

**BY-LAWS**  
**OF**  
**CITIZENS FOR RAIL CALIFORNIA**

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**AMENDED AND RESTATED BY-LAWS**  
**OF**  
**CITIZENS FOR RAIL CALIFORNIA**

**ARTICLE I - MEMBERS**

**Section 1. Qualifications.**

The Corporation shall have one class of members. Any person or organization dedicated to the purposes of the Corporation shall be eligible for membership on timely payment of such dues as the Board may mix from time to time.

**Section 2. Members' Dues.**

Each member must pay, within the time and on the conditions set by the Board, dues in amounts to be fixed from time to time by the Board. The Board may, in its discretion, set different dues for each membership category.

**Section 3. Members in Good Standing.**

Members who have paid the required dues in accordance with these By-laws and who are not suspended shall be members in good standing.

**Section 4. Rights of Membership.**

Members in good standing shall have the right to vote, as set forth in these By-laws, on the election of directors, on the disposition of all or substantially all of the Corporation's assets, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the corporation. In addition, those members shall have all rights afforded members under the California Nonprofit Public Benefit Corporation Law.

**Section 5. Termination of Membership.**

Membership shall terminate on occurrence of any of the following events:

- (i) resignation of the member;
- (ii) expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the Board;
- (iii) the member's failure to pay dues as set by the Board within thirty days after they are due and payable; or
- (iv) termination of membership based on the good faith determination by the Board, or a committee or person authorized by the Board to make such a

determination, that the member has failed in a material and serious degree to observe the rules and policies of the Corporation, or has engaged in conduct materially and seriously prejudicial to the Corporation's purposes and interests.

## **ARTICLE II - MEETINGS**

### **Section 1. Annual Meeting:**

The Annual Meeting of Members shall be held on the third Saturday in April of each year or on such other date and at such time as shall be designated by the Board of Directors and stated in the notice of the Annual Meeting. If the scheduled date falls on a legal holiday, the Annual Meeting shall be held on the next full business day. At the Annual Meeting directors shall be elected, and other proper business may be transacted.

### **Section 2. Place of Meeting:**

Meetings of the members shall be held at any place within or outside California designated by the Board or by the written consent of all members entitled to vote at the meeting, given before or after the meeting. In the absence of any such designation, members' meetings shall be held at the Corporation's principal office. The Board may authorize members who are not present in person to participate by electronic transmission or electronic video communication.

### **Section 3. Special Meeting:**

The Board or the chairman of the Board, if any, or the President, Vice President, or five percent or more of the members, may call a special meeting of the members for any lawful purpose at any time. A special meeting called by any person entitled to call a meeting (other than the Board) shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the chairman of the Board, if any, or the President or any Vice President or the Secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote stating that a meeting will be held at a specified time and date fixed by the Board, provided, however, that the meeting date shall be at least 35 but no more than 90 days after receipt of the request. If the notice is not given within 20 days after the request is received, the person or person requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board. No business other than the business that was set forth in the notice of the meeting may be transacted at a special meeting.

### **Section 4. Notice:**

Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given to each member entitled to vote at that meeting. The notice shall specify the place, date and hour of the meeting. For the Annual Meeting, the notice shall state the matters that the Board, at the time notice is given, intends to present for action by the

members, but, except as provided in Section 5512(b), any proper matter may be presented at the meeting for such action. For a special meeting, the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees for the Board of Directors when notice is given.

**Section 5. Notice of Certain Agenda Items:**

Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:

- (a) removing a director without cause;
- (b) filling vacancies on the Board;
- (c) amending the Articles of Incorporation; or
- (d) electing to wind up and dissolve the Corporation.

**Section 6. Manner of Giving Notice:**

Notice of any meeting of members shall be in writing and shall be given at least ten (10) but no more than ninety (90) days before the meeting date. The notice shall be given either personally or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the address of that member as it appears on the books of the Corporation or at the address given by the member to the Corporation for purposes of notice. If no address appears on the Corporation's books and no address has been so given, notice shall be deemed to have been given if either (i) notice is sent to that member by first-class mail or facsimile or other written communication to the Corporation's principal office or (ii) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

**Section 7. Affidavit of Mailing Notice:**

An affidavit-of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the Secretary, assistant Secretary, or any transfer agent of the Corporation, and if so executed, shall be filed and maintained in the Corporation's minute book.

**Section 8. Quorum:**

The attendance of a majority of members, either in person, or by proxy, shall constitute a quorum in order for the Corporation to conduct a meeting of the members. If, however, fewer than one-third of the members are present in person or by proxy at any Annual Meeting, the members may only vote on matters as to which notice of their general nature was given under Article II, Section D of these By-laws.

**Section 9. Voting:**

Subject to the California Nonprofit Public Benefit Corporation Law, each member in good standing on the record date as determined under these By-laws shall be entitled to vote at any meeting of members. Each member entitled to vote may cast one vote on each matter submitted to a vote of the members. Voting may be by voice or by ballot, except that any election of director must be by ballot if demanded before the voting begins by any member at the meeting. The affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be deemed the act of the members unless the vote of a greater number, or voting by classes, is required by the California Nonprofit Public Benefit Corporation Law or by the Articles of Incorporation.

**Section 10. Record Date for Notice, Voting, Written Ballots, and Other Board Actions:**

For purposes of establishing the members entitled to receive notice of any meeting, entitled to vote at any meeting, entitled to vote by written ballot, or entitled to exercise any rights in any lawful action, the Board of directors may, in advance, fix a record date. The record date so fixed for sending notice of a meeting shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting and for voting at a meeting shall be no more than sixty (60) days before the date of the meeting.

**Section 11. Record Date for Actions Not Set by Board:**

If not otherwise fixed by the Board, the record date for determining members entitled to receive notice of a meeting of members shall be the business day preceding the day on which notice is given or, if notice is waived, the business day preceding the day on which the meeting is held. If not otherwise fixed by the Board, the record date for determining members entitled to vote at the meeting shall be the day on which the meeting is held.

**Section 12. Members' Proxy Rights:**

Each member entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the member's name is placed on the proxy by the member or the member's attorney-in-fact, whether by manual signature, typewriting, facsimile transmission, or otherwise.

**ARTICLE III - BOARD OF DIRECTORS**

**Section 1. Management of Corporation's Business by Board.**

Subject to the provisions of applicable law or any limitations in the Articles of Incorporation or these By-laws regarding actions that require approval of the members, the



Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

**Section 2. Number of Directors.** The Board of Directors shall consist of at least three (3) but no more than fifteen (15) directors, unless the number is changed by a duly adopted amendment to these By-laws. The exact number of directors shall be fixed by resolution of the Board within these limits.

**Section 3. Qualifications and Responsibilities of Directors.** Each director must:

- (a) be a member in good standing of the Corporation;
- (b) attend meetings of the Board on a regular basis and abide by the Board's attendance policies; and
- (c) serve actively on at least one committee if so requested by the President in accordance with these By-laws.

**Section 4. Compensation of Directors.**

Directors shall receive no compensation for their services as directors, but may receive reimbursement for their reasonable expenses incurred on behalf of the Corporation, as may be determined to be just and reasonable by the Board. Nothing in this section shall preclude any director from serving the Corporation in any other capacity and receiving compensation for such other service, subject to this Article concerning the maximum number of interested persons who may serve on the Board. Any such compensation must be reasonable at the time it is authorized, ratified or approved. Any Board member receiving such compensation shall not participate in its authorization, ratification or approval.

**Section 5. Term.**

Directors shall be elected for a term of one (1) year, by the Members. The term of office of each newly elected director shall commence at the Annual Meeting.

**Section 6. Removal of Director.**

The Board may declare vacant the office of a director who has been declared of unsound mind by a final court order, convicted of a felony, found by a final order or judgment of any court to have breached a duty under Sections 5230-5339 of the California Nonprofit Public Benefit Corporation law, or failed to attend three (3) consecutive Board meetings without just cause. Notice shall be given to the Board preceding the date on which the office of such director is proposed to be declared vacant. A director may be removed without cause (a) upon approval of a majority of all members, if the Corporation has fewer than fifty (50) members, or (b) by the affirmative vote of a majority of the votes represented and voting at a duly held meeting, if the Corporation has fifty (50) or more members.

**Section 7. Resignation of Director.**

Any director may resign effective upon giving written notice to the Chairman of the Board, the President, or the Secretary or the Board of directors, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. Except upon notice to the Attorney General of the State of California, no director may resign if his or her resignation would result in the Corporation being left without a duly elected director or directors in charge of its affairs.

**Section 8. Filling Vacancies on the Board.**

A vacancy on the Board shall exist when any authorized position of director is not filled by a duly elected or chosen director, whether caused by death, resignation, removal, increase in the authorized number of directors, or otherwise. Unless otherwise provided in the Articles of Incorporation or these By-laws, and except for a vacancy created by the removal of a director, vacancies on the Board may be filled by approval of the Board, or if the number of directors then in office is less than a quorum, by (a) the unanimous written consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to a notice or waiver of notice, or (c) a sole remaining director. Unless the articles or a bylaw approved by the affirmative vote of a majority of the votes represented and voting at a duly held meeting of members provide that the Board may fill vacancies occurring in the Board by reason of the removal of directors, or unless the Corporation has no members pursuant to Section 5310, such vacancies may be filled only if approved by the affirmative vote of a majority of the votes represented and voting at a duly held meeting of the members.

**Section 9. Place of Board Meetings:**

Meetings of the Board shall be held at the principal office of the Corporation or at such other places within or outside of California that has been designated by resolution of the Board or in the notice of the meeting.

**Section 10. Meetings by Telephone or other Equipment:**

Any Board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply:

- (a) each member participating in the meeting can communicate concurrently with all other members.
- (b) each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken.

**Section 11. Regular Meetings:**

After each annual meeting of members, the Board shall hold a general meeting for purposes of organization, election of officers, and transaction of other business. Notice of this

meeting is not required. Regular meetings of the Board may be held without notice if the time and place of the meetings are fixed by the Board.

**Section 12. Special Meetings:**

Special meetings of the Board for any purpose may be called at any time by the chairman of the Board, if any, the President or any Vice President, the Secretary or any two directors. Notice of the time and place of special meetings shall be given to each director by (a) personal delivery of written notice; (b) first-class mail, postage prepaid; (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, either directly to the director or to a person at the director's office who would reasonably be expected to communicate that notice promptly to the director (d) facsimile; (e) electronic mail; or (f) other electronic means. Notices sent by first class mail shall be deposited in the United States mails at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic mail shall be delivered, telephoned, or sent, at least 48 hours before the time set for the meeting. The notice shall state the time of the meeting and the place, if the place is other than the Corporation's principal office. Such notice shall specify the purpose of the meeting.

**Section 13. Quorum:**

A majority of the authorized number of directors shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including without limitation, those provisions relating to (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the Board, and (d) indemnification of directors.

**Section 14. Waiver of Notice:**

Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice or a written consent to holding the meeting. A director who votes to approve the minutes of a meeting of which he or she was not notified thereby waives notice. A director who attends a meeting and does not protest the lack of notice to him or her at the start of the meeting thereby waives notice.

**Section 15. Adjourned Meetings:**

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

**Section 16. Action Without a Meeting:**

Any action that the Board is required or permitted to take may be taken without a meeting if all Board members consent in writing to the action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board.

**Section 17. Annual Report.**

The Board of Directors shall cause to be prepared not later than one hundred twenty (120) days after the close of its fiscal year, an annual report containing the following information in reasonable detail:

- (a) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenues or receipts of the Corporation for the fiscal year and whether such receipts are unrestricted or restricted.
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year.
- (e) Any information required by Section 8322 of the California Nonprofit Corporation Law relating to the annual statements of certain transactions and indemnifications.

Nothing in these By-Laws shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports or financial statements to the Board of Directors or other members of the general public as they consider appropriate.

**ARTICLE IV - COMMITTEES**

**Section 1. Executive Committee and Other Standing Committees.**

The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an Executive Committee and other standing committees consisting of two (2) or more Directors. The standing committees shall have such authority as the Board shall by resolution provide, and the Executive Committee shall have all the authority of the Board, except that no committee shall have authority as to the following matters:

- (a) approval of any action for which the California Nonprofit Corporation Law also requires approval of the Directors or approval of a majority of all of the Directors;
- (b) filling of vacancies on the Board or in any committee which has authority of the Board;
- (c) fixing of compensation of the Directors for serving on the Board or on any committee;

- (d) amendment or repeal of these By-laws or the adoption of new By-laws;
- (e) amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) appointment of committees of the Board or the members thereof;
- (g) expenditure of corporate funds to support a nominee for Director after there are more people nominated for director than can be elected; and
- (h) approval of any transaction where a conflict of interest exists unless: (i) a committee or person authorized by the Board approved the transaction in a manner consistent with the Corporation's conflict of interest policy as set forth in these By-laws; (ii) it was not reasonably practicable to obtain approval of the Board prior to entering into the transaction; and (iii) the Board, after determining in good faith that the requirements of subsections (i) and (ii) above were satisfied, ratified the transaction at its next meeting by a vote of directors then in office without counting the vote of any interested director.

The Executive Committee shall evaluate each Director and the President/Chief Executive Officer on an annual basis to determine if the Directors and the President/Chief Executive Officer are meeting their commitments to the Corporation. At least sixty (60) days before the date at which Directors are to be elected, the Executive Committee shall deliver its evaluation of the Directors to the Nominating Committee, and the Executive Committee shall deliver its evaluation of the President/Chief Executive Officer to the Board of Directors.

## **Section 2. Audit Committee.**

If so required by state law or at the discretion of the Board of Directors, the Board of Directors may designate an Audit Committee comprised of not less than three (3) members. The Audit Committee shall not include any members of the staff, including the President/Chief Executive Officer and the Treasurer or Chief Financial Officer. Members of the Audit Committee may not receive compensation for services, other than reimbursement of expenses reasonably incurred on behalf of the Corporation, and may not have any material financial interest in any entity doing business with the Corporation. The Audit Committee shall oversee the integrity and adequacy of financial reports, controls and procedures, recommend to the Board the retention and termination of the independent auditor and shall confer with the auditor to ensure the financial affairs of the Corporation are in order, review and determine whether to accept the audit, assure that any non-audit services performed by the auditing firm conform to standards for auditor independence and approve performance of non-audit services by the auditing firm.

## **Section 3. Special Committees.**

The Board of Directors may designate special committees, each of which shall consist of such persons and shall have such authority as is provided in the resolution designating the committee, except that such authority shall not exceed the authority conferred on the Executive Committee by Section 1 of this Article.

**Section 4. Meetings.**

Meetings of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the Chairperson of the Board or the chair of the committee or by vote of a majority of all of the members of the committee.

**Section 5. Quorum and Manner of Acting.**

Unless otherwise provided by resolution of the Board of Directors, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee. The procedures and manner of acting of the Executive Committee and of the committees of the Board shall be subject at all times to the directions of the Board of Directors.

**Section 6. Tenure of Members of Committees of the Board.**

Each committee of the Board and every member thereof shall serve at the pleasure of the Board.

**Section 7. Alternate Members.**

The Board of Directors may designate one (1) or more Directors as alternate members of the Executive Committee or of any standing committee of the Board, who may replace any absent member or members at any meeting of such committee.

**ARTICLE V - OFFICERS**

**Section 1. Number.**

The officers of the Corporation shall be a Chairperson of the Board, President/Chief Executive Officer, one (1) or more Vice Presidents, a Treasurer, a Secretary and/or such other officers as the Board of Directors may in its discretion determine. Any two (2) or more offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or Chairperson of the Board, however denominated.

**Section 2. Term of Office and Qualifications.**

Those officers whose titles are specifically mentioned in Section 1 of this Article shall be elected by the Board of Directors at its Annual Meeting. Unless a shorter term is provided in the resolution of the Board electing such officer, the term of office of each officer shall extend to the next Annual Meeting and until the officer's successor is elected and qualified.

**Section 3. Additional Officers.**

Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

#### **Section 4. Removal of Officers.**

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed with or without cause, by the Board of Directors, at any regular or special meeting of the Board of Directors, or, except in the case of an officer chosen by the Board of Directors, by an officer on whom such power of removal may be conferred by the Board of Directors.

#### **Section 5. Resignation.**

Any officer may resign at any time by giving written notice to the Board of Directors, to the President/Chief Executive Officer or to the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time be specified, then upon delivery.

#### **Section 6. Vacancies.**

A vacancy in any office shall be filled by the Board of Directors.

#### **Section 7. Chairperson of the Board.**

The Chairperson of the Board shall preside at all meetings of the Board of Directors at which the Chairperson of the Board is present. The Chairperson of the Board shall also perform such other duties as may be assigned from time to time by the Board.

#### **Section 8. President/Chief Executive Officer.**

The President/Chief Executive Officer shall act as the chief executive officer of the Corporation and shall supervise generally the management of the affairs of the Corporation subject only to the supervision of the Board. The President shall also perform such other duties as may be assigned from time to time by the Board.

#### **Section 9. Vice Presidents.**

In the absence or incapacity to act of the President, or if the office of President be vacant, the Vice President or, if there be more than one Vice President, the Vice Presidents in order of seniority as determined by the Board of Directors, shall preside at all meetings of the Board of Directors, and shall perform the duties and exercise the powers of the President, subject to the right of the Board from time to time to extend or confine such powers and duties or to assign them to others. Each Vice President shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the Chief Executive Officer/President.

#### **Section 10. Treasurer.**

The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer shall keep and maintain the books of account and shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and shall deposit all such funds in the name of and to the credit of the Corporation in such banks, trust companies,

or other depositories as shall be selected by the Board of Directors. The Treasurer shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 11. Secretary.**

It shall be the duty of the Secretary to act as Secretary of all meetings of the Board of Directors, and to keep the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by the Corporation are duly given and served; the Secretary shall keep a current list of the Corporation's Directors and officers and their residence addresses; the Secretary shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all meetings of Directors, the Executive Committee, and any other committees which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody.

**Section 12. Appointed Officers.**

The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

**Section 13. Assignment and Transfer of Stocks, Bonds and Securities.**

The Chairperson of the Board, President/Chief Executive Officer, the Vice Presidents, the Treasurer, the Secretary, and each of them, shall have power to assign, or to endorse for transfer, under the corporate seal, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Corporation.

**ARTICLE VI - CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS**

**Section 1. Execution of Contracts.**

The Board of Directors, except as in these By-laws otherwise provided, may authorize any officer or officers, agent or agents, in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officers, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

**Section 2. Loans.**

No loans shall be contracted on behalf of the Corporation unless specifically authorized by the Board of Directors.

**Section 3. Checks, Drafts, etc.**



All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors.

#### **Section 4. Deposits.**

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

### **ARTICLE VII - INDEMNIFICATION AND INSURANCE**

#### **Section 1. Indemnification.**

To the fullest extent permitted by law, the Corporation shall indemnify its directors, officers, employees, and other persons described in California Nonprofit Corporation Law Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this by-law, shall have the same meaning as in that section of the California Nonprofit Corporation Law.

On written request to the Board of Directors by any person seeking indemnification under California Nonprofit Corporation Law Section 5238(b) or 5238(c), the Board shall promptly decide under California Nonprofit Corporation Law Section 5238(e) whether the applicable standard of conduct set forth in the California Nonprofit Corporation Law Section 5238(b) or Section 5238(c) has been met and, if so, the Board of Directors shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the Board of Directors in a specific instance, expenses incurred by a person seeking indemnification under these by-laws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses.

The foregoing right of indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-laws, agreement, vote of disinterested directors or otherwise, shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

#### **Section 2. Insurance.**

The Corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors,

employees, and other agents, to cover any liabilities asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from such officer's, director's, employee's, or agent's status as such.

## **ARTICLE VIII - CONFLICTS OF INTEREST**

### **Section 1. Definition of Conflicts of Interest.**

A conflict of interest will be deemed to exist whenever an individual is in the position to approve or influence Corporation policies or actions which involve or could ultimately harm or benefit financially: (a) the individual; (b) any family member (spouse, domestic partner, grandparents, parents, children, grandchildren, great grandchildren, brothers or sisters (whether whole or half blood), and spouses of these individuals); or (c) any organization in which he or a family member is a director, trustee, officer, member, partner or more than 10% of the total (combined) voting power. Service on the board of another not-for-profit corporation does not constitute a conflict of interest.

### **Section 2. Disclosure of Conflicts of Interest.**

A Director or officer shall disclose a conflict of interest: (a) prior to voting on or otherwise discharging his duties with respect to any matter involving the conflict which comes before the Board or any committee; (b) prior to entering into any contract or transaction involving the conflict; (c) as soon as possible after the Director or officer learns of the conflict; and (d) on the annual conflict of interest disclosure form. The Secretary of the Corporation shall distribute annually to all Directors, and officers, a form soliciting the disclosure of all conflicts of interest, including specific information concerning the terms of any contract or transaction with the Corporation and whether the process for approval set forth in Section 3 of this Article was used. Such disclosure form may require disclosure of other relationships that may not constitute an actual conflict of interest, but which are required to be disclosed in order for the Corporation to comply with its annual reporting requirements.

### **Section 3. Approval of Contracts and Transactions Involving Potential Conflicts of Interest.**

A Director or officer who has or learns about a potential conflict of interest should disclose promptly to the Secretary of the Corporation the material facts surrounding any actual or potential conflict of interest, including specific information concerning the terms of any contract or transaction with the Corporation. All effort should be made to disclose any such contract or transaction and have it approved by the Board before the arrangement is entered into.

Following receipt of information concerning a contract or transaction involving a potential conflict of interest, the Board shall consider the material facts concerning the proposed contract or transaction, including the process by which the decision was made to recommend entering into the arrangement on the terms proposed. The Board shall approve only those contracts or transactions which are for the Corporation's own benefit and in which the terms are fair and reasonable to the Corporation at the time the Corporation entered into such contracts or transactions and the arrangements are consistent with the best interests of the Corporation. Fairness includes, but is not limited to, the concepts that the Corporation should pay no more

than fair market value for any goods or services which the Corporation receives and that the Corporation should receive fair market value consideration for any goods or services that it furnishes others. The Board shall set forth the basis for its decision with respect to approval of contracts or transactions involving conflicts of interest in the minutes of the meeting at which the decision is made, including the basis for determining that the consideration to be paid is fair to the Corporation.

#### **Section 4. Validity of Actions.**

No contract or other transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other Corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or officer or officers are present at the meeting of the Board of Directors, or of a committee thereof, which authorizes such contract or transaction, or that his or their votes are counted for such purpose, if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board or committee, and the Board or committee authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officers. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or committee which authorizes such contract or transaction. At the time of the discussion and decision concerning the authorization of such contract or transaction, the interested Director or officer should not be present at the meeting.

#### **Section 5. Employee Conflicts of Interest.**

An employee of the Corporation with a potential conflict of interest in a particular matter shall promptly and fully disclose the potential conflict to his supervisor. The employee shall thereafter refrain from participating in deliberations and discussion, as well as any decisions, relating to the matter and follow the direction of the supervisor as to how the Corporation decisions which are the subject of the conflict will be determined. The Chairperson of the Board shall be responsible for determining the proper way for the Corporation to handle Corporation decisions which involve unresolved employee conflicts of interest. In making such determinations, the Chairperson of the Board may consult with legal counsel.

The Chairperson of the Board shall report to the Board at least annually concerning employee conflicts of interest which have been disclosed and contracts and transactions involving employee conflicts which the Chairperson of the Board has approved.

### **ARTICLE IX - COMPENSATION**

#### **Section 1. Reasonable Compensation.**

It is the policy of the Corporation to pay no more than just and reasonable compensation for personal services rendered to the Corporation by officers and employees. The Directors of the Corporation shall not receive compensation for fulfilling their duties as Directors, although

Directors may be reimbursed for actual out-of-pocket expenses which they incur in order to fulfill their duties as Directors. Expenses of spouses will not be reimbursed by the Corporation unless the expenses are necessary to achieve a Corporation purpose.

**Section 2. Approval of Compensation.**

The Board of Directors must approve in advance the amount of all compensation for officers of the Corporation.

Before approving the compensation of an officer, the Board shall determine that the total compensation to be provided by the Corporation to the officer is just and reasonable in amount in light of the position, responsibility and qualification of the officer for the position held, including the result of an evaluation of the officer's prior performance for the Corporation, if applicable. In making the determination, the Board shall consider total compensation to include the salary and the value of all benefits provided by the Corporation to the individual in payment for services. At the time of the discussion and decision concerning an officer's compensation, the officer should not be present in the meeting. The Board shall obtain and consider appropriate data concerning comparable compensation paid to similar officers in like circumstances.

The Board shall set forth the basis for its decisions with respect to compensation in the minutes of the meeting at which the decisions are made, including the conclusions of the evaluation and the basis for determining that the individual's compensation was reasonable in light of the evaluation and the comparability data.

**ARTICLE X - GENERAL**

**Section 1. Office.**

The office of the Corporation shall be at such place in the State of California as the Board of Directors may determine.

**Section 2. Books and Records.**

There shall be kept at the office of the Corporation: (a) correct and complete books and records of account, including annual budget and fiscal procedures to be kept in a safe, central place accessible to the Board as needed; (b) written minutes of the proceedings of the Board of Directors, the Executive Committee and committees of the Board; (c) a record of each donor's name and address; (d) a record of all fundraising activities and related financial reports that are required by applicable California law; (e) a current list of the Directors and officers of the Corporation and their residence addresses; (f) a copy of these By-laws; (g) a copy of the Corporation's application for recognition of exemption with the Internal Revenue Service; and (h) copies of the past three (3) years' information returns to the Internal Revenue Service.

**Section 3. Loans to Directors and Officers.**

No loans shall be made by the Corporation to its Directors or officers, or to any other Corporation, firm, association or other entity in which one or more of its Directors or officers are Directors or officers or hold a substantial financial interest except as allowed by law.

#### **Section 4. Fiscal Year.**

The fiscal year of the Corporation shall end on **[insert date here]** of each year.

### **ARTICLE XI - CONSTRUCTION AND DEFINITIONS**

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these By-Laws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes a corporation, a natural person, and association and a partnership.

### **ARTICLE XII - ADOPTION, AMENDMENT, AND REPEAL OF BY-LAWS**

Subject to the members' rights under these By-laws and the limitations set forth below, the Board may adopt, amend, or repeal By-laws unless doing so would materially and adversely affect the members' rights as to voting or transfer. No amendment of these By-laws may extend the term of a director beyond that for which the director was elected. Any reduction in the number of directors authorized in the Articles or these By-laws does not remove any director prior to the expiration of such director's term of office.

Without the approval of the members, the Board may not adopt, amend, or repeal any bylaw that would:

- (i) fix or change the authorized number of directors, fix or change the minimum or maximum number of directors, or change from a variable number of directors to a fixed number or from a fixed number of directors to a variable number;
- (ii) increase or extend the terms of directors;
- (iii) allow any director to hold office by designation or selection, rather than by election by the members;
- (iv) increase the quorum requirements for action at members' meetings;
- (v) require a greater proportion of member approval than that required by law;
- (vi) repeal, restrict, create, expand, or otherwise change proxy rights;
- (vii) authorize cumulative voting; or
- (viii) terminate all membership or any class of membership entirely.

