

BYLAWS

of

CALIFORNIA COMMUNITY FOUNDATION

a California nonprofit public benefit corporation without members

ARTICLE I

OFFICES

Section 1.01. **PRINCIPAL OFFICE.** The corporation's principal office shall be fixed and located at such place as the Board of Directors (the "Board") shall determine. The Board is granted full power and authority to change said principal office from one location to another.

Section 1.02. **OTHER OFFICES.** Branch or subordinate offices may be established at any time by the Board at any place or places.

ARTICLE II

MEMBERSHIP

Section 2.01. **MEMBERS.** The corporation shall have no members. 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.

Section 2.02. **ASSOCIATES.** Nothing in this Article II shall be construed as limiting the right of the corporation to refer to persons associated with it as "members" even though such persons are not members, and no such reference shall constitute anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law (the "Law"). The corporation may confer by amendment of its Articles of Incorporation (the "Articles") or of these Bylaws some or all of the rights of a member, as set forth in the Law, upon any person or

persons who do not have the right to vote for the election of Directors or on a disposition of substantially all of the assets of the corporation or on a merger or on a dissolution or on changes to the corporation's Articles or Bylaws, but no such person shall be a member within the meaning of said Section 5056.

ARTICLE III

DIRECTORS

Section 3.01. **POWERS.** Subject to any limitations in the Articles or these Bylaws and to compliance with any applicable laws, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person or persons, a management company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) To select and remove all officers, agents and employees of the corporation, prescribe powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;

(b) To conduct, manage and control the affairs and activities of the corporation, and to make such rules and regulations therefor not inconsistent with law, the Articles or these Bylaws, as they may deem appropriate;

(c) To adopt, make and use a corporate seal and to alter the form of such seal from time to time as they may deem appropriate, but failure to affix a seal does not affect the validity of any instrument; and

(d) To assume obligations, enter into contracts, including contracts of guarantee or suretyship, incur liabilities, borrow or lend money or otherwise use its credit, and secure any of its obligations, contracts, or liabilities by mortgage, pledge or other encumbrance of all or any part of its property and income.

Section 3.02. NUMBER OF DIRECTORS. The authorized number of Directors shall be neither less than ten (10) nor more than twenty-five (25) until changed by amendment of the Articles or these Bylaws. The exact number of Directors shall be fixed, within the limits specified, by a resolution duly adopted by the Board.

Section 3.03. SELECTION AND TERM OF OFFICE.

(a) Except for such Directors serving pursuant to Section 3.03(b) herein, the terms of office for each group of Directors shall be three (3) years and shall be staggered. The Directors in each group shall hold office until the annual meeting at which their terms expire. At each annual meeting of the Board, a number of Directors shall be elected by the entire Board equal to the number of Directors whose terms shall have expired at the time of such meeting, subject to any increase or decrease in the actual number of Directors pursuant to Section 3.02.

No person shall be elected pursuant to this Section 3.03(a) to serve more than three consecutive terms; provided, however, that (i) a person whose initial term of service as Director was less than three years may serve, at the discretion of the Board of Directors, one additional term of one or two years as long as such additional term would

not result in more than nine (9) years of consecutive service on the Board or twelve (12) consecutive years in the case of a person elected as the Chair of the Board; and (ii) a person serving as the President of the corporation, if such person is elected to serve as a Director of the corporation, shall be eligible to serve without term limitations.

In determining the number of years of consecutive service of any person as a member of the Board, any full calendar years of service shall be included; however, no partial calendar years of service shall be included. Upon completion of the maximum term of service, as described above in this Section 3.03(a), no person may serve again for a three (3) year period of time.

(b) Persons serving as Chair Elect, Chair and Chair Emeritus shall serve as Director for so long as they hold those positions. A person shall be eligible to be elected as Chair of the Board pursuant to Section 4.06 as long as such election would not result in more than twelve (12) years of consecutive service on the Board, including a one (1) year term as Chair Elect and a one (1) year term as Chair Emeritus.

(c) Notwithstanding the foregoing, Directors in office as of January 1, 2014, may serve one term of up to three and one-half (3 ½) years and additional terms resulting in no more than nine and one-half (9 ½) years of consecutive service on the Board, or twelve and one-half (12 ½) years in the case of a person elected as the Chair of the Board. This Section 3.03(c) shall be null, void and of no force and effect after June 30, 2026.

Section 3.04. INTERESTED PERSONS. Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be interested persons. For purposes of this Section 3.04, an interested person is:

(a) Any person being compensated by the 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 as a 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.

Any violation of the provisions of this Section 3.04 shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 3.05. VACANCIES.

(a) Subject to the provisions of Section 5226 of the Law, any Director may resign effective upon giving written notice to the Chair of the Board, the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.

(b) Vacancies on the Board shall be filled in the same manner as the Director whose office is vacant was selected, provided that any vacancy to be filled by election by Directors may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director at any regular or special meeting of the Board. Each Director so selected shall hold office until the expiration of the term of the replaced Director and until a successor has been selected and qualified.

(c) A vacancy on the Board shall be deemed to exist in case of the death, resignation or removal of any Director or an increase in the authorized number of Directors.

(d) The Board may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final court or judgment of any court to have breached any duty arising under Sections 5230 through 5239 of the Law. Subject to Section 5222(f) of the Law, the Board may also remove any Director without cause if the removal is approved by a majority of the Directors then in office.

(e) No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

(f) The Board shall remove and declare vacant the office of a Director who fails to attend, without excuse acceptable to the Board, three (3) consecutive meetings of the Board.

Section 3.06. PLACE OF MEETING. Meetings of the Board shall be held at any place within or without the State of California which has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the corporation.

Section 3.07. ANNUAL MEETINGS. The Board shall hold an annual meeting for the purposes of organization, selection of Directors and officers and the transaction of other business. Annual meetings of the Board shall be held on such dates and at such times as may be fixed by the Board.

Section 3.08. REGULAR MEETINGS. Regular meetings of the Board may be held without call or notice on such dates and at such times as may be fixed by the Board.

Section 3.09. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at any time by the Chair of the Board, the Chair Elect (in those years when the position is filled), the President, the Secretary or any two Directors.

Section 3.10. NOTICE. A notice need not specify the purpose of any regular or special meeting of the Board.

Annual and special meetings of the Board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means.

Any such notice shall be addressed or delivered to each Director at such Director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the Director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place where the meetings of the Directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient, or the recipient's voice messaging system or other system or technology designed to record and communicate messages, or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the receiver.

Section 3.11. QUORUM. One-third (1/3) of the fixed number of Directors determined by the Board pursuant to Section 3.02 constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in Section 3.14. 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, unless a greater number be required by law, the Articles or these Bylaws. 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, or a greater number required by law, the Articles or these Bylaws.

Section 3.12. PARTICIPATION IN MEETINGS BY CONFERENCE

TELEPHONE, ELECTRONIC VIDEO SCREEN COMMUNICATION, OR OTHER COMMUNICATIONS EQUIPMENT. Members of the Board may participate in a meeting, or a committee meeting, through use of conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) pursuant to this subdivision 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, without limitation, 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 participating in the meeting is a Director or other person entitled to participate in the Board meeting.

(ii) All actions of, or votes by, the Board are taken or cast only by the Director and not by persons who are not Directors.

Section 3.13. WAIVER OF NOTICE. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.14. ADJOURNMENT. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, reasonable notice of any adjournment to another 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.

Section 3.15. ACTION WITHOUT 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 in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the

proceedings of the Board. For the purposes of this Section 3.15 only, “all members of the Board” shall not include any “interested director” as defined in Section 5233 of the Law.

Section 3.16. RIGHTS OF INSPECTION. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

Section 3.17. STANDING OR SPECIAL COMMITTEES.

(a) In the event that the Board determines that the management of the corporation would be benefited by the establishment of one or more standing or special committees, the Board may from time to time establish one or more such committees.

(b) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the Directors then in office, which specifically sets forth the powers and duties delegated to such committee. Each such committee shall consist of two or more Directors and shall be presided over by a Director selected by the Board. An individual who is not a Director may serve as a nonvoting advisor to such committee. Appointments of Directors and advisors to such committees shall be by a majority vote of the Directors then in office.

(c) The term “standing committee” or “special committee” shall mean any committee appointed by the Board which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board. Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or

the chair of the standing or special committee. In the absence of established standards for notice of, and procedures for, meetings of standing or special committees, the provisions of these Bylaws applicable to the notice of, and procedures for, meetings of the Board shall apply to each meeting of a standing or special committee; provided, however, a quorum for a meeting of a standing or special committee shall be a majority of the Directors then on the committee.

Section 3.18. LIMITATIONS UPON COMMITTEES OF THE BOARD. No committee of the Board, including the executive committee, shall have any of the authority of the Board with respect to:

- (a) The filling of vacancies on the Board or on any committee which has the authority of the Board;
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee which has the authority of the Board;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (e) The appointment of other committees of the Board or the members thereof if such committee will have the authority of the Board;
- (f) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; and
- (g) The approval of any self-dealing transaction, except that when it is not reasonably practicable to obtain approval of the Board prior to entering into such a

transaction, a committee authorized by the Board may approve the transaction in a manner consistent with the standards set forth in Section 5233(d) of the Law subject to ratification by a majority of the Directors then in office (without counting the vote of any “interested director” as defined in Section 5233 of the Law) at the next meeting of the Board.

Section 3.19. ADVISORY COMMISSIONS. The Chair of the Board, the Board, the executive committee or the President may from time to time appoint such advisory commissions as deemed appropriate, consisting of Directors or persons who are not Directors, but such advisory commissions shall not be deemed committees of the Board and shall not exercise any powers of the Board. Notice of, and procedures for, meetings of advisory commissions shall be as prescribed by the chair of each such advisory commission, and meetings of advisory commissions may be called by the Chair of the Board, the Board, the executive committee, the President or the chair of the advisory commission.

Section 3.20. FEES AND COMPENSATION.

(a) Directors and members of committees or commissions shall serve without compensation, but all necessary expenses incurred by them in the performance of their duties shall be reimbursed by the corporation.

(b) Notwithstanding the foregoing, this corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a Director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such Director or officer, provided that in the absence of any such advance, such Director or officer would be

entitled to be reimbursed for such expenses by the corporation. Subject to the provisions of Section 3.04, nothing contained in these Bylaws shall be construed to preclude any Director from serving the corporation in any other capacity as an officer, agent, employee or otherwise, and receiving compensation therefor.

(c) The provisions of Subparagraph (b) of this Section 3.20 do not apply to the payment of premiums in whole or in part by a corporation on a life insurance policy on the life of a Director or officer so long as repayment to the corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

(d) The provisions of Subparagraph (b) of this Section 3.20 do not apply to a loan of money to, or for the benefit of, an officer in circumstances where the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of the officer in order to secure the services or continued services of the officer and the loan is secured by real property located in the state.

ARTICLE IV

OFFICERS

Section 4.01. OFFICERS. The officers of the corporation shall be a Chair, a Chair Elect (in those years when the position is filled), a President, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 4.03. Any number of offices may be held by the same person except that neither the Secretary nor the Treasurer may serve concurrently as the President or Chair of the Board.

Section 4.02. ELECTION. The officers of the corporation, except for the Chair, Chair Elect and such officers as may be elected or appointed in accordance with the provisions of Section 4.03 or Section 4.05, shall be chosen annually by, and shall serve at the pleasure of, the Board, subject to the rights, if any, of an officer under any contract of employment. Such officers shall hold their respective offices until their resignation, removal, or other disqualification from service, or until their respective successors shall be elected.

Section 4.03. SUBORDINATE OFFICERS. The Board may elect, and may empower the President to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the President may from time to time determine.

Section 4.04. REMOVAL AND RESIGNATION.

(a) Any officer may be removed, either with or without cause, by the Board at any time or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer.

(b) Any officer may resign at any time by giving written notice to the corporation, but without prejudice to the rights, if any, of the officer under any contract to which the officer is a party. 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 4.05. 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 election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 4.06. CHAIR OF THE BOARD. The Chair of the Board shall, if present, preside at all meetings of the Board and of the executive committee. The Chair of the Board shall, in consultation with the President, recommend to the Board the composition of Board committees and their leadership. The Chair of the Board shall at least annually evaluate in writing in reasonable detail the performance of the President and, in consultation with the executive committee, send such evaluation to the full Board, which shall determine his or her compensation. The Chair of the Board shall serve with the President as one of the two chief spokespersons for the corporation and ensure that its mission, objectives and goals, and its needs, are effectively presented to the public. The Chair of the Board shall exercise and perform such other powers and duties as from time to time may be assigned by the Board.

The Chair of the Board shall be selected from the Board of Directors to serve a term of two (2) years, which term may be extended to three (3) years in extraordinary circumstances, as determined by a resolution of the Board of Directors prior to the expiration of the second year of the Chair's term. Unless otherwise determined by the Board of Directors, the Chair's term of office shall be preceded by a one (1) year term as Chair Elect. Upon expiration of his or her term of office, the Chair shall serve as Chair Emeritus and remain a Director for all purposes for a term of one (1) year.

Notwithstanding the foregoing, the Chair in office as of January 1, 2014 shall serve an additional one and one-half (1 ½) years as Chair (through June 30, 2015), which term may be extended one additional year (through June 30, 2016) in extraordinary circumstances, as determined by a resolution of the Board of Directors prior to June 30, 2015. The Chair Elect in

office as of January 1, 2014 shall serve a term of one and one-half (1 ½) years as Chair Elect (through June 30, 2015), which term may be extended one additional year (through June 30, 2016) in extraordinary circumstances, as determined by a resolution of the Board of Directors prior to June 30, 2015. All other terms and provisions of this Section 4.06 shall remain the same, and this paragraph shall be null, void and of no force and effect after the completion of the current terms of service of the Chair and Chair Elect in office as of January 1, 2014.

Section 4.07. CHAIR ELECT. In the absence or disability of the Chair of the Board, the Chair Elect (in those years when the position is filled) shall perform all the duties of the Chair and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chair. The Chair Elect shall have such other powers and perform such other duties as from time to time may be prescribed by the Board. The Chair Elect shall be elected by the Board in the second year of the Chair's term and shall serve until assuming his or her position as Chair of the Board.

Section 4.08. PRESIDENT. Subject to such powers as may be given by the Board to the Chair of the Board, the President shall serve as the Chief Executive Officer of the corporation and head of its management team, reporting to the Chair and Board and accepting responsibility for carrying out the policies adopted or approved by the Board. The President shall, in consultation with the Chair of the Board, formulate and recommend programs to the Board of Directors that will carry out the corporation's mission, objectives and goals and that will keep its functions faithful to the corporate charter. The President shall keep the Chair of the Board and the Board fully and currently informed of the financial and operating condition of the corporation, all important internal and external factors influencing it, and all significant plans and initiatives under consideration by the management team. The President shall assist the Chair of

the Board to make the procedures and committee structure of the Board function effectively. The President shall, in consultation with the Chair of the Board, review and approve provisional agendas as developed by the Secretary for meetings of the Board and its committees so that they may fulfill their responsibilities effectively and resolve policy issues in a timely manner. The President shall ensure the development of staff compensation and benefit plans, as well as training and development programs for staff and volunteers, which provide the human resources necessary for achievement of the corporation's mission, objectives and goals. The President, along with the Chair and in consultation with him or her, shall serve as one of the two chief spokesmen for the corporation and ensure that its mission, objectives and goals, and its needs, are effectively presented to the public. The President shall also have such other powers and duties as may be prescribed by the Board.

Section 4.09. SECRETARY. The Secretary shall be selected from the Board of Directors. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of the Board and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of California the original or a copy of the corporation's Articles and Bylaws, as amended to date. The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by law or by these Bylaws to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 4.10. TREASURER. The Treasurer shall be selected from the Board of Directors. The volunteer Treasurer of the corporation shall not be responsible for maintaining the day-to-day books of account of the corporation. This responsibility shall be delegated to a member of the staff. The Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V

OTHER PROVISIONS

Section 5.01. ENDORSEMENT OF DOCUMENTS; CONTRACTS. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between the corporation and any other person, when signed by any one of the Chair of the Board, the President or any Vice President and by any one of the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board, and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 5.02. REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The President, or any other officer or officers authorized by the Board or the President, are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name

of the corporation. The authority herein granted may be exercised either by such officer in person or by any other person authorized to do so by proxy or power of attorney duly executed by said officer.

Section 5.03. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws.

Section 5.04. AMENDMENTS. These Bylaws may be amended or repealed by the approval of the Board.

Section 5.05. MAINTENANCE OF CERTAIN RECORDS.

The accounting books, records, minutes of proceedings of the Board and the executive committee, if any, of the Board shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal business office of the corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed or printed form.

Section 5.06. ANNUAL REPORT. The Board shall cause an annual report to be furnished to the Directors not later than one hundred twenty (120) days after the close of the corporation's fiscal year. The annual report shall be accompanied by a report thereon of independent accountants. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of the 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 the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

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

(e) Any information required by Section 5.07 of these Bylaws.

Section 5.07. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS.

(a) The corporation shall furnish annually to its Directors a statement of any covered transaction or indemnifications described below, if such covered transaction or indemnification took place. Such annual statement shall be affixed to and sent with the annual report described in Section 5.06 of these Bylaws. A covered transaction under this Section 5.07 is a transaction in which the corporation was a party, and in which either of the following interested persons had a direct or indirect material financial interest (excluding a mere common directorship):

- i. Any Director or officer of the corporation, or its parent or subsidiary; or
- ii. Any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

(b) The statement required by this Section 5.07 shall describe briefly:

- i. Any covered transaction (including compensation of officers and Directors) during the previous fiscal year involving more than \$50,000, or which was one of a number of covered transactions in which the same interested persons had a direct or indirect material financial interest and which transactions in the aggregate involve more than \$50,000;
- ii. The names of the interested persons involved in such transactions, stating such person's relationship to the corporation, the nature of such person's interest in the transaction, and, where practicable, the amount of such interest; provided that in the case of a transaction with a partnership of which

such person is a partner, only the interest of the partnership need be stated; and

iii. The amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or Director of the corporation.

Section 5.08. INDEMNIFICATION. The corporation shall, to the maximum extent permitted by the Law, indemnify each of its Directors and officers against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was a Director or officer of the corporation and shall advance to such Director or officer expenses incurred in defending any such proceeding to the maximum extent permitted by the Law. For purposes of this Section 5.08, a “Director” or “officer” of the corporation includes any person who is or was a Director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or an advisory commission established by the Board, or other enterprise, or was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation. The Board may in its discretion provide by resolution for such indemnification of, or advance of expenses to, other agents of the corporation, and likewise may refuse to provide for such indemnification or advance of expenses except to the extent such indemnification is mandatory under the Law.