

**Bylaws of the
Downtown Action Organization Incorporated
A California Nonprofit Corporation**

1. NAME

Section 1.1 Name

The name of this corporation is the Downtown Action Organization Incorporated (the “Corporation”).

2. OFFICES

Section 2.1 Principal Office

The principal office for the transaction of the business of the Corporation will be the Santa Rosa Metro Chamber of Commerce, 50 Old Courthouse Square, Suite 110 Santa Rosa, California. The Board of Directors of the Corporation may established another place or places within the City of Santa Rosa, California, by resolution of the Board.

Section 2.2 Other Offices

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

3. PURPOSES

Section 3.1 General Purpose

The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California (“California Nonprofit Corporation Law”) for public and charitable purposes.

Section 3.2 Specific Purpose

The specific purpose of the Corporation shall include without limitation the improvement of sidewalks, landscaping, homeless services, and security, along with organizing public events and enhancing the image of downtown Santa Rosa, California.

4. LIMITATIONS

Section 4.1 Political Activities

The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in 3, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 4.2 Prohibited Activities

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The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in 3. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in 3 shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

The Corporation and its Board of Directors shall conduct no meeting or activity, nor take any action, in violation of the Ralph M. Brown Act California Government Code Section 54950-54963, as amended, (the "Brown Act") regardless of any provision to the contrary of these Bylaws.

5. DEDICATION OF ASSETS

Section 5.1 Property Dedicated to Nonprofit Purposes

The property of the Corporation is irrevocably dedicated to the public and economic improvement of downtown Santa Rosa, California. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in 3 hereof.

Section 5.2 Distribution of Assets Upon Dissolution

Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for the public and economic improvement of downtown Santa Rosa, California as described in Exhibit A hereto and which has established its tax exempt status under Section 501(c)(3) of the Code.

6. MEMBERSHIP

Section 6.1 No Members

This Corporation shall have no members, as that term is defined in section 5056 of the California Nonprofit Corporation Law. Unless otherwise provided herein or in the California Nonprofit Public Benefit Corporation Law, any action which would otherwise require approval by a majority of all members shall require only approval of the Board of Directors. All rights which would otherwise vest in the members shall vest in the board of directors. Nothing in these Bylaws shall be construed as limiting the right of the Corporation to refer to persons associated with it, who participate in any activities of the Corporation, as "members" even though such

persons are not members, as defined in section 5056 of the California Corporations Code. Such persons shall be deemed to be associated persons with respect to the corporation as that term is defined in section 5332 of the California Nonprofit Public Benefit Corporation Law, and no such reference shall constitute anyone a member of this Corporation.

7. DIRECTORS

Section 7.1 Number and Qualifications

The authorized number of Directors shall be 15 persons.

At least two thirds (2/3s) of the Directors, or their designees, shall be owners of real property within the boundaries of the District. At Large Directors may be owners of businesses, or residents within the boundaries of the District or persons who in the discretion of the Board. A seat on the Board of Directors will be tied to the property owned, not a specific individual elected.

Section 7.2 Nomination and Election of Directors

The Board of Directors shall appoint a Nominating Committee which shall nominate candidates for Directors no later than ten (10) days before the first Board of Directors meeting of the Corporation's fiscal year as described in section 7.5 below. Non-Directors who own real property, businesses or work or reside within the boundaries of the District may also nominate candidates for Director no later than ten (10) days before such meeting by submitting the names of such nominees to the Secretary of the Board. The Secretary shall include the names of those nominated in the notice of the first Board of Directors' meeting of the fiscal year as described in Section 7.5 below. Directors shall be elected by a simple majority vote of Directors.

Section 7.3 Interim Board

A self-appointed, interim Board of Directors that meets the Board of Directors' requirements and qualifications described in Section 7.1.2 above may meet and adopt these Bylaws by majority vote. Upon election and at the first Meeting of the Board of Directors as described in Section 7.5 below the Board of Directors shall then confirm the adoption of these Bylaws, again by majority vote.

Section 7.4 Corporate Powers Exercised by Board

Subject to the provisions of the Articles of Incorporation of the Corporation (the "Articles of Incorporation"), California Nonprofit Corporation Law and any other applicable laws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of Directors (the "Board"). The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee however composed, provided that the activities and affairs of the Corporation shall

be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 7.5 Terms, Election of Successors

At its inaugural meeting as described in Section 7.5 below, the Directors shall be divided into three equal groups and designated by the Board to serve one, two, or three year terms. Thereafter, the term of office of each Director shall be three years. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law.

8. BOARD VACANCIES

Section 8.1 Events Causing Vacancy

A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the authorized number of Directors.

Section 8.2 Removal

The Board may by resolution declare vacant the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony, or found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law. The Board may by resolution declare vacant the office of a director who fails to attend four (4) Board meetings during any calendar year.

Section 8.3 No Removal on Reduction of Number of Directors

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires unless the reduction also provides for the removal of that specified Director in accordance with these Bylaws and California Nonprofit Corporation Law.

Section 8.4 Resignations

Except as provided in this Section, any Director may resign by giving written notice to the Chairperson, the President, the Secretary, or the Board of Directors. Such a written resignation will be effective on the later of (i) the date it is delivered or (ii) the time specified in the written notice that the resignation is to become effective. 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 California Attorney General (the "Attorney General").

Section 8.5 Election to Fill Vacancies

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If there is a vacancy on the Board, including a vacancy created by the removal of a Director, as soon as practicable after the vacancy occurs the Board may fill such vacancy by electing an additional director according to the requirements and qualifications set forth in Section 7.1.2 above. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

Section 8.6 Regular Meetings

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board within sixty (60) days of the beginning of the fiscal year, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to as the “annual meeting.” Other regular meetings of the Board may be held not less than quarterly at such time and place as the Board may fix from time to time by resolution.

Section 8.7 Special Meetings

Special meetings of the Board for any purpose may be called at any time by the Chairperson, or a simple majority of Directors, using a one vote per Director (non-weighted) basis.

9. NOTICE OF MEETINGS

Section 9.1 Manner of Giving

Notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods:

- a) Personal delivery of oral or written notice;
- b) First-class mail, postage paid;
- c) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or
- d) Electronic mail (“e-mail”) or other means of electronic transmission if the recipient has consented to accept notices in this manner.

All such notices shall be given or sent to the Director’s address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more

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than one regular meeting. Notice must also include public posting at the Corporation's offices 72 hours in advance per the Brown Act.

Section 9.2 Time Requirements

Notices sent by first-class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, voice messaging system or other system or technology designed to record and communicate messages, facsimile, e-mail or other electronic transmission shall be delivered at least 48 hours before the time set for the meeting.

Section 9.3 Notice Contents

The notice shall state the time and place for the meeting, even if the meeting is scheduled to be held at the principal office of the Corporation. The notice shall include an agenda of all items to be considered.

Section 9.4 Place of Board Meetings

Regular and special meetings of the Board may be held at any place within the state that has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation.

Section 9.5 Meetings by Telephone or Similar Communication Equipment

Any meeting may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. All such Directors shall be deemed to be present in person at such meeting.

10. QUORUM AND ACTION OF THE BOARD

Section 10.1 Quorum

A majority of Directors then in office shall constitute a quorum for the transaction of business, except to adjourn.

Section 10.2 Minimum Vote Requirements for Valid Board Action

Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 10.3 When a Greater Vote Is Required for Valid Board Action

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The following actions shall require a vote by a two-thirds majority (66%) of all Directors then in office in order to be effective:

- a) Removal of a Director without cause as described in Section 0
- b) Dissolution of the Corporation.

Section 10.4 Waiver of Notice

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes, and (iii) the requirements of the Brown Act referenced in Section 4.2 above are met. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

Section 10.5 Adjournment

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place subject to the notice requirements of the Brown Act.

Section 10.6 Conduct of Meetings

Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the Vice Chairperson or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

Section 10.7 Fees and Compensation of Directors

The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board.

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Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors, unless such compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be “interested persons” which, for purposes of this section only, means:

- a) any person currently being compensated by the Corporation for services rendered to it within the previous 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 10.8 Non-Liability of Directors

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

11. COMMITTEES

Section 11.1 Committees of Directors

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees (“Committees”), including an executive committee, each consisting of two or more Directors, to serve at the discretion of the Board. The Chair of the Board of Directors will appoint the Chair of each Committee. The Chair of the Committee will appoint the remaining seats on the Committee and may fill those seats with any member of the Corporation, so long as the Committee does not include a majority of the Board of Directors. Committees will make recommendations to the Board of Directors for consideration and vote.

Section 11.2 Meetings and Action of Board Committees

Meetings of Committees shall be governed by, and held and taken in accordance with, the provisions of 7 concerning meetings of Directors, with such changes in the context of 7 as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 11.3 Quorum Rules for Board Committees

A majority of the Committee members shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another

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time and place subject to the notice provisions of the Brown Act. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions that require a majority vote of the entire Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 11.4 Revocation of Delegated Authority

The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board. The sole spokesperson of the Corporation shall be the Chairperson unless otherwise provided by the Chairperson or his or her designee unless otherwise stipulated by the Board.

Section 11.5 Nonprofit Integrity Act/Audit Committee

In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant (“CPA”) in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee. The Audit Committee shall not include paid or unpaid staff or employees of the Corporation, including, if staff members or employees, the President or chief executive officer or the Treasurer or chief financial officer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee. Subject to the supervision of the Board, the Audit Committee shall:

- a) make recommendations to the Board on the hiring and firing of the CPA;
- b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- d) if requested by the Board, negotiate the CPA’s compensation on behalf of the Board.

Section 11.6 Advisory Committees

The Board may create one or more advisory committees to serve at the pleasure of the Board. Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. Advisory Committees will provide recommendations and input to the Board, but not have the authority to act on behalf of the Board.

12. OFFICERS

Section 12.1 Officers

The officers of the Corporation (“Officers”) shall be a Chairperson, Vice Chairperson, a Secretary, and a Treasurer. The Chairperson and Vice Chairperson shall be property owners within the District. Other than the Chairperson and Vice Chairperson, who must be a director, these persons may, but need not be, selected from among the Directors. The Board shall have the power to designate additional Officers. Any number of offices may be held by the same person, except that the Secretary, the Treasurer and the chief financial officer (if any) may not serve concurrently as the Chairperson.

Section 12.2 Election of Officers

The Officers, except those appointed in accordance with Section 9.5, shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal.

Section 12.3 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, (i) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (ii) by an Officer on whom such power of removal may be conferred by the Board.

Section 12.4 Resignation of Officers

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any of the Corporation under any contract to which the Officer is a party.

Section 12.5 Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the Chairperson such vacancy shall be filled temporarily by appointment by the Chairperson, or if none, by the Vice Chairperson, and the appointee shall remain in

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office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 12.6 Responsibilities of Officers

Chairperson of the Board. The chairperson of the Board (the “Chairperson”), if any, shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. The Chairperson shall be a property owner, or designee, in the District.

Vice Chairperson of the Board. The Vice Chairman shall fulfill the duties of the Chairperson in his or her absence. The Vice Chairperson shall be a property owner, or designee, in the District.

Secretary. The secretary of the Corporation (the “Secretary”) shall attend to the following:

- a) **Bylaws.** The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.
- b) **Minute Book.** The Secretary shall keep or cause to be kept a minute book.
- c) **Notices.** The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.
- d) **Corporate Records.** Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.
- e) **Corporate Seal and Other Duties.** The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

Treasurer. The treasurer of the Corporation (the “Treasurer”) shall attend to the following:

- a) **Books of Account.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.
- b) **Financial Reports.** The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
- c) **Deposit and Disbursement of Money and Valuables.** The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be

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designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the Board or these Bylaws.

- d) **Bond.** If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

Section 12.7 Additional Officers

The Board may empower the Chairperson, President, or chief executive, to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 12.8 Chief Executive

Subject to such supervisory powers as may be given by the Board to the Chairperson or President, the Board may hire a chief executive who shall be the general manager of the Corporation, and subject to the control of the Board, shall supervise, direct and control the Corporation's day-to-day activities, business and affairs. The chief executive (who may be referred to as the "chief executive officer" or "executive director" shall be empowered to hire, supervise and fire all of the employees of the Corporation, under such terms and having such job responsibilities as the chief executive shall determine in his or her sole discretion, subject to the rights, if any, of the employee under any contract of employment. The chief executive may delegate his or her responsibilities and powers subject to the control of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws. Additionally, the Board may, by resolution, appoint the chief executive as an Officer.

Alternatively, the management of the Corporation may be conducted by an organization selected by the Board, subject to a management agreement reviewed and approved by the Board, in which case the Corporation may maintain, engage, supervise or terminate no employee, but rather shall appropriately supervise and hold accountable the management company for the performance of contracted duties.

13. TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 13.1 Transactions with Directors and Officers

13.1.1 Interested Party Transactions

Except as described in Section 0, the Corporation shall not be a party to any transaction:

- a) in which one or more of its Directors or Officers has a material financial interest, or
- b) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

13.1.2 Requirements to Authorize Interested Party Transactions

The Corporation shall not be a party to any transaction described in 0 unless:

- a) the Corporation enters into the transaction for its own benefit;
- b) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into;
- c) prior to consummating the transaction or any part thereof, the Board authorizes or approves the transaction in good faith as indicated in Section 7.9.3, and with knowledge of the material facts concerning the transaction and the interested Director's or Officer's financial interest in the transaction;
- d) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and
- e) the minutes of the Board meeting at which such action was taken reflect that the Board considered and made the findings described in paragraphs (a) through (d) of this Section 0.

13.1.3 Material Financial Interest

A Director or Officer shall not be deemed to have a "material financial interest" in a transaction:

- a) if the contract or transaction is part of a public or charitable program of the Corporation and it (1) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or
- b) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation for the preceding year or \$100,000.

Section 13.2 Loans to Directors and Officers

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

The limitation above does not apply if (i) the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of an Officer in order to secure the services of (or continued services of) the Officer and the loan is secured by real property located in California; or (ii) the loan is for the payment of premiums on a life insurance policy on the life of a Director or Officer and repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

Section 13.3 Interlocking Directorates

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) (subject to the quorum provisions of 7); or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Section 13.4 Duty of Loyalty

Nothing shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation.

14. INDEMNIFICATION AND INSURANCE

Section 14.1 Indemnification

The Corporation shall provide for, by resolution of the Board of Directors, indemnification by the Chamber of any and all of its Officers, Directors or former Directors against expenses actually and necessarily incurred by them in connection with the defense of an action, suit, or proceeding, in which they or any of them are made parties, or a party, by reason of having been Directors of the Corporation, except in relation to matters as to which such director shall be settled by agreement predicated on the existence of such liability for gross negligence or misconduct.

Section 14.2 Insurance

The corporation shall maintain a policy of officers and directors and general liability insurance from an A rated or better insurance carrier.

15. CORPORATE RECORDS, REPORTS AND SEAL

Section 15.1 Minute Book

The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special,

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how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

Section 15.2 Books and Records of Account

The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses. Financial records will be maintained in accordance with Generally Accepted Accounting Principles (GAAP), or other professional standard that may be required for the Corporation's activities.

Section 15.3 Articles of Incorporation and Bylaws

The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 15.4 Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns

The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 15.5 Annual Report; Statement of Certain Transactions

The Board shall cause an annual report to be sent to each Director and made available electronically to all Members within 120 days after the close of the Corporation's fiscal year containing the following information:

- a) The assets and liabilities of the Corporation as of the end of the fiscal year. The Corporation shall operate on a calendar year as its 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 this fiscal year;
- d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
 - a. Any Director or Officer of the Corporation, its parent, or its subsidiary;

EXHIBIT A

- b. Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.
- f) The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.
- g) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director.

Section 15.6 Directors' Rights of Inspection

Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 15.7 Corporate Seal

The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

16. EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 16.1 Execution of Instruments

The Board, 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 16.2 Checks and Notes

Except as otherwise specifically determined by resolution of the Board, 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 Chairperson if the amount is over \$5,000.00.

Section 16.3 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 may select.

Section 16.4 Gifts

The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

17. CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. 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 both the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

18. AMENDMENTS

The Board may adopt, amend or repeal bylaws by majority vote. Such power is subject to the following limitations:

Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.

No amendment may extend the term of a Director beyond that for which such Director was elected.

If bylaws are to be adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefor, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

Certificate of Secretary

I certify that I am the duly elected Secretary of the Downtown Action Organization Incorporated, a California nonprofit public benefit corporation; that these Amended Bylaws, consisting of 20 pages, are the Bylaws of this Corporation as adopted and amended by a resolution of the Board of Directors on September 19, 2017; and that these Bylaws have not been amended or modified since that date.

Executed on _____ at _____, California.

Thomas A. Robertson
Secretary

EXHIBIT A

Exhibit A: Community Benefit District Map

