

**BYLAWS
OF
THE SAN JUAN RIDGE TAXPAYERS ASSOCIATION
A CALIFORNIA PUBLIC BENEFIT CORPORATION**

ARTICLE 1 OFFICES

SECTION 1. PRINCIPAL OFFICE

The principal office of the corporation for the transaction of its business is located at 16988 Jackass Flats Rd., Nevada City, CA 95959, in Nevada County, California. Its mailing address is Post Office Box 421, North San Juan California, 95960.

SECTION 2. CHANGE OF ADDRESS

The board of directors may change the principal office from one location to another within Nevada County by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

Dated: _____

Dated: _____

SECTION 3. OTHER OFFICES

The corporation may also have offices at such other places within Nevada County, California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

ARTICLE 2 PURPOSES

SECTION 1. PURPOSE AND OBJECTIVES

The primary purpose of this corporation is to promote the environmental, social and economic well-being of the rural San Juan Ridge community, located in Nevada County, California.

The San Juan Ridge is populated by residents who are politically and socio-economically diverse, many of whom are committed to a rural way of life that is economically and environmentally healthy. The Association has worked with local residents for more than 35 years to help citizens to have information and resources needed to understand environmental and economic issues that shape their lives. The history of the organization is that it is an all-volunteer organization, which only rarely has employed experts or staff to assist in its work.

The Association accomplishes its purpose by research, education, analysis, community outreach, and advocacy, including, but not limited to:

- Providing information that is based on unbiased research and analysis concerning the impacts of activities that may affect the primary interests of the community and environment served by the organization.
- Educating members and the public about specific threats to our rural way of life (including rural housing and economic concerns), and our natural environment.
- Providing training and information about how to understand and participate effectively in public processes so community member's voices can be heard.
- Educating members and the public regarding the use of tax moneys by federal, state, county, and other local agencies, as well as how environmental harm or preservation might impact property values and taxes, by engaging in research about tax issues and tax policies that preserve open space, give security to homeowners, and support small-scale farms.
- Providing research, analysis and information regarding Building Code implementation that allows the owner-builder the opportunity to build creatively and economically, without sacrificing safety or sanitation.
- Learning and engaging in research about the sustainable economic capacity of the local environment, and providing this information to the public and agencies.
- The Association may, after careful analysis, determine that it believes that a particular project proposal may interfere with the primary interests of this organization and its members (namely, by harming the environmental, economic, or social well-being of the residents of the San Juan Ridge), and will inform its members of this assessment.
- When the Association discovers a project or proposed administrative action that might have a significant impact on the core purpose of this organization and the core values of its members, the Association may advocate on behalf of our membership and community.
- Advocacy on behalf of the public relating to the primary purpose of the organization may include, but is not limited to: participating in non-legislative local decision-making concerning proposed projects and actions; litigation if necessary; communicating the results of research to relevant agencies; and preparing analysis and empowering local citizens to become involved in decisions that impact their daily lives.
- As a general rule, the Association does not engage in lobbying on legislation or legislative decisions; however, should legislation arise that could directly affect our members' interests and interests of our organization, the organization would not engage in issue advocacy that could be considered lobbying activity in excess of IRS tax code limits for 501(c)(3) public benefit nonprofit corporations.
- The Association will not engage in any political intervention or campaign for political candidates.

ARTICLE 3 DIRECTORS

SECTION 1. NUMBER

The corporation shall have 7 directors and collectively they shall be known as the board of directors. The number may be changed by amendment of this bylaw, or by repeal of this bylaw and adoption of a new bylaw, as provided in these bylaws.

SECTION 2. POWERS

Subject to the provisions of the California Nonprofit Public Benefit Corporation law and any limitations in the articles of incorporation and bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, 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) Appoint and remove, employ and discharge, and prescribe the duties and fix any compensation, of all officers, agents, and employees of the corporation;
- (c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these bylaws;
- (e) Register their addresses with the secretary of the corporation and notices of meetings mailed or emailed to them at such addresses shall be valid notices thereof.

SECTION 4. TERMS OF OFFICE

Each director shall hold office for two years. Three directors shall be elected in even numbered years and four directors shall be elected in odd numbered years at the annual membership meeting. Terms shall expire at the annual meeting for election of the board of directors as specified in these bylaws, and directors shall serve until his or her successor is elected and qualifies.

SECTION 5. COMPENSATION

Directors shall serve without compensation. They shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3 of this Article. Directors may not be compensated for rendering services to the corporation unless such compensation is reasonable and is allowable under the provisions of Section 6 of this Article. Any payments to directors shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Article 9 of these bylaws.

SECTION 6. RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For

purposes of this Section, "interested persons" means either:

(a) 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, excluding any reasonable compensation paid to a director as director; or

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

SECTION 7. PLACE OF MEETINGS

Meetings shall be held at a convenient location on the San Juan Ridge, unless otherwise provided by the board. Any meeting may be held by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of these methods constitutes presence in person at that meeting so long as all directors participating in the meeting are able to hear one another and so long as each director participating in the meeting can communicate with all of the other directors concurrently and can participate in all matters before the board.

SECTION 8. REGULAR MEETINGS

Regular meetings of directors shall be held at least once a year. The President may convene additional meetings of the Board and must convene a meeting at the request of two other members of the Board. Any three directors may also call a meeting of the Board. All Board meetings are open to any Association member in good standing, who may address the Board but who may not vote on its deliberations. Any member wishing to be notified of meetings shall contact the President and the President shall inform the requesting party of the time and location of the meeting.

SECTION 9. NOTICE OF MEETINGS

Regular meetings of the board may be held with no less than 3 days notice by email or telephone to all members of the Board of Directors and other members who have asked to be notified. An effort will be made to schedule next meetings during regular meetings, such that those attending the meeting know when and where the following meeting will be held; notice will be provided to absent directors.

Notice of meetings may be electronic or by U.S. mail, depending on the contact information provided by the member. If the member has not provided an email address and notice is required, they will be noticed of the meeting by US mail.

SECTION 10. CONTENTS OF NOTICE

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

SECTION 11. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice

provided that 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 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 12. QUORUM FOR MEETINGS

A quorum shall consist of 4 directors for meetings of the Board of Directors. Except as otherwise provided in these bylaws or in the articles of incorporation of this corporation, or by law, no business shall be considered by the board at any meeting at which a quorum is not present, and the only motion which the chair shall entertain at such meeting is a motion to adjourn.

The directors present at a meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action taken must be approved by at least a majority of the required quorum for such meeting or a greater percentage if required by law, or the Association's articles or bylaws.

SECTION 13. 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 is the act of the board of directors, unless the articles of incorporation or bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233), and indemnification of directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 14. CONDUCT OF MEETINGS

Meetings of the board of directors shall be presided over by the president of the board or any director designated by a majority of directors present to serve in that role. The secretary of the corporation shall act as secretary of all meetings of the board. In his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by Robert's Rules of Order. Rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation, or with provisions of law.

SECTION 15. ACTION BY MAJORITY WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the board of directors under any provision of law may be taken without a meeting, if a majority of members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "a majority" of the board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law.

SECTION 16. VACANCIES

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased. Directors may be removed without cause by vote of a majority of the votes represented at a membership meeting.

The board of directors 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 order or judgment of any court to have breached any duty under Section 5230, et. seq., of the California Nonprofit Public Benefit Corporation Law.

Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

Vacancies on the board may be filled only by the approval of the members, but an interim director may be appointed by the Board of Directors with a majority vote at any meeting. Directors who have not been approved by the membership shall serve only until the Annual Membership Meeting, at which they shall either be elected or cease to serve as interim directors.

SECTION 17. NONLIABILITY OF DIRECTORS

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

SECTION 18. 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 expenses actually and reasonably incurred by the person in connection with 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 connection with such proceedings shall be provided by this corporation but only to the extent allowed by and in accordance with Section 5238 of the California Nonprofit Public Benefit Corporation Law.

SECTION 19. INSURANCE FOR CORPORATE AGENTS

The board of directors must purchase and maintain insurance on behalf of any directors of the corporation. This policy may include among the insured any agent

of the corporation (including a director, officer, employee, or other agent of the corporation), and may insure against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) 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.

ARTICLE 4 OFFICERS

SECTION 1. NUMBER OF OFFICERS

The four principal officers of the corporation shall be a president, a vice-president, a secretary, and a treasurer, who shall be the chief financial officer. The corporation may also have, as determined by the board of directors, a chairperson of the board, assistant secretaries, assistant treasurers, or other officers. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president or chairperson of the board.

SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

The four principal officers of the board must be voting members in good standing and must be directors. Officers shall be elected by the board of directors, at any time, and each officer shall hold office until he or she resigns, is removed, or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 3. SUBORDINATE OFFICERS

The board of directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board of directors. Subordinate officers need not be directors.

SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the board of directors, at any time. Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of the corporation.

SECTION 5. VACANCIES

Any vacancy of the four principal officers caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. 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 until such time as the board shall fill the vacancy.

SECTION 6. DUTIES OF PRESIDENT

The president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of

the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, he or she shall preside at all meetings of the board of directors and all member meetings. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, the president shall execute such contracts, checks, or other instruments authorized by the board of directors. The Board may authorize one or more other Directors to whom the president may delegate contractual or other duties.

SECTION 7. DUTIES OF VICE PRESIDENT

In the absence of the president or other delegation of duties as specified above, or in the event of the president's inability or refusal to act, the vice president shall perform all the duties of the president, and when so acting shall possess all powers and restrictions of the president. The vice president shall have other powers and perform such other duties as may be prescribed by the board of directors or by law.

SECTION 8. DUTIES OF SECRETARY

The secretary shall:

Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date, and the keeper of the corporate seal, if any.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors and of membership meetings, including the time and date of meetings and a record of those present, as well as a record of any action taken.

Ensure that the minutes of meetings of the corporation, any written consents approving action taken without a meeting, and any supporting documents pertaining to meetings, minutes, and consents shall be in the corporate records of this corporation by the date of the next regular meeting.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Keep at the principal office of the corporation, or at an office designated by the board, a membership book containing the name and address of each and any member, and, in the case where any membership has been terminated, the secretary shall record such fact in the membership book together with the date on which such membership ceased. Such duties may be assigned by the secretary to an assistant secretary.

Upon request, exhibit at all reasonable times to any director of the corporation or to his or her agent or attorney, the bylaws, the membership book, and the minutes of

the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

SECTION 9. DUTIES OF TREASURER

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the treasurer shall:

Be responsible for and have charge and custody of all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive and give receipt for monies due and payable to the corporation from any source whatsoever.

Disburse or cause to be disbursed the funds of the corporation as may be directed by the board of directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.

Upon request, exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney.

Upon request, render to the president and directors an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.

Prepare or cause to be prepared, and certify or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

ARTICLE 5 COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE OF THE BOARD

The board of directors may, by a majority vote of directors, designate two (2) or more of its members to constitute an executive committee of the board and delegate to the committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The approval of any action that, under law or the provisions of these bylaws, requires the approval of the members or of a majority of all of the members.
- (b) The filling of vacancies on the board or on any committee that has the authority of the board.
- (c) The amendment or repeal of bylaws or the adoption of new bylaws.
- (d) The amendment or repeal or any resolution of the board;
- (e) The appointment of committees of the board, and of committee members.
- (f) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies from the members of the board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report to the board as the board may require.

SECTION 2. OTHER COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees. Public statements on behalf of the Association may be made only by, or with the concurrence of a majority of the Board. Public comments and other written documents produced by committees must be approved by the board before submission and must be signed by the President or other Director to whom this power has been delegated by the Board.

SECTION 3. MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these bylaws concerning meetings of the board of directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the board of directors or by the committee.

ARTICLE 6 EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

The board of directors 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 such authority may be general or confined to specific instances, except as otherwise provided in these bylaws. 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 money, and other evidence of indebtedness of the corporation shall be signed by the treasurer or any other Board member designated by consent of the Board.

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 7 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, committees of the board, and membership meetings, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and 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) A record of its members, indicating their names, addresses, and email addresses if available, and the class of membership held by each member and the termination date of any membership;
- (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 at all reasonable times by prior request.

SECTION 2. CORPORATE SEAL

The board of directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the 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.

SECTION 4. MEMBERS' INSPECTION RIGHTS

Each and every member shall have the following inspection rights, for a purpose reasonably related to such person's interest as a member:

- (a) To inspect and copy the record of all members' names, addresses, and voting rights, at reasonable times, upon five (5) business days' prior written demand on the corporation; the demand shall state the purpose of inspection.
- (b) To obtain from the secretary of the corporation, upon written demand and payment of a reasonable charge, an alphabetized list of the names, addresses, and voting rights of those members entitled to vote for the election of directors as of the most recent record date for which the list has been compiled or as of the date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The list shall be made available on or before ten (10) business days after the demand is received.
- (c) To inspect at any reasonable time the books, records, or minutes of proceedings of the members or of the board or committees of the board, upon written demand to the corporation by the member, for a purpose reasonably related to their member interests as a member.

SECTION 5. RIGHT TO COPY AND MAKE EXTRACTS

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

SECTION 6. ANNUAL REPORT

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation and to any member who requests it in writing. The report shall contain the following information in appropriate detail:

- (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;
- (e) Any information required by Section 7 of this Article.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. If this corporation receives Twenty-Five Thousand Dollars (\$25,000), or more, in gross revenues or receipts during the fiscal year, this corporation shall automatically make available to members and directors for inspection upon request the required IRS filing reporting this income and the

supporting documents to that filing.

SECTION 7. ANNUAL STATEMENT OF SPECIFIC TRANSACTIONS TO MEMBERS

This corporation shall make available to all directors and any and all members a statement within one hundred and twenty (120) days after the close of its fiscal year that briefly describes the amount and circumstances of any indemnification or transaction of the following kind:

Any transaction in which the corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

- (a) Any director or officer of the corporation, or its parent or its subsidiary (a mere common directorship shall not be considered a material financial interest); or
- (b) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000) or which was one of a number of transactions with the same persons involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000).

Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the previous fiscal year to any director or officer, except that no such statement need be made if such indemnification was approved by the members pursuant to Section 5238(e)(2) of the California Nonprofit Public Benefit Corporation Law.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the corporation, the nature of such person's interest in the transaction, and, where practical, 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.

If this corporation has any members and provides all members with an annual report according to the provisions of Section 6 of this Article, then such annual report shall include the information required by this Section.

ARTICLE 8 FISCAL YEAR

SECTION 1. FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on 1 January and end on 31 December in each year.

ARTICLE 9 CONFLICT OF INTEREST AND COMPENSATION POLICIES

SECTION 1. PURPOSE OF CONFLICT OF INTEREST POLICY

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. 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.

SECTION 2. DEFINITIONS

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, is an interested person.

(b) Financial Interest.

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (1) an ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (2) a compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph b, 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.

SECTION 3. CONFLICT OF INTEREST AVOIDANCE PROCEDURES

(a) 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.

(b) Determining Whether a Conflict of Interest Exists.

After the interested person discloses the financial interest and all material facts, and the board discusses the matter with that person, the interested person 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 in the absence of the interested person.

(c) Procedures for Addressing the Conflict of Interest.

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.

Following this investigation, this governing board or committee shall determine whether the corporation can obtain with reasonable efforts a better transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a better transaction or arrangement is not reasonably possible by avoiding the conflict of interest and hiring someone else, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation'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.

(d) Violations of the Conflicts of Interest Policy.

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.

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.

SECTION 4. RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS

When a potential conflict of interest or disclosure of a financial interest is identified or disclosed by an interested person, the minutes of meetings of the governing board and all committees with board delegated powers regarding this matter 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.

SECTION 5. COMPENSATION APPROVAL POLICIES

A voting member of the board or any committee who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation. However, such a member may provide information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, the board shall also comply with the following additional requirements and procedures:

(a) the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.

(b) all members of the board who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement (*see* IRS Regulation Section 53.4958-6(c)(iii)).

Specifically, each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations) must not:

1. be the person who is the subject of compensation arrangement, or a family member of such person;
2. be in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement
3. receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement
4. have a material financial interest affected by the compensation arrangement; and
5. approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(c) the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation.

Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources
2. the availability of similar services in the geographic area of this

organization

3. current compensation surveys compiled by independent firms
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

(d) the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date approved;
2. the members of the board or compensation committee present and their votes cast;
3. the comparability data obtained and relied upon and its source;
4. The board or compensation committee shall record in the minutes of the meeting the basis for a determination that the compensation is higher or lower than comparable services, if it makes a determination.
5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes;
6. the minutes shall document any actions taken with respect to determining if a board or committee member had a conflict of interest as to the compensation arrangement, and any action taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction;
7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

SECTION 6. 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 corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

SECTION 7. PERIODIC REVIEWS

To ensure the corporation 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 corporation'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.

SECTION 8. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Section 7, the corporation may 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.

ARTICLE 10 AMENDMENT OF BYLAWS

SECTION 1. AMENDMENT

Subject to any provision of law applicable to the amendment of bylaws of public benefit nonprofit corporations, these bylaws may be altered, amended, or repealed and new bylaws adopted as follows:

- (a) by approval of the board of directors (subject to the power of members to change or repeal these bylaws under Section 5150 of the Corporations Code), so long as the bylaw amendment would not materially and adversely affect the rights of members, if any, as to voting or transfer.
- (b) a bylaw specifying or changing the fixed number of directors of the corporation, the maximum or minimum number of directors, or changing from a fixed to variable board or vice versa, may not be adopted, amended, or repealed except by a majority of members as provided in subparagraph (c) of this Section; or
- (c) By approval of a majority of the members in good standing of this corporation.

ARTICLE 11 AMENDMENT OF ARTICLES

SECTION 1. AMENDMENT OF ARTICLES Amendment of the articles of incorporation may be adopted by the board of directors, subject to the approval of the members of this corporation.

SECTION 2. CERTAIN AMENDMENT

Notwithstanding the above sections of this Article, this corporation shall not amend its articles of incorporation to alter any statement which appears in the original articles of incorporation of the names and addresses of the first directors of this corporation, nor the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the corporation has filed a "Statement by a Domestic Nonprofit Corporation" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE 12 PROHIBITION AGAINST SHARING PROFITS AND ASSETS

SECTION 1. PROHIBITION AGAINST SHARING PROFITS AND ASSETS

No member, director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation. This provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes. Upon dissolution or winding up of the affairs of the corporation, should that take place, the assets of the corporation shall be distributed as required by the articles of incorporation of this corporation and not otherwise.

ARTICLE 13 MEMBERS

SECTION 1. DETERMINATION OF MEMBERS

Voting membership in the Association is open to residents of San Juan Ridge and to non-resident owners of Ridge land who subscribe to the above purpose and objectives and who have paid the required membership dues. In addition, anyone who supports the purpose and objectives of the Association and pays membership dues may join as a Friend of SJRTA. Friends of SJRTA do not hold voting privileges. Only individual persons may be members of the Association, one per unit of dues.

ARTICLE 14 MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEMBERSHIP MEETING

The Annual Membership Meeting will be held on the San Juan Ridge on a convenient date during the first quarter of each year to be chosen by the Board of Directors. The specific place and time will be set by the Board of Directors and will be announced to the members at least two weeks in advance. Only members in good standing are entitled to vote on Association matters.

At the annual meeting, directors shall be elected by members in good standing. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Each member shall cast one vote by ballot only. There will be no votes by proxy. Members may vote by absentee ballot.

SECTION 2. SPECIAL MEMBERSHIP MEETINGS

A special meeting of the membership may be called by a majority of the board of directors. In addition, Special Membership Meeting will be called by the President upon petition to him/her from ten members in good standing. Notice of such a Special Meeting must be issued to the membership within seven days of the Board Majority calling a special meeting, or receipt of the member petition, and Notice shall be made no less than 10 days prior to the date of the special meeting. The meeting must be held within four weeks of the request for a special meeting.

SECTION 3. NOTICE OF MEETINGS

Annual membership meetings shall be noticed at least 2 weeks in advance of the meeting date, and effort will be made to provide more notice when possible. Special membership meetings shall be noticed no less than ten days prior to the meeting date. Notice of meetings may be electronic or by U.S. mail, depending on the contact information provided by the member. If the member has not provided an email address and notice is required, they will be noticed of the meeting by US mail.

SECTION 4. QUORUM FOR MEETINGS

The quorum for member meetings shall be 10 members. Notwithstanding any other provision of this Article, if this corporation authorizes members to conduct a meeting with a quorum of less than one-third (1/3) of the voting power, then, if less than one-third (1/3) of the voting power actually attends a regular meeting, then no action may be taken on a matter unless the general nature of the matter was stated in the notice of the regular meeting.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the bylaws of the corporation named in the title thereto and that such bylaws were duly adopted by the membership of said corporation on the date set forth below.

Dated: January 30, 2014

Sara Greensfelder, Secretary