

**November 17, 2015**

**BYLAWS OF  
SAN BENITO COUNTY HERITAGE FOUNDATION, INC.  
A CALIFORNIA PUBLIC BENEFIT CORPORATION**

**ARTICLE 1  
ORGANIZATION**

**SECTION 1. NAME AND PRINCIPAL OFFICE OF THE CORPORATION**

The name of this Corporation shall be San Benito County Heritage Foundation, Inc., hereafter known as the "Corporation".

The principal office of the Corporation for the transaction of its business is located in Hollister, California in the County of San Benito.

**SECTION 2. CHANGE OF ADDRESS**

The county of the Corporation's principal office can be changed only by amendment of these bylaws and not otherwise.

**SECTION 3. OBJECTIVES AND PURPOSES**

The Corporation is organized to preserve and enrich the heritage of the 33<sup>rd</sup> District Agricultural Association ("33<sup>rd</sup> D.A.A.") and showcase agricultural industries to the community. It will offer support for ongoing projects sponsored by the 33<sup>rd</sup> D.A.A. in maintaining and improving the current facility to further service the needs of the community. support for the programs of the 33<sup>rd</sup> D.A.A.. create agricultural education and scholarship opportunities, promote public awareness, seek to make the fair grounds more of a community cultural asset and a catalyst for improvements in San Benito County. The corporation also supports the 33<sup>rd</sup> D.A.A. to make the fair more entrepreneurial in nature by increasing revenues from non-traditional sources, since state subsidies to fairs are decreasing. Disbursements to the 33<sup>rd</sup> D.A.A. from a restricted fund may be made for such other programs, services, exhibits and events deemed by the Board of Directors as compatible with the mission of this organization.

The mission of the Corporation is to maintain a standard of excellence in the facilities and grounds of Bolado Park by providing funds for capital improvement opportunities.

The vision of the Corporation is to preserve and enrich the heritage of San Benito County by continuing to develop Bolado Park into a Premier destination.

#### SECTION 4. CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, 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 preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

#### SECTION 5. DEDICATION OF ASSETS

The properties and assets of this nonprofit Corporation are irrevocably dedicated to public benefit and/or charitable purposes. No part of the net earnings, properties, or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any Director or Officer of this Corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for agricultural charitable purposes within San Benito County and which has established its exempt status under Internal Revenue Code §501(c)(3)

### ARTICLE 2 MEMBERS

The Corporation shall have no "members" as that term is defined in Section 5056 of the California Corporation Code. The Corporation's board of directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the board finds appropriate. Any action which would otherwise require, under the California nonprofit corporation law, the approval of a majority of members shall require only the approval of the Board of Director

### ARTICLE 3 DIRECTORS

#### SECTION 1. NUMBER

(A) Up to eleven directors shall be appointed as provided below. There shall be up to eleven and not less than seven voting directors. The number of directors may be changed by amendment or repeal of this bylaw and adoption of a new bylaw as provided herein.

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(B) One of the directors of the 33<sup>rd</sup> D.A.A. shall serve as an ex-officio, non-voting liaison to the Board of Directors of this Corporation. The manager of the San Benito County Fair shall serve as an ex-officio, non-voting liaison to the Board of Directors of this Corporation.

(C) One of the voting directors shall be designated by the Advisory Committee (refer to Article 3 Section 23). This director position shall rotate annually. This director position shall not be held in any two consecutive terms by the same person. The Advisory Committee shall appoint the director one year in advance of the date the director will begin their term.

## SECTION 2. POWERS

The activities and affairs of this Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board of Directors.

## SECTION 3. DUTIES

It shall be the duty of the directors to:

(A) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this Corporation or by these bylaws;

(B) Except as otherwise provided in these bylaws, select and remove officers, prescribe the duties and fix the compensation, if any, of all, officers, agents and employees of the Corporation;

(C) Adopt, make, and use a corporate seal and alter the form of the seal.

(D) 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.

(E) Meet at such times and places as required by these bylaws;

(F) Register their addresses with the secretary of the Corporation. Notices of meetings mailed to them at such addresses shall be valid notices thereof.

(G) Attend and/or participate in at least 75% of scheduled monthly board meetings sponsored by the Corporation. Directors not fulfilling this requirement in any rolling 12 month period shall be terminated effective immediately. The Board may reinstate the terminated director at the next meeting by a simple majority vote. If the director gives advance notice to the president of the corporation that they will not be attending a meeting at or before the prior meeting then the missed meeting is excused.

#### SECTION 4. ELECTION OF DIRECTORS

Any person 18 years of age or older may be nominated or elected to serve as a Director.

The Advisory Committee jointly with the Board of Directors shall annually present a slate of candidates at the October meeting of the board to fill vacancies due to expiring terms. The board president must inform the advisory committee at the first regularly scheduled meeting upon his knowledge of a vacancy. The Advisory Committee jointly with the Board of Directors must provide at least 1 nomination and not more than 3 nominations for each director position to be filled. Each nomination can be considered for one director position only. Each director position must have a separate list of nominations. No other nominations will be allowed. At the November meeting of the Board, the Board shall select the nominees to fill the vacancies in accordance with Section 6(D) below. A vacancy not due to an expired term may be filled midterm. A directors term expires upon the end of the period for which they were elected. In the case when a member of the board was elected to fill a vacancy, the terms of all subsequent board members for a particular seat are subject to the original term of the original board member.

The manager of the San Benito County Fair shall serve as a liaison to this Corporation for the term of her or his employment as fair manager, and shall not be subject to the term limitations of the other directors. On termination of the fair manager's employment, her or his term as a director of this Corporation shall automatically terminate.

#### SECTION 5. TERMS OF OFFICE

(A) The members of the Board of Directors as of the initial meeting of the Board shall be those persons whose names are attached to these Bylaws as **Exhibit A**, as of December 31, 2010. Initial members of the Board of Directors shall each serve until the later of the date of Annual Meeting designated beside his or her name in **Exhibit A**, or the date his or her successor is elected. Subsequent directors shall be elected as described above. All directors shall serve terms of 3 years, arranged per **Exhibit A** matrix. Directors may serve no more than 4 consecutive terms.

(B) The officers of the Board shall be selected by a majority vote of the directors following the appointment or election of directors at each annual meeting.

(C) Directors of the Heritage Foundation shall be categorized into three classes for purposes of staggering expirations of terms so that all members of the board of each class have the same expiration. The first class (A) will initially expire on the last day of 2013 and then on the third anniversary thereafter. The second class (B) will initially expire on the last day of 2014 and every third anniversary thereafter. The third class (C)

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will initially expire on the last day of 2015 and every third anniversary thereafter. The initial board of directors shall be comprised of the following directors in their respective term classifications.

- Class (A) – Bob Swanson, Marian Tobias
- Class (B) – Michael Enz
- Class (C) – Richard McAbee

(D) Partial terms do not comprise a term. A full term begins when the director is seated on January 1<sup>st</sup> of the first year of the class the director is seated for.

#### SECTION 6. VACANCIES

(A) *Events Causing Vacancy.* A vacancy on the Board of Directors shall be deemed to exist at the occurrence of any of the following:

(i) The death, resignation, or removal of any Director.

(ii) The declaration by resolution of the Board of Directors of a vacancy in the office of a Director who has been declared of unsound mind by court order or convicted of a felony, or who has been found by final order or judgment of any court to have breached a duty under Corporation Code §5231 and following of the California Nonprofit Corporation Law.

(B) *Resignation.* Except as provided in this paragraph, any Director may resign, which resignation shall be effective upon receipt of written notice by the Chair of the Board, the President, or the Secretary, unless the notice specifies a later effective date for the resignation. No Director may resign when the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

(C) *Removal.* (i) Any Director may be removed, with or without cause, by the vote of the majority of the members of the entire Board of Directors at a special meeting called for that purpose, or at a regular meeting when notice has been provided to all directors, of that meeting and the Director has been given the opportunity to address the Board. Any vacancy caused by the removal of a Director shall be filled as provided in Article 3. Section 4.

(D) *Filling of Vacancies.* Vacancies on the Board may be filled by approval of the Board. There shall be at least 5 board members voting. There shall be a simple majority of votes of approval to pass the vote, for each director position. Candidates shall be presented at one meeting and voted on at the next meeting. All director votes shall be done by closed paper ballot.

(E) *Advisory committee appointment.* If the Advisory Committee jointly with the board of directors is unable to reach a passing vote and there are less than seven directors then the advisory committee shall appoint a director at a meeting called by the chairman of the advisory committee before the next meeting.

## SECTION 7. COMPENSATION

Directors shall serve without compensation.

## SECTION 8. RESTRICTIONS REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these bylaws, not more than forty nine percent (49%) of the persons serving on the board of directors may be interested persons. For purposes of this section, "Interested Person" means any person currently being compensated by the Corporation for services rendered it within the previous twelve (12) months, whether as a full or part-time officer or other employee, independent contractor or otherwise.

## SECTION 9. PLACE OF MEETINGS

Meetings shall be held at the principal office of the Corporation unless the board shall provide otherwise, or at such other place within San Benito County which has been designated from time to time by resolution of the board of directors. In the absence of such designation, any meeting not held at the principal offices of the Corporation shall be valid only if held on the written consent of all directors given either before or after the meeting and filed with the secretary of the Corporation or after all board members have been given written notice of the meeting as provided herein.

In the absence of such designation, any meeting not held at the principal offices of the Corporation shall be valid only if held by written consent of all directors given either before or after the meeting and filed with the secretary of the Corporation or after all board members have been given written notice of the meeting as herein provided for special meetings of the board of directors.

Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all of the following apply: (a) each Board member participating in the meeting can communicate with all 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; and (c) the Corporation adopts and implements means of verifying both of the following: (i) a person communicating by telephone, electronic video equipment, 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

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another person not permitted to participate as a director. Participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

#### SECTION 10. REGULAR MEETINGS

Regular meetings of the board of directors shall be held monthly on the third Monday of the month, excluding December.

#### SECTION 11. SPECIAL MEETINGS

Special meetings of the board of directors may be called for any reason by the president, the vice president, the secretary or by any two directors, and such meetings shall be held at the place, within the County of San Benito, designated by the person or persons calling the meeting, and in the absence of such designation at the principal office of the Corporation.

#### SECTION 12. NOTICE OF MEETINGS

Regular meetings on the board of directors may be held without notice. Special meetings of the board of directors shall be held upon four (4) days' notice by first class mail, electronic mail, facsimile or at a regularly scheduled meeting. The notice shall be deemed to be delivered on the date transmitted or the date of its deposit in the mail.

Such notices shall be addressed to each director at his or her address as shown on the books of the Corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held not more than twenty (24) hours from the time of the original meeting.

#### SECTION 13. CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any board meeting need not be specified in the notice.

#### SECTION 14. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board of directors, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the

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meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

#### SECTION 15. QUORUM FOR MEETINGS

A quorum at all meetings of the Board of Directors shall be 60% of the authorized number of Directors.

#### SECTION 16. MAJORITY ACTION AS BOARD ACTION

Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, unless the act or decision requires a super majority or master majority as described in 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.

A Super majority is the approval of 70% or more director votes of the authorized number of directors at the time of the vote.

A Master majority is the approval of 100% of all the directors and approval by at least 75% of the Advisory Committee. All authorized directors must be present at the time of the vote in order to achieve a master majority approval. See Section 22 of this Article 3

#### SECTION 17. CONDUCT OF MEETINGS

Meetings of the board of directors shall be presided over by the President of the board or, in his or her absence, by a chairperson chosen by a majority of the directors present. This chairperson shall be the Vice President of that individual is present.

The secretary of the Corporation shall act as secretary of all meetings of the board. In the absence of the secretary, the presiding officer shall appoint another person to act as the secretary of the meeting.

#### SECTION 18. ACTION BY UNANIMOUS WRITTEN or ELECTRONIC CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the board of directors that requires a majority may be taken without a meeting, if all members of the Board of directors shall individually or collectively consent in writing or electronically to taking such action



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without a meeting. Such action by written consent shall be effective only if approved by a super majority of the Board, and shall be ratified at the next monthly board meeting. Such action by written or electronic consent shall have the same force and effect as the majority vote of the directors at a meeting.

#### SECTION 19. NON-LIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities or other obligations of the Corporation.

#### SECTION 20. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

To the extent that a person who is, or was, a director, officer, employee or other agent of this Corporation has been successful on the merits in defense of any civil, criminal administrative or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was an agent of the Corporation, or has been successful in defense of any claim, issue or matter therein, such person shall be indemnified against such expenses actually and reasonably incurred by the person in connection of such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements and other amounts reasonably incurred in the connection with such proceedings shall be provided by the Corporation but only to the extent allowed by, and in accordance with the requirements of section 5238 of the California Nonprofit Public Benefit Corporation Law.

#### SECTION 21. INSURANCE FOR CORPORATE AGENTS

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a director, officer, employee or other agent of the Corporation) against any liability other than for violating provisions of law relating to self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of section 5238 of the California Nonprofit Public Benefit Corporation Law.

#### SECTION 22. AMENDMENT OF THESE BYLAWS

(A) Until 12:00AM (midnight) on 11-21-2011 these Bylaws may be amended by a simple majority vote of the voting board members. At any time thereafter, these Bylaws may be amended as described in Article 3, Section 22(B) and (C) only.

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(B) Article 1, Sections 1, 3, and 5 and Article 3, Sections 16, 22 and 23 and Article 8, Sections 1, 2 and 3 of these bylaws shall be amended by a master majority vote of the authorized Directors.

(C) All articles and sections not covered by subsection (B) of this Article 3, Section 22 of these Bylaws may be amended by a majority vote of the authorized Directors.

#### SECTION 23. ADVISORY COMMITTEE

The Advisory Committee shall be formed when there are at least three qualified and participating members.

The Advisory Committee shall include the original members of the Board of Directors. The Advisory Committee shall also include all past presidents of the Board of Directors. The Advisory Committee shall serve for life. Further to be a member of the Advisory Committee a director must complete at least one full term and shall not have been removed by the Board pursuant to Sections 4(G) or 6(C). The Advisory Committee shall be charged with making recommendations to the Board of Directors on such matters as deemed necessary by the Board of Directors from time to time.

The Advisory Committee jointly with the Board of Directors shall provide a slate of nominees as provided in Article 3, Section 4.

### ARTICLE 4 OFFICERS

#### SECTION 1. NUMBER OF OFFICERS

The officers of the Corporation shall be a president, vice president, secretary and treasurer.

#### SECTION 2. REMOVAL AND RESIGNATION

Any officer may be removed, whether with or without cause, by the board of directors at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the board of directors or to the president or the secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein and acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 3. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, end of term or otherwise of any officer shall be filled by the board of directors until such time as the

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Board formally elects an officer as prescribed herein. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president.

#### SECTION 4. DUTIES OF PRESIDENT

The duties of the President of the Corporation shall be, but not limited to, serving as the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. The President shall preside over all Corporation meetings and serve as official spokesperson for the Corporation. The president shall appoint all committee chairpersons. Committee chairpersons shall serve at the discretion of the president. The President shall have such other powers and duties as the Board or the Bylaws may require.

#### SECTION 5. DUTIES OF VICE PRESIDENT

The Vice President shall act on the President's behalf in the absence of the President.

#### SECTION 6. DUTIES OF SECRETARY

The secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the board may direct, a book of minutes of all meetings, proceedings, and actions of the board, of committees of the board, and of Directors' meetings. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; the names of persons present at board and committee meetings; and the number of directors present or represented at Directors' meetings. The minutes of each meeting shall be available and presented to all directors within 7 business days after each meeting.

The secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The secretary shall keep or cause to be kept, at the Corporation's principal office or at a place determined by resolution of the board, a record of the Corporation's directors, showing each directors' name, address, and class of membership

The secretary shall give, or cause to be given, notice of all meetings of Directors, of the board, and of committees of the board that these bylaws require to be given. The secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the board or the bylaws may require.

## SECTION 8. DUTIES OF THE TREASURER

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these bylaws, or by the board. The books of account shall be open to inspection by any director at all reasonable times. The Treasurer shall (1) deposit, or cause to be deposited, within seven business days after deposit is presented to the treasurer, all money and other valuables in the name and to the credit of the Corporation with such depositories as the board may designate; (2) disburse the Corporation's funds as the board may order; (3) render to the president, chair of the board, if any, and the board, when requested, an account of all transactions as chief financial officer and of the financial condition of the Corporation; and (4) have such other powers and perform such other duties as the board or the bylaws may require. If required by the board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.

## ARTICLE 5 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

### SECTION 1. EXECUTION OF INSTRUMENTS

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and any such authority may be general or confined to specific instances.

Unless so authorized, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

### SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of the money and other evidence of indebtedness of the Corporation shall be signed by any combination of two of the President, Vice President and Treasurer of the

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corporation if the amount is 500.00 dollars or more. If the amount is less than 500.00 dollars then any one of the President, Vice President or Treasurer shall sign.

### SECTION 3. DEPOSITS

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the board of directors may select.

### SECTION 4. GIFTS

The board of directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the charitable or public purposes of this Corporation.

## ARTICLE 6 CORPORATE RECORDS, REPORTS AND SEAL

### SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The Corporation shall keep at its principal office in the State of California:

(A) Minutes of all meetings of directors and committees of the board indicating the time and place of holding such meetings, whether regular or special, how called, the notice given the names of those present and the proceedings thereof:

(B) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses:

(C) Subject to the California Corporation Code and unless the Corporation provides a reasonable alternative as provided below, any member may do either or both the following for a purpose reasonably related to the members interest is a member:

(i) Inspect and copy the records of Directors name, addresses and voting rights during usual business hours given five (5) days prior written demand on the Corporation, which demand must state the purpose for which the inspection rights are requested; or

(ii) Obtain from the secretary of the Corporation, on written demand and tender of a reasonable charge, a list of names, addresses and voting rights of members who are entitled to vote for the election of directors, or a date specified by a Director, after the date of demand, the demand shall state purpose for which the list is required

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(D) A copy of the Corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members of the Corporation, if any, at all reasonable times during office hours.

## SECTION 2. CORPORATE SEAL

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

## SECTION 3. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation.

Any such inspection may be made in person or by agent or attorney and the right to inspection includes the right to copy and to make extracts.

## SECTION 4. ANNUAL REPORT

The Treasurer shall produce an annual report to be furnished not later than ninety (90) days after the close of the Corporation's fiscal year to all directors of the Corporation. The annual report shall contain at least the following information in appropriate detail:

- (A) The assets and liabilities, including 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 and 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.

The annual report shall be accompanied by any report hereon of independent accountants, or if there is no such report, the certificate of an authorized officer of the Corporation that such statement were prepared without audit from the books and records of the Corporation.

A copy of the annual report and accompanying report(s) shall be supplied to the Directors of the 33rd D.A.A.

ARTICLE 7  
FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE 8  
DISPOSITION OF ASSETS

SECTION 1. ASSETS OF THE CORPORATION

(A) All assets of the corporation whether restricted or non restricted shall require a formal bidding process and public notice for disposition of those assets over, \$50,000, fifty thousand dollars, unless a written stipulation between the donor and the corporation specifies the process to be used. The Board reserves the right to waive any or all requirements of article 8. section 1a. by super majority vote, if it is determined that a health and or safety emergency exists.

SECTION 2. RESTRICTED ASSETS

(A) The Corporation will accept restricted assets provided the restriction complies with the use and purpose of these bylaws.

(B) All restricted assets will be provided for in accordance with the Investment Policy Statement of the Corporation for Restricted Assets

(C) The Investment Policy Statement for Restricted Assets is a part of the bylaws of the Corporation and can be amended as provided for in the Corporation's bylaws only.

SECTION 3. NON RESTRICTED ASSETS

(A) All non restricted assets will be received by the Corporation 80% to be held for annual funding.

(B) All non restricted assets will be received by the Corporation 20% to be held as endowed assets for the benefit of the use and purpose of these bylaws.

(C) All non restricted assets will be provided for in accordance with the Investment Policy Statement of the Corporation for Non Restricted Assets.

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(D) The Investment Policy Statement for Non Restricted Assets is a part of the bylaws of the Corporation and can be amended as provided for in the Corporation's bylaws only.

ARTICLE 9  
CONFLICT OF INTEREST POLICY

The directors, officers, employees, agents, or consultants shall comply with the Conflict of Interest Policy attached hereto as **EXHIBIT B**.

CERTIFICATE OF SECRETARY

I, the undersigned, the duly elected Secretary of the San Benito County Heritage Foundation, Inc., a California nonprofit public benefit Corporation, do hereby certify:

That the foregoing Bylaws consisting of 16 pages and all attachments hereto were adopted as the Bylaws of the Corporation by the Directors of the Corporation on JANUARY 20, 2016, and the same do now constitute the Bylaws of said Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name this JANUARY 20 2016.

Jeff Guerra

JEFF GUERRA, Secretary



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**EXHIBIT A**  
**MEMBERS OF THE BOARD OF DIRECTORS**

Class	Name	Term Expires at Annual Meeting
A	Lizz Hunter	2016
B	Michael Enz	2017
C	Richard McAbee	2015
A	Marian Tobias	2016
B	Jeff Guerra	2017
C	Rob Nino	2015
A	Robert Swanson	2016
B	Mark Franco	2017
C	Bailey Brown	2015
A	Cathy Alameda	2016
B	Marty Greenwood	2017

## EXHIBIT B

### CONFLICT OF INTEREST POLICY

#### Article I Purpose

The purpose of the conflict of interest policy is to protect the San Benito County Heritage Foundation's (the "Foundation") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Foundation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

#### Article II Definitions

1. **Interested Person.** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,
  - b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

**Article III**  
**Procedures**

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
  
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
  
3. **Procedures for Addressing the Conflict of interest.**
  - a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the governing board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
  
4. **Violations of the Conflicts of Interest Policy**
  - a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **Article IV** **Records of Proceedings**

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

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

#### **Article V** **Compensation**

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

#### **Article VI** **Annual Statements**

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

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one

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or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

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

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.