



BYLAWS

COMMUNITY HOMES OF PATAGONIA, INC. (Approved November 3, 2006 by Initial Board of Directors; amended by Board and Members on January 25, 2014 & January 30, 2016)

ARTICLE I: Name and Purpose

1. Name. The name of this organization shall be COMMUNITY HOMES OF PATAGONIA, INC., hereinafter referred to as the "Corporation."
2. Purpose. The purpose of the Corporation shall be as specified in the Articles of Incorporation.

ARTICLE II: Membership

1. Initial Members. The Initial Members empowered to vote at the first annual Membership meeting shall be those persons 18 years of age or older who have attended at least one of the orientation meetings held between January 1, 2006 and the time of the first annual Membership meeting, as recorded in the minutes of these meetings.
2. Members. Subsequent to the first annual Membership meeting, the Members of the Corporation, with full voting rights, **"shall be all persons, 18 years of age or older, who lease land or housing from the Corporation or who lease or own housing that is located on land leased by another entity from the Corporation; or"** who have complied with the following requirements:
 - a. Submission of a Membership application including a signed statement of support for the purposes of the Corporation in a form to be determined by the Board of Directors; and
 - b. Payment of dues for the current calendar year.
3. Requirements for Continuing Member Status. To maintain Member status beyond a person's first year, the person must:
 - a. Have attended at least one Meeting of the Membership or Board of Directors during the previous twenty-four months, showing continued interest in the Corporation; or have shown good cause for non-attendance; and
 - b. Have paid dues established for the current calendar year.
4. Rights of Members.
 - a. Every Member shall have the right to participate in meetings of the Membership, to cast one vote on all matters properly put before the Membership for consideration, to nominate and participate in the election of the Board of Directors as provided by these Bylaws, to serve on the Board of Directors or on committees if chosen, to receive notices and minutes of Membership Meetings and Annual Reports of the Corporation,
 - b. The assent of the Members, in accordance with these Bylaws, shall be required before action may be taken on the establishment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Articles of Incorporation or these Bylaws, and the dissolution of the Corporation.
5. Membership Dues.
 - a. Annual membership dues shall be established for each calendar year by a majority vote of the Members at the Annual Membership Meeting preceding that year. If no such action is taken to establish dues for a given year, the dues for that year shall be as established for the previous year.
 - b. Annual dues may be paid either in cash or through a contribution of labor to the organization. The Board of Directors shall determine the hourly rate at which labor will be credited as dues, and shall have the power to designate the types of labor that may be credited.

6. Membership Meetings.

- a. Notice of Meetings. Written notice of every Membership Meeting shall be given to all Members and shall include an agenda for the meeting. Except as otherwise provided in Article VIII of these Bylaws, notice shall be mailed at least seven days prior to a meeting.
- b. First Annual Meeting. The First Annual Meeting of the Membership, for the ratification of these Bylaws, the election of Directors, the establishment of membership dues, and the transaction of other business, shall be held in January 2007. The location and specific time of the First Annual Membership Meeting shall be determined by the Initial Board of Directors. Notice of the First Annual Membership Meeting shall be mailed to all Initial Members at least seven days prior to the Meeting and shall include a list of those persons nominated for the Board of Directors in accordance with Article III, paragraph 4 of these Bylaws.!
- c. Annual Meetings. Subsequent to the First Annual Membership Meeting, the Annual Meeting of the Membership, for reports to the Membership by the Board of Directors and Officers, the election of Directors, the assessment of dues, and the transaction of other business, shall be held in January of each year. The location and specific time of the Annual Meeting shall be determined by the Board of Directors. Notice of the Annual Membership Meeting shall include a list of those persons nominated for the Board of Directors as provided in Article III, paragraph 5 of these Bylaws.
- d. Member Meetings. Membership Meetings may be scheduled by the Members at such times and places as they shall establish at the Annual Membership Meeting.
- e. Special Meetings. Special Membership Meetings may be called by the Board of Directors or by a written petition, addressed to the President of the Corporation, signed by at least one-half (1/2) of the Members. At a Special Membership Meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the Membership.
- f. Open Meetings. All Membership Meetings shall be open to any person.
- g. Minutes. Minutes of all Membership Meetings shall be recorded by the Secretary of the Corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Members at the next Membership Meeting.
- h. Quorum. A quorum shall consist of one-third (1/3) of the total Members, as determined by the Secretary of the Corporation.
- i. Decision-making. Whenever possible, decisions shall be made at Membership Meetings by the consensus of the Members present, a quorum being assembled. In the event that consensus is not attained, a decision shall be made by an affirmative vote of a majority of the Members present and voting, a quorum being assembled, except as otherwise provided in these Bylaws. Before a vote is held on any motion, the exact language of the motion shall be recorded by the Secretary and read to the Membership, and all Members present shall have a reasonable opportunity to express their opinions on the proposition.

ARTICLE III: Board of Directors

1. Initial Board of Directors. The Initial Board of Directors shall be as stated in the Articles of Incorporation. The Initial Board, after approving these Bylaws, shall call the first annual meeting of the Membership, and shall serve until the first elected Board of Directors has been seated upon the completion of the first annual Membership meeting.

2. Number of Directors. The Articles of Incorporation establish a range for the number of Directors. The Initial Board shall establish the number of Directors to be elected at the first annual Membership meeting. The number of Directors to be elected at the first annual Membership meeting is nine (9). Subsequent to the first annual Membership meeting, currently elected Boards may from time to time establish a new number of Directors to be elected at the next Annual Membership meeting if it is in the best interest of the Corporation to do so.

3. Nomination of Directors. For all regular elections subsequent to the first Annual Meeting of the Membership, a list of all persons nominated shall be included with the notice of the Annual Membership Meeting.

4. Election of Directors. Directors shall be elected by the Members present and voting at the Annual Membership Meeting, a quorum being assembled, and positions shall be filled by those candidates receiving the largest numbers of votes, though such numbers may constitute less than a majority of the total votes cast.

5. Terms of Directors

- a. Terms of First Elected Directors. After the election of Directors at the first Annual Membership Meeting, each Director shall be assigned, by mutual agreement or by lot, to a one-year or two-year term. In each of the three categories of Representatives, two Directors shall be assigned a two- year term and one shall be assigned a one-year term.
- b. Terms of Successor Directors. Except as otherwise provided in these Bylaws, each Director shall serve a full term of two years.
- c. Commencement of Terms. The term of office of a regularly elected Director shall commence at the adjournment of the Annual Membership Meeting in which she or he is elected. The term of office of a Director elected by the Board to fill a vacancy shall begin at the time of her or his acceptance of the position.
- d. Reelection. No person shall serve as a Director for more than three consecutive elected terms. After a year's absence from the Board, however, a person who has previously served three consecutive elected terms may return to the Board, if reelected, and may serve up to three consecutive elected terms. A person may continue to be reelected in this manner.

6. Resignation

- a. Any Director may resign at any time by giving written notice to the President. Unless otherwise specified, such resignation shall be effective upon the receipt of notice by the President.
- b. A Director may be considered to have given notice of resignation and her or his position may be declared vacant by the Board of Directors if she or he fails to attend three consecutive meetings of the Board with the exception of emergency meetings. When a Director has failed to attend three consecutive meetings, the Board, at its discretion, may determine that, at the next regular Board meeting, her or his position will be declared vacant unless the Board at the next regular Board meeting determines that the Director continues to be interested in participating on the Board of Directors and there has been good cause for the Director's absences. The President shall notify the Director in writing of the determination of the Board and of the pending action to declare her or his position vacant at the next regular Board meeting. The notification by the President shall be mailed no later than seven days prior to the Board meeting at which the position may be declared vacant. At this meeting, the Director in question shall be given the opportunity to show continuing interest in participating on the Board and good cause for absence from meetings. The resignation of a Director who has missed three consecutive meetings shall not become effective until the board has declared the position vacant as provided herein.

7. Removal of Directors. A Director of the Corporation may be removed for good cause by the members of the Corporation when such Director is judged to have acted in a manner seriously detrimental to the Corporation. However, before such removal can occur, the following procedure must be followed:

- a. Written charges specifying the conduct considered to be detrimental must be signed by at least three members of the Corporation and submitted to the President (or, if the President is the Director charged, to the Vice President). Any Members of the Corporation may submit such charges.
- b. The President (or Vice President) shall deliver or mail a copy of the charges to the Director charged.
- c. The Board of Directors shall convene in executive session, at which both the Director charged and the members who have filed charges may present evidence in the presence of the other. Following the executive session, the Board of Directors shall prepare a written report of its findings and its recommendation for or against removal. The recommendation shall be based on a majority vote of the Board if consensus cannot be reached. The report shall contain a statement of how each member of the Board has voted. The report shall be completed and submitted to the President of the Corporation no later than one month following delivery or mailing a copy of the charges to the Director charged, unless the Board has approved a longer time period.
- d. If the Board of Directors recommends removal of the Director, the recommendation shall be presented to the Members, which shall then have sole authority to decide the question of removal. A Membership meeting for this purpose shall be called by the President for a time no later than one month following the President's receipt of the Board's recommendation for removal. Notice of this meeting shall include a complete copy of the Board's report. Removal of the Director requires an affirmative vote by at least three-fourths (3/4) of the Members present at the meeting, a quorum being assembled.

8. Vacancies

- a. Election To Fill Vacancies. If any Director vacates her or his term or is removed from the Board, the remaining Directors (though they may constitute less than a quorum) shall elect a person to fill the vacancy. Elections to fill vacancies shall be by a majority of the remaining Directors.
- b. Term of Replacements. Replacement Directors elected by the Board shall serve out the remaining term of the person who has vacated the position.

9. Meetings of the Board of Directors

- a. Notice of Meetings. Except as provided below for emergency meetings, notice of a Board meeting shall be provided to all Directors at least seven days prior to the meeting or shall be delivered in person at least five days prior to the meeting. Notice of every meeting shall include an agenda for the meeting.
- b. A Director may participate in any meeting of the Board of Directors by telephone or other electronic communication that allows the Director to hear and verbally respond to the discussion at the meeting, when the Director is not reasonably able to attend the meeting in person.
- c. Annual Meeting. The Annual Meeting of the Board of Directors shall be held immediately following the Annual Membership Meeting.
- d. Regular Meetings. The Board of Directors shall meet at least once every two months, at such times and places as the Board may establish.
- e. Special Meetings and Emergency Meetings. Special meetings may be called by the President, by any three Directors, or by one-half (1/2) of the Members of the Corporation. Notice must be given as provided above, unless any three Directors determine that the matter at hand constitutes an emergency. When so determined, an Emergency Meeting may be called on one day's notice. Notice of Emergency Meetings, including an announcement of the agenda, shall be given by telephone or in person to all Directors. At any special or Emergency Meeting of the Board, only those matters included in the announced agenda may be acted upon unless all the Directors are present at the meeting and unanimously agree to take action on other matters.

10. Procedures for Meetings of the Board of Directors

- a. Open Meetings. All meetings of the Board of Directors shall be open to any person except when the Board has voted, during an open meeting, to go into executive session.
- b. Executive Session. A motion to go into executive session shall state the nature of the business of the executive session, and no other matter may be considered in the executive session. Attendance in executive session shall be limited to the Directors and any persons whose presence is requested by the Board of Directors. Minutes of an executive session need not be taken; however, if they are taken, they shall be recorded as a part of the minutes of the meeting in which the Board has voted to go into executive session. The Board shall not hold an executive session except to consider one or more of the following matters.
 - (1) Contracts, labor relations agreements with employees, arbitration, grievances, or litigation involving the corporation when premature public knowledge would place the Corporation or person involved at a substantial disadvantage.
 - (2) Real estate purchase offers and the negotiating or securing of real estate purchase options or contracts.
 - (3) The appointment or evaluation of an employee, and any disciplinary or dismissal action against an employee (however, nothing in this section shall be construed to impair the right of the employee to a public hearing if action is taken to discipline or dismiss).
 - (4) The consideration of applications from persons seeking to lease land and/or housing, purchase housing, or arrange financing from the Corporation.
 - (5) Relationships between the Corporation and any party who might be harmed by public discussion of matters relating to the relationship.
 - (6) Charges by Members of the Corporation that a Director has acted in a manner seriously detrimental to the Corporation and should be removed as a Director.
- c. Quorum. At any meeting of the Board, a quorum shall consist of a majority of the current Board of Directors. A director who is participating in the meeting by telephone or other electronic communication as authorized in Article III, Section 11.b., shall be considered present for determining a quorum for the meeting.
- d. Decision-making. The Board shall attempt to reach consensus on all decisions. In the event that consensus cannot be achieved, a decision may be made by a majority of the Directors present and voting, except as otherwise provided in these Bylaws.
- e. Minutes. Minutes of all Board meetings shall be recorded by the Secretary or by such other

person as the Board may designate, and shall be approved by the Board at the next Board meeting. All minutes of Board meetings shall be kept on permanent record by the Corporation and shall be open for inspection by any member of the public.

11. Duties of the Board of Directors. The Board of Directors shall carry out the purposes of the Corporation, implement the decisions of the Membership, and be responsible for the general management of the affairs of the Corporation in accordance with these Bylaws. Specifically, the Board shall:

- a. Approve a written Annual Report to the Membership and make this report available to all Members. This report shall include a summary of the Corporation's activities during the previous year, the Corporation's most recent financial reports, and a list of all real estate held by the Corporation.
- b. Adopt an annual operating budget prior to the beginning of each fiscal year and approve any expenditures not included in the budget.
- c. Select all officers of the Corporation.
- d. Supervise the activities of all officers, agents, employees, and committees of the Corporation in the performance of their assigned duties and investigate any possible conflicts of interest within the Corporation.
- e. Adopt and implement personnel policies providing for the hiring, supervision, and evaluation of employees.
- f. Provide for the deposit of funds in accordance with Article IX of these Bylaws.
- g. Determine by whom and in what manner deeds, leases, contracts, checks, drafts, endorsements, notes and other instruments shall be signed on behalf of the Corporation.
- h. Acquire such parcels of land, with or without buildings and other improvements, through donation, purchase, or otherwise, as the Board shall determine that it is useful and prudent to acquire in furtherance of the purposes of the Corporation.
- i. Convey the right to use land, through leases or other limited conveyances, in accordance with the provisions of Articles V and VI of these Bylaws.
- j. Convey ownership of housing and other improvements on the Corporation's land to qualified lessees, as possible, in accordance with the provisions of Articles V and VI of these Bylaws.
- k. Exercise, as appropriate, the Corporation's option to repurchase (or arrange for the resale of) housing and other improvements belonging to ground lessees in accordance with the terms of the ground lease and Article VI of these Bylaws.
- l. Develop the resources necessary for the operation of the Corporation and for the acquisition and development of land and housing.
- m. Ensure the sound management of the Corporation's finances.

12. Powers of the Board of Directors. In addition to the power to carry out the duties enumerated above, the Board of Directors shall have the power to:

- a. Appoint and discharge advisors and consultants.
- b. Create such committees as are necessary or desirable to further the purposes of the Corporation. (Any member of the Corporation may be appointed to any committee. No committee may take action on behalf of the Corporation except as authorized by the Board of Directors.)
- c. Call special meetings of the membership.
- d. Approve the borrowing and lending of money as necessary to further the purposes of the Corporation and in accordance with paragraph IX, 5 of these Bylaws.
- e. Exercise all other powers necessary to conduct the affairs and further the purposes of the Corporation in accordance with the Articles of Incorporation and these Bylaws.

13. Limitation on the Powers of the Board of Directors. Action taken by the Board of Directors on any motion for the assessment of membership dues, the removal of Directors, the sale of land, the establishment or alteration of the "resale formula," the amendment of the Certificate of Incorporation or these Bylaws, or dissolution of the Corporation shall not become effective unless and until such action is approved by the Membership in accordance with these Bylaws.

14. Conflict of Interest. No member of the Board of Directors shall vote on any matter in which such Director or any parent, spouse, child, partner, employer, or similarly related business entity has a substantial interest in any property or business that would be substantially affected by such action. The Board of Directors shall adopt a "conflict of interest" policy consistent with the sample conflict of interest policy in the Internal Revenue Service's Instructions for Form 1023,

Appendix A.

ARTICLE IV: Officers

1. Designation. The officers of the Corporation shall be : President, Vice President, Secretary, and Treasurer. One person may hold more than one office, except the offices of President and Secretary shall not be shared.

2. Election. The officers of the Corporation shall be elected by a majority vote of the Board of Directors, from among themselves, at the Annual Meeting of the Board. Any vacancies occurring in any of these offices shall be filled by the board for the unexpired term.

3. Tenure. The officers shall hold office until the next Annual Meeting of the Board after their election, unless, before such time, they resign or are removed from their offices, or unless they resign or are removed from the Board of Directors. Any officer who ceases to be a member of the Board of Directors shall thereby cease to be an officer.

4. Removal from Office. The officers shall serve at the pleasure of the Board of Directors and may be removed from office at any time by an affirmative vote of two thirds of the entire Board of Directors.

5. Duties of the President. The President shall:

- a. Preside at all meetings of the Board of Directors and the Membership when able to do so.
- b. Consult with the other officers and the committees of the Corporation regarding the fulfillment of their duties.
- c. Ensure that an agenda is prepared for every meeting of the Membership and the Board of Directors.
- d. Give notice to any Director who has been absent from three consecutive regular meetings, as required by these Bylaws.
- e. Call special meetings of the Membership or Board of Directors when petitioned to do so in accordance with these Bylaws.
- f. Carry out the duties assigned to the President regarding the removal of a Director.
- g. Perform such other duties as the Board of Directors may assign.

6. Duties of the Vice President. The Vice President shall:

- a. Perform all duties of the President in the event that the President is absent or unable to perform these duties.
- b. Perform those duties assigned to the President regarding the resignation or removal of a Director when the President is disqualified from performing these duties.!
- c. Ensure that up-to-date copies of these Bylaws (incorporating any duly approved amendments) are maintained by the Corporation; answer all questions from the Board regarding these Bylaws; and ensure that all actions of the Membership and Board of Directors comply with these Bylaws.
- d. Ensure that any and all committees established by the Board of Directors are constituted as the Board has directed and meet as necessary and appropriate.
- e. Perform such other duties as the Board of Directors may assign.

7. Duties of the Secretary. The Secretary shall:

- a. Ensure that a list of all Members and their mailing addresses is maintained by the Corporation.
- b. Ensure that proper notice of all meetings of the Membership and the Board of Directors is given.
- c. Ensure that motions and votes in meetings of the Membership and Board are accurately represented to those present and are accurately recorded in the minutes.
- d. Ensure that minutes of all meetings of the Membership and the Board of Directors are recorded and kept on permanent record.
- e. Perform such other duties as the Board of Directors may assign.

8. Duties of the Treasurer. The Treasurer shall oversee the finances of the Corporation. Specifically, the Treasurer shall:

- a. Ensure that the financial records of the Corporation are maintained in accordance with sound accounting practices.
- b. Ensure that funds of the Corporation are deposited in the name of the Corporation in accordance with these Bylaws.
- c. Ensure that all deeds, title papers, leases, and other documents establishing the Corporation's interest in property and rights in particular matters are systematically and securely maintained.
- d. Ensure that all money owed to the Corporation is duly collected and that all gifts of money or property to the Corporation are duly received.
- e. Ensure the proper disbursement of such funds as the Board of Directors may order or authorize to be disbursed.
- f. Ensure that accurate financial reports (including balance sheets and revenue and expense statements) are prepared and presented to the Board at the close of each quarter of each fiscal year.
- g. Ensure that such reports and returns as may be required by various government agencies are prepared and filed in a timely manner.
- h. Ensure that an annual operating budget is prepared and presented to the Board for its approval prior to the beginning of each fiscal year.

ARTICLE V: Stewardship of Land

1. Principles of Land Use. The Board of Directors shall oversee the use of land owned by the Corporation and shall convey the right to use such land so as to facilitate access to land and affordable housing by low- and moderate-income residents. In so doing, the Board shall be guided by the following principles:

- a. The Board shall consider the needs of potential lessees and shall attempt to effect a just distribution of land use rights.
- b. The Board shall convey land use rights on terms that will preserve affordable access to land and housing for future low- and moderate-income residents of the community.
- c. The Board shall convey land use rights in a manner that will promote the long-term well being of the community and the long-term health of the environment.

2. Encumbrance of Land. The decision to mortgage or otherwise encumber land owned by the Corporation shall require the approval of the Board of Directors and the consent of any parties to whom such land is leased.

3. Sale of Land. The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances, and then only in accordance with the following guidelines.

- a. A parcel of land may be sold pursuant to a resolution adopted by an affirmative vote by at least three fourths (3/4) of the Directors of the Board at a regular or special Board meeting, provided that (i) the Corporation has owned the parcel for no more than sixty (60) days at the time the vote is taken, (ii) the parcel is not leased to any party, and (iii) the resolution states that the location or character of the parcel is determined to be such that the charitable purposes of the Corporation are best served by selling the land and applying the proceeds to the support of other activities serving those purposes.
- b. In all other circumstances a parcel of land may be sold only with:
 - (1) An affirmative vote by at least three fourths (3/4) of the Directors of the Board at a regular or special Board meeting, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal;
 - (2) The written consent of any persons to whom the land in question is leased; and
 - (3) The approval of at least three fourths (3/4) of the Members present at a regular or special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.

ARTICLE VI: Ownership of Housing and Other Improvements Located on the Corporation's Land, and Limitations on Resale

1. Ownership of Housing and Improvements on the Corporation's Land. In accordance with the purposes of the Corporation, the Board of Directors shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by low- and moderate-income residents. These measures may include, but are not limited to, provisions for the sale of housing to such residents; provisions for financing the acquisition of housing by such residents, including direct loans by the Corporation; and provision for grants or other subsidies that will lower the cost of housing for such residents.

2. Preservation of Affordability. It is a purpose of the Corporation to preserve the affordability of housing and other improvements for low- and moderate-income residents in the future. Accordingly, when land is leased for such purpose, the Board of Directors shall ensure that as a condition of the lease, housing on the land may be resold only to the Corporation or to another low- or moderate-income resident and only for a price limited by a "resale formula" as described in section 3 below. However, notwithstanding the foregoing, the Board of Directors may choose, for reasons consistent with the charitable purposes of the Corporation, to lease certain parcels of land for uses that do not require continued affordability for low- or moderate-income residents, and in such cases the resale restrictions described above shall not be required as a condition of the lease.

3. The Resale Formula. Whenever its purpose is to preserve affordability, the Corporation shall restrict the price that ground lessees may receive when they sell housing and other improvements located on the land that is leased to them by the Corporation. A policy establishing such restrictions in the form of a "resale formula" shall be adopted by the Board of Directors and the Members of the Corporation, in accordance with the following principles:

- a. To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold.
- b. To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other low- and moderate-income residents at the time of the transfer of ownership.

4. Procedures for Adoption of the Resale Formula. The adoption of the resale formula shall require:

- a. An affirmative vote by at least three-fourths (3/4) of the Directors of the Board at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof; and
- b. An affirmative vote by at least three fourths (3/4) of the Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

5. Procedures for Altering the Resale Formula. The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the resale formula shall not be altered unless the Board of Directors and Members of the Corporation determine that the current formula presents an obstacle to the achievement of the purposes of the Corporation. In such an event, the resale formula may be altered only by an affirmative vote by at least three-fourths (3/4) of the Directors of the Board and at least three fourths (3/4) of the Members present at a Membership meeting, as described above for the adoption of the formula.

ARTICLE VII: Adoption of Bylaws, Amendment of Articles of Incorporation and Bylaws

1. Adoption of Bylaws. Adoption of these Bylaws as the Bylaws of the Corporation shall require:

- a. Approval by a majority of the Initial Board of Directors prior to the First Annual Membership Meeting; and
- b. Ratification by at least three-fourths (3/4) of the Initial Members present and voting at the First Annual Membership Meeting.

2. Amendment of Articles of Incorporation and Bylaws. The Articles of Incorporation may be amended and these Bylaws may be amended or may be repealed and new Bylaws adopted only by:

- a. An affirmative vote by at least three-fourths (3/4) of the Directors of the Board at any regular

or special Board meeting, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof; and

b. An affirmative vote by at least three fourths (3/4) of the Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed amendment or replacement, with appropriate explanations thereof.

ARTICLE VIII: Dissolution

A decision to dissolve the Corporation and to distribute the Corporation's assets in a particular manner in accordance with the Articles of Incorporation shall require:

1. An affirmative vote by at least three-fourths (3/4) of the Directors of the Board at any regular or special Board meeting, provided that written notice of such meeting has included a full description of the plan of dissolution; and

2. An affirmative vote by at least three-fourths (3/4) of the Members present at a regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting, including a full description of the proposed plan of dissolution, has been given to all Members of the Corporation no later than three weeks prior to the meeting; and

3. Distributions of assets in accordance with the Articles of Incorporation.

ARTICLE IX: Miscellaneous Provisions

1. Definitions. For the purpose of these Bylaws, the geographical area named as "the Town of Patagonia, Arizona and its vicinity" shall be defined as a circle having a 7-mile radius with the Patagonia Town Hall (310 McKeown Avenue, Patagonia, Arizona) at its center.

2. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 of each year, and shall end on December 31 of each year.

3. Deposit of Funds. All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies, or other reliable depositories as the Board of Directors from time to time may determine.

4. Checks, etc. All checks, drafts, endorsements, notes and evidences of indebtedness of the Corporation shall be signed by such officers or agents of the Corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposits to the credit of the Corporation shall be made in such manner as the Board of Directors from time to time may determine.

5. Loans. No loans or advances shall be contracted on behalf of the Corporation, and no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Directors. Any such authorization shall relate to specific transactions.

6. Contracts. Any officer or agent of the Corporation specifically authorized by the Board of Directors may, on behalf of the Corporation, enter into those contracts or execute and deliver those instruments that are specifically authorized by the Board of Directors. Without the express and specific authorization of the Board of Directors, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of the Corporation.

7. Indemnification. Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that she or he is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys' fees and disbursements, incurred by her or him (or her or his heirs, executors, or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director or Officer is liable for gross negligence or misconduct in the performance of her or his duties.