



Notice of Special Meeting for Carefree Club, Inc. And Voting Ballot/Proxy

In accordance with Articles III and X of the AMENDED BY-LAWS OF CAREFREE CLUB, INC., a Special Meeting is required for the purpose of requesting membership approval for a proposed amendment to the BY-LAWS.

Date: July 25, 2019

Time: 7:00 p.m.

Location: Carefree Clubhouse at 1202 Leisure Lane, Greenwood, Indiana

The Carefree Club Amended By-Laws provide directions for such items as meetings of the members, meetings of the Board of Directors, and capital expenditures. Periodically, the board requests amendments to the By-Laws. Two months ago we proposed several amendments to by by-laws and that ballot almost passed. We thought of revisiting some proposed amendments again sometime in the future.

Recently, a letter from an attorney representing an unknown member(s) was received by the board president. The issue being questioned was the interpretation of the by-laws pertaining to what the board can approve and what the membership needs to approve. The letter said the interpretation of the ten percent should be cumulative, not per individual project, and threatened possible legal action if that interpretation is not followed. Being limited to a 10% cumulative amount each year for an aging facility the size of ours is not realistic, so the board decided to settle this by a vote of the membership. Our proposed amendment would permit the board to continue to spend up to 10% of our annual maintenance assessment on individual capital expenditures while having a cap of 40% of the amount in reserves that the board can approve for these expenditures.

For decades, the board has interpreted the by-laws as being able to approve individual capital expenditures up to ten percent (10%) of the annual maintenance assessment. Projects costing more than ten percent require approval from the membership. The board has used this precedent to approve capital expenditures that needed to be done in order to keep the club property in a good and usable condition for the membership. The board did not view those capital expenditures as optional, but required for the upkeep of our property. The board is responsible for taking care of the common property, and the interpretation used allowed the board to approve capital expenditures as needed for the property. Below are the capital expenditures approved by the board and completed in the past five years:

- Installation of gutters on clubhouse and annex building - \$4,520
- Replacement of main pool pump - \$3,997
- Retile and painting of baby pool - \$11,840
- Replacement of baby pump powering the geysers - \$3,830
- Replacement of fencing between clubhouse and pool deck to meet code - \$9,775
- Pool bathrooms renovation - \$16,182
- Repair and resurfacing of basketball court - \$11,125
- Replacement of clubhouse heating and air conditioning units - \$13,885
- Purchase of new pool vacuum - \$3,850

Projects such as painting the main pool and the repair/repaving of the parking lot were in excess of ten percent of the annual maintenance assessment and were approved by the membership.

The majority of the board thinks that the interpretation used for decades allows us the flexibility of approving capital expenditures when needed and when the project cost is less than ten percent of our annual maintenance assessment. We take our responsibility of being caretakers for our common property seriously. The membership has approved every capital expenditure that came up for a vote. Having the ability to approve capital expenditures necessary for the upkeep of our property allows the board to function in an efficient and timely manner without the \$400 cost per ballot for certain membership approval. The proposed amendment clarifies our by-laws for needed individual projects up to 10% and places a limit on what the board can approve each year before a vote by the membership is required. An attorney hired by the board provided the wording for the proposed amendment and reviewed this ballot.

Board of Directors Statement

The ballot on the next page is sought by the Board of Directors of Carefree Club, Inc. for use in connection with the meeting to be held at the Carefree Clubhouse, 1202 Leisure Lane, Greenwood, Indiana at 7:00 p.m. on July 25, 2019. If you are unable to attend the meeting, please return this proxy. Your vote at the meeting will automatically cancel your written proxy, if it has been previously given. All proxy forms must be signed by at least one lot owner to be valid. A majority of the membership eligible to vote is required for quorum.

The proposed clarifications to the current by-laws are indicated by ~~strikethrough~~ (deleted) or underline (added).

Voting Ballot/Proxy Regarding Amendments to the By-Laws

I/We hereby submit this proxy voting form appointing the Carefree Club Board Secretary, in accordance with Article III, Section 5, and Article X of the AMENDED BY-LAWS OF CAREFREE CLUB, INC., to vote for us as instructed herein, for the approval of the proposed revisions to the By-Laws at the Special Meeting of Carefree Club, Inc., to be held at the Carefree Clubhouse, 1202 Leisure Lane, Greenwood, Indiana at 7:00 p.m. on July 25, 2019, or at any adjournment thereof, for the purpose of voting for the proposed amendment to the By-Laws:

Article IV, The Board of Directors, Section 8 (h)

- (1) A majority of the quorum shall be required for the expenditure of money for any individual capital improvement up to five percent (5%) of the total annual maintenance assessment.
- (2) Two-thirds (2/3) majority of the Board of Directors shall be required for the expenditure of money for any individual capital improvement between five percent (5%) and ten percent (10%) of the total annual maintenance assessment.
- (3) Expenditures for any individual capital improvements-in excess of ten percent (10%) of the total annual maintenance assessment shall have the assent of two-thirds (2/3) of the members of the Corporation who vote in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given at least thirty (30) days in advance with notice to set forth the purpose of the meeting.
- (4) Sections (1)-(3) shall be construed individually (e.g., the Board may approve a capital expenditure that amounts up to ten percent (10%) of the annual maintenance assessment and a capital expenditure that amounts to seven percent (7%) of the annual maintenance assessment in the same year.
- (5) If the Board has exercised capital improvement expenditures equaling forty percent (40%) of the reserve fund as of January 1 in any single year, all further capital expenditures in that year, regardless of cost, shall have the assent of two-thirds (2/3) of the members of the Corporation who vote in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given at least thirty (30) days in advance with notice to set forth the purpose of the meeting.

If you do not wish to vote, please select the final option of “no selection” – your ballot will contribute to the quorum required to conduct business.

I/we cast our votes for the proposed amendment of the By-Laws as designated below by the “X” preceding the proposal. **Make your selection below in favor or against the proposed amendments to the By-Laws:**

- ☐ Vote in favor of the proposed amendment to the By-Laws.
- ☐ Vote against the proposed amendment to the By-Laws.
- ☐ Count my ballot for Quorum purposes only.

Only one Lot Owner’s signature is required.

Please fold ballot, place stamp in corner, and **mail by July 18, 2019**. Thank you. Your prompt mailing of the ballot is appreciated. You can also drop off your ballot in the lock box by the concession window at the pool.

”I affirm, under penalties for perjury, that by signing this proxy, I have the authority to grant this proxy to the individual named herein to exercise this proxy.”

_____	_____	_____
Lot Owner Signature	Address	Lot number
		(Found on mailing label)
_____	_____	
Printed Name	Date	

FOLD ON THE LINE

_____	<div>Place stamp here</div>

CAREFREE CLUB, INC
PO BOX 163
GREENWOOD IN 46142