by law, the Articles of Incorporation or these by-laws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of trustees, if any action taken is approved by at least a majority of the required quorum for such meeting, or such a greater number as is required by law, the Articles or these by-laws. Any action required or permitted to be taken by the board may be taken without a meeting if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as a unanimous vote of such trustees.

**Section 10. Vacancies.** The board may declare vacant the office of a trustee who has been declared of unsound mind by a final order of court, convicted of a felony, or is generally not performing his duties as a board member. Any vacancy occurring on the board and any trusteeship to be filled by reason of an increase in the number of trustees shall be filled by a majority of trustees then in office, or by a sole remaining trustee. The board may fill vacancies occurring on the board by reason of the removal of trustees. The voting members may elect a trustee at any time to fill any vacancy not filled by the trustees or to fill a vacancy created by removal of a trustee by the vote of the membership. A trustee elected to fill a vacancy shall hold office during the unexpired term of his predecessor in office and until his successor is elected.

**Section 11. Compensation.** Trustees as such shall not receive any stated salaries for their services.

**Section 12. No Interest in Assets.** No trustee shall possess any property right in or to the property or assets of the corporation (other than the distributive rights of a voting member upon dissolution). In the event the corporation owns or holds any property or assets at its dissolution and winding up, after paying or adequately providing for its debts, liabilities and obligations, the trustees shall dispose of the remaining property and assets in accordance with the provisions of these by-laws.

**Section 13. Resignation.** Any trustee may resign effective upon giving written notice to the president, the secretary or the board of the corporation, unless the notice specifies effectiveness at a future time, and a successor may be elected to take office when the resignation becomes effective.

**Section 14. Removal.** Unless otherwise restricted by law, any trustee or the entire board may be removed with or without cause by a two-thirds (2/3rds) majority vote of the voting memberships, and a successor trustee or trustees elected by the same vote.

## ARTICLE IV

### Officers

**Section 1. Officers.** The officers of the corporation shall be a president, a vice president, a secretary, a treasurer and such other officers with such titles and duties as shall be determined by the board. Multiple offices may not be held by the same person.

**Section 2. Selection and Term of Office.** The officers of the corporation shall be chosen from among the membership of the board by the board and shall serve at the pleasure of the board. Each officer's term of office shall commence in August of any year and end in August of the next following year. No person shall hold two consecutive terms.

**Section 3. Removal.** Any officer selected by the board may be removed by the board whenever in its judgment the best interests of the corporation would be served thereby.

**Section 4. Resignation.** Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

**Section 5. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board.

Section 6. President. Subject to such powers and duties, if any, as may be prescribed by these by-laws or the board, the president shall be the general manager and chief executive officer of the corporation and shall, subject to the control of the board, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the voting and nonvoting members and at all meetings of the board. He shall have all of the powers and shall perform all of the duties which are ordinarily inherent in the office of the president, and he shall have such further powers and shall perform such further duties as may be prescribed for him by the board.

Section 7. Vice President. In the absence of the president, or in the event of his inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice president shall perform such other duties and have such other powers as the board may from time to time prescribe. The vice president shall be selected each year from among the newly elected board members, and shall succeed the president upon the expiration of the president's term of office as trustee.

Section 8. Treasurer. The treasurer shall be the chief financial officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of account of the corporation. He shall receive and deposit all moneys and other valuables belonging to the corporation in the name and to the credit of the corporation and shall disburse the same only in such manner as the board or the appropriate officers of the corporation may from time to time determine, shall render to the chief executive officer and the board, when requested, an account of all his transactions as treasurer and of the financial condition of the corporation, and shall in general perform all duties incident to the office of the chief financial officer and such further duties as the board may require.

Section 9. Secretary. The secretary shall keep or cause to be kept at the principal executive office of the corporation or such other place as the board may order, a book of minutes of all proceedings of the voting members, the board and committees of the board, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, the names of present at trustees' and committee meetings, and the number of members present or represented at meetings of voting members. The secretary shall keep or cause to be kept at the principal executive office or at such other place as the board may order a record of voting members or a duplicate record of voting members showing the names of the voting members and their addresses. The secretary or, if he is absent or unable or refuses to act, any other officer of the corporation, shall give or cause to be given notice of all the meetings of the voting members, the board and committees of the board required by the by-laws or by law, and he shall keep the seal of the corporation, if any, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board or by the by-laws.

## ARTICLE V

### Committees

Section 1. Committees of Trustees. The board may, by resolution adopted by a majority of the number of trustees then in office, provided that a quorum is present, create one (1) or more committees, each consisting of two (2) or more trustees, to serve at the pleasure of the board. Appointments to such committees shall be by a majority vote of the trustees then in office. The board may appoint one (1) or more trustees as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

- (a) The approval of any action for which the Utah Nonprofit Corporation and Cooperative Association Act also requires approval of the voting members;
- (b) The filling of vacancies on the board;
- (c) The fixing of compensation of employees, managers and staff;
- (d) The amendment or repeal of the Articles or by-laws or the adoption of new by-laws;
- (e) The amendment or repeal of any resolution of the board;
- (f) The appointment of other committees of the board or the members thereof; or
- (g) The approval of any self-dealing transaction.

Section 2. Other Committees. Other committees not having and exercising the authority of the board in the management of the corporation may be designated by a resolution adopted by a majority of the trustees present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be voting members of the corporation and the chief executive officer of the corporation shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the corporation shall be served by such removal.

Section 3. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the voting members of the corporation and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall resign or be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 4 Chairman. One (1) member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled as provided in the resolution of the board designating the committee.

Section 6. Quorum and Manner of Acting. Unless otherwise provided in the resolution of the board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

## ARTICLE VI

### Contracts, Checks, Deposits and Funds

Section 1. Contracts. The board may authorize any officer or officers to be agent or agents of the corporation, in addition to the officers so authorized by these by-laws, and 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.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the board. In the absence of such determination by the board such instruments shall be signed by the treasurer and countersigned by the chief executive officer of the corporation.

Section 3 Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board may select.

## ARTICLE VII

### Operation and Maintenance of Corporate Facilities

The board shall provide for the operation and maintenance of the facilities now or hereafter owned or leased by the corporation, shall take such actions as may be necessary or desirable to make such facilities appropriately usable for their intended purposes and the corporate purposes of this corporation, and to keep such facilities clean, functional, attractive and generally in good condition and repair.

The board shall at all times maintain in force insurance meeting the following requirements:

- (a) Hazard Insurance: Fire and extended coverage insurance covering the insurable portions of the properties and facilities owned by the corporation in an amount not less than one hundred percent (100%) of the replacement cost thereof.
- (b) Liability and other Insurance: Comprehensive general liability and other insurance in such amount and with such coverage as is recognized in the greater Salt Lake metropolitan area as good insurance practice with respect to property of like character.

The board may carry out through a manager and staff any of its functions which are properly the subject of delegation. Any manager or staff member so engaged shall be an independent contractor and not an agent or employee of the corporation, and shall be responsible for managing the club facilities for the benefit of the corporation and the members as directed by the board.

The board shall promulgate and enforce such reasonable rules, regulations and procedures as may be necessary or desirable to aid the corporation in carrying out any of its functions or to ensure the operation, use and maintenance of the club facilities consistent with its corporate purposes and the health, safety and best interests of the members.

## ARTICLE VIII

### Books and Records

The board shall keep adequate and correct books and records of account and shall also keep minutes of the proceedings of its voting members, board and committees of the board and shall also keep a record of the names and addresses of the members entitled to vote. Minutes shall be kept in written form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form. All books and records of the corporation may be inspected by any voting member, or his agent or attorney for any proper purpose at any reasonable time, subject to the provisions of applicable law regarding access to members' names, addresses and voting rights. Any right of inspection includes the right to copy and make extracts and extends to the records of each subsidiary of the corporation, if any.

## ARTICLE IX

### Annual and Other Reports

Section 1. Annual Report. The board shall cause to be prepared and sent yearly, to the voting members, not later than one hundred twenty (120) days after the close of the fiscal year, an annual report containing in appropriate detail the following information:

- (a) A balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year; and
- (b) A statement of the place where the names and addresses of the current members may be found.

The report required by this section shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

The corporation shall notify each voting member yearly of the member's right to receive the annual report prepared pursuant to this section.

Section 2. Annual Statement of Certain Transactions. The board shall cause to be prepared and sent annually to the voting members, within one hundred twenty (120) days after the close of the corporation's fiscal year, a statement which briefly describes each of the following transactions, if either or both occurred in the previous fiscal year:

- (a) Any transaction during the previous fiscal year involving more than one thousand dollars (\$1,000).
- (b) Any transaction or series of transactions during the previous fiscal year involving or aggregating more than one thousand dollars (\$1,000) in which the corporation was a party and any trustee, officer or member had a direct or indirect material financial interest.

This annual statement shall also describe briefly the amount and circumstances of any indemnifications or advances aggregating more than one hundred dollars (\$100) paid during the fiscal year to any officer or trustee of the corporation pursuant to law or any provision of these by-laws providing for the indemnification of officers and trustees; provided that no such report need be made in the case of indemnification previously approved by the members.

## ARTICLE X

### Certificates of Memberships

Neither the issuance nor the holding of certificates or shares shall be necessary to evidence membership in this corporation. Nevertheless, the board may provide for the issuance of certificates evidencing membership (whether with or without voting rights) in the corporation. A membership certificate evidencing no voting rights shall be in such form as may be determined by the board. A membership certificate evidencing voting rights shall state on the certificate that the corporation is a nonprofit corporation which may not



make distributions to its voting members in furtherance of a plan for the distribution of gains, profits or dividends to members except upon dissolution. The name and address of each voting member and the date of issuance of the certificate shall be entered on the records of the corporation. If any certificate shall become lost, stolen, mutilated or destroyed, a new certificate may be issued therefore upon such terms and conditions as the board may determine.

## ARTICLE XI

### Prohibited Transactions

Unless at least three-fourths (3/4ths) of the members entitled to vote have given their prior written consent or have authorized any of the following actions in a duly called meeting of the members, the corporation shall not be entitled, by act, omission or otherwise:

- (a) To incur debts other than in the ordinary course of maintaining and operating its facilities consistent with its corporate purposes;
- (b) Except in connection with the operation and maintenance in the ordinary course of the facilities owned or operated by this corporation, to incur any debt, whether secured or unsecured, or become bound to pay from corporate funds any amount in excess of five hundred dollars (\$500);
- (c) To pay in excess of a reasonable amount for salaries or other compensation for personal services actually rendered;
- (d) To engage in any transaction which results in a diversion of the funds of the corporation to the benefit of any private individual, other than for fair consideration;
- (e) To sell voting memberships for consideration other than cash in the full amount of the value of such membership as established by the vote of the members;
- (f) To use proceeds from the sale of voting memberships (other than voting memberships repurchased pursuant to Section 5 hereof or acquired upon foreclosure) for any purpose other than capital improvements, additions or acquisitions to the facilities owned and operated by this corporation;
- (g) To use moneys in reserve accounts established pursuant to Section 6 hereof for any other purpose;
- (h) To levy a capital assessment as provided in Section 6 hereof;
- (i) To fail to maintain the insurance coverage required by Article VII hereof;
- (j) To use hazard insurance proceeds resulting from damage to any properties, equipment or other assets of the corporation for purposes other than the repair, replacement or reconstruction of the properties, equipment or other assets so damaged;
- (k) To abandon, partition, subdivide, encumber, sell, or transfer all or any part of the property, equipment or other assets owned by the corporation (except for the granting of easements for utilities and similar purposes consistent with its corporate purposes and the intended use of the facilities); or
- (l) To adopt any resolution which by its express terms is not amendable or repealable.

## ARTICLE XII

### Indemnification of Trustees and Officers

This corporation shall, to the maximum extent permitted by law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred and arising by reason of the fact that any such person is or was an agent of this corporation, but only if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, had no reasonable cause to believe was unlawful. For purposes of this Article XII, an "agent" of this corporation includes any person who is or was a trustee, officer, employee or other agent of this corporation.

### ARTICLE XIII

#### Dissolution

A resolution to dissolve this corporation may be adopted only upon a three-fourths (3/4ths) majority vote of the voting memberships. In the event the corporation owns or holds any property or assets upon its dissolution and winding up, after paying or adequately providing for its debts, liabilities and obligations, and taking any other required actions, all remaining property or assets shall be distributed equally among the then outstanding voting memberships. Any plan of distribution upon the dissolution and winding up of this corporation making other provision for distributive shares may be adopted only upon a three-fourths (3/4ths) majority vote of the voting memberships.

### ARTICLE XIV

#### Amendments to By-Laws

New by-laws may be adopted, or these by-laws may be amended or repealed, by the board or by the voting members as provided by these by-laws. A copy of the proposed amendment or new by-laws shall be included in the notice of meeting given to each trustee or voting member, as the case may be; provided, however, that no amendment of the following matters may be adopted except by vote or written consent of three-fourths of the voting members of the corporation:

- (a) An amendment to Section 5 of Article I relating to the transfer of memberships;
- (b) An amendment to Section 6 of Article I relating to fees, annual assessments, special assessments and the effect of nonpayment;
- (c) An amendment to Section 3 of Article III relating to the selection of trustees;
- (d) An amendment to Section 4 of Article III relating to the term of trustees;
- (e) An amendment to Section II of Article III relating to the compensation of trustees;
- (f) An amendment to Section 12 of Article III relating to conflicts of interest of trustees;
- (g) An amendment to Section 14 of Article III relating to the removal of trustees;
- (h) An amendment to Article VII relating to the required insurance;
- (i) An amendment to Article IX relating to the required reports;
- (j) An amendment to Article XI relating to the prohibited transactions;
- (k) An amendment to Article XIII relating to the dissolution; or
- (l) An amendment to this Article XIV relating to the amendment of the by-laws.

### ARTICLE XV

#### Fiscal Year

The fiscal year of this corporation shall be the calendar year.