

Memo To: Greensboro Association Board of Trustees

Date: July 25, 2013

From: Day Patterson

Re: **Proposed Amendments to the Greensboro Association's Articles of Association and By-Laws**

Per the Ad Hoc Committee meetings of July 8, 16 and 22, 2013, attached are 7-25-2013 drafts of proposed new Articles of Association and proposed new by-laws for the Association. A marked copy of the draft of the proposed new by-laws is also attached, showing each of the revisions (other than formatting changes, such as underlining, spacing, font changes, etc.) that the Committee is proposing be made to the Association's current by-laws. (Because the Articles of Association have been amended almost in their entirety, with the result that virtually all of the provisions therein are new and would therefore be marked, no marked copy of that draft is being provided.)

The below text sets forth a brief summary of the proposed material amendments to the Articles of Association and the by-laws.

Articles of Association

The Association's current Articles of Association were adopted in 1934 and have never been amended. Those Articles state in essence that the Association was formed as a nonprofit corporation "for the purpose of being a village improvement corporation and as such to promote and develop matters of mutual interest to all residents of the village of Greensboro ... and the territory contiguous to Caspian Lake; provided, however, that the corporation shall not engage in business for any ... financial profit."

The proposed new Articles of Association are substantially similar to the original Articles of Association, but include a number of additional provisions mandated by Federal and State law for any corporation that intends to seek to obtain tax exempt status. Thus, among other things, the proposed new Articles state that the Association shall be a public benefit corporation (i.e., in this case, a corporation intended to benefit the Greensboro community at large rather than only the Association's members), shall be a nonprofit corporation, shall not attempt to influence legislation, shall not engage in any political campaign on behalf of any candidate for public office, and shall upon dissolution distribute its assets for a tax exempt purpose.

The proposed new Articles also state that the Association's purpose shall be "to promote and develop matters of mutual benefit to the year-round and seasonal residents of the community of Greensboro". No material change to the Association's purpose as stated in its existing Articles of Association is intended by the foregoing revised purpose language. The Committee simply believes that the proposed purpose language is more succinct and clear than that in the original Articles of Association.

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By-Laws

Article I, Section 2. Purpose. The purpose provision has been revised to mirror the purpose provision as revised in the proposed new Articles of Association, as detailed above.

Article I, Section 3. Fiscal Year. Article II, Section 5 of the Association's current by-laws states that the Association's fiscal year will run from August 1 to July 31, unless the Association or the Board determines otherwise. Under the proposed by-law, the Association's fiscal year will run from July 1 to June 30, unless the Association or the Board determines otherwise. That July 1 - June 30 fiscal year will coincide with the Town of Greensboro's fiscal year, and will also provide a month between the Association's fiscal year-end and the Association's August annual meeting.

Article II, Section 2. Membership. A provision has been added giving the Board the right to terminate any single or joint membership for the non-payment of the annual dues payable for such membership.

Article II, Section 4. Membership Dues. As revised, this by-law authorizes the Board to set the membership dues from time to time, and eliminates the requirement that the Association's members must approve any dues increase at an annual or special meeting called for that purpose.

Article III, Section 1. Annual Meeting. The current by-laws require the Association's annual meeting to be held at 7:30 p.m. on the 3rd Monday of August in each year, unless otherwise determined by the Association or the Board. As revised, Article III, Section 1 will simply require that the Association's annual meeting be held in August in each year, and will require the Board to set the date and time for that August annual meeting at least 30 days in advance thereof, unless otherwise determined by the Association or the Board.

Article III, Section 2. Special Meetings. Special meetings of the Association may be called by the President or the Board. A provision has been added to Article III, Section 2 to authorize 10% of the Association's members to call a special meeting of the Association.

Article III, Section 3. Notice of Meetings. The amended by-law is more detailed and is intended to provide greater clarity as to when and how notices for Association meetings are to be delivered.

Article III, Section 4. Manner of Acting. A new by-law has been added to make it clear that at meetings of the Association, a majority of the votes of the members present and entitled to vote at that meeting shall govern, unless a greater proportion is required by law or the by-laws.

Proxies. The current by-laws do not provide for members' voting by proxy or by mail, and it was the consensus of the committee that, to avoid complexities at Association meetings, the by-laws should not be amended to provide for such voting.

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Article III, Section 4. Association Website. The current by-law requires the Association to maintain and fund a website on an annual basis. As revised, the by-law provides that website matters will be left to the Board's determination.

Article IV, Section 1. General Powers. This revised by-law is identical to the first sentence of Article IV, Section 5 of the current by-laws. But this revised by-law (which now appears as Article IV, Section 1) omits the 2nd sentence of the current Article IV, Section 5. That 2nd sentence requires the Board to approve by a two-thirds majority vote any appropriation of more than \$500 of funds beyond the expenditures authorized in the budget. It was the consensus of the Committee that the \$500 limit was too low and that appropriate financial safeguards can and should be established by the Board rather than by a by-law.

Article IV, Section 6. Meetings of the Board. The current Article IV, Section 6 permits any two Trustees to call a special meeting of the Board. Because the Board is to consist of 21 Trustees, the Committee felt that at least seven Trustees should be required in order to call a special meeting, and the revised by-law so provides.

Article IV, Section 7. Notice. This proposed by-law mirrors the revised Article III, Section 3. It is more detailed than the current by-law and is intended to provide greater clarity as to when and how notices for Board meetings are to be delivered.

The remainder of the proposed amendments to the by-laws are simply intended to provide greater clarity, rather than effect any material change in the scope or meaning of the respective by-law.

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