

**BYLAWS OF
HISTORIC RAILROAD SQUARE ASSOCIATION
A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION**

**ARTICLE 1
OFFICES**

Section 1. Name

The name of this Corporation ("Corporation") is "Historic Railroad Square Association" a California Nonprofit Public Benefit Corporation.

Section 2. Principal Office

The principal office of the Corporation for the transaction of its business is located in the City of Santa Rosa, Sonoma County, California.

Section 3. Change of Address

The Board of Directors (the "Board") may change the Principal Office of the Corporation from one location to another within the city of Santa Rosa. Any change of the location of the Principal Office shall be noted by the Secretary on these Bylaws or this Section may be amended to state the new location.

**ARTICLE 2
PURPOSES**

The primary objectives and purposes of this Corporation shall be:

- A) To bring about the revitalization of the Historic Railroad Square area.
- B) To bring about the investment of private and public capital within the Historic Railroad Square area for public benefit and charitable purposes.
- C) To bring about the increased attention to quality public improvements and educational, cultural, artistic, charitable, historic places, protection of architecturally significant buildings and social services within the Historic Railroad Square area for public benefit and charitable purposes.
- D) To bring about the increased economic well-being of residents, employees, and businesses within the Historic Railroad Square area.
- E) To promote improvement within the Historic Railroad Square Community through activities which contribute to the economic and neighborhood well-being of the Historic Railroad Square area.

ATTACHMENT 2

- F) Upon the dissolution or winding up of this Corporation, its assets remaining after payment, of all debts and liabilities of this Corporation, shall be distributed to a nonprofit fund, foundation, or Corporation which is organized and operated exclusively for charitable, educational and/or religious purposes and which has established its tax-exempt status under Internal Revenue Code section 501(c)(3).

**ARTICLE 3
MEMBERSHIP**

Section 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 Corporation Law, any action which would otherwise require action or approval by a majority of all members shall require only approval of the Board of Directors. All rights which would otherwise vest in 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 affiliated persons with respect to the Corporation as that term is provided in section 5332(b) of the California Nonprofit Corporation Law, and no such reference shall constitute anyone a member of this Corporation or confer any legal rights on such persons with respect to the affairs of the Corporation.

**ARTICLE 4:
DIRECTORS**

Section 1. Number and Term

The Corporation shall have a minimum of five (5) and a maximum of seventeen (17) Directors and collectively they shall be known as the Board of Directors. The exact number of Directors shall be fixed from time-to-time by resolution by the Board of Directors. Subject to the foregoing provisions for changing the number of Directors, the following seats shall be allocated to the Board of Directors:

- A) No less than two thirds (2/3) of the seats on the Board of Directors at all times, shall be filled by Property Owner Directors (as defined in Section 2 of this Article 4). Each property within the district boundaries, based upon the legal status of ownership, is entitled to appoint only one representative to serve on the Board of Directors;
- B) The balance of seats, if any, shall be filled by Community at Large Directors as defined in Section 2 of this Article 4);
- C) Directors shall be elected for a term of two (2) years., However, following the first election of Directors, one half (1/2) of the Property Owner Directors and one half (1/2) of the Community Directors shall serve a term of one (1) year, and one-half

(1/2) of the of the Property Owner Directors and one half (1/2) of the Community Directors shall serve a term of two (2) years. The Directors may assign the one-year terms by unanimous agreement, but in the absence of such agreement, the Directors receiving one-year terms shall be chosen by lot at the meeting at which the election is held. This staggering of terms will ensure that the entire Board is not replaced within one calendar year. Directors' terms shall commence on the date of their election and expire on the date of the election of the successor to the Director whose term is expiring.

Section 2. Qualifications

Members of the Board shall possess the following qualifications:

- A) *Property Owner Directors* shall be owners of real property within the boundaries of the Railroad Square Community Benefit District (the "District"), who have made full payment of all District assessments due for the previous and current fiscal years, or the duly appointed authorized representative (as defined in these Bylaws) of such owner.
- B) *Community at Large Directors* shall be persons who a) own and operate a business located on property located within the boundaries of the District, or the duly appointed authorized representative (as defined in these Bylaws) of such owner and operator; b) are community members who reside within the boundaries of the District; c) are individuals who do not reside or operate a business within the District boundaries but who show a high degree of interest and concern for the welfare of the District and who understand its connection to the community at large, and who the Board believes may assist the Corporation to fulfill its goals as a public benefit Corporation.
- C) Directors shall be appointed to the Board of Directors based upon:
 - 1. Their support for the goals of the public benefit corporation;
 - 2. Their ongoing participation on at least one of the Committees of the Board of Directors, prior to their election/appointment to the Board. This provision shall be waived during the first year of the establishment of the corporation, however every Board member shall be expected to be active in one of the Committees of the Board;
 - 3. Their willingness to raise funds and support the programs and activities of the Corporation for the betterment of Historic Railroad Square;
- D) A group of stakeholders, each of whom shall be a property owner within the District, consisting of the persons set forth in Exhibit "A" attached to these Bylaws and who have placed their signatures on Exhibit "A", is hereby-appointed upon the execution of these Bylaws as an interim Board of Directors to oversee creation and functioning of the Corporation including the adoption of the Articles of Incorporation, the Bylaws of the Corporation, an initial governance plan, and the

election of the First Board of Directors. The interim Board shall serve until they have elected a fully qualified Board of Directors in accordance with these Bylaws.

Section 3. Nomination and Election

Not less than forty-five (45) days before the date set forth for the Annual meeting of the Directors, the President shall appoint at least two (2) Directors, at least two of whom shall be Property Owner Directors, as the Nominating Committee to solicit nominees for consideration for election as Directors. (same wording)

- A) The committee will solicit suggested names from the assessed property owners and business owners within the district.
- B) Committee will recommend a slate of candidates for adoption by the Board
- C) The Board may adopt, modify or add to that recommendation when it appoints the successor board members, provided that the appointed members must satisfy the requirements of the by-laws in all respects.
- D) A due date of at least ten (10) days prior to the annual meeting date shall be stated as the deadline for submitting nominations to the Nominations Committee
- E) At the annual meeting the Directors may vote to accept some, or all the nominees submitted by the Nominations Committee. The election of Directors shall comply with the allocation provided in Section 1 of this Article 4.

~~The names so proposed, by the Committee shall be presented to the Board at its Annual meeting. The Nominations Committee shall include the President and at least two other Directors.~~

~~The Nominations Committee shall provide nomination forms to all eligible property owners and Directors. The nomination forms shall be mailed out at least thirty (30) days prior to the date set for the annual meeting. A due date of at least ten (10) days prior to the annual meeting date shall be stated as the deadline for submitting nominations to the Nominations Committee;~~

- ~~A) The nominees, who have been deemed to be qualified, consistent with these Bylaws shall be presented to the Board for consideration of election to the Board at its annual meeting.~~
- ~~B) At the annual meeting the Directors may vote to accept some, or all the nominees submitted by the Nominations Committee. The election of Directors shall comply with the allocation provided in Section 1 of this Article 4.~~

~~Nominations may not be made from the floor but only in accordance with the procedures set forth in this Section 3 or such other procedures as may be determined by the Board.~~

Section 3 should simply state that a nominating committee will be appointed by the board president; the committee will solicit from the assessed property owners and businesses suggested names; recommend a slate of candidates for adoption by the board; the board may adopt, modify or add to that recommendation when it appoints the successor board members, provided that the appointed members must satisfy the requirements of the bylaws in all respects.

Section 4. Powers

- A) General Powers. Subject to the provisions of the California Nonprofit Corporation law, and any limitations in the Articles of Incorporation and Bylaws, 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
- B) Specific Powers. Without prejudice to the general powers stated in Section 4, A and subject to the same limitations, the Directors shall have the power to:
- 1) Select and remove all officers, employees and agents of this Corporation; Prescribe any powers and duties for the officers, employees and agents that are consistent with law, with the Articles of Incorporation, and with these Bylaws; and, fix the compensation of the officers, employees and agents;
 - 2) Change the Principal Executive Office or the principal business office in the State of California from one location to another within the City of Santa Rosa;
 - 3) Borrow money and incur indebtedness on behalf of this Corporation and cause to be executed and delivered for corporate purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities;
 - 4) Accept on behalf of this Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of this Corporation;
 - 5) Contract for goods and/or services for this Corporation, subject to the limitations elsewhere provided in these Bylaws; Maintain and otherwise manage or cause to be managed, all other property acquired by this Corporation; Contract and pay maintenance, utilities, materials and supplies and services, relating to facilities; and employ personnel reasonably necessary for the operation of this Corporation, including lawyers and accountants where appropriate;

ATTACHMENT 2

- 6) Enter into any contract or execute and deliver any instrument in the name of and on behalf of this Corporation, and such authority may be general or confined to a specific instance;
- 7) Adopt and publish rules and regulations governing the use of facilities of this Corporation, and to establish penalties for the infraction thereof;
- 8) Conduct, manage and control the affairs and business of this Corporation;
- 9) Contract and pay for the expenses of this Corporation;
- 10) Prescribe such rules relating to the affairs and conduct of this Corporation as in the judgment of the Board, from time to time, may be found necessary or proper;
- 11) Pay taxes and special assessments which are or would become a lien on property of this Corporation;
- 12) Exercise all other powers granted to the Board by the Articles of Incorporation or these Bylaws or the laws of the State of California, including, without limitation, the California Nonprofit Corporation Law;
- 13) Amend or revise these Bylaws from time to time except that no such amendment or revision thereof may change the allocation of Board seats to property owners as provided in Article 4, Section 1(A) above; and
- 14) Remove a Director from the Board for cause including failure of a Property Owner Director to pay assessments levied by the District in a timely manner, malfeasance, conflicts of interest or unauthorized use of the Corporation's funds and/or name for personal gain.

All checks, drafts or orders for the payment of debts, notes or other evidences of indebtedness issued in the name of this Corporation shall be signed by such officer or officers, agent or agents of this Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and at least one other officers of the corporation.

Section 5. Compensation

The Directors shall serve without compensation except that any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 6. Conflict of Interest (Restriction re: interested Directors)

Notwithstanding any other provision of these Bylaws, not more than thirty percent (30%) 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
- 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 interested person.

In any and all cases, a Board member who also happens to be an "interested person" shall not move, second or vote on any contract in which they have a financial interest

Owning real property or a business within the boundaries of the District does not render a Director an interested person.

Section 7. Vacancies and Removal

Vacancies on the Board may result from the death, removal or resignation of a Director as provided in this Section 7, or by a duly enacted increase in the number of authorized Board members.

Any Board member with three (3) *unexcused* absences from regularly scheduled Board meetings within a one-year period shall be automatically removed from the Board without any formal action required to be taken by the Board. Any Board member who misses four (4) regular Board meeting within a one-year period, whether excused or unexcused, shall be automatically removed from the Board without any formal action required to be taken by the Board.

The Board of Directors may remove and declare vacant the seat of a Director who has been declared of unsound mind by a final order of court, or for whom a guardian or conservator of the person has been appointed by a court, or who has been convicted of a felony, or who has 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 Corporation Law.

Any Director may be removed from the Board without cause by the affirmative vote of Directors constituting at least two-thirds (2/3) of the total membership of the Board then in office. Written notice of the Board's intention to remove a Director from the Board shall be given fifteen (15) days prior to the date of the proposed removal vote. The notice shall identify the reasons for the proposed removal and shall provide an opportunity for the subject Director to appear and be heard, orally or in writing, not less than five days before the removal vote. The notice shall be sent to the subject Director by first class or certified

mail. Any removal vote shall be by secret written ballot. Upon an affirmative vote of removal of a Director, the removed Director's seat shall be deemed vacant.

Any Director may resign effective upon giving written notice to the President or, the Secretary of this Corporation. The effective date of the resignation shall be the effective date stated in the notice of resignation, or if no date is specified in the notice, the resignation shall be effective on the date the notice of resignation is received by the President or the Secretary. Upon the effective date of the resignation, the resigned Director's seat shall be deemed vacant,

Vacancies on the Board may be filled at any time by the affirmative vote or written consent of a majority of the Directors then in office. If the number of Directors then in office is less than a quorum, the vacancy may be filled by (a) the unanimous written consent of all of the Directors then in office without a meeting, or, b2) the affirmative vote of a majority of the Directors then in office at a duly noticed regular or special meeting; or (c) a sole remaining Director. Persons filling a vacancy shall meet the qualifications provided in Section 2 of this Article 4. Any person filling a vacancy created by the death, removal or resignation of a Property Owner Director shall meet the qualifications for a Property Owner Director as provided in Section 2 of this Article 4. Any person filling a vacancy created by the death, removal or resignation of a Community Director shall meet the qualifications for a Community Director as provided in Section 2 of this Article 4.

A person elected to fill a vacancy as provided by this Section shall hold office until the next regular annual election of the Board of Directors or until his or her death, resignation or removal from office.

Section 8. Non-Liability of Directors.

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation. The Board shall at all times, carry a California state certified policy for Directors and Officers insurance in the name of the corporation.

Section 9. Indemnification of Directors.

A) Right of Indemnification. The Corporation shall indemnify any person who was or is a party to any threatened, pending or completed civil lawsuit or proceeding, whether administrative, or investigative, including all appeals (other than an action brought by or on behalf of the Corporation) by reason of the fact that that person is or was acting as a director, officer, or employee of the Corporation. Indemnification shall be against all expenses, including without limitation, attorneys' fees, court costs, expert witness fees, judgments, decrees, and fines actually paid by the person in settlement of any action, suit, or proceedings provided that the Board of Directors shall first have determined, in its sole judgment, that the person acted in good faith and in a manner that he or she reasonably believed to be in the best interests of the Corporation. The termination of any action, suit or proceeding by judgment, order, or settlement shall not of itself create a presumption that the person did not act in good faith.

B) Gross Negligence or Misconduct. No indemnification shall be made for any claim, issue, or matter as to which the person is finally adjudged to be liable for gross negligence or intentional misconduct in the performance of his or her duties as director, officer, trustee, fiduciary or employee.

C) Indemnity for Successful Defense. In spite of any limitations set forth in subsections A) and B) of this Section 9, to the extent that any person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in those Sections, that person shall be indemnified against all expenses actually and reasonably paid by him or her, including, without limitation, attorneys' fees, court costs, and expert witness fees.

D) Advancement of Expenses. Expenses incurred in defending a civil action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of the action, suit, or proceeding as authorized by the Board of Directors, on receipt by the Board of Directors of an undertaking by or on behalf of the director, officer, or employee involved to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Corporation as authorized in this Section.

E) Indemnification Not Exclusive. The indemnification provided under this Section shall not be deemed to be exclusive or any other rights to which any person indemnified may be entitled under any regulation, agreement, vote of the stockholders or disinterested directors, or otherwise. The indemnification provided under this Section shall be deemed exclusive of any other power to indemnify or right to indemnification that the Corporation or any person referred to in this Section may have or acquire. Indemnification shall continue and inure to the benefit of the heirs, executors, and administrators of any person entitled to indemnification under this Section.

F) Liability Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or designated agent of the Corporation against any liability asserted against and incurred by that person whether or not the Corporation would have the power to indemnify that person under the provisions of these Bylaws.

ARTICLE 5: DIRECTORS MEETINGS

Section 1. Meetings Subject to the Brown Act.

All Regular, Annual, Special and Emergency Meetings of the Board of Directors are subject to the provisions of the Ralph M. Brown Act (Government Code Section 54950 *et seq.*) ("the Brown Act").

Section 2. Annual Meeting.

An Annual Meeting of the Board of Directors for the purpose of electing members of the Board of Directors and appointing officers of the Corporation shall be held each year during the month of October or November. The Annual Meeting shall be deemed a Regular Meeting for purposes of scheduling, notice and posting of agendas.

Section 3. Regular Meetings.

Regular Meetings of the Board of Directors shall be held at a time and place as set by resolution of the Board of Directors from time to time. The Board has the authority to alter the time and place of the Regular Meetings upon majority vote provided reasonable notification of such change is made in compliance with the Brown Act.

Section 4. Time and Place of Regular Meetings

Regular meetings of the Board of Directors shall be held at a time and place within the City of Santa Rosa designated from time to time by resolution of the Board of Directors.

Section 5. Agendas for Regular Meetings.

At least 72 hours prior to a regular meeting, the Secretary shall post at a location freely available to the public an agenda in compliance with the Brown Act containing a brief general description of each item to be considered at the meeting, including items to be discussed as well as items that may be acted upon by the Board..

Section 6, Special Meetings.

Other than an Emergency Meeting as hereinafter provided, any meeting of the Board of Directors held at a time or place other than the time or place specified for Regular Meetings) is designated as a Special Meeting. Special Meetings of the Board of Directors may be called by the President or by a majority of the Board.

Section 7 Time and Place of Special Meetings.

Special Meetings of the Board of Directors shall be held at the time and place within the City of Santa Rosa designated by the person or persons calling the Special Meeting. In the absence of such designation, the meeting shall be held at the principal office of the Corporation at a time designated by the President within fifteen (15) days of receipt of the request for the Special Meeting.

Section 8. Notice of Special Meetings.

In compliance with the Brown Act, notice of a Special Meeting shall be provided 24 hours in advance of the meeting to all the Directors and to all media outlets who have requested notification. The notice also must be posted at least 24 hours prior to the meeting in a location freely accessible to the public. The notice shall indicate that the meeting is being called as a Special Meeting, and shall state the time, place of the meeting within the City of Santa Rosa, and business to be considered or transacted at the meeting. No other business shall be considered at the Special Meeting.

Section 9. Emergency Meetings.

Emergency Meetings of the Board of Directors may be called only upon a determination by a majority of the Board that an emergency exists. For the purposes of this section, "emergency" is defined as a crippling disaster, mass destruction, terrorist activity work stoppage or other activity which poses an immediate peril to public health, safety or both, as determined by a majority of the Board.

Section 10. Time and Place of Emergency Meetings.

Emergency Meetings shall be held at a time and place designated by the President.

Section 11. Notice of Emergency Meetings.

Upon a determination by a roll call vote of a majority of the Board that an emergency as defined in Section 9 of this Article 4 exists, at least one hour's telephonic notice of the time, place and subject of the Emergency Meeting, shall be given to all members of the Board and to all media outlets that have requested pursuant to the Brown Act that they receive notice of any Special Meetings called. At the conclusion of the Emergency Meeting, the minutes of the meeting, a list of persons who the Board notified or attempted to notify, a copy of the rollcall vote, and any actions taken at the Emergency Meeting shall be posted for a minimum of 10 days in a public place as soon after the Emergency Meeting as possible.

Section 12. Adjourned Meetings.

Notice of the time and place of holding an adjourned, postponed or continued meeting must 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 forty eight (48) 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 forty-eight (48) hours from the time of the original meeting. So long as the time and place of the adjourned, postponed or continued meeting is publicly announced at the meeting adjourned, postponed or continued, no other notice of an adjourned, postponed or continued meeting need be given

Section 13. Closed Sessions.

The Board may conduct closed sessions regarding the following matters: a) the appointment, performance evaluation, discipline or dismissal of an employee; b) discussion with the Corporation's attorney regarding pending litigation or a significant exposure to litigation c) granting authority to the Corporation's negotiator concerning the price and terms of payment in connection with the purchase, sale, lease or exchange of real property by or for the Corporation; d) to meet and confer with the Corporation's labor negotiator concerning discussions with employee organizations and unrepresented employees regarding salaries and fringe benefits; and e) meetings with the Corporation's attorney, the chief of police, a security consultant or security operations manager, or their deputies, on matter posing a threat to the security of public buildings, or the public's right of access to essential public services or facilities. No person shall disclose information

communicated made in a closed session that is specifically related to the basis for the Board to meet in closed session (“confidential information”) Such closed sessions may be held as part of a regular meeting of the Board, or at a special meeting convened for the sole purpose of the closed session. All such closed sessions shall be conducted in accordance with the provisions of the Brown Act.

Section 14. Annual Public Meeting.

The Corporation shall organize and conduct one annual public meeting to be noticed on the Corporation’s website and in a writing mailed to all record owners of property in the District. This meeting will be conducted at a location convenient to the District. A City representative may attend to provide information and assistance in the conduct of the meeting.

Section 15. Quorum for Meeting.

A quorum shall consist of fifty per cent plus 1 of the sitting Board of Directors. 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 Chair 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. 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 16. Majority Action as a Board Action.

Every act or decision done or made by a majority 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 Corporation Law.

Section 17. Voting.

Each Director shall have one (1) vote on each matter presented to the Board of Directors for action. No Director may vote by proxy however they may appoint a temporary alternate, submitted in writing to the President, to vote upon an issue or issues if that property owner representative is not able to attend a specific Regular or Annual meeting.

Section 18. Conduct of Meetings.

Meetings of the Board of Directors shall be presided over by the President of the Board, or appointed Chairperson of the Board, or, in his or her absence, by the Vice President of the Corporation or, in the absence of each of these persons, by a 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 Roberts Rules of Order, 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 19. Telephonic Participation

Any Director may participate in a Regular, Special or Emergency Meeting by telephone conference, electronic video screen communication (skype), or similar communications equipment, so as long as all Directors can hear and be heard by one another. Participating in the meeting by such means constitute presence at the meeting, and Directors so participating shall be counted as present for purposes of a quorum.

Section 20. Action by Two Thirds Written Consent without a Meeting

Subject to the provisions of the Brown Act, 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 2/3 (two thirds) of the members of the full Board shall individually or collectively consent in writing to such action. Each Board member shall be notified of the need for written consent without a meeting through first class mail, a fax, e-mail or phone call. 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 simple majority 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 2/3rds 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. Any such action shall be validated by a vote of the Board at the next scheduled Board of Directors meeting.

Section 21. Insurance for Corporate Agents.

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a Director, officer, employee or other agent of the Corporation) against any liability other than for violating provisions of the California Nonprofit Corporation Law relating to self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of the California Nonprofit Corporation Law.

**ARTICLE 6:
OFFICERS**

Section 1. Number of Officers

The officers of the Corporation shall be a President, a Vice President, a Secretary and Treasurer.

Section 2. Qualification, Election, and Term of Office

A) The President, Vice President(s), Secretary and Treasurer shall be selected from the membership of the Board and shall be Board members. Assistant Secretaries, Assistant Treasurers, and other officers, if any, need not be members of the Board.

B) Officers shall be elected individually each year by the Board of Directors at the Annual Meeting, or if a vacancy exists, at any time.

C) Each officer shall hold office for a one-year term or until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

Section 2. Additional Officers

A) The Board of Directors may appoint one or more auxiliary Vice Presidents, Assistant Secretaries, Assistant Treasurers, or other auxiliary 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. Such auxiliary officers need not be members of the Board of Directors.

B) The Board of Directors may appoint a District Manager who shall serve as a non-voting ex-officio officer of the Corporation, with such powers, duties and term of office as shall be assigned by the Board from time to time.

Section 3. Duties of Officers

A) **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. He or she shall preside at all meetings of 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.

B) **Vice President.** In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President 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.

C) **Secretary.** The Secretary shall:

1. 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.

2. 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, 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.

3. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

4. Be custodian of the records and of the seal of the Corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the Corporation under its seal is authorized by law or these Bylaws.

5. Exhibit at all reasonable times to any director of the Corporation or to any owner of real property within the boundaries of the District, or to the duly appointed and authorized representative of such director or owner, upon request therefore, the Bylaws, and the minutes of the proceedings of the directors of the Corporation.

6. 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.

D) **Treasurer.** Further, subject to the provisions of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Treasurer shall:

1. 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, or delegate such responsibilities to staff;

2. Receive, and give receipt for, monies due and payable to the Corporation from any source whatsoever.

3. 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.

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4. 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.

5. Exhibit at all reasonable times the books of account and financial records to any director of the Corporation, or to any owner of real property within the boundaries of the District, or to the duly appointed and authorized representative of such director or owner, upon request, therefore.

6. Render to the President and Directors, whenever requested, an account of any or all his or her transactions as Treasurer and of the financial condition of the Corporation.

7. Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

8. 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 4. Compensation. No director or officer of the Corporation shall receive compensation or salary for their service on the Board of Directors or as an officer.

ARTICLE 7:

COMMITTEES

Section 1. Executive Committee. The President, the Vice President, Secretary and Treasurer shall constitute an Executive Committee. The Board of Directors shall delegate to the Executive Committee such 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 majority of the Board of Directors.

B) The filling of vacancies on the Board or on any committee which has the authority of the Board.

C) The amendment or repeal of Bylaws or the adoption of new Bylaws.

D) The amendment or repeal or any resolution of the Board which by its express terms is not so amendable or repealable.

E) The appointment of committees of the Board or the members thereof.

F) 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 Corporation Law.

By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the powers or authority so delegated to the Executive Committee, increase or decrease the membership of the Executive Committee by not more than two members of the Board of Directors, and fill vacancies on the Executive Committee from the members of the board. The Executive Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board of Directors from time to time as the Board may require.

Section 2. Other Committees and Task Forces. The Corporation shall have such other committees and task forces as may from time to time be designated by resolution of the Board of Directors. Members of such committees and task forces shall be appointed by the President. Such committees and task forces shall be advisory bodies to the Board of Directors, may consist of persons who are not also members of the Board, and in no event shall the membership of such committees and task forces include members of the Board of Directors constituting a quorum of the Board of Directors. These additional committees and task forces shall act in an advisory capacity only to the Board and shall be clearly titled as "advisory" committees or task forces.

Section 3. Meetings and Actions of Committees.

A) **Executive Committee.** Meetings and actions of the Executive Committee and any standing committees that may be created by the Board of Directors shall be governed by, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act in the same manner as meetings of the Board of Directors as provided in Article 5 of these Bylaws. The time for meetings of the Executive Committee may be fixed by the Board of Directors, or the committee chair.

B) **Advisory Committees and Task Forces.** Meetings and actions of advisory committees are not subject to the Ralph M. Brown Act and may be noticed, held and conducted in accordance with rules and regulations promulgated by the Board of Directors, provided that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE 8:

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, to pledge its credit or to render it liable monetary 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 at least two of the four of the officers 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 9:

REPORTS

Section 1. Annual Work Plan and Budget.

A) On or before December 15th of each year, the Board shall adopt an Annual Work Plan and Budget for the subsequent fiscal year. The Annual Report and Budget shall be prepared in accordance with Section 36622 of the Streets and Highways Code, and Article XIII.D of the California Constitution B

Section 2. Financial Statement.

The Corporation shall maintain the books of account of the Corporation on an accrual basis. During the fiscal year, financial statements comprising a Balance Sheet, Profit and Loss Statement and Cash Flow Statement shall be issued monthly. Within one hundred and twenty days of the ending of the fiscal year, year-end financial statements shall be prepared by the Corporation. Financial statements shall be itemized in a manner consistent with the itemizations incorporated into the Budget of the Corporation. The Corporation shall engage a Certified Public Accountant for the purpose of preparing annual tax returns of the Corporation based in such financial statements.

Section 3. Statement of Activity/Program.

A statement of activities/programs funded by District revenues, and the cost of each such activity or program shall be mailed to every property owner within one-hundred and twenty

(120) days following the close of the Corporation's fiscal year (the "Activity Statement") commencing after the end of the first full Fiscal Year . A copy of the Activity Statement and a list of property owner names and addresses shall be provided to the City no later than June 1st, of each year during the term of the MDA.

Section 4. Fiscal Year

The fiscal year for the HRSA shall commence on January 1st and end on December 31st of each calendar year the corporation is in existence. The first fiscal year for the HRSA may be a short year ending on December 31, 2019.

Section 5. Assessment Data.

A) The Corporation shall maintain a complete database for each parcel assessed within the District, containing the following information:

1. Assessor's Parcel Number
2. Street Address
3. Name and Address of Owner(s) of Record
4. Amount of the Assessment Levied
5. Proportionate Financial Obligation Imposed, compared to District
6. Assessment Calculations, including all variables used

The Corporation shall make such information available to property owners within the District upon request at a time and place to be arranged in advance.

B) By June 1 of each operating year, the Corporation shall provide the City with assessment data for the subsequent tax year (July 1 – June 30), in a format prescribed by the City if any. The assessment data shall include all the information required in Sub-section A) of this Section 5.

ARTICLE 10:

CORPORATE RECORDS AND SEAL.

Section 1. Maintenance of Corporate Records.

The Corporation shall maintain the following corporate records which shall be maintained at the principal office of the Corporation. Except for records specifically exempted by law, such records shall be available for public review consistent with the provisions the Ralph M. Brown Act:

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A) Minutes of all meetings of Directors, committees of the Board and, if this Corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, 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;

C) A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;

D) A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date,

Section 2. Corporate Seal

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Section 3. 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 4. Public's Inspection Rights.

A) The City, and owners of properties located within the boundaries of the District, and their duly appointed authorized representatives, shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind not otherwise exempted by law from public inspection.

B) For all purposes of these Bylaws, the term "duly appointed authorized representative" shall mean a person who presents to the Secretary or the District Manager of the Corporation a written document identifying the owner of real property located within the boundaries of the District, the identity of the real property within the District owned by the owner, the identity of the representative being appointed, and the scope of the representative's authorization.

ARTICLE 11:

INSURANCE

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a Director, officer,

employee or other agent of the Corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Corporation Law.

ARTICLE 12:

AMENDMENT OF BYLAWS

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 as follows:

- A) Subject to the power of members, if any, to change or repeal these Bylaws under Section 5150 of the Corporations Code, by approval of the Board of Directors unless the Bylaw amendment would materially and adversely affect the rights of members, if any, as to voting or transfer, provided, however, if this Corporation has admitted any members, then a Bylaw specifying or changing the fixed number of directors of the Corporation, the maximum or minimum number of Directors, or changing from a fixed to variable Board or vice versa, may not be adopted, amended, or repealed except as provided in Paragraph B of this SECTION; or
- B) By approval of the majority action of the sitting Board of Directors.

ARTICLE 13:

PROHIBITED TRANSACTIONS

Section 1. Loans.

Except as permitted by Section 5236 of the Code, the Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; *provided, however,* that the Corporation may advance money to a Director or officer of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 2. Self-Dealing Transactions.

Except as provided in Section 3, below, the Board shall not approve or permit the Corporation to engage in any self-dealing transaction. A self-dealing transaction is a transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, unless the transaction is described in Section 5233(b) of the California Corporations Code.

Section 3. Approval.

This Corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This Corporation also may engage in a self-dealing transaction if the Board determines, before the transaction, that (1) the Corporation is entering into the transaction for its own benefit; (2) the transaction is fair and reasonable to the Corporation at the time; and (3) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the interest of the Director or Directors in the transaction, and by a vote of a majority of the Directors then in office, without counting the vote of the interested Director or Directors.

**ARTICLE 14.
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 Director 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, or

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.

1. 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.

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

3. 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.

4. 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.

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D) Violations of the Conflicts of Interest Policy. If the governing Board or committee has reasonable cause to believe a Director or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the individual 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.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting Secretary of Historic Railroad Square Association, a California Nonprofit Public Benefit Corporation, and the above Bylaws, consisting of 24 pages, are the Bylaws of the Corporation as adopted at a meeting of the Board held in Railroad Square, Santa Rosa on December 4th, 2019.

Dated: _____

Executed at Santa Rosa, California

Dee Richardson, Secretary