

anthem

community council

Consolidated Bylaws

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Article I: Name, Principal Office, and Definitions

1.1 Name

The name of the corporation shall be Anthem Community Council, Inc. ("Council").

1.2 Principal Office

The Council's principal office shall be located in the Community of Anthem in Maricopa County, Arizona.

1.3 Definitions

The words used in these Council By-Laws shall have their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants and Easements for Anthem, as Recorded ("Community Covenant"), unless the context indicates otherwise. The terms "hereof," "herein," "hereunder," and similar terms shall be deemed to refer to these Council By-Laws. The terms "include," "includes," and "including" shall be deemed to be followed by the words "without limitation."

Article II: Purpose and Function of the Council

The Council has the purposes and shall fulfill the functions necessary to carry out its mission as set forth in the Community Covenant's Background Statement

Article III: Membership, Meetings. Quorum. Voting. Proxies

3.1 Management

The Council shall have no members. The affairs of the Council shall be managed by its Board of Directors, in accordance with these Council By-Laws and the Community Covenant.

3.2 Community-Wide Meetings

The Council Board, as it deems necessary or appropriate, may hold Council meetings for all Anthem Owners, residents, and tenants. The Council Board shall set the time, place, and agenda for such meetings and shall post notice of the meetings in prominent places and/or through electronic mediums available throughout Anthem not less than 10 nor more than 50 days prior to the meeting date. Notice may also be given by other means permitted by Arizona law. Owners shall be given the opportunity to participate in discussions during community-wide meetings, subject to reasonable Council Board regulation.

3.3 Special Meetings

The Council Board shall call a special meeting of the Council as directed by resolution of a majority of a quorum of the Council Board, or upon a petition signed by representatives of a majority of the Associations and at least 50% of the Owners not otherwise subject to the jurisdiction of an Association, if any. The notice of any special meeting shall be given as provided in Section 3.2. No business shall be transacted at a special meeting except as stated in the notice.

3.4 Voting

Owners shall be allocated votes in accordance with the formula described in Exhibit "C" to the Community Covenant. Such voting rights provisions are incorporated herein by this reference and include the Owners' right to vote for or against proposed Annual Assessment increases that exceed the Board's authority. Owners may vote at a meeting by voice vote or ballot or may vote by mail without the necessity of a meeting, as determined by the Council Board; provided, meetings shall be held when required by the Community Covenant, these By-Laws, or Arizona law. All votes of the Owners at meetings shall be subject to the quorum requirements of Section 3.7.

3.5 Proxies

Owners may vote in person or by proxy. Only an Owner or director or officer of the Association may serve as proxy holder. A proxy which designates a Person other than an Owner, a director, or an officer of the Association as proxy holder shall be invalid.

Each proxy shall be in writing, dated, signed, and filed with the Secretary prior to the meeting for which it is to be effective. Proxies shall be deemed delivered to the Secretary, if delivered by personal delivery, U.S. mail, or facsimile to the Secretary, any Board member, or the professional management agent, if any. Unless otherwise provided in the proxy, a proxy shall cover all votes which the Owner giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail. If dated as of the same date, both proxies shall be deemed invalid. A proxy shall be valid only for the meeting designated in the proxy and any adjournments thereof. The proxy of any Owner shall be revocable and shall automatically cease upon conveyance of such Owner's Lot.

3.6 Majority

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

3.7 Quorum

The presence, in person or by proxy, of a majority of the votes of Owners subject to the Community Covenant shall constitute a quorum at all Council meetings. Owners or their proxies present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum; provided, any action for which a vote of the Owners at a meeting is required must be approved by at least a majority of the votes required to constitute a quorum.

3.8 Conduct of Meetings

The President shall preside over all Council meetings, and the Secretary shall ensure that minutes of the meeting are kept and that all resolutions adopted at the meeting, as well as all transactions occurring at the meeting, are recorded in a minute book.

Article IV: Board of Directors: Number, Powers, Meetings

Section A: Composition and Selection

4.1 Governing Body

The Council's affairs shall be governed by a Board of Directors. Each director shall have one equal vote.

4.2 Number of Directors

There shall be seven Directors of the Anthem Community Council to be elected by voting done in accordance with Exhibit "C" of the Declaration of Covenants and Easements for Anthem. Council representation will be comprised of three (3) representatives elected by and from Parkside; three (3) representatives elected by and from Country Club; and one (1) representative elected by and from The Village at Anthem.

Members of the Anthem Community Council will not simultaneously serve on any other Anthem Community governing Board.

4.3 Qualifications of Directors

Each director shall be a natural person of at least 18 years of age. Each director shall be: (1) an Owner of a Residential Lot, or (2) a person residing in a Residential Lot with the Owner who has the written consent of the Owner to serve as a director (hereinafter "non-Owner Director"). Apartment Tenants, or Persons leasing and residing in a residential Lot except in the case of a non-Owner Director are not eligible to serve as directors. No Owner, resident, or occupant representing the same Lot may serve on the Council Board at the same time, and no Person simultaneously may hold two or more director positions on the Council Board. Notwithstanding the foregoing, in the case of an Owner who is not a natural person, any officer, director, partner, managing member, or trustee of such entity shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Owner; provided, no Owner may have more than one such representative on the Council Board at a time. No Owner who is delinquent in an assessment or other charge due the Council or an Association or who is otherwise deemed by the Council Board to be in violation of the Council Documents or an Association Declaration may serve on the Council Board. Directors shall complete such training requirements as the Council Board may establish. Any director who, at any time, ceases to meet the qualifications set forth in this Section 4.3 for a period in excess of 30 consecutive days may be removed from the Council with a two-thirds (2/3rds) vote of the Council at a meeting where a quorum or more of the directors are present. The director whose qualification is before the Council shall not be eligible to vote or participate in the deliberations. If present at the Council's meeting to consider the matter, the director whose qualification is before the Council shall not count toward the quorum requirement or the vote on the matter of the director's qualification to serve. For example, if there are seven directors present, for quorum purposes only six would be counted and 2/3rds of six would require four votes to remove, if six directors are present, for quorum purposes only five would be counted and 2/3rds vote of five would require four to remove, if five directors are present, for quorum purposes only four would be counted and 2/3rds vote of four would require three votes to remove, and if four directors are present, a vote to remove a director pursuant to this Section 4.3 could not proceed because three directors does not constitute a quorum sufficient to conduct business. Before the vote, the director whose eligibility is in question shall have an opportunity to address the Council

either verbally or in writing, at his or her option, regarding the issue of his or her eligibility to serve on the Council. All directors of the Anthem Community Council must, in order to be eligible to serve as a candidate and to be seated on the Board if elected or appointed, execute, agree to and adhere to the Conflict of Interest policy in place at the time a candidate runs for office, is seated, or sits as a director of the council.

4.4 Selection of Directors: Term of Office

All Directors of the Anthem Community Council shall be elected by Anthem residents as indicated in Section 4.2. All elected terms for the Directors of the Anthem Community Council shall be for three (3) years. Notification and registration of the candidates will be advertised and completed by the end of January. The election will take place by the end of March. The newly elected Anthem Community Council representatives will be seated at the regularly scheduled April Anthem Community Council Board meeting.

Each Residential Association's Board shall conduct such election according to such procedures as it may establish, provided, the Owners' voting right be as set forth in the Council's and applicable Association's Declarations.

The successor to any director elected to represent a particular Association shall be elected from the same Association. If, at any time, an Association fails to elect a director when entitled to do so, whether due to the Association's board's failure to call for the election, or otherwise, the Council Board shall appoint such director.

4.5 Resignation and Removal of Directors; Vacancies

Any director may resign at any time by giving written notice to the Council Board, the President, or the Secretary. Such resignation shall take effect on the date such notice is received or at a later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

Any director may be removed, with or without cause, by the vote of the Owners in the Association holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Association entitled to elect the director so removed.

Any director who has three consecutive unexcused absences from Council Board meetings, who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any non-disputed assessment or other charge due the Council or an Association, or who is deemed by the Council Board to be in violation of the Council Documents or an Associations' governing documents may be removed by a 2/3 majority of the directors present at a regular or special meeting at which a quorum is present, and the Council Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Council Board shall declare a vacancy and appoint a successor to fill the vacancy for the unexpired portion of the term of the

director who vacated the position; provided, any director whom the Council Board appoints shall be selected from among the qualified pool of Owners, occupants, or residents represented by the director who vacated the position.

Section B: Meetings

4.6 Regular Meetings

Regular Council Board meetings may be held at such time and place as a majority of the directors determine from time to time; provided, at least one meeting shall be held during each fiscal year.

4.7 Special Meetings

Special Council Board meetings shall be held upon the President's call or when any two or more directors request. The Secretary shall prepare and distribute written notice of any special meetings specifying the time and place of the meeting and the nature of any special business to be considered.

4.8 Notice of Council Board Meetings

The Council Board or Council staff shall notify each director of any Council Board meeting by:

- a) Personal delivery;
- b) First class mail, postage prepaid;
- c) Telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director, or
- d) Facsimile, computer, fiber optics, or such other communication device with confirmation of receipt.

All notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the Council's records. Notices sent by first class mail shall be deposited into a United States mailbox at least seven business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

In the event that the President or a majority of the Council Board calls an emergency meeting, notice must be transmitted to the Council Board by personal delivery, telephone or electronic mail at least 24 hours before the time set for the meeting.

4.9 Waiver of Notice

Transactions of any Council Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if;

- a) A quorum is present, and
- b) Either before or after the meeting each absent director signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about lack of adequate notice.

4.10 Quorum of Board of Directors

At all Council Board meetings, a majority of the directors shall constitute a quorum for transacting business, and votes of a majority of the directors present shall constitute the Council Board's decision. If a quorum is present, the directors may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any Council Board meeting cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum be present, any business which might have been transacted at the originally called meeting may be transacted without further notice.

4.11 Compensation

If approved by resolution of the Council Board, all or any directors may receive reasonable compensation from the Council for serving as a director. Any director may be reimbursed for expenses incurred on behalf of the Council upon approval of a majority of the other directors.

Nothing herein shall prohibit the Council from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Council in a capacity other than as a director pursuant to a contract or agreement with the Council; provided that such director's interest was made known to the Council Board prior to entering into such contract and such contract was approved by a majority of directors other than the interested director.

4.12 Conduct of Meetings

The President shall preside over all Council Board meetings, and the Secretary shall keep a minute book of Council Board meetings, recording all Council Board resolutions and all transactions and proceedings occurring at such meetings.

4.13 Open Meetings

Subject to Sections 4.15 and 4.16, all Council Board meetings shall be open to all officers, directors, and authorized representatives of an Association, Owners, or any other Person subject to the Community Covenant. Attendees other than directors may not participate in any discussion or deliberation unless permission to speak is authorized by the presiding officer or by a vote of the majority of a quorum of the Council Board. In such case, the President may limit the time any individual may speak. Notwithstanding the above, the Council may go into executive session when adopted by majority vote, excluding persons other than directors. Further, the President or two or more Council Board members may, from time to time, call an executive session. Any discussions in executive session shall be limited to any or all of the following:

- a) Employment or personnel matters for employees of the Council;
- b) Legal advice from an attorney retained for the Council Board;
- c) Pending or contemplated litigation; or pending or contemplated matters relating to enforcement of the Council Documents.

4.14 Action without a Formal Meeting

Any action to be taken or that may be taken at a Council Board meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all directors. Such consent shall have the same force and effect as a unanimous vote.

4.15 Electronic Participation

One or more directors may participate in and vote during any regular or special Council Board meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Those directors so participating shall be deemed present at such meeting.

Section C: Powers and Duties

4.16 Powers

The Council Board shall have all the powers necessary to administer the Council's affairs and to perform the responsibilities and exercise the rights of the Council as set forth in the Council Documents, the governing documents of any Association, and as Arizona law provides for nonprofit corporations.

In explanation but not limitation, the Council Board shall have the power to:

- a) Provide for activities, services, and programs which are designed to promote a sense of community within Anthem and take such action as deemed necessary or appropriate to further the goals of the community and the mission of the Council Board as set out in the Community Covenant;
- b) Adopt rules, regulations, or policies and post signage regulating the use and enjoyment of the Areas of Council Responsibility, including rules governing or restricting use of the Community Center and establishing reservation policies for use

- of certain portions of the Council Property and the Community Center;
- c) Enforce, pursuant to the Community Covenant and Section 4.25, the provisions of the Council Documents, the governing documents of any Association, and Council or Association rules;
 - d) Dedicate or transfer all or part of the Council Property, or mortgage, pledge, or hypothecate any or all of its real or personal property as security for obligations;
 - e) Impose reasonable membership requirements and/or charge reasonable admission, use, or consumption fees for the use and enjoyment by Owners or non-Owners of the Areas of Council Responsibility and the various services and programs provided by or through the Council;
 - f) Rent or lease to any Person the Council Board approves any portion of any structure or the Community Center within the Areas of Council Responsibility on a short-term basis for the exclusive use of such Person and such Person's guests;
 - g) Operate, maintain, manage, or contribute to the costs of property, facilities, and programs owned or controlled by third party entities, including, without limitation, non-profit tax exempt organizations;
 - h) Facilitate the resolution of disputes between Associations, or between Owners who are not subject to the same Association, arising out of the interpretation, violation, or enforcement of, or conflicts in, the standards established under the Council Documents, or other matters which the Council Board determines to be in the general interest of Anthem;
 - i) Exercise review and approval authority over the creation, implementation, and revision of design standards and guidelines applicable to any portion of Anthem; and
 - j) Invoice and collect from Owners, by assignment, Association assessments.

4.17 Duties

The Council Board's duties shall include those imposed by law, and, without limitation:

- a) Providing for the operation, care, upkeep, and maintenance of the Areas of Council Responsibility subject to the Council Documents and any other applicable covenants or agreements;
- b) Preparing and adopting annual budgets for Council Expenses;
- c) Levying assessments, fees, and other charges to pay for Council Expenses, and establishing the means and method of collecting such payments as set forth in the Council Documents;
- d) Obtaining and maintaining property and liability insurance on the Areas of Council Responsibility as provided herein; obtaining fidelity bonds on all Persons responsible for handling funds on behalf of the Council; paying the cost of such insurance and bonds; and filing and adjusting claims, as appropriate;
- e) Paying the cost of all Council Board-authorized services rendered to or on the Council's behalf;

- f) Opening bank accounts on behalf of the Council and designating the authorized signatories;
- g) Depositing all funds received on behalf of the Council in depositories which it shall approve, and using such funds to operate the Council; provided, any reserve fund may be deposited, in the Council Board's business judgment, in depositories other than banks;
- h) Keeping detailed books of account and operating records;
- i) Permitting utility suppliers and others to use portions of the Areas of Council Responsibility as reasonably necessary to the ongoing development or operation of Anthem;
- j) Making available to any prospective purchaser, Owner, or mortgagee, the Council Documents and rules governing the Areas of Council Responsibility. The Council Board may establish and charge fees to cover its printing and mailing costs associated with providing such documents.

Section D: Administration

4.18 Liability and Indemnification

To the fullest extent permitted by Arizona law, as amended from time to time, the Council, as a Council Expense, shall indemnify every officer and director (in their capacity as such) against all damages and expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding brought against them (including any settlement thereof, if approved by the Council Board). This right to indemnification shall not be exclusive of any other rights to which any present or former officer or director may be entitled. The Council shall, as a Council Expense, maintain adequate general liability and directors and officer's liability insurance to fund this obligation, as provided in Section 4.22.

4.19 Management

The Council may employ a professional management agent or agents, at such compensation as the Council Board may establish, to perform such duties and services as the Council Board shall authorize. The Council Board may delegate to the managing agent or manager, subject to the Council Board's supervision, such powers as are necessary to perform its assigned duties but shall not delegate policy-making authority.

The Council Board may delegate to any director the authority to act on its behalf on all matters relating to any managing agent's duties which might arise between Council Board meetings.

4.20 Accounts and Reports

The following management standards of performance shall be followed unless the Council Board, by resolution, specifically determines otherwise:

- a) Accrual accounting, as defined by generally accepted accounting principles, shall be employed;

- b) Accounting and controls over financial reporting and safeguarding of assets shall be consistent with the criteria for effective internal controls described in "Internal-Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Committee;
- c) Council's cash accounts shall not be commingled with any other accounts;
- d) The managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Council, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Council;
- e) The managing agent shall disclose promptly to the Council Board any financial or other interest which he or she or it may have in any firm providing goods or services to the Council;
- f) An annual report consisting of at least the following shall be made available for inspection within 120 days after the close of the fiscal year:
 - i. A balance sheet;
 - ii. An operating (income) statement; and
 - iii. A statement of cash flows for the fiscal year. Such report shall be prepared on an audited, reviewed, or compiled basis, as the Council Board determines, by an independent public accountant; provided, upon written request, the Council shall provide an audited financial statement.

4.21 Council Insurance

The Council, acting through the Council Board or its duly authorized agent, shall obtain and maintain in effect the following types of insurance, if reasonably available and affordable and to the extent the Council Board deems reasonably necessary or the secondary mortgage market requires:

- a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Council Property and within the Areas of Council Responsibility to the extent that the Council has assumed responsibility for repair or replacement in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Council shall have policy limits sufficient to cover the full replacement cost of the insured improvements;
- b) Commercial general liability insurance on the Areas of Council Responsibility, insuring the Council for damage or injury caused by the negligence of the Council or any of its employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain,

- the Council shall obtain such additional coverage or limits;
- c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;
 - d) Directors and officers liability coverage;
 - e) Fidelity insurance covering all persons responsible for handling Council funds in an amount determined in the Council Board's business judgment but not less than an amount equal to one-quarter of the Annual Assessments on all individually owned property plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and
 - f) Such additional insurance as the Council Board, in the exercise of its business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage.

All insurance shall be written by a company authorized to do business in the State of Arizona which holds a Best's rating of A or better, as established by A.M. Best Company, Inc., or the closest equivalent rating available.

4.22 Borrowing

The Council shall have the power to borrow money for any purpose.

4.23 Right to Contract

The Council shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements, or covenants to share costs with an Association or other similar entity within or outside Anthem.

4.24 Enforcement Procedures

- a) Notice
 - i. Prior to imposition of any sanction specified in the Community Covenant or these Council By-Laws (except as otherwise provided), the Council Board or its delegate shall serve the alleged violator with written notice describing the nature of the alleged violation,
 - ii. The proposed sanction,
 - iii. A period of not less than 15 days within which the alleged violator may present a written request for a hearing; and
 - iv. A statement that the proposed sanction shall be imposed unless a challenge is begun within 15 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.
- b) Hearing

An alleged violator may request a hearing within the allotted 15-day period and

shall have the opportunity to speak on the matter during an executive session of the Council Board or its delegate. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. A copy of the notice with an attached statement of the date and manner of delivery written by the officer, director, or agent who delivered such notice, or attendance of the alleged violator at such meeting is sufficient proof of proper notice.

The minutes of the meeting shall contain a written statement of the hearing results and the sanction, if any, imposed. The Council Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 15-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

4.25 Council Board Standards

In performing his or her duties, each director and officer shall act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director or officer reasonably believes to be in the best interests of the Council. A director or officer acting in accordance with such standards acts in accordance with the business judgment rule and shall be insulated from personal liability as provided under Arizona law and as otherwise provided by the Council Documents.

Council Board determinations of the meaning, scope, and application of Council Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Council Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Council Documents.

4.26 Right of the Community Developer to Disapprove Actions

So long as the Community Developer owns any property described on Exhibits "A" or "B" attached to the Community Covenant (regardless of whether such property is submitted to the Community Covenant), the Community Developer shall have the right to disapprove any action, policy, or program of the Council, the Council Board, and any committee which, in the judgment of the Community Developer, would tend to impair its rights under the Community Covenant or these Council By-Laws, interfere with development, construction, or marketing of any portion of Anthem, or diminish the level of services being provided by the Council. This right to disapprove is in addition to, and not in lieu of, any right of the Community Developer to approve or disapprove specific actions of the Council, the Council Board, or any committee.

So long as the Community Developer owns any property described on Exhibits "A" or "B" to the Community Covenant, the Community Developer shall have the following disapproval rights and privileges:

- a) The Community Developer shall be given prior written notice of all meetings and proposed actions to be approved at meetings (or by written consent in lieu of a meeting) of the Council, the Council Board, or any committee thereof. Such notice

shall be given by certified mail, return receipt requested, or by personal delivery at the address the Community Developer has registered with the Council's Secretary. The notice shall specify the time and place of the meeting and shall set forth with reasonable particularity the agenda for such meeting.

- b) The Community Developer shall be given the opportunity at any such meeting to, from the floor, join in or have its representatives or agents join in discussion of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Community Developer, its representatives or agents may make its concerns, thoughts, and suggestions known to the Owners, the Council Board, and/or the members of the subject committee.
- c) No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met and the Community Developer has not disapproved the action, policy, or program prior to expiration of the time period set forth in subsection (d) below.
- d) The Community Developer may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, or action taken by an officer without a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions, but shall not extend to the requiring of any action or counteraction on behalf of any committee, the Council Board, or the Council unless such action or counteraction countermands an action, policy, or program that was not properly noticed and implemented in accordance with these Council By-Laws. The Community Developer shall not use its right to disapprove to reduce the level of services which the Council is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Article V: Officers

5.1 Officers

The Council officers shall be a President, Vice President, Secretary, and Treasurer. The Council Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Council Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2 Election and Term of Office

The Council Board shall elect the Council officers each year at the April Board of Directors Meeting. Officers may serve terms of such length as may be designated by the Council Board, but not to exceed two years.

5.3 Removal and Vacancies

Whenever in the Council Board's judgment the Council's best interests will be served, the Council Board may remove any officer and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term.

5.4 Powers and Duties

Council officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Council Board. By way of example, and not limitation, the officers shall have the following powers and duties:

- a) President
The President shall exercise general supervision and direction of the affairs of Council. The President shall have the authority to directly administer all matters not expressly delegated or assigned to a managing agent or agents or others.
- b) Vice President
The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.
- c) Secretary
The Secretary shall be responsible for ensuring that the minutes of all meetings of the Council, the Council Board, and any committees are kept, and shall have charge of such books and papers as the Council Board may direct.
- d) Treasurer
The Treasurer shall be responsible for working with appropriate Council Committee(s) on oversight of the development and observation of the organization's financial policies and annual audit.

5.5 Resignation

Any officer may resign at any time by giving written notice to the Council Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective.

5.6 Agreements. Contracts. Deeds. Leases. Checks. Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Council shall be executed by the President, Secretary, or Treasurer, or by such other person or persons as may be designated by Council Board approval.

5.7 Compensation

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 4.12.

Article VI: Committees

6.1 General

The Council Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Council Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

Article VII: Miscellaneous

7.1 Fiscal Year

The Council's fiscal year shall begin on January 1 and end on December 31 unless the Council Board establishes a different fiscal year by resolution.

7.2 Parliamentary Rules

Except as may be modified by Council Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Council proceedings when not in conflict with Arizona law, the Council Articles, or these Council By-Laws.

7.3 Conflicts

If there are conflicts among the provisions of Arizona law, the Community Covenant, the Council Articles, and these Council By-Laws, the provisions of Arizona law, the Community Covenant, the Council Articles, and the Council By-Laws (in that order) shall prevail. In the event of a conflict between the Association Declarations and the Council Documents, the Council Documents shall control.

7.4 Books and Records

a) Inspection by Owners and Mortgagees

The Council Board shall make the following available for inspection and copying by any Owner, mortgagee, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in his or her property: Council Articles, Community Covenant, and Council By-Laws, including any amendments, Council rules, books of account, and the minutes of Council Board meetings. The Council shall provide for such inspection to take place at the Council's office or at such other place within Anthem as the Council Board designates.

b) Rules for Inspection

The Council Board shall establish reasonable rules with respect to:

- i. Notice to be given to the custodian of the records;
- ii. Hours and days of the week when such an inspection may be made; and

- iii. Payment of the cost of reproducing copies of documents requested.
- c) Inspection by Directors
Every director and the Community Developer shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Council and the physical properties the Council owns or controls. The right of inspection by a director or the Community Developer includes the right to make a copy of relevant documents at the Council's expense.

7.5 Notices

Unless otherwise provided in these Council By-Laws, all notices, demands, bills, statements, or other communications under these Council By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

- a) If to an Owner, at his or her address as designated in writing and filed with the Secretary of an Association or, if no such address has been designated, at the address of the Owner's property within Anthem;
- b) If to an Association, to the address designated by such Association in writing to the Council Secretary, or if no such address has been designated, at the principal office of such Association; and,
- c) If to the Council, the Community Developer, the Council Board, or managing agent, at the Council's, Community Developer's, Council Board's, or managing agent's principal office, or at such other address as shall be designated by written notice.

All such notices shall be deemed delivered (a) upon personal delivery to the party or address specified above, or (b) on the third day after mailing when mailed by registered or certified mail, postage prepaid, and properly addressed.

Alternatively, all such notices may be sent by means of facsimile or other electronic communication with confirmation of receipt. Such notice shall be deemed delivered upon transmission and confirmation of receipt.

Upon request, the Secretary of any Association shall provide to the Council's Secretary, or such other designated person, Lot and Owner information as reasonably necessary for the Council to carry out its duties and responsibilities as described in these Council By-Laws and the Community Covenant.

7.6 Amendment

So long as the Community Developer owns property described on Exhibits "A" or "B" to the Community Covenant for development as part of Anthem, the Community Developer may unilaterally amend these Council By-Laws at any time if such amendment is necessary;

- a) To bring any provision into compliance with any applicable governmental statute, rule, or regulation, or judicial determination;
- b) To enable any reputable title insurance company to issue title insurance coverage;

- c) To enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Council, to make, purchase, insure, or guarantee mortgage loans;
- d) To enable any governmental agency or reputable private insurance company to insure mortgage loans; or
- e) To satisfy the requirements of any governmental agency. In addition, during such period, the Community Developer may unilaterally amend those Council By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

Except as otherwise specifically provided herein, these Council By-Laws may also be amended upon Council Board resolution approved by a two-thirds majority of the directors; provided, for so long as the Community Developer owns property described on Exhibits "A" or "B" to the Community Covenant, the Community Developer's consent to any proposed amendment is required.

No amendment may remove, revoke, or modify any right or privilege of the Community Developer without the written consent of the Community Developer or the assignee of such right or privilege.

Amendments to these By-Laws shall be effective upon execution by the Community Developer, if applicable, and by the Council, if applicable, in the manner provided in these By-Laws, unless a later date is specified in the amendment. Any procedural challenge to an amendment must be made within 90 days of the effective date of such amendment, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Council By-Laws.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Anthem Community Council, Inc., an Arizona nonprofit corporation;

That the foregoing Council By-Laws constitute the Amended and Restated By-Laws of said Council, as duly adopted at a meeting of the Board of Directors thereof held on the 28 day of July, 2010

IN WITNESS HEREOF I have hereunto subscribed my name and affixed the seal of said Council this 12 day of August, 2010.

Emily Winkle

Secretary

**AMENDED AND RESTATED BY-LAWS OF
ANTHEM COMMUNITY COUNCIL, INC.**
ADOPTED THIS 16 DAY OF NOVEMBER, 2011

WHEREAS, the Council By-laws were adopted on January 12, 1999 (“Council By-laws”);

WHEREAS, the Council By-laws were amended on January 18, 2000, April 11, 2000, July 25, 2006, October 23, 2007, March 25, 2009, July 9, 2009, and November 16, 2011 (collectively “Amendments”);

WHEREAS, Anthem Community Council, Inc. wishes to amend and restate the Council By-laws in order to include all Amendments within the Council By-laws and create one document;

WHEREAS, these Amended and Restated By-Laws of Anthem Community Council, Inc. have been approved by the Anthem Community Council, Inc. Board of Directors at a meeting held on June 23, 2010; and

WHEREAS, pursuant to Section 7.6 of the By-laws, the “Community Developer” has approved these Amended and Restated By-Laws of Anthem Community Council, Inc.

NOW THEREFORE, the Council By-laws are hereby amended and restated.