

Dougherty PFC Bylaws

AMENDED AND APPROVED: JANUARY 21, 2016

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**BYLAWS OF THE
DOUGHERTY SCHOOL PARENT/FACULTY CLUB
a California nonprofit public benefit corporation**

1. NAME

The name of this corporation is the Dougherty School Parent Faculty Club (PFC the “**Corporation**”).

2. PURPOSE

The purpose of the Corporation is:

1. to assist Dougherty Elementary School (the “**School**”) in providing quality education for all Dougherty Elementary School students;
2. to sponsor activities which raise funds through parental involvement to assist in supporting the educational program and extracurricular activities at the School;
3. to act as liaison between parents, faculty, community and the Board of Education, and;
4. to promote the welfare of students in home, school and community.

3. PFC MEMBERSHIP

3.1 Members.

The Corporation admits Members of any race, color, religion, national or ethnic origin, and sexual orientation to all the rights, privileges, programs and activities generally accorded or made available to Members. The following shall automatically be considered “Members” of the PFC:

- (a) Parents or guardians of students attending Dougherty Elementary School. Membership will be limited to one (1) membership per family group regardless of the number of children from that family attending school or legal status of the parents.
- (b) Faculty of the School are also become Members of the Corporation.

3.2 Voting Rights.

Each Member will be entitled to one (1) vote on each matter submitted to the vote of the Members, as the case may be. Members will be entitled to vote for Officers and Directors of the Corporation as set forth in Section 7.2 (*Election*) and certain amendments to the Bylaws of the Corporation as set forth in Section 11.1 (*Amendment*).

4. BOARD OF DIRECTORS

4.1 Number and Term.

(a) Number. The Board will be composed of nine individuals

4.2 Composition.

Individuals shall serve as Officers or Directors. Each of the Officers and Directors below shall comprise the entire "Board of Directors". Each individual shall be referred to as a Board Member:

(a): Officers

1. President
2. Vice-President
3. Secretary
4. Treasurer

(b): Directors

1. Controller
2. Director of Volunteers
3. Director of Communication
4. Director at Large
5. Principal of the School or his/her designee

(c) Vote.

Each Board Member will have one vote.

(d) Election

The Members will elect the Board Members, except the Principal of the School or his/her designee, as set forth in Section 7.2 (*Election*).

(e) Term.

Each Board Member will serve a term of up to one (1) school calendar year. A Board Member may serve more than one (1) consecutive term. A Board Member's regular term will begin on and include the last regular meeting of the Board for the school year prior to the following school year with respect to which the Board Member has been elected and will end on and include the last regular meeting of the Board for the school year with respect to which the Board Member has been elected. Each Board Member shall hold office until he or she resigns, or is removed, fulfills their term as defined above or is otherwise disqualified to serve or until his or her successor shall be elected and qualified, whichever occurs first.

(f) Qualifications

All Board Members must

1. be Members (as defined in section 3.1)
2. have the skills necessary and desirable qualifications individually to fulfill the duties of the position in which they serve and
3. have the ability to work cooperatively with the Board and membership to fulfill these duties of the position in which they serve and further the purposes of the Corporation,
4. be able to attend greater than seventy-five percent (>75%) of the monthly meetings and working sessions on a regular basis

(g) All nominees will be individually required to submit their qualifications in the form of a resume or statement of qualifications by the close of the nominating period. Slate nominations and /or qualifications will not be accepted.

(h) Removal for Cause. Any Board Member may be removed with cause upon the vote of a majority of the Board of Directors voting on such matter.

4.3 Vacancies.

Vacancies or absences of qualified candidates of the Board of Directors may be filled through the following:

1. Submit their Application and/or Resume to a Director of the Board.
2. A Board Member must nominate the individual.
3. A majority of the Board of Directors voting on the nominee must approve the nominee for the open position.

The Board Member who is approved in such a manner shall serve till the expiration of the current term of the Board of Directors.

5. OFFICERS AND DIRECTORS DUTIES

5.1 President. The President shall:

1. be the chief executive officer and general manager of the Corporation and will generally supervise and control all of the business and affairs of the Corporation, subject to the direction of the Board;
2. perform all the duties incident to this office and such other duties as may be required by law, or as the Board or these Bylaws may require;
3. preside at all meetings of the Directors and make regular reports to the membership at large;
4. represent the School at district meetings;
5. communicate with the Principal to stay regularly apprised of School and district activities;
6. oversee all committees and the board's roles, responsibilities, and duties;
7. be responsible for filing and maintaining (with or without an independent third party) all Corporate documentations and filings, such as but not limited to Statement of Information (Secretary of State), Articles of Incorporation, Corporate By Laws, Business License documentation and Corporate Tax Filings;

8. see that each Officer and Director be fingerprinted, which will be paid for by the Corporation.

5.2 Vice President. The Vice President shall:

1. in the absence or disability of the President, or in the event of the President's refusal to act, perform all of the duties of the President, and when so acting, will have the powers of, and be subject to the restrictions on the President;
2. development and delivery of all fundraising activities;
3. monitor and report on fundraising participation levels and provide input for yearly fundraising plan for the PFC;
4. assist the President as needed.

5.3 Secretary. The Secretary shall:

1. certify and maintain an original or copy of these Bylaws as amended, and if a PFC website is available, see that the notes of open and general Meetings are posted to the site for its members;
2. keep or cause to be kept a book of minutes of all meetings of the members and Board, recording the time and place of holding, whether regular or special, and if special, how authorized, the notice given, the names of those present, and the proceedings thereof;
3. shall forward a copy of the minutes for any and all meetings to the Principal or his/her designee.
4. see that all notices are duly given in accordance with the Bylaws and distribute minutes of meetings to the Board two weeks prior to the next meeting and post the approved (working meeting approvals can be done by email approval since these would not be view by or voted on by the Members) minutes in the School office;
5. be custodian of the official legal and corporate records of the Corporation including filing the correct corporate documents;
6. be responsible for all legal and regulatory correspondence at the direction of the President;
7. assist the President in filing and maintaining (with or without an independent third party) all Corporate documentations and

filings, such as but not limited to Statement of Information (Secretary of State), Articles of Incorporation, Corporate By Laws, Business License documentation and Corporate Tax Filings;

8. be a liaison between 3rd Party entities such as but no limited to Corporation Attorney, and Agent for Service of Process;
9. be responsible for Corporate legal affairs and be the designated contact person for Corporate council, at the direction of the President;
10. in the absence of both the President and the Vice-President from a meeting, call the meeting to order and appoint a temporary chairperson;
11. be responsible for all correspondence at the direction of the President.

5.4 Treasurer. The Treasurer shall in coordination with the Controller:

1. have custody, and be responsible for all funds and investments of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as may be directed by the Board;
2. receive, safely keep and ensure money handling procedures are followed for money due and payable to the Corporation
3. disburse or cause to be disbursed the funds of the Corporation as may be directed by the Board, taking proper vouchers for such disbursements;
4. keep and maintain adequate and correct books and records of the Corporation's properties and business transactions, including the Corporation's accounts of its assets, liabilities, receipts, disbursements, gain and losses;
5. present financial status reports at regular meetings of the Board, or as otherwise determined by the Board;
6. have responsibility for preparing and monitoring the budget of the Corporation;
7. Follow the Corporation's Internal Controls and Cash Policies
8. keep and reconcile the Corporation's checkbooks and bank accounts;

9. Submit all requested/required financial data to the Finance Audit Committee
 10. be fingerprinted, which will be paid for by the Corporation, prior to handling any funds incoming or outgoing;
 11. Prepare or cause to be prepared all statements, forms, or returns as may be required by Federal, State, or local taxing authorities corporation;
 12. Work with the Treasurer Lead-Elect and two co-treasurers-Elect to ensure a smooth transition of responsibilities for the following school year
 13. Follow the cash handling procedure as documented by the board
- 5.5 Controller. The Controller shall in coordination with the Treasurer complete all the duties as defined above under Treasurer in 5.3.
- 5.6 Director of Volunteers. The Director of Volunteers shall:
1. keep a list of all volunteers and the subcommittee volunteer signup sheets;
 2. maintain the event binder detailing costs, notes, products, and other pertinent details for events planned;
 3. prior to the start of an event, contact all parents on the signup sheet and identify a chairperson for that subcommittee; if a chairperson cannot be identified that event will be cancelled;
 4. keep a list of room parents by contacting teachers to get the name of their room parent (not all classrooms will necessarily have a room parent.);
 5. hold a kickoff meeting with room parents giving them general responsibilities and guidelines;
 6. liaison between the Board and volunteers;
 7. contact volunteers and establish new subcommittees at the direction of the board;
 8. put together subcommittee signups for the following school year.

5.7 Director of Communications. The Director of Communications shall:

1. Represent the face of the PFC;
2. Be responsible for correspondence and newsletters of the organization and keep on file copies of all correspondence sent and received;
3. Maintain accurate records of all communication to and from the organization to and from its members and external entities;
4. Be responsible for announcing and posting special events, fundraisers, and general PFC announcements through means such as but not limited to monthly newsletters, email campaigns, flyers and the PFC website at the direction of the President;
5. Create necessary copies and distribute all required PFC documents and announcements;
6. Maintain and update the PFC website, posting all flyers, meeting minutes and other PFC correspondence;
7. Prepare and send all parent community calendar updates, event reminders, call for volunteer e-mails through whichever service designated by the Board.
8. Make an effort to coordinate all communication between the PFC and school to maximize communication to all its Members.

5.8 Director at Large. The Director at Large shall:

1. Assist the other Officers and Directors of the Corporation to fulfill their duties.
2. This person may serve in a co-management capacity for any other Board Member's role.
3. Be assigned specific duties by the President and/or any other Officer.

5.9 Principal. The Principal shall:

1. Attend all meetings of the Board (working and general meetings) and make regular reports, as needed;
2. act as the liaison between the School, the faculty of the School and the Dublin Unified School District;

3. report on Dublin Unified School District activities and information in addition to the needs of the School;
4. communicate with the President regularly;
5. assist in locating three (3) people to be on the auditing committee.
6. have the ability to designate an alternative school official to serve in this role in his/her place who would have the same duties as listed herein.

6. MEETINGS

6.1 General Membership Meetings.

(a) Notice

1. All notices of meetings of Members must be posted 48 hours before the date of the meeting. The notice must specify the place, date, and hour of the meeting and the general nature of the business to be transacted, and no other business may in that case be transacted.
2. Notice of Certain Agenda Items. If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice must also state the general nature of the proposal. Member action on such items is invalid unless the notice or written waiver of notice states the general nature of the proposal(s):
 - a. Removing a Director (including an Officer) without cause;
 - b. Filling vacancies on the Board by the Members;
 - c. Amending the Articles of Incorporation; and
 - d. Voluntarily dissolving the Corporation.

3. Manner of Giving Notice. Notice of any meeting of the members must be given using at least three (3) of the following methods:
 - a. by posting on the school marquee
 - b. by posting on the school website Home Page
 - c. by posting on the PFC website Home Page
 - d. by posting on the PFC Facebook page
 - e. by email OR
 - f. or by sending home the notice of the meeting with the student

(b) Quorum

Having at least three percent (3%) of the Members present will constitute a quorum for the transaction of business at a meeting of the Members. The Members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

(c) Majority Vote

All decisions of Members must be by majority vote of those Members, as the case may be, present and voting at the meeting or submitting completed written ballots or by email, except as otherwise required by law or these Bylaws.

(d) Proxy Voting

Proxy voting shall not be allowed at General Membership Meetings.

(e) Number of Regular Meetings

There will be at least six (6) regular meetings of the General Membership during each school year.

(f) Special Meetings

1. Requests

Special Meetings of the General Membership may be called

through any of the following providing a written request of such a meeting and including a specific basis for such a meeting:

- a. Three Board Members
- b. Principal of the School OR
- c. 10% of the General Membership

2. Notice

Notice of Special Meetings of the General Membership shall be made in accordance with 6.1(a).

3. Quorum

Quorum of Special Meetings of the General Membership shall be in accordance with 6.1(b).

4. Majority Vote

Majority Vote of Special Meetings of the General Membership shall be made in accordance with 6.1(c).

6.2 Board of Director Meetings

(a) Notice

1. General Notice Contents.

All notices of the Board of Directors must be either e-mailed or personally served upon each Board Member at least 96 hours before the date of the meeting. The notice must specify the place, date, and hour of the meeting and the general nature of the business to be transacted.

(b) Quorum

Quorum shall consist of one-third (1/3) of the authorized Board Member so long as at least one Officer is present for the transaction of business at a meeting of the Board of Directors. The Board may only continue to transact business while quorum is present.

(c) Majority Vote

All decisions of the Board of Directors must be by majority vote of those Board Members that are present.

(d) Proxy Voting

Proxy voting shall not be allowed at Board of Directors meetings.

(e) Number of Regular Meetings

Regular Board of Directors meetings will be scheduled and held every month during the school year unless otherwise designated by the Officers.

(f) Special Meetings

1. Requests

Special Meetings of the Board of Directors may be called through any of the following providing a written request of such a meeting and including a specific basis for such a meeting to the President of the Board of Directors:

a. Two Board Members OR

b. President

2. Notice

Notice of Special Meetings of the Board of Directors shall be made in accordance with 6.2(a).

3. Quorum

Quorum of Special Meetings of the Board of Directors shall be in accordance with 6.2(b).

4. Majority Vote

Majority Vote of Special Meetings of the Board of Directors shall be made in accordance with 6.2(c).

6.3 Board of Director Virtual Meetings (via e-mail)

(a) Notice

Notice of a virtual meeting agenda item shall be e-mailed to each Board Member.

(b) Quorum

Quorum shall consist of one-third (1/3) of the authorized Board Members so long as at least one Officer is present in the virtual meeting discussions.

(c) Majority Vote

All decisions of Board of Directors must be by majority vote of those Board Members currently serving.

(d) Proxy Voting

Proxy voting shall not be allowed at Board of Directors virtual meetings.

(e) Minutes

All virtual meeting discussions shall be notated by the Secretary in the next Regular Board of Directors meeting minutes.

(f) Business

The Board of Directors can conduct any business through a virtual meeting that it could during a regular Board meeting.

(g) Disqualification

Should any Board Member provide a written objection to an agenda item being done virtually, then the item can no longer be discussed through a virtual meeting unless the objection is withdrawn through a written cancellation.

7. NOMINATION AND ELECTION OF OFFICERS AND DIRECTORS

7.1 Nomination.

(a) Nominating Committee.

A Nominating Committee of at least three (3) Members will be appointed by the President with the approval of the Board by February 15. The Nominating Committee will consist of at least one (1) current Director. The Principal of the School may be asked to provide input to the Nominating Committee.

(b) The Committee shall seek nominations for a period of at least twenty-one (21) days.

- (c) The Committee shall provide notice of nominations by using at least three (3) of the following methods:
 - 1. by posting on the school marquee
 - b. by posting on the school website Home Page
 - c. by posting on the PFC website Home Page
 - d. by posting on the PFC Facebook page
 - e. by email OR
 - f. or by sending home information on how to nominate a Member with the student
- (d) Nominations may be submitted to the Nominating Committee by any Member in writing, and if qualified to serve, shall be submitted to the Members by the Nominating Committee for approval in accordance with Section 7.2 (*Election*).
- (e) Nominations shall be made in writing so long as the nominee's name and contact number is provided. Any individual nominating themselves must submit a resume or application as decided by the committee.
- (f) Any nomination must be accepted by the nominee before the committee may consider them for a position. Any person accepting nomination shall submit a resume or application as decided by the committee.
- (g) The committee has the option to hold a nomination meeting for nominees to be proposed by the Membership.;
- (h) The Nominating Committee shall not be precluded from nominating a current Director to succeed him or herself, if eligible to serve;
- (i) The Nominating Committee shall finalize candidates from the nominations for the Board Members and submit them for a vote by the General Membership. The nominations for Board Members will be submitted to the General Membership Members for approval in accordance with Section 7.2 (*Election*);

7.2 Election.

(a) Ballots.

The Nominating Committee shall prepare a ballot with its recommended list of Board Member candidates from all qualified nominees who have agreed to serve if elected to the Board.

(b) No Contest.

A Board position for which one candidate exist shall not require a ballot for that position and the current Board of Directors may vote on the candidate at the next Board of Directors meeting.

(c) Board Review.

The Nominating Committee shall submit the ballot for Board review at least ninety-six (96) hours prior to publication to the General Membership. The Board shall only be allowed to make modifications to the ballot to ensure compliance with said Bylaws or if they are aware of qualification issues.

(d) Notice.

Notice of the Voting Period and the related ballot shall be provided using at least three (3) of the following methods:

1. by posting on the school marquee
2. by posting on the school website Home Page
3. by posting on the PFC website Home Page
4. by posting on the PFC Facebook page
5. by email OR
6. or by sending home information on how to nominate a Member with the student

(e) Voting.

The Members will elect Board members by written ballot, email, or online as decided/setup by the Board and as contemplated by Section 5513 of the California Nonprofit Corporation Law (the "Act"). The voting period shall be for a minimum of seventy-two (72) hours.

(f) Profile.

Board Member candidates shall be allowed to place a two hundred fifty (250) word profile on the PFC website for the entire voting period and forty-eight (48) hours preceding the voting period.

(g) Tabulation.

The Nominating Committee shall count the returned ballots and present the results of the election in a timely manner but no later than the April 30.

(h) First Meeting of New Board.

The newly elected Board will convene its first meeting, jointly, with the last meeting of the outgoing Board for purposes of instruction and direction. The new Board members must review the ByLaws of the PFC by this joint meeting. The new Board members should be in attendance at this joint meeting. At this first meeting of the school year, any member of the previous Board of Directors may be present to advise or consult if approved by the new PFC Board.

8. BOARD OF DIRECTORS OPERATIONS

8.1 Management of Corporation.

The affairs of the Corporation will be managed by the Board and all powers of the Corporation will be exercised by or under the direction of the Board. In furtherance, and not in limitation, of the foregoing, the Board will have general charge and control of the affairs, funds and property of the Corporation. Except as otherwise provided in these Bylaws, the Board may establish and delegate performance of duties and exercise of powers, to Officers, Directors, and agents of the Corporation from time to time.

8.2 Statement of Policy

The Board may adopt, modify or rescind written Statements of Policy from time to time interpreting or elaborating on the principles set forth in these Bylaws or setting forth the then current policies of the Board with respect to the conduct of the affairs of the Corporation (as in effect from time to time, the "Statements of Policy"). Statements of Policy will be maintained with these Bylaws with the other records of the Board. Any Statement of Policy approved by the Board will be binding upon the Corporation, its Directors and Members to the same extent as if incorporated in these Bylaws.

8.3 E-Mail

Upon election or appointment, each Board Member shall provide the President and Secretary an e-mail address that shall be used for all notices pursuant to the Bylaws. This e-mail address and/or the Board Member's Board e-mail address can be used for all such communication.

8.4 Committees

The Board may appoint such committees from time to time as it deems advisable, and for such purposes or activities as it deems advisable. Members of such committees shall be appointed by the Board of Directors and shall serve at the pleasure of the Board. The Board may adopt standing committees from time to time. The identities of the standing committees and their functions will be set forth in Statements of Policy, as adopted or amended from time to time.

9. FUNDS MANAGEMENT

9.1 Budget.

- (a) The Board of Directors shall develop a budget for each school year, which shall include the planned income and expenditures. The budget shall also provide for a sufficient carryover of funds to enable the organization to function at the start of the new school year. A net cash carryover as of June 30th, would be no less than \$15,000.00 (Net cash is defined as cash less any unpaid items).
- (b) The budget shall be presented to the PFC membership for approval at the first General Meeting of the beginning of the school year.
- (c) Unbudgeted financial items or budgeted overruns will be reviewed by the Board of Directors.

- (d) The budget may be amended by a vote of the Board of Directors should the amended increase or decrease the budget by less than ten percent (10%) of the total annual budget. Any amendments in excess of that must approved by the General Members at any regularly scheduled General Meeting or at any Special Meeting called for that purpose.

9.2 Faculty Funds.

Funds allocated for specific expenditures must be used by the date provided by the Treasurer or be returned to the Corporation general fund. Any exceptions to such shall be approved by the Board of Directors.

9.3 Audits.

A volunteer Finance Audit Committee will provide assistance to the Board in fulfilling its oversight responsibility relating to the Club's financial operations. (See "Dougherty PFC Audit Committee Charter"). Auditing shall take place at least at two (2) separate times during the school year (schedule to be determined by the Audit Committee). The audit committee must be given access to the Board's financial records, and any member of the Board must be available to respond to questions or provide materials necessary to facilitate the audits. The Audit Committee must be made up of members who were external to the PFC Board in the time period the audit is for and at no time should any member of the committee be recommended by the Treasurer or Controller. If an audit committee is unable to be formed for either of these two audits, the Board must hire an outside auditor, at least once a year to review the financials.

10. LIABILITY.

10.1 Liability.

No Director (including its Officers) of this Corporation will be personally liable for the debts, liabilities or obligations of the Corporation.

10.2 Exculpation.

No member, Officer, Director, Board Member, or agent of the Corporation (collectively, the "Covered Persons") will be liable to the Corporation or any other Person who has an interest in or claim against the Corporation for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Corporation and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by these Bylaws, the Corporation's Articles of Incorporation, or applicable law.

10.3 Indemnification.

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

On written request to the Board by any person seeking indemnification under California Corporations Code Section 5238(b) or Section 5238(c), the Board shall promptly decide under California Corporations Code Section 5238(e) whether the applicable standard of conduct set forth in California Corporations Code Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification, because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of the Members. At that meeting, the Members shall determine under California Corporations Code Section 5238(e) whether the applicable standard of conduct has been met and, if so, the Members present at the meeting in person or by proxy shall authorize indemnification.

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

10.4. Insurance.

This Corporation is required to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, and other agents, to cover any liability asserted against or incurred by any Officer, Director, or agent in such capacity or arising from the Officer's, Director's, or agent's status as such. This insurance must also cover school functions or events that aren't covered by the School's insurance.

11. AMENDMENTS AND RULES OF ORDER

11.1 Amendment.

The Bylaws may be amended in the following manner:

- (a) Any amendment must be proposed by the Board or by written request of not less than ten (10) Members, addressed to the President.
- (b) Any amendment may be approved solely by the two-thirds (2/3) vote of the Board Members, unless the proposed amendment changes the number of authorized Board Members, Member voting rights, or any sections directly related to members' right. For these matters, the amendment shall need have both the two-thirds (2/3) vote of the Board Members and an approval of the Members as defined in 11.1(a).
- (c) If a proposed amendment requires Member approval, a statement of the nature and purpose of the proposed amendment must be read at one (1) meeting of the Board open to the Members preceding the meeting of adoption, or the proposed amendment must be submitted to the Members. A majority vote of all Members present will be required to confirm each such amendment or to confirm the revised Bylaws as a whole.
- (d) Statements of Policy may be amended by the Board (refer to section 8.2).
- (e) Notwithstanding the foregoing provisions, the Bylaws may be amended as necessary to obtain a determination by the Internal Revenue Service that the Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code or by the Franchise Tax Board that it is exempt from California Franchise or income tax under Section 23701 of the Revenue and Taxation Code of California by unanimous written consent of those Directors present at any meeting of the Board at which a quorum is present.
- (f) Bylaws may also be amended should it be necessary due to changes in California law.

11.2 Rules of Order.

The rules contained in Roberts Rules of Order Revised will govern the Corporation in all matters of parliamentary procedure to which they are applicable and not inconsistent with the Bylaws.

12. CONFLICT OF INTEREST POLICY

12.1 Purpose

The purpose of the conflict of interest policy is to protect the Corporation's tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Board Member of the Corporation or might result in a possible excess benefit transaction. 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.

12.2 Definitions

(a) Interested Person.

Any director, principal officer, board member, or member of a committee with governing board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest.

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

1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation
4. 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 3.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.

12.3 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 who are 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 whether 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.

(d) Violations of the Conflict of Interest Policy.

1. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines that the member has failed to

disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

12.4 Records of Proceedings.

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

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

12.5 Compensation.

- (a) A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
- (c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

12.6 Annual Statements.

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

- 1. Has received a copy of the conflict of interest policy;
- 2. Has read and understood the policy;
- 3. Has agreed to comply with the policy; and
- 4. Understands that the Corporation is charitable and that in order to

maintain its federal tax-exempt status it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

12.7 Periodic Reviews.

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

- (a) Whether compensation arrangements and benefits are reasonable, are based on competent survey information, and are the result of arm's length bargaining.

- (b) Whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or an excess benefit transaction.

12.8. Use of Outside Experts.

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