

**BYLAWS
COMMUNITY FOUNDATION FOR MONTEREY COUNTY
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

ARTICLE I. RECITALS

Section 1. Name of Corporation. The name of this corporation is Community Foundation for Monterey County, and shall be referred to herein as the "Corporation."

Section 2. Corporation Is Nonprofit. This Corporation has been formed pursuant to the California Nonprofit Corporation Law as a public benefit corporation.

Section 3. Purpose and Objectives. The specific and primary purpose of this Corporation shall be to establish, operate and maintain a Community Foundation which will assist donors in building an enduring source of charitable funds to meet the changing needs and interests of the community for the benefit of residents of Monterey County, California.

ARTICLE II. PRINCIPAL OFFICE

Section 1. Location of Principal Office. The principal offices of the Corporation are in Monterey County, California. The Board of Directors may change the principal office from one location to another within Monterey County and such a change shall not be deemed an amendment of these Bylaws.

ARTICLE III. MEMBERSHIP

Section 1. 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 approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest in the members shall vest in the Board of Directors.

ARTICLE IV. BOARD OF DIRECTORS

Section 1. General Corporate Powers. The power to conduct the business and affairs of the Corporation shall be vested in and exercised by the Corporation's Board of Directors. Subject to the limitations expressed in Article VI, Section 1, the Board may delegate the management of the activities of the Corporation to any person or persons, or committee, provided that, notwithstanding any such delegation, the activities and affairs of the Corporation shall continue to be managed and all Corporate powers shall continue to be exercised under the ultimate direction of the Board. The specific powers of the Board and the limitations thereon are set forth in Article V hereof.

Section 2. Number of Directors. The Board of Directors of this corporation shall consist of no less than fifteen (15) and no more than twenty-one (21) persons who have a residence in Monterey County, California.

Section 3. Election and Term of Office. The Board of Directors shall appoint a nominating committee consisting of members of the Board of Directors and residents of Monterey County who are not members of the Board of Directors. The number of Board members on the nominating committee shall not exceed the number of community (non-board) members. The

nominating committee shall present to the Board nominations to fill vacancies in the Board of Directors. The Nominating Committee shall assure that such persons represent a broad cross section of the views and interests of the residents of Monterey County and, that, to the extent possible, they are knowledgeable about special areas of concern to the community, such as the environment, the arts, health, education, the public sector and social welfare. The committee shall, as it deems desirable, consult with organizations in Monterey County representing such areas of interest for assistance in selecting Directors.

Directors shall be elected by the members of the Board. Terms of Directors begin January 1 and end December 31 three (3) years later. Directors elected before July 1 in any given year are considered to have completed the first year of their term on December 31 of that same year. Directors elected on July 1 or after do not start the first year of their term until January 1 of the following year. No person may serve as a Director for more than two complete consecutive terms.

Section 4. Removal of Directors and Filling Vacancies on the Board of Directors.

(a) Vacancies, Generally. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation or removal of a director; or (ii) an increase of the authorized number of directors. Members of the Board of Directors who no longer qualify because of change of residence from Monterey County shall automatically cease to be members of the Board of Directors.

(b) Resignation of Directors. Except as provided in this subparagraph, any director may resign, which resignation shall be effective on giving written notice to the president, the secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective. Failure without excuse to attend three consecutive regular meetings of the Board of Directors shall operate as a tender of resignation, unless excused by the Board of Directors. The Board of Directors may grant to any Board member a leave of absence for a period of not to exceed six months, including any three excused absences.

(c) Filling of Vacancies. Vacancies on the Board may be filled by the vote of a majority of a quorum of the Board, or if the number of directors then in office is less than a quorum, the vacancy may be filled by (i) the unanimous written consent of the remaining directors; (ii) the affirmative vote of a majority of the remaining members of the Board at a duly held meeting; or (iii) by the sole remaining director.

(d) Authority of the Board to Remove Directors For Cause. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she has (i) been declared of unsound mind by a final order of court; (ii) been convicted of a felony; or (iii) been found by a final order or judgment of any court to have breached any duty under Sections 5230 through 5237 of the California Nonprofit Corporation Law (relating to the standards of conduct of directors).

(e) Removal of Directors Without Cause. Except as otherwise provided in subparagraph (d) above, a director may only be removed from office prior to the expiration of his or her term by the affirmative vote of a majority of the directors then in office.

(f) Reduction in Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before the director's term of office expires.

ARTICLE V. DUTIES AND POWERS OF THE BOARD

Section 1. General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Corporation Law and any other applicable laws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

Section 2. Specific Powers. Without prejudice to the general powers set forth in Section 1 above of these Bylaws, but subject to the same limitations, the directors shall have the power to:

(a) Take general charge of the affairs, property, and assets of the corporation and elect officers and employ or arrange for the services of such other persons, agents and assistants as in its opinion are necessary or desirable for the proper administration of the corporation, and to pay reasonable compensation for their services and expenses. The Board may, as it from time to time determines by resolution, delegate in whole or in part the matter of controlling, managing, investing, and disposing of the property of the corporation for the purpose of earning an income from that property to one or more trust companies, banks, or investment counsel duly authorized to conduct a trust, banking, or investment business in this state.

(b) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

Section 3. Limitations on Powers.

(a) **Compensation.** Members of the Board of Directors shall serve without compensation except for payment of reasonable expenses incurred for the corporation and approved by the Board. Directors who are holders of any other office or position shall act in their own right as Directors and not as representatives or delegates of their own or any other organization, interest or group.

(b) **Self-Dealing Transactions.** Notwithstanding the powers conferred on the Board pursuant to Section 1, above, and Article IX, Section 1 hereof, this Corporation shall not engage in any transaction which meets the definition of a "self-dealing transaction" as defined in Section 5233 of the California Nonprofit Corporation Law unless the transaction has been approved by one of the means specified in subparagraph (d) of said Section 5233. Further, this Corporation shall not engage in any transaction which would violate the Regulations of the Internal Revenue Service governing community foundations.

(c) **Transactions Between Corporations Having Common Directorships.** Unless it is established that the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified, this Corporation shall not enter into a contract or transaction with any other corporation, association or entity in which one or more of the Corporation's directors are directors unless the material facts as to the transaction and the director's common directorship are fully known or disclosed to the Board. The Board must approve, authorize or ratify any such contract or transaction in good faith and by a vote that is sufficient without counting the vote of the common director(s).

(d) **Loans to Directors or Officers.** This Corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless the transaction is first approved by the California Attorney General. This provision shall not apply to any reasonable

advance on account of expenses anticipated to be incurred in the performance of the director's or officer's duties on behalf of the Corporation.

(e) **Standards for Investment.** Except as provided in Sections 5240(c) and 5241 of the California Nonprofit Corporation Law, in the investment, reinvestment, purchase, acquisition, exchange, sale and management of assets of the Corporation, the Board shall comply with the Uniform Management of Institutional Funds Act as adopted and from to time amended in California and specifically comply with additional standards, if any, imposed by regulations affecting Community Foundations, by the Articles of Incorporation, these Bylaws or the express terms of any instrument or agreement pursuant to which the invested assets were contributed to the Corporation.

ARTICLE VI. COMMITTEES

Section 1. Committees of Directors. The Board may, by a majority of the directors then in office, provided that a quorum is present, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. Membership of directors in committees is determined by the Board Chair. Board approval will be required to invite any non-Board member to serve on any Board Committee to which the Board delegates authority to make and execute decisions without prior Board approval. Persons who are not directors may serve on committees not having the previously referenced delegated authority at the discretion of the Committee Chair.

Committees shall have all the authority of the Board with respect to matters within their area of assigned responsibility, except that no committee, regardless of Board resolution, may:

- (a) Take any final action on any matter which, under the California Nonprofit Corporation Law, also requires approval of the directors.
- (b) Fill vacancies on the Board of Directors or on any committee which has been delegated any authority of the Board.
- (c) Amend or repeal these Bylaws or adopt new Bylaws.
- (d) Amend or repeal any resolution of the Board of Directors which by its express terms is not amendable or repealable.
- (e) Appoint any other committees of the Board of Directors or the members of those committees.
- (f) Approve any transaction (i) to which the Corporation is a party and in which one or more directors have a material financial interest; or (ii) between this Corporation and one or more of its directors or between the Corporation and any person in which one or more of its directors have a material financial interest.

Section 2. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws, concerning meetings of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the Corporate records. The Board of Directors may adopt rules not inconsistent with the provisions of these Bylaws for the government of any committee. Such rules will be contained in each committee's job descriptions, which are approved by the Board.

ARTICLE VII. BOARD MEETINGS

Section 1. Meetings. The Board of Directors shall hold regular meetings, not less than annually, at such times and places as are determined by the Board, or if no times or places are determined by the Board, as determined by the Chair. Special meetings of the Board may be called by the Chair and shall be called by him or her on the request of any two Directors. Notices of all meetings of the Board shall be given by mail to the usual business or residence address of each Director at least five days before the meeting, but notice may be waived by any Director expressly or by his or her attendance at the meeting.

Section 2. Meetings by Telephone Conference or Other Communication Equipment.

Members of the Board may participate in a meeting through use of conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting pursuant to this Section 2 constitutes presence in person at that meeting if all of the following apply:

- (a) Each member participating in the meeting can communicate with all of the other members concurrently.
- (b) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.
- (c) The Corporation adopts and implements some means of verifying both of the following:
 - (i) A person communicating by telephone, electronic video screen, or other communications equipment is a director entitled to participate in the Board meeting; and
 - (ii) All statements, questions, actions, or votes were made by that director and not by another person not permitted to participate as a director.

Section 3. Quorum Requirements.

- (a) The attendance of a majority of the authorized number of directors at any meeting of the directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 5 of this Article VII.
- (b) Except as otherwise provided herein or in the California Nonprofit Corporation Law, 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 shall be regarded as the act of the Board of Directors.
- (c) A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors below a quorum, if any action taken is approved by at least a majority of the required quorum for that meeting or such greater number as is required by the Articles of Incorporation or these Bylaws.

Section 4. Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present; and (ii) either before or after the meeting, each of the directors not present, individually or collectively, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the Corporation records or made a part of the minutes of the meeting and shall have the same force and effect as a unanimous vote of the Board. The requirement of notice of a meeting shall also be deemed to have been waived by any director who attends the meeting without protesting before or at its commencement about the lack of notice.

Section 5. Adjournment. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place or may adjourn for purposes of reconvening in executive session to discuss and vote upon personnel matters, litigation in which the Corporation is or may become involved and orders of business of a similar nature. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment. Except as hereinabove provided, notice of adjournment need not be given.

Section 6. Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of the law may be taken without a meeting if all members of the Board individually or collectively consent in writing to the action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall then have the same effect as a unanimous vote of those Directors. Any certificate or other document filed under any provision of law relating to the action taken in that matter shall state that the action was taken by unanimous consent of the Board of Directors without a meeting and that the Articles of Incorporation and the Bylaws of this corporation authorize the Directors to act in that matter, and that statement shall be prima facie evidence of such authority.

ARTICLE VIII. OFFICERS

Section 1. Officers. The officers of the Corporation shall be: (1) a chair, (2) a vice chair, (3) a secretary, and (4) a treasurer. The Corporation may also have, at the discretion of the Board, one or more vice chairs, or one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 2 following. Any two or more offices, except the office of Chair and Secretary, may be held by the same person.

Section 2. Election of Officers. The officers of the Corporation shall be chosen annually by majority vote of the Board and each officer shall hold office for one year or until he or she shall resign or be removed or otherwise disqualified to serve, or until his or her successor shall be elected and qualified.

Section 3. Removal of Officers. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting.

Section 4. Resignation of Officers. Any officer may resign at any time by giving notice to the Board or to the president or to the secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

Section 6. Chair. The chair shall be elected by the Board from among the directors. Subject to the control of the Board, the chair will have general supervision, direction and control of the affairs and officers of the Corporation. He or she shall preside at all meetings of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7. Vice Chair. The vice chair shall be elected by the Board from among the directors. In the absence or disability of the chair, the vice chair shall perform all the duties of the chair and when so acting shall have all the powers of, and be subject to all the restriction upon, the chair. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

Section 8. Secretary. The Secretary shall keep minutes of the meetings of the Board of Directors, cause all notices to be duly given in accordance with the provisions of these Bylaws or as required by law, be custodian of the corporate records of the corporation, and perform such other duties as are assigned him or her from time to time by the Chair or the Board of Directors.

Section 9. Treasurer. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements. The books and records shall at all reasonable times be open to inspection by any director. The treasurer shall provide for the deposit of all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. He or she shall provide for the disbursement of the funds of the Corporation as may be ordered by the Board, shall render to the president and directors whenever they request it an account of all of his or her transactions as treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

ARTICLE IX. FINANCIAL MATTERS AND REPORTS

Section 1. Checks. All checks or demands for money and notes of the Corporation shall be signed by the chair and treasurer, or by such other officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 2. Books and Records. This Corporation shall keep adequate and correct books and records of account; minutes of the proceedings of its Board of Directors and committees of the Board of Directors; and a record of the members of the Board of Directors showing their names and addresses.

Section 3. Budgets and Financial Statements. Financial statements and related information for the Corporation shall be regularly prepared and copies thereof shall be distributed to each director of the Corporation.

ARTICLE X. DISTRIBUTIONS AND DISBURSEMENTS

Section 1. Distributions. The Board of Directors, at least annually, shall determine all distributions to be made from net income and principal of the corporation and make, or authorize and direct the respective agents having custody of funds of the corporation to make payments to organizations or persons to whom payments are to be made in such amounts and at such times and with such accompanying restrictions, if any, as it deems necessary to assure use for the corporation's authorized purposes and in the manner intended. It shall determine all disbursements to be made for administrative expenses incurred by the Board and direct the respective agents having custody of the funds of the corporation as to payment and the funds to

be charged. All determinations as to distributions shall be by affirmative vote of a majority of the total Board of Directors.

Section 2. Due Diligence. The Board of Directors shall gather and analyze facts and conduct such investigations and research as are necessary to determine the most effective agencies and means for meeting the needs of Monterey County through distribution of funds given for charitable purposes, and may disburse money for such fact gathering, analysis, investigation and research from the corporation's funds. The Board of Directors may, in furtherance of the corporation's charitable purposes, when needs therefor have been determined and with appropriate provisions to assure use solely for those purposes, direct distributions to other persons, organizations, and governmental agencies, as in the opinion of the Board best carry out those purposes, or may help create new qualified charitable organizations to carry out those purposes.

ARTICLE XI. GIFTS TO THE CORPORATION/VARIANCE POWER

Section 1. Gifts. The Board shall adopt and periodically review Gift Acceptance Policies governing gifts to the Corporation. All assets donated to the Corporation shall be held, administered and distributed in compliance with applicable law including, but not limited to, regulations of the United States Internal Revenue Service affecting community foundations. It is the purpose of this Corporation to assist donors to the greatest extent possible and in the most flexible ways possible to achieve their charitable goals. Any donor of a gift to the Corporation may give directions with respect to such gift at the time the gift is made, subject to the limitations in the Articles of Incorporation and these Bylaws.

Section 2. Variance Power. Notwithstanding any provision in these Bylaws or in any instrument of transfer creating or adding to a fund of this Corporation, and in accordance with the Articles of Incorporation of the Corporation, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board (without the necessity of the approval of any participating donor, advisor appointed by a donor, trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The Board shall exercise this power at a meeting by the affirmative vote of a majority of the members of the Board.

ARTICLE XII. MISCELLANEOUS

Section 1. Inspection of Books and Records. In accordance with Section 6334 of the California Nonprofit Corporation Law, every director shall have an absolute right at any reasonable time to inspect all books, records, documents and minutes of the Corporation and the physical properties owned by the Corporation. The right of inspection by a director includes the right to make extracts and copies of documents.

Section 2. Corporate Seal. The Corporation need not have a corporate seal. However, the Board of Directors may adopt, use, and, at will, alter a corporate seal which shall be affixed to all corporate instruments, but failure to affix such shall not affect the validity of any instrument.

Section 3. Fiscal Year. The fiscal year of the corporation shall be the twelve-month period ending on December 31, or such other period as may be designated by the Board of Directors.

Section 4. Adoption, Amendment or Repeal of Bylaws. These Bylaws shall be effective upon the adoption thereof by a majority of the directors and certification of the adoption by the Board

of Directors. Subject to limitations contained in the Articles of Incorporation and to any provisions of law applicable to amendment of Bylaws of nonprofit corporations, these Bylaws, or any of them, may be amended or repealed and new Bylaws adopted by the vote or written consent of a super majority (2/3) of the members of the Board of Directors present at a meeting called for that purpose.

Section 5. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, and singular number includes the plural and the plural number includes the singular.

Section 6. Indemnification of Corporate Agents.

- (a) Any person who was or is a director, officer, employee or other agent of the Corporation (collectively "Agents") may be indemnified by the Corporation for any claims, demands, causes of action, expenses or liabilities arising out of, or pertaining to, the Agent's service to or on behalf of the Corporation to the full extent permitted by California Nonprofit Corporation Law, Section 5238.
- (b) The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability 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 Section 5238 of the California Nonprofit Corporation Law; provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Nonprofit Corporation Law.

Section 7. Non-paid Directors; Alleged Failure to Discharge Duties; No Monetary Liability. Except as provided in Section 5233 or 5237 of the California Nonprofit Corporation Law, there is no monetary liability on the part of, and no cause of action for damages shall arise against, any non-paid director, including any non-paid director who is also a non-paid officer, of this Corporation based upon any alleged failure to discharge the person's duties as director or officer if the duties are performed in a manner that meets all of the following criteria:

- (a) The duties are performed in good faith.
- (b) The duties are performed in a manner such director believes to be in the best interests of the Corporation.
- (c) The duties are performed with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 8. Personal Liability of Volunteer Director or Officer for Negligence.

(a) Except as provided in subparagraph (c), below, there shall be no personal liability to a third party on the part of a volunteer director or volunteer executive committee officer of this Corporation caused by the director's or officer's negligent act or omission in the performance of that person's duties as a director or officer, if all of the following conditions are met:

- (i) The act or omission was within the scope of the director's or executive committee officer's duties;
- (ii) The act or omission was performed in good faith;

- (iii) The act or omission was not reckless, wanton, intentional, or grossly negligent; and
- (iv) Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the Corporation, either in the form of a general liability policy or a director's and officer's liability policy, or personally to the director or executive committee officer. In the event that the damages are not covered by a liability insurance policy, the volunteer director or volunteer executive committee officer shall not be personally liable for the damages if the Board of Directors and the person had made all reasonable efforts in good faith to obtain available liability insurance.

(b) For purposes of this Section 9, "volunteer" means the rendering of services without compensation. "Compensation" means remuneration whether by the way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a director or executive committee officer does not affect that person's status as a volunteer within the meaning of this section.

(c) This section does not eliminate or limit the liability of a director or officer for any of the following:

- (i) As provided in Section 5233 or 5237 of the California Nonprofit Corporation Law; or
- (ii) In any action or proceeding brought by the California Attorney General.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of COMMUNITY FOUNDATION FOR MONTEREY COUNTY; and

2. That the foregoing Bylaws constitute the amended Bylaws of said corporation as duly approved by a written consent of a super majority of the members.

IN WITNESS WHEREOF, I have hereunto subscribed my name this _____ day of

_____, _____.

Secretary