

Heightened Board Vote: Explanation of the Issues

Currently, the following actions require approval of two-thirds of the Board of Directors (the “Board”):

- Election of an Honorary Member (two-thirds of the full Board);
- Annual assessments up to \$300.00 per Equity member per year;
- Termination or suspension of a Club membership;
- Appointment of ex-officio Directors;
- Making amendments to the Bylaws that do not affect member rights; and
- Employment of, conducting business with, or entering into contracts with an Equity member.

The Board proposes to amend the Bylaws to require six Board votes, instead of a two-thirds Board vote, to accomplish any of the actions listed above. Since six votes is two-thirds of the full nine Directors elected by the membership, not just two-thirds of the quorum required for the Board to act, this amendment will ensure that matters important enough to merit a heightened vote receive the appropriate amount of Board approval. Additionally, requiring six votes is the most clear and direct method to define a heightened Board vote and eliminates any potential issues regarding heightened quorum requirements or fractional votes.

The Bylaws define a quorum (the minimum number of Directors required to be present in order for the Board to take action) as five or more Directors. Accordingly, a two-thirds vote only requires two-thirds of a quorum to vote in favor of the action in question. Under the current two-thirds requirement, given a quorum of six Directors only four of those Directors would need to vote in favor of, for example, suspending a Club membership. It is the Board’s position that any action important enough to merit a heightened Board vote should receive the support of at least two-thirds of the full Board.

A simple requirement for six votes also avoids any confusion about the quorum required for a heightened Board vote. By contrast, defining a heightened Board vote as approval by two-thirds of the full Board implies the requirement for the presence of the entire Board. A six vote requirement also eliminates any related issues in determining whether a heightened quorum requirement should be imposed along with a heightened vote. Instead, it is very clear that at least six Board members must be present and at least six Board members must approve of the action in question.

Finally, a six vote requirement eliminates any potential confusion regarding fractional votes. Under the current two-thirds vote requirement, a five, seven, or eight Director quorum leads to required votes of three and one-third, four and two-thirds and five and one-third, respectively. Since the Bylaws are silent on how to treat fractional votes a number of possible interpretations exist, including rounding all fractions up to the next whole number, only rounding up if the fraction is equal to or greater than one-half, or disregarding all fractions and rounding down. So, depending on how fractional votes are treated, a two-thirds vote for a five Director quorum might require three or four votes, a seven Director quorum four or five votes, and an eight Director quorum five or six votes. A six vote requirement sidesteps the fractional vote issue entirely.

Heightened Board Vote: Proposed Amendments

1. Amend Section 8.2.1 (including the reference in the Table of Contents) as follows:

8.2.1 Board Actions Requiring ~~Two-Thirds~~ Heightened Board Vote. ~~Two-thirds of the full Board must vote to elect an Honorary Member as described in Section 3.5.7 (Honorary Members). A~~ Heightened Board Vote shall mean a vote of approval by six or more Directors. ~~Additionally, the~~ The following actions must be approved by ~~two-thirds of the Directors voting on the question a~~ Heightened Board Vote:

- (1) Election of an Honorary Member as described in Section 3.5.7 (Honorary Members);
- ~~(2)~~ Annual assessments of Equity members as described in Section 5.3 (Assessments);
- ~~(23)~~ Termination or suspension of a Club membership as described in Section 7.1 (Termination or Suspension);
- ~~(34)~~ Appointment of ex-officio Directors (except for the Immediate Past President) as described in Section 8.6.2 (Additional ex-officio Directors);
- ~~(45)~~ Amending the Bylaws as described in Section 16.1 (Board Amendments); and
- ~~(56)~~ Employment of, conducting business with, or entering into contracts with an Equity member by the Club as described in Article 19 (Employment and Business with Members).

2. Amend Section 3.5.7 as follows:

3.5.7 Honorary. Individuals may be elected to be Honorary members by a ~~two-thirds vote of the full Board~~ Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote) ~~to be Honorary members.~~

3. Amend Section 5.3 as follows:

5.3 Assessments. In addition to the monthly membership dues, each Equity member may be assessed not more than \$300.00 annually to support continued operation of the Club consistent with its original designs and purposes. Each such assessment, including the terms, payment and duration of the assessment, must be approved by ~~at least two-thirds of the voting members of the Board a~~ Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote). Annual assessments in excess of that amount must be approved by the membership as described in Section 8.2.2 (Board Actions Requiring Majority Equity Member Vote).

4. Amend Section 7.1 as follows:

7.1 Termination or Suspension. Any membership may be terminated, or privileges suspended, by ~~action of at least two-thirds of the voting members of the Board a~~ Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote) for non-payment of dues or other indebtedness, violation of Club rules, or conduct inimical to the best interests of the Club.

Heightened Board Vote: Proposed Amendments

5. Amend Section 8.6.2 as follows:

8.6.2 Additional Ex-Officio Directors. The Board may appoint additional ex-officio members to the Board, but only if each voting member of the Board is given 10 days' written notice of the nomination and of the Board meeting at which the nominee is to be voted upon. ~~The nominee shall be appointed on receiving a two-thirds vote of the Board~~ A Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote) shall be required to appoint a nominee.

6. Amend Section 8.4 as follows:

8.4 Quorum. A simple majority of the voting Directors, including the immediate Past President, whether acting as a continuing elected Director or ex-officio, shall constitute a quorum for the transaction of business. Thus, depending on the capacity of the immediate Past President, a quorum shall be either five or six Directors except in the special circumstance described below following resignation or removal of Directors. The decision of a simple majority of the Directors present and voting (excluding abstentions) at a meeting at which a quorum is present shall be regarded as the action of the Board unless a greater vote is required by Section 8.2.1 (Board Actions Requiring ~~Two-Thirds Heightened~~ Board Vote) for any particular action. Voting by proxy shall not be permitted; however, a Director may attend a meeting and vote by conference call, or video or computer link in which all Directors can hear one another.

7. Amend Section 16.1 as follows:

16.1 Amendments by the Board. The Board may amend the Bylaws by a ~~vote of at least two-thirds of the voting members of the Board~~ Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote). Any such amendment must first be proposed at one regular Board meeting and notice shall be published in the Club Bulletin or given to all Equity members at least 10 days before the next regular Board meeting at which time the amendment is to be submitted for the vote of the Board. The Board may not exercise its authority to amend the Bylaws, however, in a manner that would affect the rights of the members contained in any of the following provisions:

- (a) Section 4.2 (Increase or Decrease in Memberships);
- (b) Section 5.3 (Assessments);
- (c) Section 8.2 (Limitations on Board Authority); or
- (d) Article 16 (Amendments).

8. Amend Article 19 as follows:

ARTICLE 19. EMPLOYMENT AND BUSINESS WITH MEMBERS

No member, or spouse or domestic partner of an Equity member shall be employed by the Club on a full or part time basis, or otherwise conduct business or enter into contracts with the Club, if that person will or may directly or indirectly receive a monetary benefit by reason of having a business or contractual relationship with the Club unless the fact of the proposed contract or business transaction and its general nature has first been posted at the Clubhouse for at least 30 days before it is effective and, in addition, has been approved by ~~at least two-thirds of the voting members of the Board~~ a Heightened Board Vote as defined in Section 8.2.1 (Board Actions Requiring Heightened Board Vote).