

Title: Association Property Inventory – President

Proposed Motion: Accept the President's inventory as a complete inventory of property and task the Treasurer with maintaining a copy in the association's financial records.

Discussion:

Association property includes “infrastructure” (such as the windmill and associated tankage, the entry gate, three- and two-rail pipe fencing, and signage) as well as assets such as traffic hazard cones and unused material planned for use in road improvement projects.

Infrastructure:

Windmill: approximate replacement cost \$ 8,000

Water storage tank, approx 2600 gallon capacity: approximate replacement cost \$ 5,500

Platform for water storage tank: approximate replacement cost \$ 500

Three-rail pipe fencing surrounding trough (109'): approximate replacement cost \$ 4,000

Entry gate posts & beam, two HLR logos attached to gate posts, HLR banner suspended from beam, 304' of two-rail pipe fencing, approximate replacement cost (material and labor) \$ 15,000

Other Assets:

- Ten traffic warning cones: valued at \$180
- Two 8' x 20' GeoCell units: valued at \$415
- 1412 #10 franked window envelopes: valued at \$1216
- 241 #9 window envelopes: valued at \$ 21.69
- 284 #9 envelopes: valued at \$ 25.56
- 69 first class postage stamps: valued at \$40.02
- 61 additional ounce postage stamps: valued at \$12.20

Title: Attorney Subscription Service Renewal – President

Proposed Motion: Authorize the Treasurer to renew our current annual subscription service with Jason Smith of Goodman, Holmgren, and Smith (GHS).

Discussion:

The association has a “subscription service” with Jason Smith of Goodman, Holmgren, and Smith. This service allows unlimited 15 minute calls for consul or questions. We pay \$50 / month for the subscription, currently billed annually. Any other legal service is billed on a standard rate and fee schedule. There is no discount related to the subscription service -- there is no financial advantage or disadvantage to obtaining other legal services from GHS instead of some other firm because of our subscription service.

Other firms offer similar subscription services. The going rate is \$50 / month. Most GHS clients are billed \$150 quarterly. HLRE-POA is one of only a few clients with an annual contract.

Our current subscription expires at the end of September.

Title: Renew Liability Insurance Coverage – President

Proposed Motion: Authorize Treasurer to Renew Current Liability Insurance Coverage.

Discussion:

Our current carrier, Farm Bureau, is the most cost effective liability insurance.

If passed by referendum, proposed amendments to our bylaws will remove the requirement to add hazard insurance to our current coverage allowing us to continue self-insuring as we have been for at least ten years.

Renewing our current coverage while awaiting the result of the referendum avoids any lapses in liability coverage.

If the proposal to amend our bylaws fails we can subsequently add hazard insurance to our Farm Bureau liability policy without penalty.

Title: Amend Article 7.3.C of Bylaws (insurance requirements) – President

Motion: Amend Article 7.3.C of the Association bylaws to remove the requirement to carry commercial property insurance.

Dependent Motion: Conduct a referendum of the membership to ratify amending Article 7.3.D of the Association bylaws to remove the requirement to carry commercial property insurance.

Discussion:

Removing the requirement to carry commercial insurance against property damage allows the association flexibility in choosing how to insure against property damage – self-insuring or carrying commercial coverage.

Carrying commercial coverage will add approximately \$300 to our annual fixed expenses.

The association has for at least the last ten years been self-insuring against property damage in contravention of our bylaws; however, it is bad practice to allow the association's Board of Directors to pick-and-choose which bylaws to follow and which to ignore.

Best practice calls for changes to association bylaws to be ratified by vote of the membership. If the board of directors resolves to amend Article 7.3.D a follow-on motion is to put the amendment to membership referendum.

Proposed Referendum re Amended Article 7.3.C of the Association Bylaws

At the regular meeting of the Board of Directors held on 23 September 2021 the Directors repealed previous versions of Article 7.3.C of the Association Bylaws and replaced them with the text of Article 7.3.C as shown below. The change removes the requirement to obtain commercial hazard (property) insurance and allows the association the flexibility to choose to self-insure against property damage as we have been doing for at least the last ten years.

What is your opinion of the decision to repeal and replace the text of Article 7.3.C as shown below?

_____ Agree _____ Disagree _____ Abstain

A vote of “agree” vote will let stand the revised version of Articles 7.3.C implemented by resolution of the Board of Directors on 23 September 2021.

A vote of “disagree” will repeal the changes and return to the previous version of Article 7.3.C of the Association Bylaws.

Current Version of Article 7.3.C of the Association Bylaws

C. Procure and maintain liability and hazard insurance on property owned by the Association in the amounts required by the Declaration or otherwise determined by the Board of Directors in their sole discretion;

Amended Version of Articles 7.3.C of the Association Bylaws

C. Procure and maintain liability insurance on property owned by the Association in the amounts required by the Declaration or otherwise determined by the Board of Directors in their sole discretion;

Markup Showing Change to Article 7.3.C of the Association Bylaws

C. Procure and maintain liability ~~and hazard~~ insurance on property owned by the Association in the amounts required by the Declaration or otherwise determined by the Board of Directors in their sole discretion;

Title: Amend Bylaws Regarding Conduct of Board Business in Event of Vacancy – President

Proposed Motion: Amend Articles 4.3 & 4.4 of the Association bylaws to permit the Board of Directors to conduct regular business during the period of time required to fill a vacancy by election.

Dependent Motion: Conduct a referendum of the membership to ratify amending Articles 4.3 and 4.4 of the Association bylaws to permit the Board of Directors to conduct regular business during the period of time required to fill a vacancy by election.

Discussion:

The purpose of the proposed amendment is to provide for continuity of operation by the Board of Directors in the event a temporary vacancy creates a board composed of four members.

Section 4.1 of our current bylaws requires the board to consist of either three or five members, technically not permitting the board to conduct regular business while composed of four members.

It has happened in the past and may happen in the future that resignation or other event could result in a vacancy leaving the board composed of only four members.

By current bylaws and procedures the minimum timeline to fill a vacancy by special election is forty-five (45) days. Depending on the timing of the vacancy vis-a-vis the next scheduled membership meeting the timeline could be as much as 60 days.

While Article 4.3 permits vacancies to be filled by appointment it is preferable to fill vacancies by election of the membership.

Current version of Article 4.3 is poorly constructed, combining two topics into one article (recalls and handling of vacancies). The proposed amendment corrects this by putting the two topics into separate articles while adding additional text to permit conduct of regular business by a board composed of four members until the vacancy can be filled by election.

The current version of Article 4.3 contains an erroneous citation which the proposed amendment corrects.

Best practice calls for changes to association bylaws to be ratified by vote of the membership. If the board of directors resolves to amend Articles 4.3 & 4.4 a follow-on motion is to put the amendments to membership referendum.

Proposed Referendum re Amended Articles 4.3 & 4.4 of the Association Bylaws

At the regular meeting of the Board of Directors held on 23 September 2021 the Directors repealed previous versions of Articles 4.3 & 4.4 of the Association Bylaws and replaced them with the text of Articles 4.3, 4.4, and 4.5 as shown at enclosure 1. The change separates the discussion regarding recalling a Director into an article separate from the discussion regarding handling a vacancy on the Board of Directors and permits the Board of Directors to conduct regular business during the time required to fill a vacancy by election of the membership.

What is your opinion of the decision to repeal and replace the text of Articles 4.3 & 4.4 and replace them with the text of Articles 4.3, 4.4, and 4.5 as shown at enclosure 1?

_____ Agree

_____ Disagree

_____ Abstain

An “agree” vote will let stand the revised version of Articles 4.3, 4.4 and 4.5 implemented by resolution of the Board of Directors on 23 September 2021.

A “disagree” vote will repeal the changes and return to the previous version of Articles 4.3 and 4.4 of the Association Bylaws.

Previous Version of Articles 4.3 and 4.4 of the Association Bylaws

Section 4.3 Removal. Any director may be removed from the Board, with or without cause, by a simple majority vote of a quorum of the Members present in person or by mail, electronic ballot, if and as permitted by state law, or absentee ballot at a meeting of the Members, in accordance with A.R.S. 33-1813. In order to recall any director, a petition signed by 25 percent of the Members entitled to vote must be presented to the Board. The Board will call a meeting of the Members within forty five (45) days fro the receipt of a valid petition, ballots will be mailed or provided electronically, if and as permitted by state law, to all Members and counted in the vote. Any director so removed by the Members shall be replaced by a director elected by the Members. Such election can take the form of a “recall and replace” ballot, or by a separate election, as directed by the Member action. A replacement candidate, or candidates, may be selected by the Member or Members initiating the recall effort, however a write-in section shall be included in the replacement portion of the ballot. So as to avoid any conflict of interest, the existing Board of Directors' sole responsibility shall be the announcement of the meeting and distribution of the ballot. Any meeting that may be held for the recall vote, and any other actions related to the recall, are coordinated by the Member action. The Board of Directors shall retain all documents and other records relating to the proposed removal of the Member of the Board of Directors for at least three years after the date of the special meeting and shall permit Members to inspect those documents and records pursuant to section 33-1805. A recalled director is ineligible to run for office again. In the event of a death or resignation of a Director, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor. If, however, more than twelve (12) unexpired term months remain, a special election of the Members may be held, at the discretion of the Board, in accordance to the procedures of an annual election. Under these circumstances, the Board, at its discretion, may appoint an interim director until the special election can be held. The interim Director's eligibility to serve on the Board is limited to term limits as outlined in these bylaws, but he or she may also run for election in the special election for the remaining term on the Board if the term limits have not been surpassed, or if completion of the remaining term does not surpass term limits.

Section 4.4 Compensation. No Director shall receive compensation for any service he or she may render to the Association that is within his or her duties as a Director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his duties, provided such expenses are documented and approved by the Board.

Amended Version of Articles 4.3 & 4.4 of the Association Bylaws

Section 4.3 Removal. Any director may be removed from the Board, with or without cause, by a simple majority vote of a quorum of the Members present in person or by mail, electronic ballot, if and as permitted by state law, or absentee ballot at a meeting of the Members, in accordance with A.R.S. 33-1813. In order to recall any director, a petition signed by 25 percent of the Members entitled to vote must be presented to the Board. The Board will call a meeting of the Members within forty five (45) days from the receipt of a valid petition, ballots will be mailed or provided electronically, if and as permitted by state law, to all Members and counted in the vote. Any director so removed by the Members shall be replaced by a director elected by the Members. Such election can take the form of a "recall and replace" ballot, or by a separate election, as directed by the Member action. A replacement candidate, or candidates, may be selected by the Member or Members initiating the recall effort, however a write-in section shall be included in the replacement portion of the ballot. So as to avoid any conflict of interest, the existing Board of Directors' sole responsibility shall be the announcement of the meeting and distribution of the ballot. Any meeting that may be held for the recall vote, and any other actions related to the recall, are coordinated by the Member action. The Board of Directors shall retain all documents and other records relating to the proposed removal of the Member of the Board of Directors for at least three years after the date of the special meeting and shall permit Members to inspect those documents and records pursuant to A.R.S. 33-1805. A recalled director is ineligible to run for office again.

Section 4.4 Vacancy. In the event of a death or resignation of a Director, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor. If, however, more than twelve (12) unexpired term months remain, a special election of the Members may be held, at the discretion of the Board, in accordance to the procedures of an annual election. Under these circumstances, the Board, at its discretion, may appoint an interim Director until the special election can be held. The interim Director's eligibility to serve on the Board is limited to term limits as outlined in these bylaws, but he or she may also run for election in the special election for the remaining term on the Board if the term limits have not been surpassed, or if completion of the remaining term does not surpass term limits. Notwithstanding the provisions of Section 4.1 of these bylaws, should a vacancy result in a Board composed of four Directors and the Board in its discretion not appoint an interim Director, the Board may continue to meet and conduct business until the vacancy is filled at the next annual meeting of the Members or by special election if same is called by the Board of Directors.

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Markup Showing Changes to Articles 4.3 and 4.4 of the Association Bylaws

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