

EXPLANATION OF SUBSTANTIAL CHANGES AND NEW MATTERS

This document highlights the more substantial changes from the Current Bylaws that the Proposed Bylaws would make, as well as some new matters, but it does not address every change or detail. Thus, reviewers are advised, for comparison, to refer to the full text of the Proposed Bylaws and Current Bylaws, which are included in the materials provided to members before the Annual Meeting.

Article I. Name. There are no substantial changes in Proposed Article I.

Article II. Community. There are no substantial changes in Proposed Article II. The geographical boundaries of the CCRA Community remain South St., Broad St., JFK Blvd., and Schuylkill River.

Article III. Purposes. Proposed Article III better articulates what has long been an important purpose of CCRA, and that is to support responsible development within the CCRA Community with due regard to its historical and cultural heritage.

Article IV. Definitions and Terms. This is a new Article that puts near the front of the Bylaws definitions and terms that recur throughout the document. (Because of the insertion of this new Article IV, current Articles IV through XI would be replaced by renumbered Articles V through XI.)

Article V. Memberships and Associations. Current Article IV defines three classes of membership: Resident, Non-Resident, and Commercial. Members in the Resident class, as well as those in the Commercial class who live in the CCRA Community, have the right to vote and to serve as a Director or Officer. Non-Resident members do not have those rights.

Reasons for changes:

- CCRA continues to grow and evolve. To adapt to new circumstances, the organization needs flexibility to adjust the rights, privileges, and obligations of its memberships and other associations.
- Memberships with voting rights are required by state law to be described in the Bylaws. Non-voting associations need not be in Bylaws; thus, removing them from the Bylaws will provide flexibility.
- The voting rights of membership classes that cover more than one individual (e.g., the “family” memberships currently offered) are not addressed in the current Bylaws.
- No current membership class clearly includes non-commercial, non-human “entities.” Entity members with a physical presence in the CCRA Community, including nonprofits, educational organizations, and government agencies, are integral parts of the CCRA community and should be allowed to become members with designated individuals having the rights of membership.
- The Bylaws do not currently permit CCRA to terminate memberships and associations for cause; good governance practices are to include such permission and a process in the Bylaws.

Proposed Article V significantly revises CCRA’s current membership Article IV as follows:

1. It creates new nomenclature and establishes three classes of voting memberships:
 - (a) *Individual Resident Membership.* Open to any individual residing in the CCRA area; adult resident members can vote and are eligible to serve as Officers and Directors.
 - (b) *Household Resident Membership.* Open to groups of two to four individuals who need not be related but must live in the same household located in CCRA’s Community. Up to two adults in each household membership may be designated to vote and to be eligible to serve as Officers and Directors.

(c) *Entity Resident Membership*. Open to any non-human entity, including for-profit, nonprofit, and governmental, so long as the entity engages in substantial activity from a physical location in CCRA’s Community. Each entity can name one adult to vote on its behalf, regardless of where that person lives; however, in keeping with CCRA’s status as a “resident” association, eligibility to serve as an Officer or Director would still require a designated adult to reside in the CCRA Community.

2. It allows CCRA to establish non-voting “associations.” These would be similar to the non-resident memberships under the current Bylaws, but would not be defined in the Bylaws.
3. It grants CCRA the power to terminate memberships and associations for non-payment of dues (after a “grace period”) and for other causes and sets forth processes for the exercise of that power.

Article VI. Meetings of the Corporation. Current Article V contains provisions on Membership meetings, including the annual meeting and other and special meetings, and addresses requirements of notice and quorum. It also states that the election of Officers and Directors occurs at Membership meetings.

Reasons for changes:

- Recent events have highlighted the need for flexibility in scheduling meetings of the Membership and in the methods for holding meetings. Due to advances in technology, and to encourage greater participation in Membership meetings, the Bylaws should explicitly permit remote participation.
- To align with CCRA’s growth, the number of signatures sufficient to call a special meeting of the Membership (currently 25) should be increased in cases where neither the Board nor the President agrees that a special meeting should be held.
- The current Bylaws have the Directors, who are the members responsible for broad oversight of the organization, elected at Membership meetings but do not, and should, set a minimum number of votes for a nominee to be elected.
- A “best practice” for nonprofit membership organizations is to have the Board of Directors, and not the general Membership, elect Officers. Board members gain valuable experience with the organization’s needs and a deep understanding of the skills and qualifications necessary for each officer. Thus, Directors are in a better position than the general Membership to elect officers, including those responsible for the day-to-day operations and the finances of the nonprofit organization.

Proposed Article VI makes several changes, among them the following:

1. The Board may, for good reason, postpone the annual meeting of the Membership.
2. Fifty (rather than 25) Members would be needed to force a special meeting of the Membership.
3. Nominees for Director must, at meetings of the Membership, receive a minimum of 26 votes for election.
4. Officers are no longer elected by the Membership but by the Board. (See Proposed Article VIII.)

Note: Certain details regarding the qualifications of candidates and the election of Directors and Officers are stated in Proposed Articles VII and VIII, respectively.

Article VII. Board of Directors. Proposed Article VII differs from Article VI in several respects.

1. *Residency:* Current Article VI.D. permits a Director who moves away from the CCRA Community to remain on the Board until the end of the then-current fiscal year.

Proposed Article VII. B.1. eliminates that provision and deems the Director who moves to have resigned from the Board as of the date of the move. Retaining such persons on the Board, even for a short time, is inconsistent with CCRA’s status as a “resident” organization.

2. *Nominations, elections, terms, term limits, and effective date of service of Directors:* These matters are currently addressed in §§D, F, and G of Article VI and in §A.2. of Article IX.

Proposed Article VII.C makes these changes:

- Reduces from 10 to three the minimum number of days' advance notice that the Nominating Committee must communicate its candidates for Director to the Membership.
 - Caps the number of consecutive years that a Director may serve at six. For Directors elected to one- or two-year terms (as opposed to three-year terms), the current Bylaws, which put the cap at two consecutive three-year terms, could permit a Director to serve for many years, even with an intervening three-year term. That was never the intent and this change makes the correction.
 - Addresses when an elected Director's term begins and when it ends.
3. *Past Presidents:* Current Article VI.D. allows CCRA's former presidents to serve on the Board essentially for life (provided they retain their membership and reside in CCRA's Community). Four past presidents now actively serve on the Board under that rule, increasing the size of a relatively large Board. Occasionally other past presidents also attend Board meetings. "Best practices" of nonprofit organizations recognize the value of keeping former presidents engaged in the organization but do not grant life-time Director status.

Proposed Article VII.D.2 recognizes the value of retaining on the Board a person who served at least one year as CCRA's president, but caps the period at two years. After that period, a past president may, like other CCRA members, seek election to the Board or to an office under the usual process.

Article VIII. Officers. Current Article VII states the number, titles, powers, and functions of the Officers and provides a method for their removal from office.

Reasons for changes:

- In conjunction with the proposal that Officers be elected by the Board of Directors and not the CCRA Membership (see the explanation of Proposed Article VI, above), new provisions on the nomination and election of Officers are needed along with other clarifications and changes.
- Four Vice Presidents are currently mandated, but depending upon needs, circumstances, and availability of qualified candidates, the Board should have some flexibility in the number of Vice Presidents.
- The current Article is silent as to whether one person may concurrently hold two offices.

Proposed Article VIII:

1. Allows the Board to elect between two and five Vice Presidents, and also allows one person, other than the President, to concurrently serve in two offices.
2. Clarifies that Officers are ex-officio members of the Board and must reside in the CCRA area.
3. Moves from current Article V.D. to the proposed Article on Officers the requirement of prior Board service for eligibility to be nominated for President, Executive Vice President, or Vice President.
4. Requires, for election to any office, votes exceeding 50% of the number of Directors then serving.

Article IX. Finances. Current Article VIII covers the circumstances under which, and upon whose approval, expenditures or financial commitments may be made; requires the Finance Committee to submit an itemized annual budget; sets rules for the setting of dues and for a member's failure to pay dues; and requires that Officers be bonded.

Reasons for changes:

- The current Article does not reflect modern financial technologies, which, for example, allow expenditures to be made by credit or debit card or direct electronic payment, as well as by check. Bylaws are not an effective mechanism for establishing detailed policies and procedures in areas subject to rapid change, such as the development of new financial technologies.
- The current Article requires expenditures or financial commitments of \$500 or more to be approved by the Board or Executive Committee, with no flexibility for approval of small payments and no cap on approval of large payments by the Executive Committee. Bylaws are not the best place for such rules.
- Provisions relating to dues need to be changed in accord with proposed Article V on Membership.
- Once common requirements that Officers be bonded are unusual in today's nonprofit sector.
- Although CCRA's annual financial statements have historically been reviewed by a certified public accountant, the Bylaws do not currently require this and should.

Proposed Article IX includes the following:

1. The first section keeps the same fiscal year, but it would no longer be stated in its own separate Bylaw (as it is now in current Article XI), but in the Proposed Article on Finances.
2. Any expenditure or financial commitment is subject to approval in accord with Board-approved policies and procedures that specify the persons (e.g., one or two Officers) who are authorized to approve them and the circumstances under which approval may be given (e.g., based on dollar amount).
3. Reference is made to proposed Article V regarding dues.
4. The requirement that Officers be bonded is deleted.
5. An annual audit or review of financial statements by an independent certified public accountant is required.

Article X. Committees. Current Article IX mandates four Standing Committees -- Executive, Finance, Nominating, and Zoning -- and provides a varying level of detail about each, including composition and appointment of members. It also provides that the Board (not the President) has the power to create "other committees" and to specify their purpose and authority, if any; if the Board does not also name the members or a method for their appointment, then the President appoints the other committees created by the Board.

Proposed Article X makes many changes, among which are these:

1. It recognizes the critical importance of the Membership Committee by mandating it as a Standing Committee. (Standing Committees are expected to be long-lasting or permanent with continual or year-round responsibilities. Only the Board may create other Standing Committees.)
2. In recognition of CCRA's current practice, it grants to the President the power to create and appoint Non-Standing Committees. While it also explicitly retains the Board's current power to do the same, such action will require a two-thirds vote rather than a simple majority; also, the Board appoints the members of any such Committee unless it specifically delegates that appointing authority.
3. Except for the Finance Committee (which may have as few as the two required members, namely, Treasurer and Assistant Treasurer), at least one Director must serve on each Standing Committee in addition to its Chair and any ex-officio members.
4. It states that, unless otherwise provided in an applicable governing document, committee members do not have fixed terms or term limits. They can, however, resign or be removed at any time, with or without cause, by the President, except that for any non-Standing Committees created by the Board, removal of a

member requires the consent of the Board. Without fixed terms a removal provision is necessary in order to allow continuing and new administrations flexibility in changing committee membership as desirable.

5. A “best practice” in nonprofit governance is to mandate permanent Standing Committees in the Bylaws along with statements of primary purpose, authority to act, if any, and composition, and to place details about purposes, responsibilities, goals, and procedures elsewhere, such as in Board-approved charters, which can be more efficiently revised with time, experience, needs, and shifting agendas. The Proposed Article heeds that advice but does not require charters and leaves the decision whether to adopt a charter for a specific committee to the discretion of the Board. Because the Executive Committee has nearly all of the powers of the Board, Proposed Article X does include some detail about that committee’s composition and procedures. For example:
 - (a) It caps the number of Executive Committee members at 10 Directors (rather than the current 9), but retains the rule that at least one Executive Committee member cannot be an Officer.
 - (b) It states that the Assistant Treasurer and Assistant Secretary can be appointed to the Executive Committee, but whether or not they are appointed, each serves as an alternate (and voting) member of the Committee in the absence, respectively, of the Treasurer and Secretary.
 - (c) It retains the provision that Executive Committee actions must be made subject to Board ratification when feasible, but adds that when Board ratification is not feasible, the action must be approved by two-thirds (rather than a majority) of all Executive Committee members.
 - (d) Because a major function of the Executive Committee is to review, and advise the President and Board on, proposed budgets, reports, and recommendations submitted by other Committees, it prohibits members of the Executive Committee from constituting a majority of any other Committee (except for Finance Committee or when otherwise provided in a relevant governing document).
6. The proposed Article caps the size of the Nominating Committee at nine and says that at least five members must be Directors. (The current Bylaw sets a minimum of five but sets no maximum.)
7. It formalizes current practice by mandating that legal counsel be retained by the Board, and paid by CCRA, to aid and advise the Zoning Committee.

Article XI. Removals and Vacancies. Current Article X provides that Officers and Directors with three unexcused absences from Board meetings in a single fiscal year are deemed to have resigned. Other current Articles provide for deemed resignation or automatic removal of Directors and Officers who no longer live in the CCRA Community or who fail to pay dues and are no longer CCRA members.

Reasons for changes:

- Experts in nonprofit governance advise that Bylaws explicitly provide power to remove Directors and Officers, with or without cause, and define the process for doing so. Ordinarily, concern about the conduct or performance of an Officer or Director is adequately resolved using informal methods; however, should such methods fail and the person be unable or unwilling to improve or to resign voluntarily, the Board has a responsibility and must have the power to act. Current Article VII gives the Board, by a two-thirds vote, the affirmative power to remove Officers, but no current Bylaw states a similar power to remove Directors.
- Current Article X provides that the Board may fill vacancies for the predecessor’s remaining term but does not limit that power to the Board; thus, the Executive Committee has at times filled vacancies. The power to remove and the power to fill vacancies should both be reserved to the Board.

Proposed Article XI makes these changes:

1. The Board may remove a Director or Officer, with or without cause, only upon a two-thirds vote taken at a meeting of the Board after considering any statement timely made by the affected person, who must be given such opportunity. Particularly egregious or harmful behavior are grounds for immediate suspension until the full process can be completed.
2. The power to appoint persons to fill vacancies is reserved to the Board. Rules for doing so are fleshed out and the term of successors is specified.

Article XII. Amendment of the Bylaws. Current Article XII sets forth the process by which the Bylaws can be amended (or repealed and replaced). Amendments must be recommended by the Board upon a two-thirds vote of the Directors. Approval of amendments so recommended requires a two-thirds vote of the Members present and voting at a Membership Meeting. While Article XII does not address the effective date of approved amendments, current Article XIV sets that date as “immediately upon their adoption.”

Proposed Article XII makes these changes:

1. While retaining the basic process, it adds that proposed Bylaw amendments are not subject to amendment on the floor of the Membership Meeting at which they are considered. However, the Board may make non-substantive improvements or corrections after proposed amendments are adopted.
2. It creates a new process by which 50 CCRA Members can put proposed Bylaw amendments before the Membership for a vote without their having first been recommended by the Board.
3. It provides that the effective date of a Bylaw amendment is the date of adoption by the Membership or the effective date stated in the adoption resolution, if any, whichever is later.

Article XIII. Limitation of Liability; Indemnification; Insurance. Proposed Article XIII makes no substantial changes from the current Article, just puts key definitions up front and restructures some provisions.

Article XIV. General And Miscellaneous Provisions. Proposed Article XIV is new. (It replaces current Article XIV, since the effective date of Bylaw amendments is now addressed in Proposed Article XII.) The new Article contains several important provisions that are generally applicable to other Bylaw provisions or that address subjects that, although important to include in the Bylaws, do not require separate Articles.

Proposed Article XIV does the following:

1. Formalizes the Board’s current practice by requiring adoption of a conflicts of interest policy.
2. States that Directors and Officers serve without compensation but may be reimbursed for incurred reasonable expenses in accord with a reimbursement policy adopted by the Board.
3. Requires the Board to adopt rules for the conduct of Membership and Board meetings. The current Bylaws append rules for meetings, but moving them out of the Bylaws will facilitate changing the rules, which is especially important as CCRA grows and gains experience with different meeting technologies.
4. Addresses issues common to required notice and other writings, such as transmission methods and waivers.
5. Addresses issues common to meetings and actions, such as quorum and loss of quorum, actions at meetings and outside of meetings, and voting methods.
6. Prohibits proxy voting.
7. Permits the use of electronic and other technologies for writings, approvals, and meetings.