

**BYLAWS OF THE
CITY HEIGHTS BUSINESS ASSOCIATION**

**ARTICLE I
Recitals and Definitions**

Section 1. Name of Corporation. The name of this corporation shall be the City Heights Business Association and shall be referred to as the “Corporation”.

Section 2. Corporation Is Nonprofit. The Corporation has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law as a mutual benefit corporation. The purpose of this corporation is to engage in any lawful act or activity other than credit union business for which a corporation may be organized under such law.

Section 3. Specific Purpose. The purposes for which this corporation is formed are to enhance the growth and improvement to City Heights as an international marketplace, to create partnerships between business and property owners that promote economic revitalization and combat deterioration in the community served by the City Heights Business Association, and to administer business and property owner assessment districts under contract with the City of San Diego. All activities shall be nonpartisan, nonsectarian and nondiscriminatory against any person by reason of race, color, national origin, religion, age, sex, sexual orientation, marital status, genetic characteristics, or physical or mental disability.

**ARTICLE II
Principal Office**

The principal office for the Corporation is hereby fixed and located in the County of San Diego at such place as may from time to time be designated by the Board of Directors.

**ARTICLE III
Membership**

Section 1. Memberships and Associateships.

(a) *Members.* Members of the Corporation shall be business owners holding a current City of San Diego business tax certificate whose business is located within the City Heights Business Improvement District or property owners within any assessment district boundaries administered by the City Heights Business Association under contract with the City of San Diego.

(b) *Associates.* Associates of the Corporation shall be City Heights business owners holding a current City of San Diego business tax certificate or City Heights property owners or other entities as approved by the Board of Directors, all of

whom have paid annual dues in an amount equivalent to Members, although they shall not be Members and shall not have the right to vote on any matter brought to a vote of the Members.

(c) *Delegates.* Each Member or Associate may be represented by a Delegate upon written notification from the Member or Associate to the Board of Directors. Each Delegate shall represent only one Member or Associate. Each Member or Associate may adopt procedures to select a first and second Alternate Delegate to represent the Member or Associate. Alternate Delegates may not serve as Directors. Delegates shall vote on behalf of their Member in all matters submitted to a vote of the Members.

Section 2. Meetings of Members.

(a) *Annual Meetings.* The annual meeting of Members shall be held on the second Wednesday of October of each year in San Diego, California, or at such other times as authorized by the Board of Directors.

(b) *Special Meetings.* Special meetings may be called at any time by the President, a majority vote of the Board of Directors, or by 20% of the Members.

(c) *Notice.* Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be hand delivered or sent by first class mail, charges prepaid, not less than 10 nor more than 90 days before the date of the meeting to each such Member who is entitled to vote. The notice shall state the place, date, and time of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted, in accordance with the California Nonprofit Mutual Benefit Corporation Law.

(d) *Quorum.* Twenty-five Members shall constitute a quorum for the transaction of business at a meeting of the Members. If the quorum present at any meeting of members is less than one-third of the voting power, the only matters that may be acted on are those that were specified in the notice of the meeting.

(e) *Voting.* Each Member shall cast only one vote on any matter submitted to a vote. There shall be no cumulative or proxy voting. If a quorum is present, the affirmative vote of the majority of the Members present shall be the act of the Corporation. All voting rights shall be in accordance with the California Nonprofit Mutual Benefit Corporation Law.

(f) *Action without Meeting.* Any action required or permitted to be taken by the Members may be taken without a meeting in accordance with the California Nonprofit Mutual Benefit Corporation Law.

**ARTICLE IV
Board of Directors**

Section 1. Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law and any limitations in the Articles of Incorporation and these bylaws relating to actions required to be approved by the Members, the business and affairs of the Corporation shall be vested in and exercised by the Corporation's Board of Directors ("*the Board*" and each member of the Board, a "*Director*"). The Board may delegate the management of the activities of the Corporation to any person or persons, or committee, provided that notwithstanding any such delegation the activities and affairs of the Corporation shall continue to be managed and all corporate powers shall continue to be exercised under the ultimate direction of the Board.

Section 2. Number of Directors. The Corporation shall have a minimum of five and a maximum of thirteen Directors. The exact authorized number of Directors shall be fixed from time to time, within the limits specified in this section or in the Articles of Incorporation, by the Board. Subject to the foregoing provisions for changing the authorized number of Directors, the authorized number of Directors of this corporation shall initially be [____(____)]. A minimum of two-thirds of the Directors shall be Delegates of Members.

Section 3. Executive Director. The Executive Director of the City Heights Business Association shall serve as an advisor to the Board, attend all meetings of the Board, and receive notice of Board meetings in the same manner as Directors. The Executive Director shall not, however, be a member of the Board.

Section 4. Selection of Directors. The Directors shall be elected at the Annual Meeting of Members in any manner authorized by law. In any election of directors the candidates receiving the highest number of votes are elected. Elections for Directors need not be by ballot unless a Member demands election by ballot at the meeting and before the voting begins. Each Member shall cast one vote for each office of Director to be filled without the right to cumulate votes.

Section 5. Term. Directors shall hold office for two years with no limit on the number of terms a Director may serve. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor is elected.

Section 6. Regular Meetings. Regular meetings of the Board shall be held on the second Wednesday of each month, in San Diego, California, or at such other times as may be authorized by the Board. Notice of regular meetings shall be posted in a publicly accessible location and on the corporation's website not less than seventy two (72) hours in advance of the meeting. Notice shall contain the date, time, and location of the meeting, the general nature of the items to be discussed, and opportunity for public comment.

Section 7. Special Meetings. Special meetings of the Board may be called at any time by the President or Vice President or shall be called by the President or Vice President upon written request of 20% of all Directors. The purpose of the special meeting

shall be stated in the notice of such meeting, which shall also designate the time and place thereof. Such notice shall be sent by first class mail not less than four (4) days before the meeting, or forty eight (48) hours in advance of such meeting if 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. Notice of special meetings shall also be posted in a publicly accessible location and on the corporation's website not less than twenty four (24) hours in advance of the meeting. Notice shall contain the date, time, and location of the meeting, the general nature of the items to be discussed, and opportunity for public comment on agenda items.

Section 8. Quorum. A majority of the number of Directors then-authorized shall constitute a quorum for the transaction of business at any meeting of the board. A majority of the Directors present, whether or not a quorum is present, may adjourn the meeting for twenty four (24) hours or less without further notice. If the meeting is adjourned for more than twenty-four hours, 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 9. Manner of Acting. The act of a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board, unless the act of a different number is required by law, the Articles of Incorporation, or these bylaws. A meeting having been duly called and held at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Directors to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Directors required to constitute a quorum.

Members of the Board may participate in a meeting through the use of conference telephone or electronic video screen communication, as long as all members participating in the meeting are able to hear one another. Members of the Board may participate in a meeting through the use of electronic transmission by and to the Corporation, as long as all members participating in such meeting via electronic transmission can communicate with one another concurrently and each board 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. Participation in a meeting in a manner pursuant to this section constitutes presence in person at such meeting.

Section 10. Vacancies. Except for a vacancy resulting from removal of a Director by the Members, vacancies on the Board may be filled by approval of the Board, or, if the number of Directors then in office is less than a quorum, by the unanimous written consent of the Directors then in office. A vacancy resulting from removal of a Director by the Members pursuant to Section 11(b) below, may be filled only by approval of the Members. For a vacancy that results from the resignation or death of a Director, the Board shall first consider for appointment to such vacancy, the replacement Delegate of the Member for whom the former Director was the Delegate; *provided that* the Board shall not

be required to appoint such Delegate as a Director. A Director elected to fill a vacancy shall hold office until the expiration of the term for which elected.

Section 11. Removal of Directors.

(a) *Removal by the Board.*

(i) The Board shall have the power and authority to remove a Director for cause if he or she is adjudicated to be within the purview of Section 7221 (relating to mental competency, conviction of a felony, or conduct affecting a charitable trust) or has breached any duty under Sections 7230 through 7238 (relating to the standards of conduct of Directors) of the California Nonprofit Mutual Benefit Corporation Law.

(ii) The Board shall also have the power and authority to remove a Director for cause if he or she fails to attend three meetings on the Board, unless excused for good cause, which meetings have been noticed in accordance with these bylaws.

(b) *Removal by the Members.* Any or all Directors may be removed without cause if the removal is approved by a majority of all Members.

Section 12. Resignation. Any Director may resign effective upon giving written notice to the President, the Vice-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 elected to take office when the resignation becomes effective.

Section 13. Proceedings. All meetings shall be conducted in accordance with the most recently revised edition of Robert's Rules of Order.

Section 14. Public Meetings. All meetings of the Board shall be public except those meetings devoted to confidential matters, such as litigation or personnel, which shall be conducted in executive session.

Section 15. Public Comment. A time will be set aside during each meeting of the Board for limited public comment.

Section 16. Committees. The Board may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law, any committee composed entirely of Directors, to the extent provided by resolution of the Board, shall have all the authority of the Board, except that no committee shall have the authority of the Board with respect to:

(a) filling of vacancies on the Board or on any committee which has the authority of the Board;

- (b) fixing of compensation of the Directors for serving on the Board or on any committee;
- (c) 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) appointment of committees of the Board or the members thereof;
- (f) expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or
- (g) approval of any self-dealing transaction as defined by Section 5233 of the California Nonprofit Mutual Benefit Corporation Law.

ARTICLE V

Officers

Section 1. Officers. The executive officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer. All officers must be Directors of the Corporation.

Section 2. Election. Officers shall be elected by the Board at each annual meeting of the Members and shall hold office until the next annual meeting or, if a Delegate, until they no longer represent their respective Member.

Section 3. Vacancies. A vacancy in any office may be filled by the Board. Each officer so elected shall hold office until the next annual election of officers or until he or she is no longer eligible to serve.

Section 4. Removal. Any officer selected by the Board may be removed, for any reason or no reason, at any time, by a majority vote of the Board.

Section 5. Resignation. Any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. If any officer resigns as a Director, such officer shall be deemed to have simultaneously resigned as an officer of the Corporation.

Section 6. President. Subject to such powers and duties, if any, as may be prescribed by these bylaws or the Board for the chairman of the board, if there be such officer, the president shall be the general manager and chief executive officer of this corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and affairs of this corporation. He shall preside in the

absence of the chairman of the board or, if there be none, at all meetings of the Board. He shall have all the powers and shall perform all of the duties which are ordinarily inherent in the office of the president, and he shall have such further powers and shall perform such further duties as may be prescribed for him by the Board. The President shall, each year, submit to the membership a report on the accomplishments of the past year and the objectives for the next year.

Section 7. Vice President. In the absence or disability of the President, the Vice President shall perform all duties of the President and, in so acting, shall have all the powers of the President. The Vice President shall have such other powers and perform such others duties as may be prescribed from time to time by the Board.

Section 8. Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board, and of the Members, shall keep the seal of the Corporation, shall affix the same to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, and shall supervise the keeping of the minute books in the principal office of the Corporation, which shall include these bylaws. The Secretary shall keep a record of attendance and shall maintain the Corporation's membership roster. All such corporate records and documents shall be reproduced by the Secretary and distributed to the Board prior to each regular, special, or annual meeting.

Section 9. Treasurer. The Chief Financial Officer, who shall be referred to as the Treasurer, shall be responsible for general supervision of the financial affairs of the Corporation, shall make regular financial reports to the Board and to the membership, and shall perform such other duties as may be prescribed from time to time by the Board.

Section 10. Compensation. No compensation or salary shall be paid to any officer of the Corporation.

ARTICLE VI

Miscellaneous

Section 1. Rules and Regulations. The Board shall have the power to make reasonable rules and regulations not inconsistent with these bylaws.

Section 2. No Personal Interest. No Member or Associate, as defined, shall have any personal, proprietary, or beneficial interest in the property of the Corporation, either during its corporate existence or after the termination thereof by dissolution or otherwise. All of the Corporation's property and assets remaining after paying or adequately providing for the debts and obligations of the Corporation shall be conveyed, transferred, and assigned to the City of San Diego with the request that the excess funds be devoted to the benefit of the small businesses of the City of San Diego.

Section 3. Amendments. These bylaws may be repealed or amended or new bylaws adopted by the Board or the Members, in accordance with the California Nonprofit Mutual Benefit Corporation Law.

(a) Subject to the Members' rights and the limitations set forth below, the Board may adopt, amend or repeal bylaws unless doing so would:

(i) materially and adversely affect membership rights as to voting, dissolution, redemption, or transfer;

(ii) effect an exchange, reclassification, or cancellation of all or part of the memberships; or

(iii) authorize a new class of membership.

(b) Once businesses or persons have been granted membership in the Corporation, the Board may not, without membership approval, make any changes to Article IV, Section 2 of these bylaws.

ARTICLE VII Books and Records

This corporation shall keep at its principal office in this state, the original or a copy of its Articles of Incorporation and bylaws as amended to date. Furthermore, this corporation shall keep adequate and correct books and records of account and shall also keep minutes of the proceedings of its Board and committees of the Board. Minutes and other books and records shall be kept either in written form or in any other form capable of being converted into clearly legible tangible form or in any combination of the foregoing. 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 this corporation.

ARTICLE VIII Annual and Other Reports

Section 1. Annual Statement of Certain Transactions. This corporation shall furnish annually to its Directors a statement which briefly describes each of the following transactions, if any:

(a) any "covered transaction" (as defined below) during the previous fiscal year involving more than fifty thousand dollars (\$50,000), or which was one of a number of "covered transactions" in which the same "interested person" (as defined below) had a direct or indirect material financial interest, and which transactions in the aggregate involved more than fifty thousand dollars (\$50,000). The description of such "covered

transactions” should include the names of the “interested persons” involved in such transactions, stating such person’s relationship to this 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

(b) the amount and circumstances of any indemnifications or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any officer or director of this corporation providing for the indemnification of officers and directors.

Within the meaning of this section, a “covered transaction” with an “interested person” means a transaction in which this corporation, its parent or its subsidiary was a party, and in which either of the following persons had a direct or indirect material financial interest: any director or officer of this corporation, or its parent or subsidiary; or any holder of more than ten percent (10%) of the voting power of the corporation, its parent or its subsidiary.

Section 2. Financial Information. So long as required by law, the Board shall cause to be prepared for their own use and for whatever further use the board may duly authorize, a report containing in appropriate detail the following information:

(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, during the fiscal year; and

The report required by this section 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 audit from the books and records of this corporation.

Section 3. Biennial Statement. This corporation shall, within 90 days after the filing of its original Articles of Incorporation and biennially thereafter during the applicable filing period, file, on a form prescribed by the Secretary of State, a statement containing: (1) the names and complete business or residence addresses of its President, Vice President, Secretary and Treasurer; (2) the street address of its principal office in this state, if any; and (3) the mailing address of the corporation, if different from the street address of its principal executive office or if the corporation has no principal office address in this state. The statement shall also designate an agent of the Corporation for the purpose of service

of process. If its agent for service of process or the address of the agent is changed, or if designation of a new agent for service of process is required under Section 6212 of the California Nonprofit Mutual Benefit Corporation Law, the Corporation shall file a current statement containing all the information required by this section.

ARTICLE IX Indemnification

Section 1. Indemnification. The City Heights Business Association shall indemnify, hold harmless, and defend its officers, directors, and employees from any and all claims, demands, liabilities, damages, losses, costs or expenses arising out of any act or omission, excepting willful misconduct, by said officers, directors, and employees in the performance of their duties herein described.

Section 2. Director and Officer Insurance. The Board may authorize this corporation to purchase and maintain insurance on behalf of any director or officer against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such, whether or not this corporation would have the power to indemnify such person against such liability; provided, however, that this corporation shall not purchase or maintain insurance to indemnify any director or officer of this corporation for violating Section 5233 of the California Nonprofit Mutual Benefit Corporation Law.

ARTICLE X Limitation of Liability of Certain Directors and Officers

Section 1. *Limitation of Liability of Volunteer Directors and Volunteer Executive Officers to Third Parties.* There shall be no personal liability for monetary damages to a third party on the part of a volunteer Director or volunteer executive officer caused by the director's or officer's negligent act or omission in the performance of that person's duties as a director or officer, if all of the following conditions are met:

- (a) the act or omission was within the scope of the director's or executive officer's duties;
- (b) the act or omission was performed in good faith;
- (c) the act or omission was not reckless, wanton, intentional, or grossly negligent; and
- (d) damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the corporation, either in the form of a general liability policy or a director's and officer's liability policy, or personally to the director or executive officer. In the event that the damages are not covered by a liability insurance policy, the volunteer director or volunteer executive officer shall not be personally liable for the

damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

“Volunteer” means the rendering of services without compensation.

“Compensation” means remuneration whether by way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a director or executive officer does not affect that person’s status as a volunteer with the meaning of this Section.

“Executive officer” means the president, vice president, secretary, or treasurer of a corporation, or such other person who serves in like capacity, who assists in establishing the policy of the corporation.

Nothing in this Section shall limit the liability of the Corporation for any damages caused by acts or omissions of the volunteer director or volunteer executive officer.

This Section does not eliminate or limit the liability of a director or officer as provided in Section 5233 or 5237 of the California Nonprofit Mutual Benefit Corporation Law; or in any action or proceeding brought by the Attorney General.

Nothing in this section creates a duty of care or basis of liability for damage or injury caused by the acts or omissions of a director or officer.

Section 2. *Limitation of Liability of Certain Directors.* Except as provided in Section 5233 of the California Nonprofit Mutual Benefit Corporation Law, there is no liability based upon any alleged failure to discharge a 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, if the director’s duties are performed in a manner that meets all of the following criteria:

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

CERTIFICATION OF ADOPTION OF BYLAWS

The undersigned hereby declares:

That I am duly elected Secretary of the City Heights Business Association;

That the foregoing amended Bylaws were submitted to and ratified by the Directors at their meeting on September 11, 2019.

IN WITNESS WHEREOF, I have set my hand this 11 day of September, 2019.


Name:
Secretary, City Heights Business Association