

# BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

## Table of Contents

|  |    |
|--|----|
| ARTICLE I – MEMBERS AND GUESTS                                       | 3  |
| Section 1.0: Membership  | 3  |
| Section 1.1: Membership Types.                                       | 3  |
| Section 1.2: Membership Discipline and Resignations.                 | 5  |
| Section 1.3: Non-Members.  | 5  |
| Section 1.4: Facility Use and the Regulation of Alcoholic Beverages. | 6  |
| Section 1.5: Initiation Fees and Membership Dues.                    | 6  |
| ARTICLE II - MEETINGS OF MEMBERS                                     | 7  |
| Section 2.0: Annual Membership                                       | 7  |
| Section 2.1: Special Meetings.                                       | 7  |
| Section 2.2: Notice.   | 7  |
| Section 2.3: Voting  | 7  |
| Section 2.4: Limitation of Proxy                                     | 7  |
| Section 2.5: Quorum  | 7  |
| ARTICLE III - BOARD OF DIRECTORS                                     | 7  |
| Section 3.1: Number of Directors.                                    | 7  |
| Section 3.2: Qualification of Directors.                             | 8  |
| Section 3.3: Nominating Committee, Nominations and Elections:        | 8  |
| Section 3.4: Term  | 8  |
| Section 3.5: Vacancy   | 9  |
| Section 3.6: Resignation, Absences and Termination                   | 9  |
| Section 3.7: Governing Policies Manual.                              | 9  |
| Section 3.8: Quorum  | 9  |
| Section 3.9: Powers of Directors.                                    | 9  |
| ARTICLE IV – OFFICERS  | 10 |
| Section 4.1: Designation   | 10 |
| Section 4.2: Election of Officers:                                   | 11 |
| Section 4.3: Immediate Past President                                | 11 |
| ARTICLE V - FINANCIAL ADMINISTRATION                                 | 11 |

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

|  |    |
|--|----|
| Section 5.1: Fiscal Year.                          | 11 |
| Section 5.2: Annual Report.                        | 11 |
| Section 5.3: Deposits and Withdrawals of Funds.    | 11 |
| Section 5.4: Audit.                                | 11 |
| Section 5.5: Capital Reserve Fund                  | 11 |
| Section 5.6: Assessment.                           | 12 |
| Section 5.7: Insurance.                            | 12 |
| ARTICLE VI - INDEMNIFICATION                       | 12 |
| Section 6.1: Definitions.                          | 12 |
| Section 6.2: Mandatory Indemnification             | 12 |
| Section 6.3: Discretionary Indemnification         | 12 |
| Section 6.4: Determination of Availability         | 13 |
| Section 6.5: Advances                              | 13 |
| Section 6.6: Application; Right to Contract.       | 14 |
| Section 6.7: Insurance.                            | 14 |
| Section 6.8: Indemnification Rights Not Exclusive. | 14 |
| Section 6.9: Further Board Action                  | 14 |
| Section 6.10: Severability                         | 15 |
| ARTICLE VII – AMENDMENTS                           | 15 |
| Section 7.1  | 15 |

# BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

## ARTICLE I – MEMBERS AND GUESTS

### Section 1.0: Membership.

Avalon Recreation Association, Inc. (hereinafter the "Association") is governed by the Board of Directors. Membership in the Association is in the sole discretion of the Board of Directors or a designee of the Board of Directors. A designee may be in the form of a committee, or a person duly appointed by the Board of Directors. For all purposes, the Board of Directors has the sole discretion to determine what constitutes proper membership categories for the Association. Only members in good standing of the Association may participate on any team (swim, dive, tennis, etc.). Sponsors of applicants must have been members of the Association for one full swimming season.

**Section 1.0(a): Member In Good Standing.** The term "member in good standing" is defined as members: (1) that paid all assessed dues and fees of the Association; (2) abiding by the bylaws, rules, regulations, and policies of the Association; (3) that are current in any other financial obligations owed to the Association, including but not limited to, swim and dive fees, tennis fees, etc.

**Section 1.0(b): Voting Rights.** Only active members in good standing have voting rights.

**Section 1.0(c): Limitations of Memberships.** Membership is set at 450 families as defined below. The Board of Directors has the discretion to add 10 additional families on July 5<sup>th</sup> each year. Other membership categories do not count toward the 450 limit.

### Section 1.1: Membership Types.

**Section 1.1(a): Full Family Membership.** A Full Family Membership unit shall be defined as two persons over 18 years of age sharing the same legal address, or a single head of household, son(s), and/or daughter(s) in good standing as defined above. A son or daughter shall be defined as minors living full-time in a member's home who are 18 years of age or younger and still in high school or full-time unmarried college students under 23 years of age who are using the Association's facilities. All family members must be dependents of the head of household. Membership rights extend only to the named individuals on the original membership application and any children born or legally adopted during membership. Membership rights are not transferrable to any other person.

**Section 1.1(b): Adult Single Membership.** An Adult Single Membership unit shall be defined as a person between the ages of 18 and 59 in good standing as defined above. The only exception is full-time high school students (ages 18-19) and college students under 23 years of age still under the full family membership of a parent or legal guardian. In order to avoid paying dues as an adult single member, the college student between the ages of 18-23 must be listed as dependent on the head of household's prior year's Federal Income Tax Return

**Section 1.1(c): Couple Membership.** A Couple Membership shall be defined as two persons over 18 years of age sharing the same legal address. Both members must be in good standing as defined above. Membership rights extend only to the named individuals on the membership application and membership rights are not transferrable to any other person.

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

**Section 1.1(d): Senior Couple Membership.** A Senior Couple Membership unit shall be defined as two persons sharing the same legal address with one of those persons being sixty (60) years of age or older. One member must be sixty (60) years of age by March 1 of the applicable dues year and proof of age must be submitted to Avalon. Both members must be in good standing as defined above. Membership rights extend only to the named individuals on the original membership application and membership rights are not transferrable to any other person.

**Section 1.1(e): Senior Single Membership.** A Senior Single Membership unit shall be defined as an unmarried or widowed person 60 years of age or older by March 1 of the applicable dues year in good standing as defined above. Proof of age must be submitted to Avalon. Membership rights extend only to the husband and wife and no membership rights extend to any other members of the household.

**Section 1.1(f): Social Membership.** A social membership unit shall be defined as one of the above categories: Full Family, Adult Single, Couple, Senior Couple or Senior Single Membership. However, a Social Membership solely grants attendance to all Association social events and use of Association tennis facilities. Social members do not have voting rights. Social members do not have access to Association's swimming pools and clubhouse facilities (unless attending an Association social event). A social membership unit initiation fee shall be 33.33% of the full membership initiation fee. The annual dues of the social membership unit shall be the full annual dues of the appropriate corresponding membership category (i.e. full family, adult single, etc). Social Membership can be converted to Full Membership by payment of 66.67% of initiation fee at the time of conversion.

**Section 1.1(g): Honorary Membership.** An honorary membership unit shall be defined as one with all rights and privileges as any other full membership above in recognition of significant contributions to the Association. Such honorary memberships may be granted solely by the Board of Directors. Honorary memberships may be granted with reduced or no dues or fees.

**Section 1.1(h): Competitive Membership.** A competitive membership unit shall be defined as a married persons (as recognized under Virginia law), or a single head of household as recognized under the Internal Revenue Code, son(s), or daughter(s) as defined above and granted solely for the purposes of allowing the individuals to participate on an Association team (swim, dive, or tennis). Those people granted a competitive membership are those that are currently on the waiting list and those that have paid all assessed dues and fees of the Association. Those people granted competitive membership shall also abide by the bylaws, rules, regulations, and policies of the Association. Competitive members do not have all rights and privileges for use of the Association. Competitive members do not have voting rights. Competitive members have the limited use of the Association for the purpose of participating on a swim, dive, or tennis team only.

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

### Section 1.2: Membership Discipline and Resignations.

**Section 1.2(a): Member Discipline.** Members may be fined, suspended from use of the Association's facilities, or expelled from membership as provided in Article III, Section 3.9(d). The President or the General Manager and one other Board member have the power to temporarily suspend a member's privileges at the Association for up to thirty (30) days. The member that has been temporarily suspended shall be given notice and opportunity to be heard by the entire Board at the next regularly scheduled Board meeting or at a specially called Board meeting. The initiation fee is generally not refunded to a member that is disciplined by the Board of Directors. However, the Board of Directors may, upon such expulsion, refund any portion of the dues paid by a member, or none thereof, according to the merits of the case. The decision to retain or refund dues to a member is in the sole discretion of the Board of Directors.

**Section 1.2(b): Resignations.** Members may resign by tendering a written resignation to a member of the Board or to the General Manager. Resignations shall not entitle a member to a refund of any portion of the dues paid, but the Board of Directors may, at its discretion, return all or any portion of the dues paid by the resigning member.

### Section 1.3: Non-Members.

**Section 1.3(a): Limited Employee Use.** A limited number of employees are allowed use of the facility without being members. Those employees include the General Manager, other managers, the Head Swim Team Coach, the Head Dive Team Coach, the Head Tennis Pro and the Swim Lessons Instructor. Employees that are given limited use are not members of the Association and therefore those employees do not have any of the rights or privileges of the other members of the Association.

**Section 1.3(b): August Use.** A limited number of potential members, as determined by the board or its designee, that are currently on the waiting list may be offered the use of the Association for a specified fee for the month of August only. Those people given the privilege of August use are not members of the Association and therefore those people do not have any of the rights or privileges of the other members of the Association.

**Section 1.3(c): Inactive.** An inactive classification is when any membership unit described above decides not to use any part of the facility for the calendar year in question. Those people in the inactive classification are not active members in good standing and those people do not enjoy any of the rights and privileges of members. In order to be considered in the inactive classification, the person must pay the appropriate fee for the privilege of being considered for membership in the future. If the person(s) in the inactive classification choose to request reinstatement to a membership category, the appropriate committee of the Board or a designee of the Board will review and either approve or deny such a request. Also, a reactivation fee may be required.

**Section 1.3(d): Guests.** A guest is defined as anyone not covered under the Association's membership categories as set forth above. Thus, household domestics, baby-sitters, related

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

family member's (including children) not living under the same roof, and family members, temporarily visiting an Association member, are considered guests. Guests using the pool or playing tennis are limited to a set number of visits in any one calendar year, regardless of the sponsoring member, as determined by the Board of Directors or a designee of the Board. The appropriate fee must be paid before the guest uses the pool or the tennis courts. Fees are set on an annual basis by either the Board of Directors or a designee of the Board of Directors as defined in Section 1.0.

**Section 1.3(e): Non-Member Discipline.** Non-members may be fined, suspended from use of the Association's facilities, or expelled from the Association's property by the General Manager, any manager on duty or the President.

### Section 1.4: Facility Use and the Regulation of Alcoholic Beverages.

**Section 1.4(a): Use of the Facilities.** The use of the Association's facilities shall be limited to members (with the exception of Competitive members) and their guests, unless otherwise approved by the board.

**Section 1.4(b): Alcoholic Beverages.** Consumption of alcoholic beverages on the Association's premises is prohibited. An exception is Association-sponsored social events where the following criteria are met:

- All pools are closed during the event
- Lifeguards are on duty during the event
- 2 or 3 Adult managers are present
- Only beer and wine are served
- ABC license is procured

### Section 1.5: Initiation Fees and Membership Dues.

**Section 1.5(a): Initiation Fees.** All initiation fees shall be assessed to members in such amount as determined by the Board of Directors.

**Section 1.5(b): Membership Dues.** All dues shall be assessed to members in such amount as determined by the Board of Directors.

**Section 1.5(c): Time of Payment of Fees and Dues.** The Board of Directors or a designee of the Board shall determine when initiation fees are due and owing from members. Annual dues levied upon all members shall be due and payable on or before March 1 st of each year for the next succeeding twelve months. Failure to pay dues by March 1 st will result in the membership being automatically terminated. The exception to automatic termination of membership is set forth below.

**Section 1.5(d): Reinstatement to Membership.** Any member that has had membership terminated under the provisions above shall be automatically reinstated to full membership provided full payment of the dues by is received by the Association by March 15<sup>th</sup> and including the payment of a reinstatement fee which shall be 10% of the annual dues number for the specific membership category. Any member who fails to pay his/her/family dues by March 15<sup>th</sup> date shall

**BY LAWS OF AVALON RECREATION ASSOCIATION, INC.**

have his/her/family membership permanently revoked, unless it shall have been granted an extension in writing by the Board of Directors or a designee of the Board, prior to the expiration date of the automatic reinstatement period.

# BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

## ARTICLE II - MEETINGS OF MEMBERS

### Section 2.0: Annual Membership.

The Annual meeting of the general membership of the Association shall be held on the second Monday in October of each year. If a quorum is not present at the scheduled meeting, the meeting may be re-scheduled by the Board of Directors on day not later than five (5) weeks after the scheduled date of the original meeting.

### Section 2.1: Special Meetings.

Special meetings of the general membership may be called at any time by the President, or by the Board of Directors or by one-third of the voting membership units.

### Section 2.2: Notice.

Written notice of every meeting of the general membership of the Association shall be mailed to each membership unit at least five (5) days but not more than ninety (90) days prior to the date named for the meeting at their address shown upon the records of the Association.

### Section 2.3: Voting.

Voting shall be by membership unit as defined in Article I, Section 1.1. Each membership unit shall have two (2) votes in all Association affairs, that are appropriate for a general membership vote, to be cast separately by the male and female heads of the full family or couple membership units if the membership units contains both; but if not, then the one person who is the head of the membership unit shall cast the units' two (2) votes. All other members of each membership unit (i.e. children) shall be non-voting members of the Association.

### Section 2.4: Limitation of Proxy.

There shall be no voting by proxy, except if only one voting member of a membership unit is present; he or she may cast the vote of the absent spouse. No written or other proxy shall be required to enable the sole attending voting member to cast his/her one vote as well as that of his/her non- attending spouse.

### Section 2.5: Quorum.

A Quorum will consist of one-twentieth (1/20th) or five percent (5%) of the total membership units as defined in Article I, Section 1.1. If 1/20<sup>th</sup> or 5% of the total members are not present, then an appropriate quorum will be established with the members in attendance at the annual meeting.

## ARTICLE III - BOARD OF DIRECTORS

### Section 3.1: Number of Directors.

The Board of Directors shall consist of no less than twelve (12) and no more than eighteen (18) elected Directors and the Immediate Past President. The number of directors may vary in number in time and shall be determined by the Board of Directors.

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

### Section 3.2: Qualification of Directors.

To be qualified as a director, the member must: (1) be an active adult member in good standing for at least one year; and (2) not be a paid employee of the Association or an independent contractor performing work for the Association in any of its programs. If a Director is hired by the Association to perform work in any of its programs, that Director shall resign his/her position on the Board and also from any office that person is holding for the Association. The members are to be elected by majority vote at the annual meeting of the Association.

### Section 3.3: Nominating Committee, Nominations and Elections:

**Section 3.3(a): Nominating Committee.** There shall be a nominating committee appointed by the President to be composed of three (3) members of the Board of Directors consisting of the immediate past President, Vice-President/President Elect, and a board member at large. The Nominating Committee may nominate at least one (1) qualified candidate for each vacancy on the Board of Directors to be filled at the Annual Meeting and shall report such nominations to the Secretary on or before September 1 each year.

**Section 3.3(b): Independent Nominations.** Independent nominations of candidates for election at the annual meeting may be made by letter, signed by fifteen (15) members and delivered to the Secretary at least fifteen (15) days before the Annual Meeting.

**Section 3.3(c): Nominations from the Floor.** Nominations may also be made from the floor at the Annual Meeting provided that the nominee has expressed a willingness to serve, either at the Annual Meeting or by a statement in writing. Nominations from the floor shall be write-in only candidates on the ballot.

**Section 3.3(d): Notice to Membership.** The Secretary shall give notice thereof to all members in good standing of the slate of candidates for the Board of Directors at least five (5) days before the Annual Meeting.

**Section 3.3(e): Elections.** Voting shall be by secret ballot. Candidates receiving the highest number of votes cast during the Annual Meeting or Special Meeting shall be elected to the Board. In the event that multiple candidates receive equal numbers of votes, a new secret ballot presenting only those candidates shall be conducted immediately. This voting procedure shall be repeated until one (1) candidate receives more votes than the other candidates.

### Section 3.4: Term.

Directors are generally elected to a 3 year term of service on the Board with approximately 1/3 of the total number of Directors being elected each year. However, when elected by the general membership to fulfill a vacancy created for a reason other than normal expiration, the Director shall serve the remainder of the original term.

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

### Section 3.5: Vacancy.

Any vacancy in the Board of Directors caused by death, resignation, change in the Association bylaws or disqualification may be filled by a majority vote of the remaining directors until the end of the calendar year immediately following the next annual meeting.

### Section 3.6: Resignation, Absences and Termination.

Resignation from the Board must be in writing and received by the President. A member of the Board of Directors who, if not otherwise excused by the President, fails to attend four (4) consecutive regular meetings may be required to resign his position on the Board or be removed by the Board of Directors by a majority vote. A Board member may be removed for other reasons by a three-fourths vote of the remaining Board members.

### Section 3.7: Governing Policies Manual.

The operational policies of the Association are set forth in the Board of Director's Governing Policy Manual and/or other documents approved by the Board of Directors, and are binding on all members, guests, volunteers and employees of the Association.

### Section 3.8: Quorum.

A majority of the Board of Directors in office shall be necessary to constitute a quorum for the transaction of business. The action of a majority of the Directors present at a meeting shall be the actions of the entire Board of Directors. However, if a majority of the Directors shall severally consent to any action taken by the Board, such action shall be valid and binding as though it had been authorized at a meeting of the Board of Directors.

### Section 3.9: Powers of Directors.

**Section 3.9(a): General.** The Board of Directors shall have general charge of the governance of the Association, the power to borrow and make or authorize all purchases necessary or desirable for the operation of the Association and to employ, or authorize the employment of all employees of the Association and to fix their compensation, and to do or cause to be done all other things necessary for the operation and maintenance of the Association. The Board of Directors shall perform such other duties not expressly prohibited herein as they in their discretion may deem to be in the best interest of the Association. The Board may delegate the authority set forth herein to the necessary Committee, officer, Board member or General Manager of the Association.

**Section 3.9(b): Contracts and Agreements.** Notwithstanding the foregoing, the Board shall not enter into any contract or agreement related to the acquisition or construction of any capital asset or facility requiring the total expenditure of one hundred thousand dollars (\$100,000) or more until a proposal to construct such facility or capital asset has been submitted to a vote of the membership at the annual, regular or special meeting and the membership has voted favorably thereon. For purposes of this paragraph only, a "capital asset or facility" is defined as any building existing on the Association's property, or any building to be built on the Association's property, or the acquisition of any real property by the Association. A "capital

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

asset or facility” includes new construction of any and all swimming pools and tennis courts. A “capital asset or facility” does not include repairs to the existing swimming pools, pump rooms, and tennis courts. This provision shall not be revoked, changed, amended, modified, or altered by the Board of Directors, notwithstanding the provisions of Article VII of these bylaws. This provision can only be changed, amended, modified, or altered by a vote of the membership at the annual meeting, regular or special meeting and the membership has voted favorably thereon.

**Section 3.9(c): Rules of Use.** The Board of Directors shall prescribe rules for the operation of the Association's facilities and may prescribe regulations for the use of the facilities by guests of members and invitees of the Board.

**Section 3.9(d): Discipline.** The Board of Directors may establish bylaws, policies, rules, and regulations for all of the Association's facilities. Violation of such bylaws, policies, rules, and regulations by any member or individual shall entitle the Board of Directors to fine, suspend from use of the Association's facilities, or expel any member or individual from the Association. Additionally, if a member or individual's conduct is deemed inappropriate or is deemed detrimental to the Association by the Board of Directors, the Board may fine, suspend or expel the offending member or individual as set forth in this paragraph. All discipline of members or individuals of the Association is in the sole discretion of the Board of Directors. The initiation fee is generally not refunded to a member that is disciplined by the Board of Directors. However, the Board of Directors may, if a member is expelled, refund any portion of the dues paid by a member, or none thereof, according to the merits of the case. The decision to retain or refund dues to a member is in the sole discretion of the Board of Directors.

## ARTICLE IV – OFFICERS

### Section 4.1: Designation.

The officers of the Association shall consist of a President, a Vice-President/President Elect, a Treasurer, Secretary, and such other officers as the Board of Directors may deem necessary.

**Section 4.1(a): President:** The President shall preside at all meetings of the Association and of the Board of Directors, and shall be the chief administrative officer of the Association. The President shall appoint, subject to confirmation by the Board, the chairperson of all committees. The President may be ex-officio member of all committees.

**Section 4.1(b): Vice President / President Elect:** The Vice-President/President Elect, in the absence or disability of the President, shall act in the place of the President, assuming all of the Presidents' powers and duties established by these By-laws.

**Section 4.1(c): Treasurer:** The Treasurer shall keep the accounts of the club, collect its revenue and pay its bills as approved by the Board of Directors. The Treasurer shall deposit funds of the club received, in the name of the club, in such depository as may be authorized by the Board.

## **BY LAWS OF AVALON RECREATION ASSOCIATION, INC.**

The Treasurer shall review with the finance committee the corporate financial status of the Association prior to all board and general meetings.

**Section 4.1(d): Secretary:** The Secretary shall record all Association proceedings and meetings, and shall maintain all records other than those maintained by the Treasurer, shall prepare all official correspondence of the Association and maintain appropriate records thereof.

### **Section 4.2: Election of Officers:**

The officers shall be elected by the Board of Directors as soon as practicable after the annual meeting of the Association. The officers shall serve a term of one year. The term of office shall be effective and begin on January 1 of each year.

### **Section 4.3: Immediate Past President:**

At the end of the President's term of office, the President shall become the Immediate Past President and shall perform all executive and other duties ordinarily pertaining to the office of the Immediate Past President, or delegated by the Board. The Immediate Past President shall be the Chair of the Nominating Committee.

## **ARTICLE V - FINANCIAL ADMINISTRATION**

### **Section 5.1: Fiscal Year.**

The fiscal year of the Association shall be January 1 - December 31 but may be changed by majority vote of the Board of Directors.

### **Section 5.2: Annual Report.**

The Board of Directors shall submit at each annual membership meeting a report showing the 1) status of membership, and 2) a financial statement.

### **Section 5.3: Deposits and Withdrawals of Funds.**

All funds of the Association not otherwise employed shall be deposited in such banks, trust companies or other reliable depositories as the Board of Directors or its designees may direct. Any withdrawals of funds and checks shall be governed by policies established by the Executive Committee, if any, and approved by the Board of Directors.

### **Section 5.4: Audit.**

The accounts of the Association shall be reviewed not less than annually by a Certified Public Accountant, approved by the Executive Committee, who shall provide a report to the Board of Directors.

### **Section 5.5: Capital Reserve Fund.**

The Executive Committee shall develop policies and shall retain or develop financial reserves it deems adequate to fund long-range projects or any other major expenditure. The amount of the Capital Reserve Fund shall be reviewed annually by the Finance Committee and/or the Executive Committee and approved by the Board of Directors.

## **BY LAWS OF AVALON RECREATION ASSOCIATION, INC.**

### **Section 5.6: Assessment.**

An assessment may be levied against the membership for a specified purpose, subject to the following provisions: 1) All members will be notified of the assessment, its nature and purpose, and the date of the meeting at which it will be acted upon, at least 10 days prior to the meeting, 2) the enabling motion will state the purpose and amount of the assessment, 3) Failure to pay the amount of the assessment will have the same effect as failure to pay dues and fees, except as provided by the Board of Directors.

### **Section 5.7: Insurance.**

The Board of Directors shall secure property and casualty insurance, workers' compensation insurance and other forms of insurance in such amounts as may be deemed necessary to properly cover the assets of the Association. An annual review of the insurance for the Association should be conducted by the Executive Committee or at a regular Board of Directors meeting.

## **ARTICLE VI - INDEMNIFICATION**

### **Section 6.1: Definitions.**

In this Article:

"the Act" means the Virginia Nonstock Corporation Act, Virginia Code §§ 13.1- 801 et seq., as it exists on the date hereof or may hereafter be amended;

the terms "Director," "expenses," "liability," "official capacity," "party," and "proceeding" shall have the meanings given in §13.1-875 of the Act; and every reference herein to Directors, officers, employees agents, members, or volunteers shall include former Directors, officers, employees, agents, members, volunteers and their respective heirs, executors and administrators.

### **Section 6.2: Mandatory Indemnification.**

The Association shall indemnify a Director or officer made a party to a proceeding because the person is or was a Director or officer of the Association, or is or was serving at the Association's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability in the proceeding, provided that such Director or officer meets the standard of conduct described in §13.1-876 of the Act.

### **Section 6.3: Discretionary Indemnification.**

The Association may indemnify any Director, officer, employee, agent, member, or volunteer of the Association against any liability asserted against or incurred by such person in any such capacity or arising from such person's status as such, except that the Association shall make no indemnification against willful misconduct or a knowing violation of criminal law.

## BY LAWS OF AVALON RECREATION ASSOCIATION, INC.

### Section 6.4: Determination of Availability.

Any indemnification under Sections Two or Three of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person seeking indemnification (the "Applicant") is proper in the circumstances. The determination shall be made:

(a) by the Board by a majority vote of a quorum consisting of Directors not at the time parties to the proceeding;

(b) if a quorum cannot be obtained under subsection (a) of this section, by majority vote of a committee duly designated by the Board (in which designation Directors not eligible under subsection (a) of this section may participate), consisting solely of two or more Directors not at the time parties to the proceeding; or

(c) by special legal counsel:

(i) selected by the Board or its committee in the manner prescribed in subsection (a) or (b) of this section; or

(ii) if a quorum of the Board cannot be obtained under subsection (a) of this Section and a committee cannot be designated under subsection (b) of this subsection, selected by majority vote of the full Board, in which selection Directors who are parties to the proceeding may participate.

Any evaluation as to the reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, such evaluation as to reasonableness of expenses shall be made by those entitled under subsection (c) of this section to select counsel. Notwithstanding the foregoing, in the event there has been a change in the composition of a majority of the Board after the date of the alleged act or omission with respect to which indemnification is claimed, any determination as to indemnification and advancement of expenses with respect to any claim for indemnification made pursuant to this Article shall be made by special legal counsel agreed upon by the Board and the Applicant. If the Board and the Applicant are unable to agree upon such special legal counsel, the Board and the Applicant each shall select a nominee, and the nominees shall select such special legal counsel.

### Section 6.5: Advances.

The Association may pay for or reimburse the reasonable expenses incurred by any Applicant in advance of final disposition of the proceeding or the making of any determination under Section Four of this Article if:

(a) the Applicant furnishes the Association a written statement of the Applicant's good faith belief that he or she has met the standard of conduct described in Section Two of this Article;

## **BY LAWS OF AVALON RECREATION ASSOCIATION, INC.**

(b) the Applicant furnishes the Association a written undertaking (in the form of an unlimited, unsecured general obligation), executed personally or on behalf of the Applicant, to repay the advance if it is ultimately determined that the Applicant did not meet such standard of conduct; and

(c) a determination is made, in the manner provided under Section Four of this Article, that the facts then known to those making the determination would not preclude indemnification under this Article.

### **Section 6.6: Application; Right to Contract.**

(a) The provisions of this Article shall apply to all proceedings commenced after the adoption hereof by the Association, arising from any act or omission, whether occurring before or after such adoption. No amendment or repeal of this Article shall have any effect on the rights provided under this Article with respect to any act or omission occurring prior to such amendment or repeal. The Association shall promptly take all such actions, and make all such determinations, as shall be necessary or appropriate to comply with its obligation to make any indemnity under this Article.

(b) The Association is hereby empowered to enter into any contract necessary or appropriate to carry out the Association's indemnity obligations under this Article

### **Section 6.7: Insurance.**

The Association may purchase and maintain insurance to indemnify it against the whole or any portion of the indemnification liability assumed by it in accordance with this Article and may also procure insurance, in such amounts and under such terms as the Board may determine, on behalf of any person who is or was a Director, officer, employee, agent, member, or volunteer of the Association against any liability asserted against or incurred by such person in any such capacity or arising from such person's status as such, whether or not the Association would have power to indemnify such person against such liability under the provisions of this Article.

### **Section 6.8: Indemnification Rights Not Exclusive.**

Any indemnification provided under this Article shall not be exclusive of any other rights to which any person may be entitled, including any right under policies of insurance that may be purchased and maintained by the Association or others, with respect to claims, issues or matters in relation to which the Association would not have the power to indemnify such person under the provisions of this Article.

### **Section 6.9: Further Board Action.**

Any other provision of this Article notwithstanding, the Board shall be empowered to amend this Article from time to time, to the extent permitted by then applicable law, to limit, eliminate or extend the rights provided hereunder, provided that no such amendment shall limit or reduce the rights provided under this article with respect to any act or omission occurring prior to such amendment.

## **BY LAWS OF AVALON RECREATION ASSOCIATION, INC.**

### **Section 6.10: Severability.**

Each provision of this Article shall be severable, and an adverse determination as to any such provision shall in no way affect the validity of any other provision.

## **ARTICLE VII – AMENDMENTS**

### **Section 7.1**

The Board of Directors of the Association shall have the power to make and alter the bylaws, subject to the overriding right of the members as provided in the Articles of Incorporation. The bylaws may be so amended as follows:

- (1) any membership meeting by two-thirds of the members present and voting; or
- (2) at any meeting of the Board of Directors by affirmative vote of two-thirds of the full membership of the Board; or
- (3) voting by the Board of Directors on an amendment to these bylaws may be by electronic means such as e-mail or fax, etc. The electronic means shall require a two-thirds vote of the full membership of the Board to pass the amendment. Such voting may not be by telephone. The President and the Secretary are required to report the result of each vote when there is voting by electronic means.