

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
MARIN AGRICULTURAL INSTITUTE

ARTICLE I

The name of this corporation is Marin Agricultural Institute.

ARTICLE II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific and primary purpose of this corporation is to engage in charitable and educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States internal revenue law (the “Code”), including, without limitation, (1) educating the public about the health, environmental, and economic impacts of buying locally-grown food directly from farmers, (2) connecting and supporting communities and agriculture, and facilitating public access to healthy and locally- and sustainably-grown food, including through farmers markets, and (3) developing and operating a facility to house its activities and support community activities.

ARTICLE III

A. This corporation is organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Code. Notwithstanding any other provision of these Articles, this corporation shall not carry on any activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (2) by a corporation, contributions to which are deductible under Sections 170(c)(2), 2055(a)(2), 2106(a)(2)(A)(ii), 2522(a)(2), or 2522(b)(2) of the Code.

B. Except as permitted by law, no substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV

The property of this corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member (if any) of this corporation, or to the benefit of any private person. Upon the winding up and dissolution of this corporation and after paying or adequately providing for the debts and obligations of this corporation, the remaining assets shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and that has established its tax-exempt status under Section 501(c)(3) of the Code.

AMENDED AND RESTATED BYLAWS
of
MARIN AGRICULTURAL INSTITUTE

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**AMENDED AND RESTATED BYLAWS
of
MARIN AGRICULTURAL INSTITUTE**

**ARTICLE I
PRINCIPAL OFFICE**

The principal office of this corporation shall be located in the county of Marin, California.

**ARTICLE II
MEMBERSHIP**

This corporation shall have no voting members. The Board of Directors shall, by resolution, establish classes of nonvoting members consisting of individuals or entities who are currently participating as vendors in at least one of the farmers' markets then being operated by this corporation (the "markets"), one class each for (a) farmers (including other agricultural producers and fishermen), (b) purveyors of prepared foods, and (c) artisans, and such additional classes of nonvoting members consisting of individual members of the public, businesses, and other organizations who support the charitable mission of this corporation, as the Board may determine from time to time. The Board shall provide for eligibility requirements for membership in the various classes, and the rights and duties of members, including the obligation to pay dues.

**ARTICLE III
DESIGNATORS**

Section 1. Identity of Designators. The Designators referred to in these Bylaws shall be the following organizations:

- Marin Agricultural Land Trust, a California nonprofit public benefit corporation (farmer designee required);
- Marin Organic, a California nonprofit public benefit corporation (farmer designee required);
- Marin County Farm Bureau, a California nonprofit mutual benefit corporation (farmer designee required);
- University of California Cooperative Extension, Marin County; and

- Marin County Agriculture Commissioner's Office.

In 2015 and every fifth year thereafter, the Board of Directors shall vote, by a majority of the directors then in office, whether to renew each Designator's status as Designator. Any Designator not renewed shall immediately cease to be a Designator. Other than such renewal votes, a bylaw amendment to add or remove Designators to or from the foregoing list shall require the vote of at least two-thirds of the directors then in office. After any change in the number of Designators, the Board shall amend these Bylaws to adjust the authorized number of directors as needed. A Designator shall serve until it resigns, ceases to exist, or is removed. After the resignation, cessation, or removal of the last remaining Designator, all rights reserved to Designators under these Bylaws shall be exercised by the Board of Directors.

Section 2. Actions of Designators. Each Designator may exercise its rights as a Designator in its sole discretion. Any action of any Designator shall be evidenced by a writing, signed by an authorized officer or representative of that Designator, delivered to an officer of this corporation. Such actions shall be filed by the Secretary with the proceedings of the Board of Directors of this corporation.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Powers. This corporation shall have powers to the full extent allowed by law. All powers and activities of this corporation shall be exercised and managed by the Board of Directors of this corporation directly or, if delegated, under the ultimate direction of the Board.

Section 2. Number of Directors. The authorized number of directors of this corporation shall be twenty, until changed by a properly adopted amendment to this provision.

Section 3. Limitations on Interested Persons. At all times, not more than 49% of the directors of this corporation may be interested persons. An interested person means either:

(a) any person currently being compensated by this corporation for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director in his or her capacity as director; or

(b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

No interested person may be designated, nominated, or elected unless the number of interested persons then serving as directors plus the number of interested persons proposed to be designated, nominated, or elected does not exceed the maximum permitted under this Section.

Section 4. Selection, Term of Office, and Qualifications of Directors. This corporation shall have Designated Directors and Elected Directors, with Elected Directors consisting of Nominated Directors, Constituency Directors, and At-Large Directors, as described

in this Section. Notwithstanding any other provision of these Bylaws, the Board shall at all times consist of a majority of individuals who have engaged in farming (including other agricultural production and fishing) as a major source of livelihood for a substantial portion of their working lives. The Board of Directors shall have the final authority to determine whether any particular individual meets the requirements set forth in the preceding sentence. In addition, the Board of Directors shall aspire to ensure that the composition of the Board of Directors reflects the geographic distribution of its non-voting membership.

A. Terms of Elected Directors; Staggering of Terms. Except for shorter initial and transition terms set by the Board as described below, Elected Directors shall be elected to serve for terms of three years. Terms of Elected Directors shall commence upon the annual Board meeting adjournment that immediately follows their election, unless the term of the director being succeeded has expired, in which case election shall be effective immediately. Terms of Elected Directors will expire upon the adjournment of the third annual meeting to occur after their election, but Elected Directors shall remain in office thereafter if their successors have not yet been elected, and until their successors have been elected. Directors elected to fill newly-created vacancies may be elected to initial terms of one, two, or three years as determined by the Board so as to maintain approximately equal numbers of Elected Directors' terms expiring in any year. In addition, for the directors in office immediately after the 2009 merger in which this corporation is the survivor (the "2009 Directors"), as their terms expire, the Board shall set transition terms of one, two, or three years for their successors so as to bring into balance the numbers of Elected Directors' terms expiring in each year; this provision shall terminate and have no further effect once the initial successors to each 2009 Director have been elected. Approximately one-third of the total authorized number of directors shall be elected in each year. Directors may be designated or elected to serve any number of consecutive terms.

B. Selection of Elected Directors.

i. Nominated Directors. The directors then in office shall elect nine Nominated Directors, as follows. Seven directors shall be elected from among nominees proposed by nonvoting members in the farmer class; two directors, one from each class, shall be elected from among nominees proposed by nonvoting members in the food purveyor and artisan classes, respectively.

ii. Constituency Directors. The directors then in office shall elect four Constituency Directors, one representing each of the following four areas of major concern or engagement of this corporation: (1) restaurant or other food industry; (2) health and nutrition; (3) government relations; and (4) market eaters. The Board of Directors shall have the final authority to determine whether any particular individual qualifies, by virtue of experience, employment, training, or otherwise, in any of the four areas set forth in the preceding sentence.

iii. At-Large Directors. The directors then in office shall elect two At-Large Directors.

C. Designation, Term, and Qualifications of Designated Directors. Each Designator shall be entitled to designate one Designated Director from time to time. The effective date and term of any such designation shall be as provided therein, with a maximum

designated term of six years. Designators whose listings in Article III, Section 1, so indicate may only designate as directors individuals who have engaged in farming (including other agricultural production and fishing) as a major source of livelihood for a substantial portion of their working lives. The Board of Directors, excluding the Designated Directors, shall have the final authority to determine whether any particular individual meets the requirement set forth in the preceding sentence. All Designated Directors must at all times be affiliated with a Designator; should a Designator cease to exist or lose its status as a Designator for any reason, the Designated Director designated by the former Designator shall cease to be a director of this corporation automatically and without requiring any further action.

Section 5. Vacancies. A vacancy shall be deemed to exist on the Board in the event that the actual number of directors is less than the authorized number for any reason. Vacancies in Designated Director positions may be filled by the respective Designator, and all other vacancies may be filled by the Board of Directors in accordance with Article IV, Section 4B, in either case for the unexpired portion of the term.

Section 6. Resignation and Removal. Resignations shall be effective upon receipt in writing by the Chairman of the Board (if any), the Executive Director (if any), or the Secretary of this corporation, unless a later effective date is specified in the resignation. The Board of Directors, by the vote of a majority of the directors then in office, may remove any director, whether Elected or Designated, at any time, with or without cause. A Designator may remove its Designated Director at any time, with or without cause. Should any Designator cease to maintain that status for any reason its Designated Director shall be deemed removed as a director of this corporation at that time.

Section 7. Annual Meetings. A meeting of the Board of Directors shall be held at least once a year. Annual meetings shall be called by the Chairman of the Board (if any), the Executive Director (if any), or any two directors, and noticed in accordance with Section 9.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board (if any), the Executive Director (if any), or any two directors, and noticed in accordance with Section 9.

Section 9. Notice. Notice of the annual meeting and any special meetings of the Board of Directors shall state the date, place, and time of the meeting and shall be given to each director at least four days before any such meeting if given by first-class mail or forty-eight hours before any such meeting if given personally or by telephone, including a voice messaging system, or by other electronic transmission such as e-mail, in compliance with Article X, Section 5 of these Bylaws.

Section 10. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the directors not present provides a waiver of notice, a consent to holding the meeting, or an approval of the minutes in writing. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting

shall also be deemed given to any director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.

Section 11. Quorum. A majority of the total number of directors then in office shall constitute a quorum, provided that in no event shall the required quorum be less than one-fifth of the then-authorized number of directors or two directors, whichever is larger. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in Article IV, Sections 6 (removing directors) and 12 (taking action without a meeting); Article V, Section 1 (appointing Board Committees); Article VII, Section 3 (approving self-dealing transactions); Article VIII, Section 2 (approving indemnification); and Article X, Section 6 (amending Bylaws), of these Bylaws or in the California Nonprofit Public Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 12. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent to such action in writing. Such written consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as the unanimous vote of such directors

Section 13. Telephone and Electronic Meetings. Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or other electronic transmission in compliance with Article X, Section 5 of these Bylaws so long as all of the following apply:

(a) each director participating in the meeting can communicate with all of the other directors concurrently, and

(b) each director is provided with 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.

Section 14. Standard of Care.

A. General. A director shall perform the duties of a director, including duties as a member of any Board Committee on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(i) one or more officers or employees of this corporation whom the director believes to be reliable and competent as to the matters presented;

(ii) counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(iii) a Board Committee upon which the director does not serve, as to matters within its designated authority, provided that the director believes such Committee merits confidence;

so long as in any such case, the director acts in good faith after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in Article VII below, a person who performs the duties of a director in accordance with this Section shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

B. Investments. Except with respect to assets held for use or used directly in carrying out this corporation's public or charitable activities, in investing, reinvesting, purchasing or acquiring, exchanging, selling, and managing this corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of this corporation's capital. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to this corporation.

Section 15. Inspection. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties of this corporation.

Section 16. Director Compensation. Directors shall serve without compensation for their services as directors. The Board of Directors may authorize the advance or reimbursement to a director of actual reasonable expenses incurred in carrying out his or her duties as a director, such as for attending meetings of the Board and Board Committees.

Section 17. Executive Compensation Review. The Board of Directors (or a Board Committee) shall review any compensation packages (including all benefits) of the President or the chief executive officer and the Treasurer or chief financial officer, regardless of job title, and shall approve such compensation only after determining that the compensation is just and reasonable. This review and approval shall occur when such officer is hired, when the term of employment of such officer is renewed or extended, and when the compensation of such officer is modified, unless the modification applies to substantially all of the employees of this corporation.

ARTICLE V COMMITTEES

Section 1. Board Committees. The Board of Directors may, by resolution adopted by a majority of the directors then in office, create any number of Board Committees, each consisting of two or more directors, and only of directors, to serve at the pleasure of the Board. Appointments to any Board Committee shall be by a majority vote of the directors then in office. Board Committees may be given all the authority of the Board, except for the powers to:

- (a) set the number of directors within a range specified in these Bylaws;
- (b) elect directors or remove directors without cause;
- (c) fill vacancies on the Board of Directors or on any Board Committee;
- (d) fix compensation of directors for serving on the Board or any Board Committee;
- (e) amend or repeal these Bylaws or adopt new Bylaws;
- (f) adopt amendments to the Articles of Incorporation of this corporation;
- (g) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (h) create any other Board Committees or appoint the members of any Board Committees; or
- (i) approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of this corporation.

Section 2. Advisory Committees. The Board of Directors may establish one or more Advisory Committees to the Board. The members of any Advisory Committee may consist of directors or non-directors and may be appointed as the Board determines. Advisory committees may not exercise the authority of the Board to make decisions on behalf of this corporation, but shall be restricted to making recommendations to the Board or Board Committees, and implementing Board or Board Committee decisions and policies under the supervision and control of the Board or Board Committee.

Section 3. Audit Committee. For any tax year in which this corporation has gross revenues of \$2 million or more, this corporation shall have an Audit Committee whose members shall be appointed by the Board of Directors, and who may include both directors and non-directors, subject to the following limitations: (a) members of the finance committee, if any, shall constitute less than one-half of the membership of the Audit Committee; (b) the chair of the Audit Committee may not be a member of the Finance Committee, if any; (c) the Audit Committee may not include any member of the staff, including the President or chief executive officer and Treasurer or chief financial officer; (d) the Audit Committee may not include any

person who has a material financial interest in any entity doing business with this corporation; and (e) Audit Committee members who are not directors may not receive compensation greater than the compensation paid to directors for their Board service.

If the Audit Committee is composed and appointed as required by Section 1 above (concerning Board Committees), it shall be deemed a Board Committee on which the other directors are entitled to rely as provided in Article IV, Section 14, of these Bylaws; otherwise, the Board of Directors shall remain responsible for oversight and supervision of the Audit Committee as an Advisory Committee.

The Audit Committee shall: (1) recommend to the Board of Directors the retention and, when appropriate, the termination of an independent certified public accountant to serve as auditor, (2) negotiate the compensation of the auditor on behalf of the Board, (3) confer with the auditor to satisfy the Audit Committee members that the financial affairs of this corporation are in order, (4) review and determine whether to accept the audit, and (5) approve performance of any non-audit services provided to this corporation by the auditor's firm.

Section 4. Meetings.

A. Of Board Committees. Meetings and actions of Board Committees shall be governed by and held and taken in accordance with the provisions of Article IV of these Bylaws concerning meetings and actions of the Board of Directors, with such changes in the content of those Bylaws as are necessary to substitute the Board Committee and its members for the Board of Directors and its members. Minutes shall be kept of each meeting of any Board Committee and shall be filed with the corporate records.

B. Of Advisory Committees. Subject to the authority of the Board of Directors, Advisory Committees may determine their own meeting rules and whether minutes shall be kept.

The Board of Directors may adopt rules for the governance of any Board or Advisory Committee not inconsistent with the provisions of these Bylaws.

ARTICLE VI OFFICERS

Section 1. Officers. The officers of this corporation shall be a Chairman of the Board, a First Vice Chair, a Second Vice Chair, an Executive Director, a Secretary, an Assistant Secretary, a Treasurer, and an Assistant Treasurer. The corporation may also have, at the discretion of the directors, such other officers as may be appointed by the Board of Directors. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as the Chairman of the Board or Executive Director. The Chairman of the Board, the First Vice Chair, and the Second Vice Chair shall be elected from among the directors of the corporation.

Section 2. Election. Except for the Executive Director, the officers of this corporation shall be elected annually by the Board of Directors. All officers shall serve at the

pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. Removal. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors or by an officer on whom such power of removal may be conferred by the Board of Directors.

Section 4. Resignation. Any officer may resign at any time by giving written notice to this corporation. Any resignation shall take effect on receipt of that notice by any other officer than the person resigning or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this corporation under any contract to which the officer is a party.

Section 5. Vacancies. A vacancy in any office for any reason shall be filled in the same manner as these Bylaws provide for election to that office.

Section 6. Chairman of the Board. The Chairman of the Board shall, subject to control of the Board, generally supervise the business and other officers of this corporation, shall preside at meetings of the Board of Directors and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7. First Vice Chair; Second Vice Chair. The First Vice Chair shall, in the absence of the Chairman of the Board, carry out the duties of the Chairman of the Board and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The Second Vice Chair, if any, shall, in absence of the Chairman of the Board and the First Vice Chair, preside at all meetings of the Board of Directors, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 8. Executive Director. The Executive Director shall be the chief executive officer of this corporation responsible for the general management of its affairs, and the most senior member of this corporation's staff, reporting directly to the Board of Directors. The Executive Director shall have the general powers and duties of management usually vested in the office of president of the corporation and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The Executive Director does not serve ex officio as a director of this corporation, though the Executive Director is not ineligible for election or designation as a director by virtue of holding that office.

Section 9. Secretary; Assistant Secretary. The Secretary shall supervise the keeping of a full and complete record of the proceedings of the Board of Directors and its committees, shall supervise the giving of such notices as may be proper or necessary, shall supervise the keeping of the minute books of this corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The Assistant Secretary, if any, shall, in the absence or disability of the Secretary or at the request thereof, perform the duties and exercise the powers and authority of the Secretary, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 10. Treasurer; Assistant Treasurer. The Treasurer shall be the chief financial officer of this corporation and shall supervise the charge and custody of all funds of this corporation, the deposit of such funds in the manner prescribed by the Board of Directors, and the keeping and maintaining of adequate and correct accounts of this corporation's properties and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. The Assistant Treasurer, if any, shall, in the absence or disability of the Treasurer or at the request thereof, perform the duties and exercise the powers and authority of the Treasurer and shall perform other duties, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

ARTICLE VII CERTAIN TRANSACTIONS

Section 1. Loans. Except as permitted by Section 5236 of the California Nonprofit Public Benefit Corporation Law, this corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer; provided, however, that this corporation may advance money to a director or officer of this corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such director or officer 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 of Directors shall not approve, or permit the corporation to engage in, any self-dealing transaction. A self-dealing transaction is a transaction to which this corporation is a party and in which one or more of its directors has a material financial interest, unless the transaction comes within California Corporations Code Section 5233(b).

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 may also engage in a self-dealing transaction if the Board determines, before the transaction, that (a) this corporation is entering into the transaction for its own benefit; (b) the transaction is fair and reasonable to this corporation at the time; and (c) 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 director's interest 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.

Where it is not reasonably practicable to obtain approval of the Board before entering into a self-dealing transaction, a Board Committee may approve such transaction in a manner consistent with the requirements above; provided that, at its next meeting, the full Board determines in good faith that the Board Committee's approval of the transaction was consistent with the requirements above and that it was not reasonably practical to obtain advance approval by the full Board, and ratifies the transaction by a majority of the directors then in office without the vote of any interested director.

**ARTICLE VIII
INDEMNIFICATION AND INSURANCE**

Section 1. Right of Indemnity. To the fullest extent allowed by Section 5238 of the California Nonprofit Public Benefit Corporation Law, this corporation shall indemnify its agents, in connection with any proceeding, and in accordance with Section 5238. For purposes of this Article, “agent” shall have the same meaning as in Section 5238(a), including directors, officers, employees, other agents, and persons formerly occupying such positions; “proceeding” shall have the same meaning as in Section 5238(a), including any threatened action or investigation under Section 5233 or brought by the Attorney General; and “expenses” shall have the same meaning as in Section 5238(a), including reasonable attorneys’ fees.

Section 2. Approval of Indemnity. On written request to the Board of Directors in each specific case by any agent seeking indemnification, to the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance with Section 5238(d). Otherwise, the Board shall promptly determine, by a majority vote of a quorum consisting of directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct stated in Section 5238(b) or Section 5238(c), and, if so, shall authorize indemnification to the extent permitted thereby.

Section 3. Advancing Expenses. The Board of Directors may authorize the advance of expenses incurred by or on behalf of an agent of this corporation in defending any proceeding prior to final disposition, if the Board finds that:

(a) the requested advances are reasonable in amount under the circumstances;
and

(b) before any advance is made, the agent will submit a written undertaking satisfactory to the Board to repay the advance unless it is ultimately determined that the agent is entitled to indemnification for the expenses under this Article.

The Board shall determine whether the undertaking must be secured, and whether interest shall accrue on the obligation created thereby.

Section 4. Insurance. The Board of Directors may adopt a resolution authorizing the purchase of insurance on behalf of any agent against any liability asserted against or incurred by the agent in such capacity or arising out of the agent’s status as such, and such insurance may provide for coverage against liabilities beyond this corporation’s power to indemnify the agent under law.

**ARTICLE IX
GRANTS ADMINISTRATION**

Section 1. Purpose of Grants. This corporation shall have the power to make grants and contributions and to render other financial assistance for the purposes expressed in this corporation’s Articles of Incorporation.

Section 2. Board of Directors Oversight. The Board of Directors shall exercise itself, or delegate, subject to its supervision, control over grants, contributions, and other financial assistance provided by this corporation. The Board shall approve a process for reviewing and approving or declining all requests for funds made to this corporation, which shall require such requests to specify the use to which the funds will be put, and include a mechanism for regular Board review of all grants made. The Board shall similarly approve a process for authorizing payment of duly approved grants to the approved grantee.

Section 3. Refusal; Withdrawal. The Board of Directors, in its absolute discretion, shall have the right to refuse to make any grants or contributions, or to render other financial assistance, for any or all of the purposes for which the funds are requested. In addition, the Board, in its absolute discretion, shall have the right to withdraw its approval of any grant at any time and use the funds for other purposes within the scope of the purposes expressed in this corporation's Articles of Incorporation, subject to any rights of third parties under any contract relating to such grant.

Section 4. Accounting. The Board of Directors shall determine under what circumstances to require that grantees furnish a periodic accounting to show that the funds granted by this corporation were expended for the purposes that were approved by the Board.

Section 5. Restrictions on Contributions. Unless otherwise determined by resolution of the Board of Directors in particular cases, this corporation shall retain complete control and discretion over the use of all contributions it receives, subject only to any charitable trust restrictions that apply to such contributions, and all contributions received by this corporation from solicitations for specific grants shall be regarded as for the use of this corporation and not for any particular organization or individual mentioned in the solicitation.

ARTICLE X MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of this corporation shall end each year on December 31.

Section 2. Contracts, Notes, and Checks. All contracts entered into on behalf of this corporation must be authorized by the Board of Directors or the person or persons on whom such power may be conferred by the Board from time to time, and, except as otherwise provided by law, every check, draft, promissory note, money order, or other evidence of indebtedness of this corporation shall be signed by the person or persons on whom such power may be conferred by the Board from time to time.

Section 3. Annual Reports to Directors. The Executive Director shall furnish an annual written report to all directors of this corporation containing the following information about this corporation's previous fiscal year:

(a) the assets and liabilities, including the trust funds of this corporation, as of the end of the fiscal year;

(b) the principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) the revenue or receipts of this corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) the expenses or disbursements of this corporation, for both general and restricted purposes, for the fiscal year; and

(e) any transaction during the previous fiscal year involving more than \$50,000 between this corporation (or its parent or subsidiaries, if any) and any of its directors or officers (or the directors or officers of its parent or subsidiaries, if any) or any holder of more than ten percent of the voting power of this corporation or its parent or subsidiaries, if any, or any of a number of such transactions in which the same person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than \$50,000, as well as the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any director or officer of this corporation. For each transaction, the report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to this corporation, the nature of such person's interest in the transaction and, where practicable, the value of such interest.

The foregoing report shall be accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of this corporation that such statements were prepared without an audit from the books and records of this corporation. The report and any accompanying material may be sent by electronic transmission in compliance with Article X, Section 5 of these Bylaws.

Section 4. Required Financial Audits. This corporation shall obtain a financial audit for any tax year in which it receives or accrues gross revenue of \$2 million or more, excluding grant or contract income from any governmental entity for which the governmental entity requires an accounting. Whether or not they are required by law, any audited financial statements obtained by this corporation shall be made available for inspection by the Attorney General and the general public within nine months after the close of the fiscal year to which the statements relate, and shall remain available for three years (1) by making them available at this corporation's principal, regional, and district offices during regular business hours and (2) either by mailing a copy to any person who so requests in person or in writing or by posting them on this corporation's website.

Section 5. Electronic Transmissions. Unless otherwise provided in these Bylaws, and subject to any guidelines and procedures that the Board of Directors may adopt from time to time, the terms "written" and "in writing" as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions, such as facsimile or email, provided (i) for electronic transmissions from the corporation, the corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (ii) for electronic transmissions to the corporation, the corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission; and (iii) the transmission

creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.

Section 6. Amendments. Proposed amendments to these Bylaws shall be submitted in writing to the directors at least one week in advance of any Board meeting at which they will be considered for adoption. The vote of a majority of the directors then in office or the unanimous written consent of the directors shall be required to adopt a bylaw amendment, unless these Bylaws require a higher vote in a specific situation.

Section 7. Governing Law. In all matters not specified in these Bylaws, or in the event these Bylaws shall not comply with applicable law, the California Nonprofit Public Benefit Corporation Law as then in effect shall apply.