

**HOLMES RUN ACRES RECREATION ASSOCIATION, INC.**  
**BY-LAWS**

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July 30, 2019

**ARTICLE I**  
**MEMBERSHIP AND SHARES**

**Article I, Section 1.** Glossary

**Shareholder:** A shareholder of the Corporation is the individual who has filed an application in the form prescribed by the Board of Directors, which application has been approved by the Director for Membership, paid the required membership fee, and received an acknowledgement of Membership from the Corporation. Each shareholder household will be entitled to one vote at all Corporation elections or shareholder meetings.

**Member:** Except as otherwise expressly provided herein, only the person or persons to whom a Membership has been issued and the members of his (their) immediate family residing in the same household shall have membership privileges.

**Inactive Shareholder:** A shareholder who maintains his membership, but pays an inactive fee for the year in place of a full membership due to a lack of intent or ability to use the pool for a year.

**Shareholder of good standing:** A shareholder who has paid the annual fees, dues or assessments or other debts to the corporation by the end of the Corporation's fiscal year, and has not committed any gross violations of the pool's rules and regulations.

**Treasury Share:** Shares either not yet issued to shareholders and still owned by the Corporation or returned to the Corporation by shareholders

**Term/Year:** The Corporation's fiscal year shall begin in October and continue through the September of the following year. A Membership Term shall last from the opening day of one swim season to the opening of the next, regardless of when the shareholder pays his dues.

**Article I, Section 2.** The Board of Directors is authorized to accept persons for membership in the Corporation without regard for location of residence. Membership in the Corporation shall not be denied because of race, religion, color, sexual orientation, or national origin. Nor shall any applicant be denied membership except by decision of the Board of Directors. The Board of Directors is authorized to accept the subscriptions of and to issue the shares in the Corporation to a number not to exceed 400 shares. The total number of 400 shares will consist of shares owned by shareholders and treasury shares.

**Article I, Section 3.** The Board of Directors shall maintain complete control over the sale, transfer and repurchase of shares in the Corporation. Should a shareholder wish to sell or transfer his share in the Corporation, he must submit written notice to the Board of Directors stating his intent. It shall be the policy of the Board of Directors to authorize such sale, transfer, or repurchase of shares in the following manner:

- a. Shares in the Corporation shall be sold to shareholders at a price established and reviewed annually by the Board of Directors and shall be based on its judgment. Any purchaser of shares will receive a Membership in the Corporation. Shares must be paid in full, at a price no less than its par value, prior to its issuance. All shareholders are required to pay the annual dues and fees in full. The Board of Directors shall annually determine these charges.
- b. A shareholder in good standing selling his residence may sell or transfer his share to his successor in interest in his residence. No such purchaser shall be required to pay a shareholder fee to the Corporation. If the Board of Directors refuses to issue a Membership to any such purchaser, the current shareholder fee, less any indebtedness due the Corporation, shall be paid to the holder of the Membership in exchange for its surrender to the Corporation.
- c. A member may surrender his membership in favor of his child over 18 years of age, provided all outstanding indebtedness to the Corporation has been paid. If the Board of Directors refuses to issue a Membership to any such purchaser, the current membership fee, less any indebtedness due the Corporation, shall be paid to the holder of the Membership in exchange for its surrender to the Corporation.
- d. A shareholder may request the Board of Directors to repurchase his share. The Board will repurchase the share at the current shareholder price set by the Board of Directors, except if the repurchase of an existing share would cause the Corporation to be placed in a precarious financial position. The Board will take the status of the Corporation's emergency fund and the number of the treasury shares held by the Board of Directors into account when determining the financial status of the corporation. The Board will make a decision on the repurchase of shares at the end of the Corporation's fiscal year.

**Article I, Section 4.** If the Board of Directors defaults or defers on the repurchase of a share for reasons specified in Article I, Section 3, d. and a moratorium on the repurchase of shares is declared by the Board of Directors, the name of those shareholders offering in writing their shares for repurchase will be placed on a waiting list and will be honored in chronological order of receipt of request. The request for repurchase shall appear in the order the names appear on the list. It is the shareholder's responsibility to keep contact information current. Once on the waiting list, the member is no longer a shareholder, and shareholder benefits are forfeited at that time.

**Article I, Section 5.** Shareholders are responsible for keeping the Corporation informed as to their current e-mail and mailing address so that they may receive official notifications from the Corporation. If a First Class mailing is returned by the United States Postal Service with a notification that a forwarding address is not known, the Corporation will consider the notification delivered to the shareholder.

**Article I, Section 6.** A shareholder who fails to pay the annual fees, dues or assessments or other debts to the corporation by the end of the Corporation's fiscal year shall be considered to have abandoned their share. At such time, all rights and privileges of membership shall automatically be forfeited and the share shall revert to the ownership of the Corporation. The Board reserves the right to pursue any outstanding fees, dues, or assessments owned to the Corporation.

**Article I, Section 7.** The Board of Directors may, for good and sufficient cause, cancel the membership of any member by the affirmative vote of a majority of Board members. The shareholder will be provided an opportunity for a hearing at a meeting of the Board before the membership is cancelled. When the Board initiates action under this Section, it will notify in writing the affected shareholder (at his/her address of record by certified mail-return receipt requested) of the proposed

cancellation and specify the grounds therefore and the time and place at which a hearing will be held. If the shareholder is dissatisfied with the Board's decision, he/she may appeal that decision to the shareholders at either the next annual meeting or a special meeting. The Board's decision may be reversed or modified by the affirmative vote of a majority of the shareholders present at such a meeting.

The Corporation shall pay to any shareholder whose membership has been canceled under the provisions of this section the difference (if any) between the amount realized from the sale of the membership by the Corporation and any amount owed to the Corporation by the holder of the canceled membership.

**Article I, Section 8.** The Board of Directors may grant members inactive status upon written request therefore. In granting such status, the Board of Directors may impose such conditions as deemed necessary to protect the interests of the Corporation.

**Article I, Section 9.** Access to HRARA's membership information is limited to the membership chairperson (s), and the HRARA officers. No other access to this confidential information shall occur without the express permission of either the membership chairperson(s) or the President. At no time shall the list of member names be sold or otherwise divulged to outside parties.

## **ARTICLE II** **SHAREHOLDER MEETINGS**

**Article II, Section 1.** An annual meeting of the shareholders shall be held at such time and place as the Board of Directors may designate.

**Article II, Section 2.** A special meeting of the shareholders may be called by the President, and shall be called upon the written request of not fewer than 25 percent of the shareholders in good standing.

**Article II, Section 3.** At least thirty (30) days before the date of any annual meeting or seven days before any special meeting of the shareholders, the secretary shall cause written notice thereof to be mailed or delivered to each shareholder on the records of the Corporation. Provided e-mail addresses of all shareholders are available, notices or such meetings shall be sent via e-mail.

**Article II, Section 4.** At any shareholder's meeting, representation of one-fourth of the eligible shareholders in good standing, either in person or by proxy, shall constitute a quorum. Prospective shareholders who are buying a share of stock on a time payment plan are eligible to vote if payments remain current. No business may be transacted unless a quorum is present.

## **ARTICLE III** **DIRECTORS**

**Article III, Section 1.** There shall be at least nine (9) but not more than fifteen (15) Directors elected by the shareholders to manage the affairs of the Corporation. Each Director elected by the shareholders shall take office at the first meeting of the Board of Directors following the election and serve for a term of two (2) years. In the event the number of Directors in office is less than the maximum number prescribed herein, the Board of Directors may by a two-thirds majority vote of the Directors in office at that time appoint a shareholder in good standing to take office immediately and serve until the next general election.

**Article III, Section 2.**

When an election is to be conducted by mail:

- a. The Secretary shall cause written notice thereof to be mailed or delivered to each shareholder on the records of the Corporation at least fourteen (14) days before the date on which nominations will be closed. Such notice will include the method/s by which nominations will be accepted and the process by which the election will be conducted.
- b. A single ballot shall be conducted using a form of preferential voting to be prescribed by the Board of Directors. The ballot form will allow for as many “write-in” candidates as there are positions to be filled in the election. The Secretary shall cause ballot forms and instructions to be mailed and delivered to each shareholder on the records of the Corporation at least fourteen (14) days before the date on which balloting will be closed.

When an election is conducted during a meeting:

- c. The Secretary shall cause written notice thereof to be mailed or delivered to each shareholder on the records of the Corporation at least fourteen (14) days before the date of the meetings. The chairperson of the meeting shall announce nominations submitted in advance and call for additional nominations from the floor.
- d. The balloting process shall be repeated as necessary until each position has been filled by a candidate with a majority of votes in a ballot.

For any election the President shall appoint shareholders to act as tellers. Members of the incumbent Board of Directors shall not serve as tellers.

**Article III, Section 3.** If a Director fails to attend regular meetings of the Board of Directors for three (3) consecutive meetings or otherwise fails to perform any of the duties as a Director, that office may be declared vacant by the Board of Directors and the vacancy filled as herein provided. Any Director or Officer of the Corporation may be removed from the office by the affirmative vote of two-thirds of the eligible shareholders present at a special meeting called for the purpose, but only after that Director or Officer has been given an opportunity to be heard.

**ARTICLE IV**  
**MEETINGS OF DIRECTORS**

**Article IV, Section 1.** A regular meeting of the Board of Directors shall be held at least once a month. The President or, in his absence, the Vice President may call a special meeting of the Board of Directors at any time and shall do so upon the written request of one-third of the Directors. The President shall fix the time and place of each meeting. As the Board of Directors may prescribe, adequate notice of each meeting shall be given to each member of the Board.

**Article IV, Section 2.** A majority of the Board of Directors shall constitute a quorum and Directors must be present to vote.

**Article IV, Section 3.** The President, in urgent and extenuating circumstances, has the authority to call an electronic vote between regularly scheduled meetings when the President decides such a vote is necessary and of such urgency that a vote and decision on a matter must be made before the next meeting of Directors. The results of any such votes will be announced at and recorded in the minutes of the next meeting.

**ARTICLE V**  
**OFFICERS**

**Article V, Section 1.** The Officers of the Corporation shall be a President, Vice President, Treasurer and Secretary, all of whom shall be elected by and from the Board of Directors. Officers shall be elected annually and, unless sooner removed as herein provided, shall hold office until the first meeting of the Board of Directors held after the annual meeting and election.

**Article V, Section 2.** The President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors. He shall perform such other duties as customarily pertain to the office of President, or as he may be directed to perform by resolution of the Board of Directors. The President shall serve as an ex-officio member of all committees, both temporary and permanent, except that the President shall not serve as a member of any nominating committee.

**Article V, Section 3.** The Vice President shall have and exercise all the powers, authority and duties of the President during the absence of the latter, or whenever the President is unable to fulfill his duties. The Vice President shall also act as chairman of the Planning Committee

**Article V, Section 4.** The Treasurer shall be responsible for the custody of all funds, securities, insurance and other intangible assets of the Corporation. He shall be responsible for plans and policies relating to the financial management of the Corporation and shall serve as chairman of the Finance Committee. He shall be responsible for the maintenance of full and complete records of all assets and liabilities of the Corporation, and of all financial transactions. He shall be responsible for the preparation of such tax reports and other financial reports as may be required by local, state and federal governments. Subject to board approval, the Treasurer may employ an Assistant Treasurer who shall assist the Treasurer in the duties of the office and serve as the Treasurer's agent.

**Article V, Section 5.** The Secretary of the Corporation shall have custody of the corporate seal and the records of the Corporation, except those records required under Article V, Section 4, and shall prepare and maintain full minutes of all meetings of the shareholders and the Board of Directors. The Secretary shall conduct all official correspondence of the Corporation, and shall give proper notice of all meetings to the shareholders. The President may appoint an Assistant Secretary to assist the Secretary in the performance of the duties.

**ARTICLE VI**  
**STANDING COMMITTEES**

**Article VI, Section 1.** The President of the Corporation shall appoint the committee chairpersons specified in Sections 2 through 10. Unless otherwise directed, all chairpersons of the standing committees shall be members of the incumbent Board of Directors. Subject to Board approval, the President may appoint as chairpersons of any special committee any shareholder who is in good standing in the Corporation.

**Article VI, Section 2.** An Activities Committee shall be responsible for all social functions of the Corporation, except where specific social functions are assigned to another Committee.

**Article VI, Section 3.** An Engineering Committee shall be responsible for non-recurrent construction, maintenance, and repair tasks associated with the facilities of the Corporation, except where such tasks are assigned to another Committee.

**Article VI, Section 4.** A Finance Committee shall include as members the chairpersons of all other standing committees and the President of the Corporation, shall be responsible for the overall financial

management of the Corporation and shall advise the Board of Directors on all financial matters. It shall prepare and submit to the Board recommended financial plans and policies, including an annual budget. It shall submit at each regular meeting of the Board a financial statement of the condition of the Corporation as of the last day of the preceding calendar month or other period as specified by the Board of Directors. The Treasurer shall be the Chairperson of the Finance Committee in accordance with Article V, Section 4. The chairperson/s of all other Standing Committees and the President shall be voting members of this Committee. At the conclusion of each fiscal year, the Treasurer will recommend to the Board of Directors either (a) that the Board of Directors engage a Certified Public Accountant to review the financial records for a fiscal year or (b) that the Board of Directors establish an Audit Committee for that purpose. The Finance Committee shall make studies and recommendations relative to the insurance coverage of the Corporation.

**Article VI, Section 5.** A Landscaping Committee shall be responsible for the upkeep of all natural areas under the control of the Corporation.

**Article VI, Section 6.** A Membership Committee shall be responsible for reviewing applications for membership and making appropriate recommendations to the Board of Directors. This committee shall also be responsible for promotion work in connection with the sale of memberships as well as keeping an accurate up-to-date roster of shareholders.

**Article VI, Section 7.** An Operating Committee shall be responsible for operation of the swimming pools and other facilities of the Corporation as required by law, regulation, or these By-Laws; and for the recurrent tasks associated with the swimming pools and other required facilities.

**Article VI, Section 8.** A Planning Committee shall devise and present to the Board of Directors both short and long range plans consistent with the purpose of the Corporation. The Vice President shall be the Chairperson of the Planning Committee.

**Article VI, Section 9.** A Publications Committee shall be responsible for managing the public information relating to the Corporation, including the Corporation's website and any information on social media.

**Article VI, Section 10.** A Swim Team Committee shall be responsible for all activities of any swim team established by and operated under the authority of the Corporation. Up to two (2) Swim Team Representatives shall be appointed by the Board of Directors and shall be authorized to represent the Corporation to any swim league or similar organization responsible for activities in which a Corporation swim team participates. The Swim Team Committee shall consist of:

- a Chairperson appointed by the President;
- the Swim Team Representative(s);
- three (3) shareholders in good standing elected by and from the parents or legal guardians of registered members of a Corporation swim team;
- the President.

**Article VI, Section 12.** Action taken by the standing committees shall be valid until the next meeting of the Board of Directors at which time such action will be reported to the Board which will affirm, modify or reject by appropriate motion the said action.

**Article VI, Section 13.** The President may establish Special Committees as he shall deem necessary or expedient for the welfare of the Corporation. The President shall determine the charter for any Special Committee; the charter shall include the nature of the business to be considered by the Special Committee, the term of the Committee, and any items to be delivered by the Special Committee to the President.

**Article VI, Section 14.** The President shall settle any disputes arising from disagreements when there is a perceived overlap over responsibilities of Committees. Where the responsibility for any task or issue is not clearly defined by these By-Laws the President shall determine the Committee to be responsible for that task or issue.

## ARTICLE VII PROPERTY AND FINANCES

**Article VII, Section 1.**

- a. Any obligation or expenditure of the corporate assets requires the prior approval of the Board of Directors.
- b. Not later than January 31 of each year, the Board of Directors shall adopt an Annual Budget for the current fiscal year. The budget will include the following:
  - i. A budget for pool management and operations
  - ii. A budget for administrative costs
  - iii. A budget for each of the standing committees
  - iv. A Capital Improvements Budget
  - v. Monies set aside as savings
  - vi. Estimated income received from annual fees
- c. Not later than January 31 of each year, the Board of Directors shall adopt a Capital Improvements Budget for the current year and the next succeeding three (3) years. Such budget shall identify improvements to be undertaken during each year covered by the budget and shall specify the sources of financing for the improvements. The Capital Improvements Budget for the current year shall be included in the Annual Budget as item 1.b.iv.

**Article VII, Section 2.** The Board of Directors shall set annual fees for the operation of the Corporation. All shareholders are required to pay an applicable annual fee. If necessary, the Board of Directors may assess the shareholders for funds needed for major repairs and/or capital improvements and/or funds required to pay amounts due for the operation of the corporation.

**Article VII, Section 3.** The funds of the Corporation shall be deposited as designated by written resolution of the Board of Directors, in national banks, savings and loan associations, or trust companies, and only in institutions the deposits of which are insured by the United States Government, or in money market funds invested in United States Government securities. All funds shall be deposited within seven (7) days of their receipt.

**Article VII, Section 4.** The funds of the Corporation may not be loaned to or invested with any Officer, Director, or shareholder of the Corporation.

**Article VII, Section 5.** All disbursements of funds of the Corporation shall be made by checks or electronic transactions signed or authorized by any one of the following: Treasurer, Assistant Treasurer, Vice President or President. Payments in excess of \$2,000 must be signed or authorized by two of the authorized Officers, one of whom must be the President or the Vice President. An email from the President or the Vice President shall serve as authorization for electronic transactions.

**Article VII, Section 6.** The Board of Directors will issue a Request for Proposal (RFP) and make efforts to get a minimum of three bids for any contract, project, or work that is expected to exceed \$5,000, except when impractical or in cases of emergency. The Chairs of the relevant Committee and the Planning Committee will be responsible for coordinating to draft the RFP.

**Article VII, Section 7.** Liability insurance shall be maintained in force in an amount determined sufficient to protect the Corporation, the Officers, the Board of Directors, and the shareholders.

**Article VII, Section 8.**

- a. The financial accounts of the Corporation shall be reviewed annually by an Ad Hoc Auditing Committee or a Certified Public Account (CPA). The President shall appoint the Chairperson of the Audit Committee or a CPA as recommended by the Treasurer. The Board of Directors shall vote on the appointment. The Chairperson of the Audit Committee shall then select no less than two board members or other shareholders in good standing to serve on the audit committee. No one with the authority to sign checks for the Corporation shall be appointed to serve on the Audit Committee.
- b. The Treasurer shall submit the association's financial books to the auditing committee chairperson, or the Certified Public Accountant, at the end of the fiscal year. The results of the audit by the committee or the CPA shall be presented to the Board of Directors for approval and to be summarized in its yearly report to membership.

**Article VII, Section 9.**

- a. The Corporation is authorized to contract obligations for the purpose of capital improvements, the total of which may not exceed one-half of the assessed valuation of all corporate property.
- b. The Corporation is not authorized to contract for any obligation, other than 9.a. above, in excess of its liquid assets except by majority vote of the shareholders in financial good standing in the Corporation who are present and voting either in person or by proxy at an annual or special meeting.

**Article VII, Section 10.** Property, other than land, with a value of \$500 may be transferred only after two-thirds of the Directors shall have approved such a transfer; and in the case of land, after a majority of the shareholders present in person or by proxy and voting have approved such a transfer at an annual or special meeting.

**Article VII, Section 10.** The Board of Directors shall set annual fees for the operation of the Corporation. All shareholders are required to pay an applicable annual fee. If necessary, the Board of Directors may assess the shareholders for funds needed for major repairs and/or capital improvements and/or funds required to pay amounts due for the operation of the corporation.

**ARTICLE VIII**  
**GENERAL**

**Article VIII, Section 1.** All powers, authority, duties and functions of the shareholders, Directors, Officers and employees of the Corporation shall be exercised in strict conformity with applicable provisions of law and regulations and of the Charter and By-Laws of this Corporation.

**Article VIII, Section 2.** When any Officer is absent or otherwise unable to perform the duties of his/her office, the Board of Directors may by resolution designate another member of the Board of Directors to act temporarily in his/her place.

**Article VIII, Section 3.** Copies of the organization papers of this Corporation, its By-Laws and any amendments thereto, and the stock book of the Corporation shall be preserved in a place of safekeeping. Returns of elections and proceedings of all meetings of the Directors and shareholders shall be recorded in the minutes books. The minutes of all meetings shall be signed by the President or Secretary or by those acting in their places.

**Article VIII, Section 4.** On or before January 31st of each year, the President shall deliver or mail an annual report to the shareholders for the Board of Directors.

**Article VIII, Section 5.** Neither members in good standing of the Corporation, nor guests shall be denied the use of the pool under the rules established by the Operating Committee or by the Board of Directors except for failure to pay fees, unacceptable conduct at the swimming pool site or any place else on properties belonging to the Corporation, or exposure or contraction of a disease or other conditions judged by the pool management as likely to endanger the health of other swimming pool users.

**Article VIII, Section 6.** Any extension of the recreational facilities for purposes other than those normally connected with a swimming pool shall be approved by a majority present at a shareholders meeting.

**Article VIII, Section 7.** All meetings shall be conducted according to the provisions of the latest edition of Roberts Rules of Order, Revised, except when adherence to the said provisions is clearly in contravention of these By-Laws or the Corporate Charter.

**Article VIII, Section 8.** A Legal Advisor may be appointed by the President in order to provide or recommend legal counsel to the Board of Directors.

## **ARTICLE IX** **AMENDMENTS TO BY-LAWS**

**Article IX, Section 1.** Amendments to these By-Laws may be adopted by the affirmative vote of two-thirds of the Directors present at a duly held meeting of the Board of Directors. Shareholders shall be notified of such amendments within thirty (30) days after their adoption by the Board of Directors. Such amendments shall be thereafter effective until rejected by a majority vote of the shareholders present in person or by proxy at a duly held meeting.

**Article IX, Section 2.** Amendments to these By-Laws may also be adopted by the affirmative vote of two-thirds of the shareholders present at a duly held meeting. To be considered at a shareholders meeting, proposed amendments:

- a. Must be signed by not less than five (5) eligible shareholders in good standing and submitted to the Secretary in writing at least thirty (30) days prior to the meeting.
- b. May be submitted for consideration by the Board of Directors.

The Secretary shall give notice to the shareholders of all proposed amendments at least fifteen (15) days prior to the duly called meeting.

**ARTICLE X**  
**INDEMNIFICATION**

**Article X, Section 1.** The Corporation shall indemnify each Director, Officer and employees of this Corporation against expenses (including attorney's fees), judgments, decrees, fines, penalties or amounts paid in settlement in connection with the defense of any past, pending or threatened action, suit or proceeding, criminal or civil, to which he was, is or may be made a party to by reasoning of being or having been such a Director, Officer or employee, provided a determination is made by the Board of Directors of this Corporation, acting at a meeting at which a quorum consisting of Directors who neither were nor are parties to or threatened with any such action, suit or proceedings is present, that:

- a. such Director, Officer or employee is not guilty of willful misconduct in the performance of his duty to the corporation of which he is or was a Director, Officer, or employee;
- b. he acted in good faith in what he reasonably believed to be in the best interest of such corporation; and
- c. in any matter the subject of a criminal action, suit, or proceeding, he had no reasonable cause to believe that his conduct was unlawful.

**Article X, Section 2.** The forgoing rights of indemnification shall not be deemed exclusive of any other rights to which such Director, Officer, or employees may be entitled apart from the provisions of this By-Law.