

**Bylaws**  
**of**  
**Sequoia Community Center**  
**A California Public Benefit Corporation**

**ARTICLE 1**  
**OFFICES**

**SECTION 1. PRINCIPAL OFFICE**

The principal office of the corporation for the transaction of its business is located in Fresno County, California.

The Board of Directors is hereby granted full power and authority to change the location of said principal office.

**SECTION 2. OTHER OFFICES**

Branch or subordinate offices may at any time be established by the Board of Directors at any place where the corporation is qualified to do business.

**ARTICLE 2**  
**PURPOSES**

**SECTION 1. OBJECTIVES AND PURPOSES**

The Sequoia Community Center is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. The purpose of this corporation is to operate and maintain a community center for public and private gatherings and to provide activities which promote the well-being of the community.

In the context of these general purposes, this shall be accomplished through, but shall not be limited to, social, educational, recreational, health and wellness programs, workforce development and other programs that improve the quality of life of those residing within the surrounding communities of Badger, Pinehurst and Miramonte.

## **ARTICLE 3 DIRECTORS**

### **SECTION 1. NUMBER**

The corporation shall have not less than five (5) and not more than thirteen (13) directors, with the exact number of directors to be fixed by approval of the board, and collectively they shall be known as the board of directors.

### **SECTION 2. RESIDENCE REQUIREMENT**

To ensure local representation and control, at least 75% of directors shall be local.

“Local” is defined as owning property in, or residing in, the zip codes of 93641 or 93603.

### **SECTION 3. POWERS**

Subject to the provisions of the California Nonprofit Public Benefit Corporation law the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.

### **SECTION 4. DUTIES**

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this corporation, or by these bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all agents, and employees of the corporation;
- (c) Supervise all agents of the corporation, to assure that their duties are performed properly.
- (d) Supervise all volunteers of the corporation, except as such supervision may be assigned to an employee, to assure that their duties are performed properly.
- (e) Supervise a paid manager, if any, to assure that their duties are performed properly.
- (f) Meet at such times and places as required by these bylaws;
- (g) Register their addresses with the secretary of the corporation.

## **SECTION 5. ELECTION and TERMS OF OFFICE**

The directors shall be elected at each annual meeting. At the meeting of the board of directors at which these bylaws are adopted, the term of each director shall be determined: one-third (1/3) for a term of one (1) year, one-third (1/3) for a term of two (2) years, and one-third (1/3) for a term of three (3) years.

Except for the terms of the original directors as set forth herein, the term of each elected director shall be three (3) years, or until his or her successor is elected.

A director may be elected to serve two (2) consecutive terms, and may be eligible for re-election after one (1) year of non-service.

## **SECTION 6. COMPENSATION**

Directors shall serve without compensation for any services rendered to the corporation in the capacity of director.

Directors may be compensated for rendering services to the corporation in any capacity other than director, only if such compensation is reasonable and is allowable under the provisions of Section 6 of this Article. Any payments to directors shall be approved in advance in accordance with this corporation's conflict of interest policy as set forth in Article 9 of these bylaws.

## **SECTION 7. RESTRICTION REGARDING INTERESTED DIRECTORS**

Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

## **SECTION 8. PLACE OF MEETINGS**

Meetings shall be held at the premises of Sequoia Community Center, 50151 Whitaker Forest Road, Badger, CA 94603. unless otherwise provided by the board or at such place within or without the State of California which has been designated from time to time by resolution of the board of directors. In the absence of such designation, any meeting not held at the premises of Sequoia Community Center shall be valid only if held on the written consent of all directors given either before or after the meeting and

filed with the secretary of the corporation or after all board members have been given written notice of the meeting as hereinafter provided for special meetings of the board.

Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so long as all members of the board participating in the meeting can hear, and be heard by, one another. All such members are deemed present in person at such meeting.

## **SECTION 9. REGULAR AND ANNUAL MEETINGS**

Monthly meetings of directors shall be held on such dates and at such times as may be fixed by the board. The board shall hold an annual meeting for the purpose of electing directors and officers, and the transaction of other business. The annual meeting shall be held at the premises of the Sequoia Community Center each calendar year, on such day and time as may be set by the board.

## **SECTION 10. SPECIAL MEETINGS**

Special meetings of the board of directors may be called the president, the vice president, the secretary, or by any two directors, and such meetings shall be held at the place, within or without the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the premises of Sequoia Community Center.

## **SECTION 11. NOTICE OF MEETINGS**

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon seven (7) days' notice via email or 48 hours' notice delivered personally or by telephone or cell phone, whichever mode the director has indicated as preferable. The notice shall be deemed to be delivered when sent by the sender or any method of delivery. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

## **SECTION 12. CONTENTS OF NOTICE**

Notice of meetings not herein dispensed with shall specify the place, day, and hour of the meeting. The purpose of any board meeting shall be specified in the notice.

### **SECTION 13. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS**

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

### **SECTION 14. QUORUM FOR MEETINGS**

A quorum shall consist of a simple majority of fifty percent (50%) plus one (1) then in office.

Except as otherwise provided in these bylaws or in the articles of incorporation of this corporation, or by law, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the president shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the articles of incorporation or bylaws of this corporation.

### **SECTION 15. MAJORITY ACTION AS BOARD ACTION**

Every act or decision done or made by a simple majority of fifty percent (50%) plus one (1) of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless the articles of incorporation or bylaws of this corporation, or provisions of the California

Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233), and indemnification of directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the board.

#### **SECTION 16. CONDUCT OF MEETINGS**

Meetings of the board of directors shall be presided over by the president of the board, or, in his or her absence, by the vice- president of the board, if any, or, in the absence of each of these persons, by an interim chairperson chosen by a majority of the directors present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by Robert’s Rules, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

#### **SECTION 17. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING**

Any action required or permitted to be taken by the board of directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, “all members of the board” shall not include any “interested director” as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the board of directors without a meeting and that the bylaws of this corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority

#### **SECTION 18. VACANCIES**

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his or her term.

The board of directors may declare vacant the office of a director who has missed any three (3) regular meetings in a twelve (12) month period, been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law.

Directors may be removed without cause by a majority of the directors then in office, provided all remedies have been exhausted.

Any director may resign effective upon giving written notice to the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

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 (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these bylaws, or (3) a sole remaining director.

A person elected to fill a vacancy as provided by this Section shall hold office for the duration of that term, until the next annual election of the board of directors that coincides with the end of that term, or until his or her death, resignation, or removal from office.

#### **SECTION 19. NONLIABILITY OF DIRECTORS**

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

#### **SECTION 20. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS**

To the extent that a person who is, or was, a director, officer, employee, or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue, or

matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **SECTION 21. INSURANCE FOR CORPORATE AGENTS**

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of general liability insurance on behalf of any agent of the Corporation including a Director, officer, employee or other agent of the Corporation as provided by California Nonprofit Benefit Corporation Law.

## **ARTICLE 4 OFFICERS**

### **SECTION 1. NUMBER OF OFFICERS**

The officers of the corporation shall be a president, a secretary, and a treasurer.

The corporation may also have, as determined by the board of directors, a vice-president. Additional officers may be designated by the board. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president.

### **SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE**

Officers must be directors of the board. Officer terms shall be for one (1) year, and may be re-elected annually to serve up to the end of his or her term as director.

### **SECTION 3. SUBORDINATE OFFICERS**

The board of directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board of directors.

#### **SECTION 4. REMOVAL AND RESIGNATION**

Any officer may be removed without cause by the board of directors, at any time, provided all remedies have been exhausted. Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the board of directors relating to the employment of any officer of the corporation.

#### **SECTION 5. VACANCIES**

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

#### **SECTION 6. DUTIES OF PRESIDENT**

The president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board of directors

#### **SECTION 7. DUTIES OF VICE PRESIDENT**

In the absence of the president, or in the event of his or her inability or refusal to act, the vice president, if any, shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions on, the president. The vice president shall have other powers and

perform such other duties as may be prescribed by law, by the articles of incorporation, or by these bylaws, or as may be prescribed by the board of directors.

## **SECTION 8. DUTIES OF SECRETARY**

The secretary shall:

- (a) Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date.
- (b) Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.
- (c) Ensure that the minutes of meetings of the corporation, any written consents approving action taken without a meeting, and any supporting documents pertaining to meetings, minutes, and consents shall be contemporaneously recorded in the corporate records of this corporation. “Contemporaneously” in this context means that the minutes, consents, and supporting documents shall be recorded in the records of this corporation by the later of (1) the next meeting of the board, committee, or other body for which the minutes, consents, or supporting documents are being recorded, or (2) sixty (60) days after the date of the meeting or written consent.
- (d) See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.
- (e) Be custodian of the records, the execution of which is authorized by law or these bylaws.
- (f) Keep at the principal office of the corporation a record of all directors with their mailing address, email address and their status, including their term and, if any, their office and / or committee service.
- (g) Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefore, the bylaws, and the minutes of the proceedings of the directors of the corporation.
- (h) In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 9. DUTIES OF TREASURER**

- (a) Subject to the provisions of these bylaws relating to the “Execution of Instruments, Deposits, and Funds,” the treasurer shall:
- (b) Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.
- (c) Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.
- (d) Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the board of directors, taking proper vouchers for such disbursements.
- (e) Keep and maintain adequate and correct accounts of the corporation’s properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.
- (f) Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request therefor.
- (g) Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.
- (h) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
- (i) In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 10. COMPENSATION**

Officers shall serve without compensation, No payment authorized.

## **ARTICLE 5 COMMITTEES**

### **SECTION 1. EXECUTIVE COMMITTEE**

The board of directors may, by a majority vote of directors, designate three (3) or more of its members (who may also be serving as officers of this corporation) to constitute an executive committee and

delegate to such committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The approval of any action which, under law or the provisions of these bylaws, requires the approval of the members or of a majority of all of the members.
- (b) The filling of vacancies on the board or on any committee that has the authority of the board.
- (c) The fixing of compensation of the directors for serving on the board or on any committee.
- (d) The amendment or repeal of bylaws or the adoption of new bylaws.
- (e) The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repeal-able.
- (f) The appointment of committees of the board or the members thereof.
- (g) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
- (h) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.
- (i) Expenditures exceeding 10% of a budget line item.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

## **SECTION 2. OTHER COMMITTEES**

The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as “advisory” committees.

## **SECTION 3. MEETINGS AND ACTION OF COMMITTEES**

Meetings and action of the committees shall be governed by the same guidelines that govern meeting of the directors in Article 3 – Directors. The time for regular meetings of committees may be fixed by resolution of the board of directors or by the committee. The time for special meetings of committees

may also be fixed by the board of directors. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws.

## **ARTICLE 6 EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS**

### **SECTION 1. EXECUTION OF INSTRUMENTS**

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, 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 monetarily for any purpose or in any amount.

### **SECTION 2. CHECKS AND NOTES**

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the president of the corporation.

### **SECTION 3. DEPOSITS**

All funds of the corporation 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.

### **SECTION 4. GIFTS**

The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

## **ARTICLE 7 CORPORATE RECORDS, AND REPORTS**

### **SECTION 1. MAINTENANCE OF CORPORATE RECORDS**

The corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of directors, committees of the board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

## **SECTION 2. DIRECTORS' INSPECTION RIGHTS**

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation.

## **SECTION 3. RIGHT TO COPY AND MAKE EXTRACTS**

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

## **SECTION 4. ANNUAL REPORT**

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation which report shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the 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 revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;
- (e) Any information required by Section 7 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

## **SECTION 5. ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS TO MEMBERS**

This corporation shall mail or deliver to all directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or transaction of the following kind:

Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

- (a) Any director or officer of the corporation, or its parent or its subsidiary (a mere common directorship shall not be considered a material financial interest); or
- (b) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the previous fiscal year to any director or officer.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the corporation, the nature of such person's interest in the transaction, and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

## **ARTICLE 8 FISCAL YEAR**

### **SECTION 1. FISCAL YEAR OF THE CORPORATION**

The fiscal year of the corporation shall begin on the 1<sup>st</sup> day of January and end on the 31<sup>st</sup> day of December in each year.

**ARTICLE 9**  
**CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES**

**SECTION 1. PURPOSE OF CONFLICT OF INTEREST POLICY**

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**SECTION 2. DEFINITIONS**

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest.

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (1) an ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (2) a compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph b, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **SECTION 3. CONFLICT OF INTEREST AVOIDANCE PROCEDURES**

#### **(a) Duty to Disclose.**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### **(b) Determining Whether a Conflict of Interest Exists.**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### **(c) Procedures for Addressing the Conflict of Interest.**

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The president of the governing board or chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**SECTION 4. RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS**

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**SECTION 5. COMPENSATION APPROVAL POLICIES**

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

(a) The terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.

(b) All members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a “disqualified person” (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):

1. is not the person who is the subject of compensation arrangement, or a family member of such person
2. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement
3. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement
4. has no material financial interest affected by the compensation arrangement; and
5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(c) The board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. “Similarly situated” organizations are those of a similar size and purpose and with similar resources
2. the availability of similar services in the geographic area of this organization

3. current compensation surveys compiled by independent firms; and
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

(d) The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member
3. the comparability data obtained and relied upon and how the data was obtained
4. the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination
5. the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to,

and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).

The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

## **SECTION 6. ANNUAL STATEMENTS**

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **SECTION 7. PERIODIC REVIEWS**

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

## **SECTION 8. USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisers. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## **ARTICLE 10 AMENDMENT OF BYLAWS**

### **SECTION 1. AMENDMENT**

Subject to any provision of law applicable to the amendment of bylaws of public benefit nonprofit corporations, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted by the board.

## **ARTICLE 11 AMENDMENT OF ARTICLES**

### **SECTION 1. AMENDMENT OF ARTICLES**

Any amendment of the articles of incorporation may be adopted by approval of the board of directors.

### **SECTION 2. CERTAIN AMENDMENTS**

This corporation shall not amend its articles of incorporation to alter any statement which appears in the original articles of incorporation of the names and addresses of the first directors of this corporation, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the corporation has filed a “Statement by a Domestic Nonprofit Corporation” pursuant to Section 6210 of the California Nonprofit Corporation Law.

## **ARTICLE 12 PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

### **SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these bylaws and is

fixed by resolution of the board of directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation.

## **ARTICLE 13 MEMBERS**

### **SECTION 1. DETERMINATION OF MEMBERS**

If this corporation makes no provision for members, then, pursuant to Section 5310(b) of the Nonprofit Public Benefit Corporation Law of the State of California, any action which would otherwise, under law or the provisions of the articles of incorporation or bylaws of this corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the board of directors.

*ADOPTED September 16, 2019*