

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
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TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Office of the Mayor	DATE: 11/10/2014
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SUBJECT: City Council adoption of Amended and Restated Bylaws for San Diego Convention Center Corporation

PRIMARY CONTACT (NAME, PHONE): Jaymie Bradford, 6194539891	SECONDARY CONTACT (NAME, PHONE):
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): n/a

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	ORIG DEPT.	Bradford, Jaymie	03/16/2015
Liaison Office	CFO		
	DEPUTY CHIEF		
	COO		
	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

Authorize revisions to the San Diego Convention Center Bylaws.

STAFF RECOMMENDATIONS:
Approve Requested Actions

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S): 3

COMMUNITY AREA(S): Downtown

ENVIRONMENTAL IMPACT:	This activity is not a Project as defined in CEQA Guidelines Section 15378(b) (5). Based on the definition the activity does not meet the definition of a project and would therefore not be subject to CEQA pursuant to Section 15060(c) (3) of the State CEQA Guidelines.
CITY CLERK INSTRUCTIONS:	

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 11/10/2014

ORIGINATING DEPARTMENT: Office of the Mayor

SUBJECT: City Council adoption of Amended and Restated Bylaws for San Diego Convention Center Corporation

COUNCIL DISTRICT(S): 3

CONTACT/PHONE NUMBER: Jaymie Bradford/6194539891

DESCRIPTIVE SUMMARY OF ITEM:

This action is for Council approval of revisions to the San Diego Convention Center Corporation bylaws. The revision to the bylaws will address the makeup of the Board of Directors, partly in response to changes to California Corporations Code § 5047, as well as update them to reflect best practices and changes the City has recently approved for CCDC and SEDC (now CivicSD) bylaws.

STAFF RECOMMENDATION:

Approve Requested Actions

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The revision to the bylaws originated in 2012 with a need to address the makeup of the Board of Directors, partly in response to changes to California Corporations Code § 5047. The change called into question the status of the “ex-officio” board members identified in Section 2a of the Original Bylaws. In reviewing the bylaws to address this clarification, we noted that the bylaws were not up to date on best practices and did not reflect many of the changes the City had recently approved for CCDC and SEDC (now CivicSD) bylaws.

The Restated and Amended Bylaws include the following primary revisions:

- 1) Art. 7, Section 2 – reflecting the change in the selection of directors;
- 2) Art. 7, Section 3 – providing for a limit of two consecutive 3-year terms (as recommended by City Audit, July 29, 2009);
- 3) Changes in reference from “charitable” to “public benefit” corporation, as requested by SDCCC, to better reflect the nature of the corporate mission;
- 4) Art. 13, Section 5 - Monthly financial statements shall be presented for acceptance to the Board by the Chief Financial Officer of the Corporation at the Board's next regularly scheduled meeting.
- 5) New provisions in order to reflect updated best corporate governance practices (the original bylaws date back to 1984), including:
 - a. Purchasing and contracting policies;
 - b. Ethics, gifts and record retention policies;

- c. Fiscal policies;
- d. Personnel policies;
- e. Conflicts of interest policies;
- f. Provisions for City oversight, including performance and financial audit provisions;
- g. Brown Act compliance; and
- h. Public Disclosure requirements.

FISCAL CONSIDERATIONS: n/a

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): n/a

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: n/a

KEY STAKEHOLDERS AND PROJECTED IMPACTS: SDCCC, Civic San Diego, City of San Diego

Bradford, Jaymie
Originating Department

Deputy Chief/Chief Operating Officer

AMENDED AND RESTATED
BYLAWS OF
SAN DIEGO CONVENTION CENTER CORPORATION, INC.

ARTICLE 1: NAME

The name of this corporation is San Diego Convention Center Corporation, Inc. (Corporation).

ARTICLE 2: PURPOSES

This Corporation has been formed for public benefit purposes to operate and manage the publicly owned San Diego Convention Center, including its financing, expansion, maintenance, and, to provide such public benefit services that are associated with such specific purpose as allowed by law and to provide such other services as set forth in Article II of this Corporation's Articles of Incorporation (the Articles).

The Corporation is intended to operate as a special purpose governmental unit and a component to the City of San Diego's tourism, economic development and revenue programs. The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its primary public benefit purposes.

This Corporation shall hold, and may exercise, all such powers as may be conferred upon a nonprofit corporation by the laws of the State of California and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the Corporation. In no event, however, shall the Corporation engage in activities which are not permitted to be carried on by a corporation exempt under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 3: PRINCIPAL OFFICES

The principal office of the Corporation shall be located in the City of San Diego, County of San Diego, State of California. The Board of Directors of the Corporation (Board) may at any time, or from time to time, change the location of the principal office from one location to another within said city and county.

ARTICLE 4: NONPARTISAN ACTIVITIES

This Corporation has been formed under Part 2 of the California Nonprofit Public Benefit Corporation Law (the Law) (California Corporations Code §§ 5000-6910) for the public benefit purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation. The Corporation shall not participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office.

ARTICLE 5: DEDICATION OF ASSETS

The properties and assets of this nonprofit Corporation are irrevocably dedicated to public benefit 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 member, director or officer of this Corporation. On liquidation or dissolution, all remaining properties and assets of the Corporation shall be distributed and paid over to the City of San Diego and used for public purposes or, in the sole discretion of the member, to an organization dedicated to public benefit or charitable purposes which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 6: MEMBERSHIP

Section 1. Sole Member. The City of San Diego, a charter city in the State of California (City), shall be the sole member of this Corporation. The sole member shall act through the City Council of the City (Council) in accordance with the City Charter, the City's Municipal Code, applicable state laws and these Amended and Restated Bylaws of San Diego Convention Center Corporation, Inc. (Bylaws). Pursuant to Section 5312 of the Law, Council members hold an indivisible interest in the single membership of the City, and in accordance with Section 5612 of the Law, a vote of the majority of Council members shall bind the sole member.

Section 2. Rights of Membership. The member, acting through a majority vote of Council members in accordance with these Bylaws, shall have the right to vote on the election of directors of the Board, subject to the provisions of Article 7, Section 2 of these Bylaws, the disposition of all or substantially all of the Corporation's assets, any merger and its principal terms and any amendment of those terms, any election to dissolve the Corporation, the election and removal of officers as provided in these Bylaws, the amendment of the Corporation's Articles or Bylaws and such other matters as set forth in these Bylaws and the Law. In addition, the member shall have all rights afforded members under the Law and these Bylaws. This Corporation may benefit, serve, or assist persons who are not members.

No member shall be entitled to any dividend or any part of the income of the Corporation.

Section 3. Termination of Membership. The membership shall only terminate upon the resignation of the sole member, on reasonable notice to the Corporation.

Section 4. Expulsion, Suspension or Termination of Membership. The member may not be expelled or suspended, and no membership or membership rights may be terminated (except as provided in Article 6, Section 3 of these Bylaws) or suspended.

Section 5. Transfer of Membership. The membership or rights arising from membership shall not be transferred. All membership rights cease on the termination of membership pursuant to Article 6, Section 3 of these Bylaws.

Section 6. Liability for Debts or Obligations. The City, as sole member of the Corporation, is not, as such, liable for the debts, liabilities, or obligations of the Corporation.

Section 7. Place of Meeting. Meetings of the member shall be held in Council Chambers of the City Administration Building, Community Concourse in the City of San Diego and pursuant to San Diego Municipal Code section 22.0101, Rule 1 and the City Charter, as they may be amended from time to time.

Section 8. Regular Meeting. A regular meeting of the member shall be held in each year in which directors of the Board are to be elected at that meeting and any meeting of Council at which directors of the Board are to be elected shall be a regular meeting of the member. Any other proper business may be transacted at that regular meeting. Regular meetings of the member shall be conducted in compliance with the requirements of the Ralph M. Brown Act, as set forth at California Government Code section 54950, *et seq.* (Brown Act).

The member is prohibited from participating in the regular meeting of the member by means of electronic transmission or electronic video screen communications. The regular meeting of the member shall be held at the date and time designated only by the member, which shall be the date of a regular meeting of Council and on the same date and immediately preceding the annual meeting of the Board.

Section 9. Special Meetings. A special meeting of the member is any meeting of the member at which any matters other than the annual election of the directors of the Board are to be acted upon. Special meetings of the member shall be conducted in compliance with the Brown Act. Special meetings for any lawful purpose may be called by the Board, the chairperson of the Board, the President & CEO, or by the member. No business other than the business the general nature of which was set forth in the notice of the meeting may be transacted at a special meeting.

When a special meeting of the member is called by the member, the meeting date shall be at least thirty-five (35), but no more than ninety (90), days after receipt of the request from the member to call the special meeting. The officer receiving the request for the special meeting of the member shall cause notice to be given promptly to Council members and to the Mayor of the City (Mayor), stating that a special meeting of the member will be held at a specified time and date to be fixed by the member. If the notice is not given within twenty (20) days after the request is received, the person or persons requesting the meeting may give the notice.

Section 10. Notice of Meetings. Notice of all meetings of the member shall comply with the Brown Act. In addition, the following supplementary notice provisions apply to all meetings of the member.

- (a) Written notice of the meeting shall be given at least ten (10), but no more than ninety (90), days before the meeting date to each of the Council members and to the Mayor.
- (b) Notice of a regular or a special meeting of the member shall be given to Council members and to the Mayor in accordance with the provisions of this Article 6, Section 10 of these Bylaws. Regular and special meetings of the member of the Corporation acting through a meeting of Council shall comply with the Brown Act and the meeting requirements of Council.

- (c) The notice shall be given either personally, or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to Council members and to the Mayor at the address of the member and the Mayor appearing on the books of the Corporation or at the address of Council and the Mayor appearing on the records of the City, for purposes of notice.
- (d) The notice shall specify the place, date, and hour of the meeting and (1) for a special meeting, the general nature of the business to be transacted; or (2) for a regular meeting, those matters which the Board or the member, at the time notice is given, intends to present for action by the member. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

Any approval by the member of any of the following proposals is valid only if the notice states the general nature of the proposal or proposals:

- 1) Removing a director of the Board without cause;
- 2) Filling vacancies on the Board;
- 3) Amending the Articles or Bylaws; and
- 4) Electing to wind up and dissolve the Corporation.

An affidavit of the mailing or other means of giving any notice of the member meeting may be executed by the secretary or any other party of the Corporation giving the notice, and, if so executed, shall be filed and maintained in the Corporation's minute book.

Section 11. Quorum. The presence in person of a majority of Council members shall constitute a quorum.

Section 12. Adjournment. Any meeting of the member may be adjourned from time to time by the vote of the majority of the Council. No meeting may be adjourned for more than forty-five (45) days. When a meeting of the member is adjourned to another time or place, notice shall be given of the adjourned meeting as provided in Article 6, Section 10 of these Bylaws, even if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken.

Section 13. Voting. A majority vote means the affirmative vote of five Council members. A two-thirds vote means the affirmative vote of six Council members. Each Council member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the member. Cumulative voting is prohibited. If a quorum is present, a majority vote of Council members shall be the act of the member, unless the vote of a greater number is required by the Articles, these Bylaws or the Law. In any election of directors of the Board, the candidates

receiving the highest number of votes are elected. Each Council member shall have the right to vote for as many nominees as there are vacancies on the Board to be filled by the member.

Section 14. Waiver of Notice or Consent. Notice of any special meeting of the member in accordance with Article 6, Section 10 of these Bylaws may be waived by any Council member who, at or prior to the time the special meeting convenes, delivers to the City Clerk a written waiver of notice. The waiver of notice may be given by e-mail. The written notice of any special meeting of the member may also be dispensed with as to any Council member who is actually present at the special meeting at the time the meeting convenes. No written waiver of notice or consent to the holding of a regular meeting of the member, or an approval of the minutes of any regular meeting of the member shall be permitted.

Section 15. No Action by Unanimous Written Consent. A member action may not be taken by unanimous written consent without a meeting and without prior notice.

Section 16. No Action by Written Ballot Without a Meeting. A member action, including the election of directors of the Board, may not be taken by written ballot without a meeting and without prior notice.

Section 17. Proxies. The member shall not have the right to vote by a written proxy either in person or by authorizing one or more agents.

ARTICLE 7: BOARD OF DIRECTORS

Section 1. Powers. Subject to the provisions and limitations of the Law and any other applicable laws of the State of California, and subject to any limitations in the Articles and these Bylaws regarding actions that require approval of the member, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the business of the Corporation to a committee composed of Board members, or other person, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Number, Election, Nomination, and Appointment of Directors. The authorized number of directors of the Corporation shall be seven (7), until changed by amendment of the Articles or these Bylaws. The Mayor shall appoint one director as a representative of the Mayor and the Council shall appoint one director as a representative of Council. The remaining directors shall be elected by the member (Elected Directors). The member shall adopt nomination and election procedures for the Elected Directors that comply with Section 5520 of the Law. These procedures shall include a method by which the Mayor submits candidates for election to the member for its consideration. The procedures shall allow for a reasonable opportunity for a nominee to communicate to the member the nominee's qualifications and the reasons for the nominee's candidacy. The Council may elect directors to fill a vacant director position, except for the director position that represents the Mayor's office, if the Mayor does not submit any candidates to fill any such vacancies for ratification by Council within ninety (90) days of the notification of any such vacancy. No corporate funds may be expended to support a nominee for director.

No director may be a member of the Council. Directors shall include, but not be limited to, individuals having experience in the hospitality, business, labor, or legal professions. The provisions of this Section 2 may only be changed by an amendment of the Articles or these Bylaws.

Section 3. Election, Designation, and Term of Office of Directors. Directors shall serve for a term of three (3) years. It is the intent of these Bylaws to have and maintain the staggered terms of office for the directors and to provide that no more than one-third (1/3) of the directors' offices expire each year. The Board shall divide its members into three groups of three directors, two directors, and two directors, each consistent with the current terms of the directors as of the date of adoption of these Bylaws. Election of the directors for each group of directors' offices shall occur annually by the member at the regular meeting of the member. However, if all of the directors to be elected are not elected at any regular meeting, they may be elected at any special meeting of the member held for that purpose.

Each director, including a director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified. Directors may not serve more than two (2) consecutive three-year terms. A partial term in excess of one-half (1/2) of a full term will be considered a full term for purpose of term limitations.

Section 4. Vacancies. A vacancy on the Board shall exist on the occurrence of the following:

- (a) The death or resignation of any director;
- (b) The declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by a final order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Sections 5230-5239 of the Law dealing with standards of conduct for a director, or has missed three (3) consecutive meetings of the Board or a total of four (4) meetings of the Board during any one calendar year;
- (c) The vote by two-thirds (2/3) of the Council members at a meeting of the Council to suspend or terminate and remove a director with or without cause upon the direction of the Council, or by the vote of a simple majority of the Council at a meeting of Council in favor of the recommendation to suspend or terminate and remove a director upon a recommendation of the Mayor to the Council stating that the Mayor believes a director has breached the provisions of these Bylaws;
- (d) An increase in the authorized number of directors; or
- (e) The failure of the member, at any meeting of the member at which directors are to be elected, to elect the number of directors required to be elected at such meeting.

Except as provided in this paragraph, any director may resign as provided in Article 11, Section 1(c). Unless the California Attorney General is first notified, no director may resign when the Corporation would then be left without a duly elected director in charge of its affairs.

Prior to the removal of any director, the director to be removed shall have been notified in writing in the manner set forth in Article 6, Section 10 that such action would be considered at the meeting and at which removal would be voted on. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 5. Fees and Compensation. Directors may not receive any compensation for their services as such, but may receive reasonable reimbursement of expenses incurred in the performance of their duties, including advances as provided in Article 8, Section 2, as may be fixed or determined by resolution of the Board. Directors may not be compensated for rendering services to this Corporation in any capacity other than as a director, unless such compensation is reasonable and approved as provided in Article 8, Section 3 of these Bylaws.

Section 6. Meetings of the Board.

- (a) Annual and Regular Meetings. The Board shall meet annually for a regular meeting of the Board, but no later than sixty (60) days after a meeting of the member for purposes of organization, election of officers and the transaction of other business. Other regular meetings of the Board shall be held at such times as are fixed by the Board or requested by the member.
- (b) Special Meetings. Special meetings of the Board shall be held upon four (4) days notice by first-class mail, or forty-eight (48) hours notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the Corporation at such times that are fixed by the Board or requested by the member. The call and notice shall specify the time and place of the special meeting and the business to be transacted at the special meeting. No other business shall be considered at these special meetings of the Board. Provided, however, notice of a special meeting of the Board may be waived by any member of the Board who, at or prior to the time the special meeting convenes, delivers to the City Clerk a written waiver of notice. Said waiver of notice may be given by e-mail. All waivers of notice of the special meeting shall be filed with the corporate records or made a part of the minutes of the meetings of the Board. The written notice of any special meeting of the Board may also be dispensed with as to any Board member who is actually present at the special meeting at the time the meeting convenes. Special meetings of the Board shall comply with the Brown Act and the Law.
- (c) Notice. All regular and special meetings of the Board shall be held with notice and in compliance with the Brown Act. Meetings shall be held at any place designated by resolution of the Board, or, if not designated, at the principal office of the Corporation and included in the notice of the meeting in accordance with these Bylaws. A meeting may be held at any place provided in the notice in accordance with these Bylaws. Any meeting may be held by conference telephone or other communications equipment permitted by the Law, as long as

all directors participating in the meeting can communicate with one another and all other requirements of the Law and the Brown Act are satisfied. All such directors shall be deemed to be present in person at such meeting.

- (d) Calling Meetings; Notice to Directors, Council, and Mayor. Meetings of the Board for any purpose may be called at any time by the chairperson of the Board, and, in his or her absence, by the vice chairperson of the Board; by any two (2) directors; or by the member. In addition to the notice required by the Brown Act, notice of the date, time, and place of meetings shall be delivered personally to or communicated to each director, Council members, and the Mayor by telephone, including a voice messaging system which records and communicates messages, facsimile, or electronic mail at least four (4) days before the date of the meeting for any regular meeting of the Board. Notice may be communicated by telegraph, express mail service, first-class mail, or by other means of written communication, charges prepaid. Said notice shall be addressed to the directors, Council members, and the Mayor at their respective addresses as shown upon the records of the Corporation or the records of the City, deposited in the mails or given to the express mail company or other carrier at least seven (7) days before the date of the meeting. The notice shall specify the purpose of the meeting.
- (e) No Waiver of Notice. A director may not waive notice to the holding of a regular meeting of the Board, and may not consent to the holding of a regular meeting of the Board without the notice provided in this Article 7, Section 6, under any circumstances. No transaction at any regular meeting of the Board is valid under any circumstances if, either before or after the meeting, any or all members of the Board, not present in person or by proxy, sign a written waiver of notice, a consent to the holding of the regular meeting, or an approval of the minutes of the regular meeting. All such waivers, consents, and approvals shall be invalid.
- (f) Quorum; Action at a Meeting. The presence of a majority of the directors authorized in the Bylaws at a meeting of the Board constitutes a quorum for the transaction of business. Every act done or decision made by a majority of the directors present at a meeting at which a quorum is present shall be regarded as the act of the Board, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by the Articles, these Bylaws, or the Law. Directors may not vote by proxy. The Board may continue to transact business at a meeting at which a quorum is initially present, including an adjourned meeting, notwithstanding the withdrawal of directors, if any action taken is approved by at least a disinterested majority of the required quorum for such meeting, or such greater number as required by the Articles, these Bylaws or the Law.

- (g) Adjourned Meeting and Notice. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given to the directors who were not present at the time of the adjournment, and to Council members and the Mayor as provided in Article 7, Section 6(d) of these Bylaws. Such notice may not be waived under any circumstances.
- (h) Participation of City Officials. Council members or their duly authorized representatives and the Mayor shall be entitled to attend any meetings of the Board or any committee thereof and shall receive notice of such meetings in accordance with Section 6(d) of this Article 7. However, neither Council members nor the Mayor shall be entitled to vote on any matter considered by the Board or any committee thereof at any meeting. Council members and the Mayor shall be entitled to make presentations to the Board and propose recommendations for consideration by the Board and any committees thereof on matters related to the business or operations of the Corporation.
- (i) No Action Without a Meeting. The Board may not take any action by unanimous written consent without a meeting and without prior notice as required by this Article 7 under any circumstances. Any such action by the unanimous written consent of the Board shall be invalid.
- (j) Conduct of Meetings. Meetings of the Board shall be presided over by the Chairperson or, in his or her absence, by the Vice Chairperson or, in the absence of the Chairperson and the Vice Chairperson, by a person chosen by the majority of the directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board; provided, however, that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

ARTICLE 8: STANDARD OF CARE

Section 1. General. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

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

- (a) One or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

- (c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as the director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

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

Section 2. Loans; Advances. This Corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the California Attorney General; provided, however, that this Corporation may advance money to a director or officer of this Corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 3. Compensation of Officers, Employees, and Independent Contractors. No officer or any of the two highest compensated employees or the two highest compensated independent contractors of the Corporation (as such compensation is determined by the books and records of the Corporation) may receive compensation, directly or indirectly, from the Corporation unless such compensation is first determined by the disinterested directors, as defined in the Law, or an authorized committee thereof, to be just and reasonable to the Corporation.

- (a) The names of the persons who were present for discussions and votes relating to the compensation arrangement, the content of the discussion, including any of the information used to determine the reasonableness of the compensation and a record of any votes taken in connection with the proceedings shall be maintained in the minutes of the Corporation.
- (b) The determination of reasonableness shall be based upon information about compensation paid by similarly situated organizations for similar services, current compensation surveys compiled by independent firms or actual written offers from similarly situated organizations. Similarly situated organizations may include both taxable and tax-exempt organizations.
- (c) No officer, employee, or independent contractor shall participate in the discussion and approval of his or her compensation, except that such persons may provide information to the disinterested directors.

Section 4. Board Review of Fairness of Compensation. The Board shall review the fairness of compensation, including benefits paid, in accordance with the requirements of California Government Code Section 12586(g), or any successor section, of any person, regardless of title, with powers, duties, or responsibilities comparable to a president, chief executive officer, treasurer, or chief financial officer upon the occurrence of the following events:

- (a) The officer is hired;
- (b) The officer's term of employment is extended or renewed; or
- (c) The officer's compensation is modified, unless such modification occurs pursuant to a general modification of compensation that extends to all employees.

Section 5. Periodic Reviews. The Board shall conduct periodic reviews to ensure the Corporation operates in a manner consistent with public benefit purposes and does not engage in activities that could jeopardize its tax-exempt status. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits payable to officers, directors, employees and consultants are reasonable, based on competent survey information and the result of arm's length bargaining.
- (b) If applicable, whether partnerships and joint ventures conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further public benefit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

When conducting the periodic reviews, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Section 6. Restriction on Interested Directors. No person serving on the Board at any time may be an interested person. An interested person is: (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise; and (2) 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. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 7. Indemnification. In accordance with the provisions of this Article 8, Section 7, this Corporation shall indemnify its directors, officers, and employees, and including persons formerly occupying any such position, and their heirs, executors, and administrators, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in said Section 5238(a) of the Law, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section, if: (i) such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation, and (ii) in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. "Expenses" shall have the same meaning as in Section 5238(a) of the Law.

No indemnification shall be made if any of the conditions set forth in Section 5238(c)(1) through (3) of the Law or any successor provision of such section is present. Except as provided in subdivision (d) of Section 5238 of the Law, any indemnification shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the director, officer, or employee has met the applicable standard of care set forth in subdivision (b) or (c) of Section 5238 of the Law, by: (i) a majority vote of a quorum consisting of directors who are not parties to such proceeding; (ii) approval of the member (Section 5034 of the Law); or (iii) the court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation. Such right of indemnification shall not be deemed exclusive of any other rights to which such persons may be entitled apart from this Article 8, Section 7 of these Bylaws; provided, however, any other such indemnification rights shall be consistent with this Article 8, Section 7 of these Bylaws.

Section 8. Insurance. The Corporation shall purchase and maintain insurance on behalf of its directors, officers, and employees as determined and approved by the Board against any liability asserted against or incurred by the director, officer, or employee in such capacity or arising out of the director's, officer's, or employee's status as such.

ARTICLE 9: CORPORATE GOVERNANCE

Section 1. Submission of Corporation Budget. The Corporation shall prepare and submit to the City a "Corporation Budget," meaning a statement prepared by the Corporation that: (i) is based on reasonable assumptions in connection with an appropriate due diligence review which has been approved by the Board; (ii) contains its best estimate of the revenues and expenditures of the Corporation for the next succeeding fiscal year; (iii) is in complete and final form; and (iv) includes supporting detail. The budget shall be submitted no later than March 1 for inclusion in the City's annual proposed budget released by April 15 to the person or persons designated by the Mayor in form and content acceptable to the Mayor or designee and in accordance with the City's budget policies and procedures.

Section 2. Corporate Policies.

- (a) Compliance. The Corporation shall at all times be subject to and shall comply with all existing Board-approved corporate policies, including, but not limited to, any and all Governance Policies, Purchasing & Contracting Policies, Ethics & Conflict of Interest Policies, Fiscal & Financial Policies and Document Retention Policies (each as further identified in this Article 9), with any necessary technical amendments thereto to conform said policies to the Articles and these Bylaws. Subject to Article 9, Section 2(b) the foregoing policies shall be updated as provided in this Article 9, to ensure that said policies reflect the current best practices in public governance and continue to comply with applicable law.

- (b) Member Approval. Any proposed changes to the Fiscal & Financial Policies, Purchasing & Contracting Policies or the Conflict of Interest Policy shall first be submitted to the Board for review and approval, then to the chief financial officer (CFO) of the City for review and comment (except the Conflicts of Interest Policy) and finally submitted to the Council for review and approval.

Section 3. Purchasing and Contracting Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted comprehensive written purchasing and contracting policies, which shall be reviewed and, if appropriate, updated annually to ensure that current best practices in public contracting law are included.

Section 4. Adoption of Ethics, Gifts, and Record Retention Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted written policies relating to Ethics, Gifts, and Records Retention in accordance with current best practices in operating and managing publicly owned theaters and performing arts venues. Such policies shall be reviewed and, if appropriate, updated annually to ensure the best practices remain current.

Section 5. Finance, Budget, Reimbursement of Expenses, Expenditure Allowances, and Other Fiscal Policies (Finance & Fiscal Policies). No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted comprehensive written Finance & Fiscal Policies in accordance with current best practices in public agency fiscal policy. The Finance & Fiscal Policies shall be updated annually to ensure the best practices remain current.

Section 6. Adoption of Personnel Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted a written personnel manual (Personnel Manual) in accordance with current best practices in personnel. The Personnel Manual shall be reviewed and, if appropriate, updated annually to ensure the best practices remain current.

Section 7. Conflicts of Interest. No later than sixty (60) days after the Council's adoption of these Bylaws, the Corporation shall have adopted a written policy regarding conflicts of interest acceptable to the Board and Council. In addition, the Corporation and its officers, directors, employees, and consultants shall comply with said policy and with the conflict of interest and related provisions of applicable state and local law.

Section 8. Training Program in Ethics, Fiduciary Duties and Corporate Governance. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have approved and the Corporation shall implement a training program for officers, directors, and employees in ethics, fiduciary duties, and corporate governance in accordance with current best practices in local public agency law. Such training programs shall occur at least every two years. Certificates of compliance shall be provided to the CFO of the City at least every two years, demonstrating compliance with the training requirements.

Section 9. Performance Audits. The member may request at any time and for any reason in its discretion that a performance audit of the Corporation be undertaken by the City Auditor or a third-party consultant. The Corporation shall pay, in full, all costs and expenses associated with

any performance audit requested by the member; provided, however, the Corporation shall be required to pay for only one performance audit in each fiscal year.

Section 10. Public Disclosure. The Corporation shall timely provide on its website at all times copies of: (i) the agendas and all minutes of the proceedings of the Board and any committees thereof; (ii) all material reports provided by or on behalf of the Corporation; (iii) the current year approved Corporation Budget; (iv) the unaudited financial statements of the Corporation for the prior three (3) fiscal years; (v) all policies of the Corporation, including the policies provided for in Article 9 of these Bylaws; (vi) all executed contracts above \$250,000, excluding any confidential provisions of such contracts; and (vii) the Bylaws and all amendments thereto.

Section 11. Experience Requirements for the Board of Directors. Prospective Board members shall provide written evidence of the experience required by Article 7, Section 2 of these Bylaws to the Mayor and Council prior to any nomination for confirmation by Council and prior to appointment by the Mayor as a member of the Board.

Section 12. Oversight of Outside Counsel by City Attorney. The City Attorney of the City shall not be obligated pursuant to City Charter Section 40 to provide legal services, or perform any duties of a legal nature, for the Corporation. The City Attorney may, at his or her sole discretion, agree to provide legal services, and/or perform duties of a legal nature, for the Corporation upon terms and conditions directed by the City Attorney. The City Attorney shall be authorized to approve, reject or terminate all contracts for outside legal counsel retained by the Corporation and managed by the Corporation.

Section 13. Violation of Policies. A violation of a Board-approved policy or applicable City policy (City Policy) is a material violation of these Bylaws. In the event the Corporation does not have a Board-approved policy with regard to any matter or matters that are covered by a City Policy, the Corporation agrees that the applicable City Policy shall control and be applicable to the Corporation for such matter or matters.

ARTICLE 10: COMMITTEES OF THE BOARD

Section 1. Committees. The Board may, by resolution adopted by a majority of the directors then in office, provided that a quorum is present, designate one or more committees to exercise all or a portion of the authority of the Board, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws. Each such committee shall consist of two (2) or more directors to serve at the pleasure of the Board. The Board may designate one or more alternate members of any committee, who may replace any absent member at any meeting of the committee. The Board may also designate one or more advisory committees that do not have the authority of the Board. However, no committee, regardless of Board resolution, may:

- (a) Approve any action that, under the Law, the Articles or these Bylaws, also requires approval of the member;
- (b) Fill vacancies on, or remove members of, the Board or any committee that has the authority of the Board;
- (c) Amend or repeal the Articles or Bylaws or adopt new bylaws;

- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Appoint any other committees of the Board or their members;
- (f) Approve a plan of merger, consolidation, voluntary dissolution, bankruptcy or reorganization, or for the sale, lease or exchange of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, or revoke any such plan; or
- (g) Approve any self-dealing transaction, except as provided by Section 5233 of the Law.

No committee may be authorized to bind the Corporation in a contract or agreement or expend corporate funds.

Section 2. Meetings and Actions of Committees. Meetings and actions of all committees shall be governed by, and held and taken in accordance with, the provisions of Article 7, Section 6, of these Bylaws concerning meetings and actions of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board, or by the chair of such committee, or a majority of the members of such committee. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

Section 3. Executive Committee. Pursuant to Article 10, Section 1, the Board may appoint an Executive Committee composed of three (3) or more directors, one of whom shall be the chairperson of the Board to serve as the Executive Committee of the Board. The Executive Committee, unless limited in a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Corporation between meetings of the Board; provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Article 9, Section 1. The secretary of the Corporation shall send to each director a summary report of the business conducted at any meeting of the Executive Committee.

Section 4. Audit Committee.

- (a) Membership. The Board shall appoint an Audit Committee. The committee may be comprised of two (2) or more persons and may include a non-voting citizen member. The Audit Committee shall comply with requirements of California Government Code Section 12586(e)(2) (Section 12586(e)(2)) or any successor section, regarding the requirements and membership of the Audit Committee including that the Membership of the Audit Committee shall not include the following persons:

- (i) The President or the Chairperson;
- (ii) The Chief Financial Officer or the Treasurer;
- (iii) Any employee of the Corporation; or
- (iv) Any director with a material financial interest in any entity doing business with the Corporation.

As required by Section 12586(e)(2) of the Law, in the event that the Board appoints a Finance Committee, members of the Finance Committee must constitute less than one-half of the Membership of the Audit Committee and the Chair of the Finance Committee shall not serve on the Audit Committee.

- (b) Duties. The Audit Committee shall assist the Board in fulfilling its responsibility for the oversight of the integrity of the Corporation's financial statements and internal control procedures and the Corporation's compliance with legal and regulatory requirements. The Audit Committee shall also be responsible for: (i) recommending to the Board the retention or termination of the independent auditor to prepare the audited financial statements of the Corporation, who shall be an independent certified public accountant; (ii) assisting the Board in the selection, review of qualifications, supervision of the independent auditor's management independence, and review of performance; and (iii) negotiating the independent auditor's compensation on behalf of the Board. Moreover, the Audit Committee shall: (i) confer with the independent auditor to satisfy its members that the financial affairs of the Corporation are in order; (ii) review and determine whether to accept the audit; (iii) ensure that any non-audit services, if any, performed by the auditing firm conform with statutory and regulatory standards for auditor independence; and (iv) approve the performance of non-audit services, if any, by the auditing firm.

ARTICLE 11: OFFICERS

Section 1. Officers. The officers of the Board shall consist of a Chairperson, Vice Chairperson, Secretary, and Treasurer whose duties as treasurer may be set forth in a resolution of the Board. The officers of the Corporation shall consist of the President & CEO and Chief Financial Officer. The Board may appoint such other officers of the Board or Corporation as the Board may designate by resolution, including a fiscal agent. The same person may hold any number of offices, except that neither the Secretary nor the Treasurer may serve concurrently as the Chairperson or as President & CEO. In addition to the duties specified in this Article 11, officers shall perform all other duties customarily incident to their office and such other duties as may be required by law, by the Articles, or by these Bylaws, subject to control of the member and the Board, and shall perform such additional duties as the Board shall from time to time assign. The Chairperson, Vice Chairperson, Secretary, and Treasurer shall be elected by the Board from its members. The President & CEO and the Chief Financial Officer shall be employees of the Corporation.

The following procedures shall apply to officers of the Board:

- (a) Election of Officers. The officers of the Board shall be chosen by election of the Board, and shall serve at the pleasure of the Board.
- (b) Removal. Any officer of the Board may be removed with or without cause by the Board.
- (c) Resignation. Any officer of the Board may resign at any time by giving written notice to the Board, or the Chairperson or the Secretary. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation and, unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective.
- (d) Vacancy. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws.

Section 2. Officers of the Board.

- (a) Chairperson of the Board. The Chairperson shall, when present, preside at all meetings of the Board and Executive Committee. The chairperson is authorized to execute in the name of the Corporation all the contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation, except when by law the signature of the President is required.
- (b) Vice Chairperson of the Board. The Vice Chairperson shall, in the absence of the Chairperson, or in the event of his or her inability or refusal to act, perform all the duties of the chairperson, and when so acting shall have all the powers of, and be subject to all the restrictions on, the Chairperson.
- (c) Treasurer. The treasurer shall be responsible for the oversight of the financial affairs of the Corporation. The Treasurer shall also be the chair of the Budget/Finance and Administration Committee, if any, and shall be assigned any other duties as determined by the Board.
- (d) Secretary. The Secretary, or his or her designee, shall be custodian of all records and documents of the Corporation, which are to be kept at the principal office of the Corporation, shall act as Secretary of all the meetings of the Board and the member, and shall keep the minutes of all such meetings in books proposed for that purpose. He or she shall attend to the giving and serving of all notices of the Corporation, and shall see that the seal of the Corporation (if such a seal has been prescribed and adopted by the Board) is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws.

Section 3. Officers of the Corporation.

- (a) President & CEO. Subject to the control, advice, and consent of the Board, the President & CEO shall, in general: (i) supervise and conduct the activities and operations of the Corporation; (ii) keep the Board fully informed and shall freely consult with them concerning the activities of the Corporation; and (iii) see that all orders and resolutions of the Board are carried into effect. Where appropriate, the Board shall place the President & CEO under a contract of employment. The President & CEO shall be empowered to act, speak for, or otherwise represent the Corporation between meetings of the Board. The President & CEO shall be responsible for the hiring and firing of all personnel, and shall be responsible for keeping the Board informed at all times of staff performance and for implementing any personnel policies adopted by the Board. The President & CEO shall be authorized to: (i) contract, receive, deposit, disburse, and account for funds of the Corporation; (ii) execute, in the name of the Corporation, all contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation; and (iii) negotiate all material business transactions of the Corporation.
- (b) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Chief Financial Officer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the Board, and shall render to the chairperson, President & CEO, and directors, whenever they request it, an account of all of the Chief Financial Officer's transactions as Chief Financial Officer and of the financial condition of the Corporation.

If required by the Board, the Chief Financial Officer 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 Chief Financial Officer's office and for restoration to the Corporation of all its books, papers, vouchers, money and other property of every kind in the Chief Financial Officer's possession or under the Chief Financial Officer's control on the Chief Financial Officer's death, resignation, retirement, or removal from office. The Corporation shall pay the cost of such bond.

ARTICLE 12: EXECUTION OF CORPORATE INSTRUMENTS

Section 1. Execution of Corporate Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute

any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation, or in special accounts of the Corporation, shall be signed by such person or persons as the Board shall authorize to do so.

Section 2. Loans and Contracts. No loans or advances shall be contracted on behalf of the Corporation and no note or other evidence of indebtedness shall be issued in its name unless and except as the specific transaction is authorized by the Board. Without the express and specific authorization of the Board, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

ARTICLE 13: RECORDS, FINANCIAL REPORTS AND AUDIT REQUIREMENTS

Section 1. Maintenance and Inspection of Articles and Bylaws. The Corporation shall keep at its principal office the original or a copy of its Articles and Bylaws as amended to date, which shall be open to inspection by the member and the directors at all reasonable times during office hours.

Section 2. Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns. The Corporation shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three (3) years from their date of filing, which shall be open to public inspection and copying to the extent required by law.

Section 3. Maintenance and Inspection of Other Corporate Records. The Corporation shall keep adequate and correct books and records of accounts; written minutes of the proceedings of its members, Board, and committees of the Board; and a record of each member's name and address. All such records shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of the Corporation shall turn over to his or her successor or the Chairperson or President & CEO, in good order, such corporate monies, books, records, minutes, lists, documents, contracts or other property of the Corporation as have been in the custody of such officer, employee, or agent during his or her term of office.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties operated and managed by the Corporation, subject to the execution of a confidentiality agreement for confidential records and documents as determined by counsel to the Corporation. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.

Upon written demand to the Corporation, the member, through the Mayor or Council, may inspect, copy, and make extracts of: (i) the accounting and financial books and records; (ii) the minutes of proceedings of the member, the Board, and committees of the Board; (iii) the personnel records (subject to appropriate confidentiality protections) and any and all documents,

records and reports relating to the business and operations of the Corporation, at any reasonable time but no later than ten (10) days after the written request by the member. The Mayor and Council shall designate the person(s) that may exercise this inspection right on their behalf.

Section 4. Preparation of Annual Audited Financial Statements. The Corporation shall prepare annual financial statements which shall be audited by an independent certified public accountant, in conformity with generally accepted accounting principles and under the supervision of the Audit Committee established by these Bylaws. The Corporation shall make these financial statements available to the California Attorney General and members of the public for inspection no later than six (6) months after the close of the fiscal year to which the statements relate.

The Corporation shall, within ninety (90) days after the close of each fiscal year of the Corporation, submit to the City Comptroller an unaudited draft of the financial statements of the Corporation for the prior fiscal year and, within one hundred twenty (120) days after the close of each fiscal year of the Corporation, the audited financial statements of the Corporation for the prior fiscal year, including an opinion of the independent auditor that is prepared by an independent certified public accountant, covering the business and operations of Corporation for such fiscal year. The Corporation's Chief Financial Officer and the President & CEO shall review the audited financial statements upon presentation to the Board. The Board, Chief Financial Officer, President & CEO, and such other officers of the Corporation as Council may designate shall provide certifications to Council in connection with such audited financial statements in the form required by Council (if any).

Section 5. Monthly Financial Reports. On or before the thirtieth day of each month, the Corporation shall prepare and shall file with CFO of the City the unaudited monthly financial statements of the Corporation prepared in accordance with generally accepted accounting principles in the form and content requested by the City which reflect the business and results of operations for the preceding month. The monthly financial statements shall be presented for acceptance to the Board by the Chief Financial Officer of the Corporation at the Board's next regularly scheduled meeting. The presentation to the Board of the monthly financial statements shall include a comparison of the actual results of operations to the estimates provided in the Corporation Budget, and the Chief Financial Officer of the Corporation shall explain and disclose to the Board any material variations between actual results and the approved Corporation Budget.

Section 6. Reports. The Board shall comply with Sections 6321 and 6322 of the Law, or any successor sections, and cause an annual report to be sent to all directors and Council members within one hundred twenty (120) days after the end of the Corporation's fiscal year, containing the following information:

- (a) The audited financial statements of the Corporation containing the information required by Section 6321 of the Law; and
- (b) The information required by Section 6322 of the Law concerning certain self-dealing transactions involving more than \$50,000 or indemnifications or advances aggregating more than \$10,000 which took place during the fiscal year.

The Corporation shall furnish to the member a copy of any report filed by the Corporation with the California Attorney General.

ARTICLE 14: FISCAL YEAR

The fiscal year for this Corporation shall begin on July 1 and shall end on June 30.

ARTICLE 15: AMENDMENTS AND REVISIONS

Only the member may adopt, amend, or repeal bylaws by an affirmative vote of a majority of Council members. Proposed amendments to these Bylaws must be in writing and sent to Council members in accordance with Council requirements in advance of the member meeting at which they will be considered for adoption. The Board may not extend the term of a director beyond that for which the member elected the director.

Any provision of these Bylaws that requires the vote of a larger proportion of the members than otherwise is required by law may not be altered, amended, or repealed except by the vote of that greater number.

ARTICLE 16: CORPORATE SEAL

The Board may adopt, use, and alter a corporate seal. The seal shall be kept at the principal office of the Corporation. Failure to affix the seal to any corporate instrument, however, shall not affect the validity of that instrument.

ARTICLE 17: CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Law as amended from time to time shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person. If any competent court of law shall deem any portion of these Bylaws invalid or inoperative, then so far as is reasonable and possible (i) the remainder of these Bylaws shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

CERTIFICATE OF SECRETARY

I, THE UNDERSIGNED, DO CERTIFY:

1. That I am the duly elected and acting Secretary of San Diego Convention Center Corporation, Inc., a California nonprofit public benefit Corporation;
2. That the foregoing Amended and Restated Bylaws, comprising 21 pages, constitute the Bylaws of the Corporation, as duly approved by the sole member of the Corporation, the City of San Diego, acting by and through its City Council, at a meeting duly held on _____; and
3. That the foregoing Amended and Restated Bylaws, comprising 21 pages, constitute the Bylaws of the Corporation, as duly approved by the Board of the Corporation at a meeting duly held on _____.

Executed on _____, _____ at San Diego, California.

Secretary

AMENDED AND RESTATED
BYLAWS
OF
SAN DIEGO CONVENTION CENTER CORPORATION, INC.

ARTICLE 1: NAME

~~OFFICE~~

~~Section 1. Principal Office. The principal office for the transaction of the business of the corporation~~The name of this corporation is San Diego Convention Center Corporation, Inc. (Corporation).

ARTICLE 2: PURPOSES

This Corporation has been formed for public benefit purposes to operate and manage the publicly owned San Diego Convention Center, including its financing, expansion, maintenance, and, to provide such public benefit services that are associated with such specific purpose as allowed by law and to provide such other services as set forth in Article II of this Corporation's Articles of Incorporation (the Articles).

The Corporation is intended to operate as a special purpose governmental unit and a component to the City of San Diego's tourism, economic development and revenue programs. The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its primary public benefit purposes.

This Corporation shall hold, and may exercise, all such powers as may be conferred upon a nonprofit corporation by the laws of the State of California and as may be necessary or expedient for the administration of the affairs and attainment of the purposes of the Corporation. In no event, however, shall the Corporation engage in activities which are not permitted to be carried on by a corporation exempt under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 3: PRINCIPAL OFFICES

The principal office of the Corporation shall be located at such place in the City of San Diego, County of San Diego, State of California, as the Board of Directors shall of the Corporation (Board) may at any time, or from time to time, fix and designate. change the location of the principal office from one location to another within said city and county.

~~Section 2. Other Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places.~~

ARTICLE II

MEMBER

ARTICLE 4: NONPARTISAN ACTIVITIES

This Corporation has been formed under Part 2 of the California Nonprofit Public Benefit Corporation Law (the Law) (California Corporations Code §§ 5000-6910) for the public benefit purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation. The Corporation shall not participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office.

ARTICLE 5: DEDICATION OF ASSETS

The properties and assets of this nonprofit Corporation are irrevocably dedicated to public benefit 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 member, director or officer of this Corporation. On liquidation or dissolution, all remaining properties and assets of the Corporation shall be distributed and paid over to the City of San Diego and used for public purposes or, in the sole discretion of the member, to an organization dedicated to public benefit or charitable purposes which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 6: MEMBERSHIP

Section 1. Sole Member. The City of San Diego, a charter city in the State of California (City), shall be the sole member

of this ~~corporation and~~ Corporation. The sole member shall act through ~~its~~ the City Council of the City (Council) in accordance with the City Charter, the ~~City's~~ City's Municipal Code ~~and the~~, applicable state laws and these Amended and Restated Bylaws of San Diego Convention Center Corporation, Inc. (Bylaws). Pursuant to Section 5312 of the Law, Council members hold an indivisible interest in the single membership of the City, and in accordance with Section 5612 of the Law, a vote of the majority of Council members shall bind the sole member.

~~The function~~ Section 2. Rights of Membership. The member, acting through a majority vote of Council members in accordance with these Bylaws, shall have the right to vote on the election of directors of the Board, subject to the provisions of Article 7, Section 2 of these Bylaws, the disposition of all or substantially all of the Corporation's assets, any merger and its principal terms and any amendment of those terms, any election to dissolve the Corporation, the election and removal of officers as provided in these Bylaws, the amendment of the Corporation's Articles or Bylaws and such other matters as set forth in these Bylaws and the Law. In addition, the member shall have all rights afforded members under the Law and these Bylaws. This Corporation may benefit, serve, or assist persons who are not members.

No member shall be entitled to any dividend or any part of the income of the Corporation.

Section 3. Termination of Membership. The membership shall only terminate upon the resignation of the sole member, on reasonable notice to the Corporation.

Section 4. Expulsion, Suspension or Termination of Membership. The member may not be expelled or suspended, and no membership or membership rights may be terminated (except as provided in Article 6, Section 3 of these Bylaws) or suspended.

Section 5. Transfer of Membership. The membership or rights arising from membership shall not be transferred. All membership rights cease on the termination of membership pursuant to Article 6, Section 3 of these Bylaws.

Section 6. Liability for Debts or Obligations. The City, as sole member of the Corporation, is not, as such, liable for the debts, liabilities, or obligations of the Corporation.

Section 7. Place of Meeting. Meetings of the member shall be to elect the Board of Directors held in Council Chambers of the City Administration Building, Community Concourse in the City of San Diego and to perform such other duties as the Board of Directors pursuant to San Diego Municipal Code section 22.0101, Rule 1 and the City Charter, as they may be amended from time to time assign or establish with the prior approval of the member.

Section 8.

~~Section 2.~~ Meetings of Member. There shall be an annual

Regular Meeting. A regular meeting of the member of this corporation shall be held in each year during the month of May in which directors of the Board are to be elected at such time and place as may be determined by that meeting and any meeting of Council at which directors of the Board are to be elected shall be a regular meeting of the member. Any other proper business may be transacted at that regular meeting. Regular meetings of the member shall be conducted in compliance with the requirements of the Ralph M. Brown Act, as set forth at California Government Code section 54950, *et seq.* (Brown Act).

The member is prohibited from participating in the regular meeting of the member by means of electronic transmission or electronic video screen communications. The regular meeting of the member shall be held at the date and time designated only by the member, which shall be the date of a regular meeting of Council and on the same date and immediately preceding the annual meeting of the Board.

Section 9. of Directors. Special Meetings. A special meeting of member may be held upon call by the member or the member is any meeting of the member at which any matters other than the annual election of the directors of the Board are to be acted upon. Special meetings of the member shall be conducted in compliance with the Brown Act. Special meetings for any lawful purpose may be called by the Board, the chairperson of the Board, the President, or, if he is absent, unable or refuses to act, by any Vice President or by any two Directors & CEO, or by the member. No business other than the business the general nature of which was set forth in the notice of the meeting may be transacted at a special meeting.

Subsection 1. When a special meeting of the member is called by the member, the meeting date shall be at least thirty-five (35), but no more than ninety (90), days after receipt of the request from the member to call the special meeting. The officer receiving the request for the special meeting of the member shall cause notice to be given promptly to Council members and to the Mayor of the City (Mayor), stating that a special meeting of the member will be held at a specified time and date to be fixed by the member. If the notice is not given within twenty (20) days after the request is received, the person or persons requesting the meeting may give the notice.

Section 10. Notice of Meetings.— Notice of all meetings of the member shall comply with the Brown Act. In addition, the following supplementary notice provisions apply to all meetings of the member.

- (a) Written notice of the meeting shall be given at least ten (10), but no more than ninety (90), days before the meeting date to each annual or special meeting shall be given to the member of the Council members and to the Mayor.

- (b) Notice of a regular or a special meeting of the member shall be given to Council members and to the Mayor in accordance with the provisions of this Article 6, Section 10 of these Bylaws. Regular and special meetings of the member of the Corporation acting through a meeting of Council shall comply with the Brown Act and the meeting requirements of Council.

(c) The notice shall be given either personally, or by first-class, registered, or certified mail, or by other means of written communication, charges prepaid, addressed to such member at its address as it shall appear on the books of the corporation or given by him to the corporation for the purpose of notice. All such notices shall be sent to the member not less than ten (10) days before each meeting; shall specify the place, the day, and the hour of such meeting; and shall also state the general matter of the business or proposal to be considered or acted upon at such meeting. Such notice shall also be given to the City Manager and the City Council of The City of San Diego and shall be addressed to Council members and to the Mayor at the address of the member and the Mayor appearing on the books of the Corporation or at the address of Council and the Mayor appearing on the records of the City, for purposes of notice.

Subsection (d) The notice shall specify the place, date, and hour of the meeting and (1) for a special meeting, the general nature of the business to be transacted; or (2) for a regular meeting, those matters which the Board or the member, at the time notice is given, intends to present for action by the member. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

Any approval by the member of any of the following proposals is valid only if the notice states the general nature of the proposal or proposals:

- 1) Removing a director of the Board without cause;
- 2) Filling vacancies on the Board;
- 3) Amending the Articles or Bylaws; and
- 4) Electing to wind up and dissolve the Corporation.

An affidavit of the mailing or other means of giving any notice of the member meeting may be executed by the secretary or any other party of the Corporation giving the notice, and, if so executed, shall be filed and maintained in the Corporation's minute book.

Section 11.— Quorum. The presence in person of a majority of ~~the City Council~~ members shall constitute a quorum ~~for the transaction of business at all meetings.~~

Section 12. Adjournment. Any meeting of the member may be adjourned from time to time by the vote of the majority of the Council. No meeting may be adjourned for more than forty-five (45) days. When a meeting of the member is adjourned to another time or place, notice shall be given of the adjourned meeting as provided in Article 6, Section 10 of these Bylaws, even if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken.

~~Subsection 3. Action. Membership action shall be effective upon written notification to the corporation by the City Manager of The City of San Diego.~~

Voting. A majority vote means the affirmative vote of five Council members. A two-thirds vote means the affirmative vote of six Council members. Each Council member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the member. Cumulative voting is prohibited. If a quorum is present, a majority vote of Council members shall be the act of the member, unless the vote of a greater number is required by the Articles, these Bylaws or the Law. In any election of directors of the Board, the candidates receiving the highest number of votes are elected. Each Council member shall have the right to vote for as many nominees as there are vacancies on the Board to be filled by the member.

Section 14. Waiver of Notice or Consent. Notice of any special meeting of the member in accordance with Article 6, Section 10 of these Bylaws may be waived by any Council member who, at or prior to the time the special meeting convenes, delivers to the City Clerk a written waiver of notice. The waiver of notice may be given by e-mail. The written notice of any special meeting of the member may also be dispensed with as to any Council member who is actually present at the special meeting at the time the meeting convenes. No written waiver of notice or consent to the holding of a regular meeting of the member, or an approval of the minutes of any regular meeting of the member shall be permitted.

Section 15. No Action by Unanimous Written Consent. A member action may not be taken by unanimous written consent without a meeting and without prior notice.

Section 16. No Action by Written Ballot Without a Meeting. A member action, including the election of directors of the Board, may not be taken by written ballot without a meeting and without prior notice.

Section 17. Proxies. The member shall not have the right to vote by a written proxy either in person or by authorizing one or more agents.

ARTICLE III

7: BOARD OF DIRECTORS

Section 1. Powers. Subject to the provisions and limitations of the Law and any other applicable laws of the State of California, and subject to any limitations in the Articles and these Bylaws regarding actions that require approval of the member, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the business of the Corporation to a committee composed of Board members, or other person, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. Number, Election, Nomination, and Appointment of Directors. The authorized number of directors of the Corporation shall be seven (7), until changed by amendment of the

Articles or these Bylaws. The Mayor shall appoint one director as a representative of the Mayor and the Council shall appoint one director as a representative of Council. The remaining directors shall be elected by the member (Elected Directors). The member shall adopt nomination and election procedures for the Elected Directors that comply with Section 5520 of the Law. These procedures shall include a method by which the Mayor submits candidates for election to the member for its consideration. The procedures shall allow for a reasonable opportunity for a nominee to communicate to the member the nominee's qualifications and the reasons for the nominee's candidacy. The Council may elect directors to fill a vacant director position, except for the director position that represents the Mayor's office, if the Mayor does not submit any candidates to fill any such vacancies for ratification by Council within ninety (90) days of the notification of any such vacancy. No corporate funds may be expended to support a nominee for director.

No director may be a member of the Council. Directors shall include, but not be limited to, individuals having experience in the hospitality, business, labor, or legal professions. The provisions of this Section 2 may only be changed by an amendment of the Articles or these Bylaws.

Section 3.

~~Section 1. Powers.~~ Subject to limitations Election, Designation, and

Term of the

~~Articles~~Office of Incorporation, of the Bylaws, and of the laws of the State of California as to action to be authorized and approved by the member, and subject to the duties of Directors. Directors as prescribed

by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Directors, without prejudice to such general powers, but subject to the same limitations; it is hereby expressly declared that the Directors shall have the following powers, to wit:

Subsection 1. To select and remove all of the other officers, agents and employees, of the corporation, prescribe such powers and duties for them not inconsistent with law, with the Articles of Incorporation, or the Bylaws, fix their

~~compensation and require from them security for faithful service.~~

~~Subsection 2. To conduct, manage and control the affairs and business of the corporation and make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation, or the Bylaws, as they may deem best.~~

~~Subsection 3. To change the principal office for the transaction of the business of the corporation from one location to another as provided in Article I hereof; to designate any place within the City of San Diego for the holding of any member's meeting and to adopt, make and use a corporate seal.~~

~~Subsection 4. To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, or other evidences of debt and instruments securing the payment of the same.~~

~~Subsection 5. To appoint an Executive Committee (subject to the provisions of the Bylaws) and other committees, and to delegate to the Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the corporation, except the power to amend or repeal Bylaws. Right of notice and participation by City of San Diego representatives at any committee meeting shall be the same as that provided in Section 10 herein below.~~

~~**Section 2.** Number and Qualification of Directors. The authorized number of directors shall be seven, all of whom shall be residents of the City or County of San Diego, and all of whom shall be elected by the member. In electing the directors, the member shall give consideration to minority representation from the visitor industry and related fields.~~

~~Section 2a. Ex officio Directors. The Hotel/Motel Association and the San Diego Convention and Visitors Bureau may each appoint one ex officio director, who may participate in the Board's deliberations but shall not be entitled to vote or hold any office other than ex officio director and shall serve at the pleasure of their respective appointing authorities. These ex officio directors shall not be counted for purposes of providing a quorum for any meeting.~~

~~Section 3. Election and Term of Office~~

~~Subsection 1. Election and Term of Office. Directors shall serve for a term of three years. However, the Board (3) years. It is the intent of these Bylaws to have and maintain the staggered terms of office for the directors and to provide that no more than one-third (1/3) of the directors' offices expire each year. The Board shall divide its members into three groups of three directors, two groups of directors, and two directors and one directors, each consistent with the current terms of the directors as of the date of adoption of these Bylaws. Election of the directors for each group with three directors: one group to hold office until the next following annual meeting of members, the second group to hold office until the second following annual meeting of members, and the third group to hold office until the third following annual meeting of members.~~

~~Thereafter, election of a portion of the directors~~directors'

offices shall

occur annually by the member at the ~~annual meeting of~~ regular meeting of the member.
However, if all of the directors to be elected are not elected at any regular meeting, they may be elected at any special meeting of the member held for that purpose.

~~members. Directors shall, however, hold office until their successors are elected. The member shall adopt a nomination and election procedure that will comply with Section 5520 of the California Corporations Code.~~

~~Subsection 2. Vacancies. A director may be removed by a two thirds vote of the governing body of the member. A~~

~~removed director's successor may be elected immediately.
Vacancies caused by death, resignation or removal shall be
filled by the member. In the event that the member does not
act to fill a vacancy within thirty (30) days, vacancies may
be filled by a majority of the remaining directors even
though the number remaining is less than a quorum. Directors
elected to fill vacancies shall serve the remainder of their
predecessor's term.~~

~~Each director, including a director elected to fill a vacancy, shall hold office until
expiration of the term for which elected and until a successor has been elected and qualified.
Directors may not serve more than two (2) consecutive three-year terms. A partial term in excess
of one-half (1/2) of a full term will be considered a full term for purpose of term limitations.~~

~~Section 4. Section 4. Vacancies. A vacancy on ~~Place of Meeting.~~ Regular
meeting of the~~

~~Board of Directors shall be held at any place within exist on the City
of occurrence of the following:~~

- ~~(a) San Diego which has been designated from time to time The
death or resignation of any director;~~

~~The declaration by~~

~~resolution of the Board by written consent of all members of a vacancy in the
Board. In the absence of such designation, regular office of a director who
has been declared of unsound mind by a final order of court, convicted of a felony, or
found by final order or judgment of any court to have breached a duty under Sections
5230-5239 of the Law dealing with standards of conduct for a director, or has missed
three (3) consecutive meetings~~

~~shall be held at of the principal office of the corporation.~~

(b) Special Board or a total of four (4) meetings of the Board may be held either at a place so during any one calendar year;

designated or at the principal office.

~~Section 5. Organization Meeting. Immediately following~~

each annual meeting of (c) The vote by two-thirds (2/3) of the Council members at a meeting of the Council to suspend or terminate and remove a director with or without cause upon the direction of the Council, or by the vote of a simple majority of the Council at a meeting of Council in favor of the recommendation to suspend or terminate and remove a director upon a recommendation of the Mayor to the Council stating that the Mayor believes a director has breached the provisions of these Bylaws;

(d) An increase in the authorized number of directors; or

(e) The failure of the member, at any meeting of the member at which directors are to be elected, to elect the number of directors required to be elected at such meeting.

Except as provided in this paragraph, any director may resign as provided in Article 11, Section 1(c). Unless the California Attorney General is first notified, no director may resign when the Corporation would then be left without a duly elected director in charge of its affairs.

Prior to the removal of any director, the director to be removed shall have been notified in writing in the manner set forth in Article 6, Section 10 that such action would be considered at the meeting and at which removal would be voted on. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 5. Fees and Compensation. Directors may not receive any compensation for their services as such, but may receive reasonable reimbursement of expenses incurred in the performance of their duties, including advances as provided in Article 8, Section 2, as may be fixed or determined by resolution of the Board of Directors shall hold may not be compensated for rendering services to this Corporation in any capacity other than as a director, unless such compensation is reasonable and approved as provided in Article 8, Section 3 of these Bylaws.

Section 6. Meetings of the Board.

(a) Annual and Regular Meetings. The Board shall meet annually for a regular meeting for of the purpose Board, but no later than sixty (60) days after a meeting of the member for purposes of organization, election of officers and the transaction of other business.— Other regular meetings of the Board shall be held at such times as are fixed by the Board or requested by the member.

(b) Special Meetings. Special meetings of the Board shall be held upon four (4) days notice by first-class mail, or forty-eight (48) hours notice delivered personally or by telephone, including a voice messaging system or by electronic transmission by the Corporation at such times that are fixed by the Board or

requested by the member. The call and notice shall specify the time and place of the special meeting and the business to be transacted at the special meeting. No other business shall be considered at these special meetings of the Board. Provided, however, notice of a special meeting of the Board may be waived by any member of the Board who, at or prior to the time the special meeting convenes, delivers to the City Clerk a written waiver of notice. Said waiver of notice may be given by e-mail. All waivers of notice of the special meeting shall be filed with the corporate records or made a part of the minutes of the meetings of the Board. The written notice of any special meeting of the Board may also be dispensed with as to any Board member who is actually present at the special meeting at the time the meeting convenes. Special meetings of the Board shall comply with the Brown Act and the Law.

- (c) Notice. All regular and special meetings of the Board shall be held with notice and in compliance with the Brown Act. Meetings shall be held at any place designated by resolution of the Board, or, if not designated, at the principal office of the Corporation and included in the notice of the meeting in accordance with these Bylaws. A meeting may be held at any place provided in the notice in accordance with these Bylaws. Any meeting may be held by conference telephone or other communications equipment permitted by the Law, as long as

all directors participating in the meeting can communicate with one another and all other requirements of the Law and the Brown Act are satisfied. All such directors shall be deemed to be present in person at such meeting.

- (d) Calling Meetings; Notice to Directors, Council, and Mayor. Meetings of the Board for any purpose may be called at any time by the chairperson of the Board, and, in his or her absence, by the vice chairperson of the Board; by any two (2) directors; or by the member. In addition to the notice required by the Brown Act, notice of the date, time, and place of meetings shall be delivered personally to or communicated to each director, Council members, and the Mayor by telephone, including a voice messaging system which records and communicates messages, facsimile, or electronic mail at least four (4) days before the date of the meeting for any regular meeting of the Board. Notice may be communicated by telegraph, express mail service, first-class mail, or by other means of written communication, charges prepaid. Said notice shall be addressed to the directors, Council members, and the Mayor at their respective addresses as shown upon the records of the Corporation or the records of the City, deposited in the mails or given to the express mail company or other carrier at least seven (7) days before the date of the meeting. The notice shall specify the purpose of the meeting.
- (e) No Waiver of Notice. A director may not waive notice to the holding of a regular meeting of the Board, and may not consent to the holding of a regular meeting of the Board without the notice provided in this Article 7, Section 6, under any circumstances. No transaction at any regular meeting of the Board is valid under any circumstances if, either before or after the meeting, any or all members of the Board, not present in person or by proxy, sign a written waiver of notice, a consent to the holding of the regular meeting, or an approval of the minutes of the regular meeting. All such waivers, consents, and approvals shall be invalid.
- (f) Quorum; Action at a Meeting. The presence of a majority of the directors authorized in the Bylaws at a meeting of the Board constitutes a quorum for the transaction of business. Every act done or decision made by a majority of the directors present at a meeting at which a quorum is present shall be regarded as the act of the Board, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by the Articles, these Bylaws, or the Law. Directors may not vote by proxy. The Board may continue to transact business at a meeting at which a quorum is initially present, including an adjourned meeting, notwithstanding the withdrawal of directors, if any action taken is approved by at least a disinterested majority of the required quorum for such meeting, or such greater number as required by the Articles, these Bylaws or the Law.

- (g) Adjourned Meeting and Notice. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given to the directors who were not present at the time of the adjournment, and to Council members and the Mayor as provided in Article 7, Section 6(d) of these Bylaws. Such notice may not be waived under any circumstances.
- (h) Participation of City Officials. Council members or their duly authorized representatives and the Mayor shall be entitled to attend any meetings of the Board or any committee thereof and shall receive notice of such meetings in accordance with Section 6(d) of this Article 7. However, neither Council members nor the Mayor shall be entitled to vote on any matter considered by the Board or any committee thereof at any meeting. Council members and the Mayor shall be entitled to make presentations to the Board and propose recommendations for consideration by the Board and any committees thereof on matters related to the business or operations of the Corporation.
- (i) No Action Without a Meeting. The Board may not take any action by unanimous written consent without a meeting and without prior notice as required by this Article 7 under any circumstances. Any such action by the unanimous written consent of the Board shall be invalid.
- (j) Conduct of Meetings. Meetings of the Board shall be presided over by the Chairperson or, in his or her absence, by the Vice Chairperson or, in the absence of the Chairperson and the Vice Chairperson, by a person chosen by the majority of the directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board; provided, however, that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

ARTICLE 8: STANDARD OF CARE

Section 1. General. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

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

- (a) One or more officers or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit

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

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

Section 2. Loans; Advances. This Corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer, unless approved by the California Attorney General; provided, however, that this Corporation may advance money to a director or officer of this Corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 3. Compensation of Officers, Employees, and Independent Contractors. No officer or any of the two highest compensated employees or the two highest compensated independent contractors of the Corporation (as such compensation is determined by the books and records of the Corporation) may receive compensation, directly or indirectly, from the Corporation unless such compensation is first determined by the disinterested directors, as defined in the Law, or an authorized committee thereof, to be just and reasonable to the Corporation.

- (a) The names of the persons who were present for discussions and votes relating to the compensation arrangement, the content of the discussion, including any of the information used to determine the reasonableness of the compensation and a record of any votes taken in connection with the proceedings shall be maintained in the minutes of the Corporation.
- (b) The determination of reasonableness shall be based upon information about compensation paid by similarly situated organizations for similar services, current compensation surveys compiled by independent firms or actual written offers from similarly situated organizations. Similarly situated organizations may include both taxable and tax-exempt organizations.
- (c) No officer, employee, or independent contractor shall participate in the discussion and approval of his or her compensation, except that such persons may provide information to the disinterested directors.

Section 4. Board Review of Fairness of Compensation. The Board shall review the fairness of compensation, including benefits paid, in accordance with the requirements of California Government Code Section 12586(g), or any successor section, of any person, regardless of title, with powers, duties, or responsibilities comparable to a president, chief executive officer, treasurer, or chief financial officer upon the occurrence of the following events:

- (a) The officer is hired;
- (b) The officer's term of employment is extended or renewed; or

- (c) The officer's compensation is modified, unless such modification occurs pursuant to a general modification of compensation that extends to all employees.

Section 5. Periodic Reviews. The Board shall conduct periodic reviews to ensure the Corporation operates in a manner consistent with public benefit purposes and does not engage in activities that could jeopardize its tax-exempt status. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits payable to officers, directors, employees and consultants are reasonable, based on competent survey information and the result of arm's length bargaining.
- (b) If applicable, whether partnerships and joint ventures conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further public benefit purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

When conducting the periodic reviews, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

Section 6. Restriction on Interested Directors. No person serving on the Board at any time may be an interested person. An interested person is: (1) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise; and (2) 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. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 7. Indemnification. In accordance with the provisions of this Article 8, Section 7, this Corporation shall indemnify its directors, officers, and employees, and including persons formerly occupying any such position, and their heirs, executors, and administrators, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in said Section 5238(a) of the Law, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section, if: (i) such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation, and (ii) in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. "Expenses" shall have the same meaning as in Section 5238(a) of the Law.

No indemnification shall be made if any of the conditions set forth in Section 5238(c)(1) through (3) of the Law or any successor provision of such section is present. Except as provided in subdivision (d) of Section 5238 of the Law, any indemnification shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the director, officer, or employee has met the applicable standard of care set forth in subdivision (b) or (c) of Section 5238 of the Law, by: (i) a majority vote of a quorum consisting of directors who are not parties to such proceeding; (ii) approval of the member (Section 5034 of the Law); or (iii) the court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation. Such right of indemnification shall not be deemed exclusive of any other rights to which such persons may be entitled apart from this Article 8, Section 7 of these Bylaws; provided, however, any other such indemnification rights shall be consistent with this Article 8, Section 7 of these Bylaws.

Section 8. Insurance. The Corporation shall purchase and maintain insurance on behalf of its directors, officers, and employees as determined and approved by the Board against any liability asserted against or incurred by the director, officer, or employee in such capacity or arising out of the director's, officer's, or employee's status as such.

ARTICLE 9: CORPORATE GOVERNANCE

Section 1. Submission of Corporation Budget. The Corporation shall prepare and submit to the City a "Corporation Budget," meaning a statement prepared by the Corporation that: (i) is based on reasonable assumptions in connection with an appropriate due diligence review which has been approved by the Board; (ii) contains its best estimate of the revenues and expenditures of the Corporation for the next succeeding fiscal year; (iii) is in complete and final form; and (iv) includes supporting detail. The budget shall be submitted no later than March 1 for inclusion in the City's annual proposed budget released by April 15 to the person or persons designated by the Mayor in form and content acceptable to the Mayor or designee and in accordance with the City's budget policies and procedures.

Section 2. Corporate Policies.

- (a) Compliance. The Corporation shall at all times be subject to and shall comply with all existing Board-approved corporate policies, including, but not limited to, any and all Governance Policies, Purchasing & Contracting Policies, Ethics & Conflict of Interest Policies, Fiscal & Financial Policies and Document Retention Policies (each as further identified in this Article 9), with any necessary technical amendments thereto to conform said policies to the Articles and these Bylaws. Subject to Article 9, Section 2(b) the foregoing policies shall be updated as provided in this Article 9, to ensure that said policies reflect the current best practices in public governance and continue to comply with applicable law.

(b) Member Approval. Any proposed changes to the Fiscal & Financial Policies, Purchasing & Contracting Policies or the Conflict of Interest Policy shall first be submitted to the Board for review and approval, then to the chief financial officer (CFO) of the City for review and comment (except the Conflicts of Interest Policy) and finally submitted to the Council for review and approval.

Section 3. Purchasing and Contracting Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted comprehensive written purchasing and contracting policies, which shall be reviewed and, if appropriate, updated annually to ensure that current best practices in public contracting law are included.

Section 4. Adoption of Ethics, Gifts, and Record Retention Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted written policies relating to Ethics, Gifts, and Records Retention in accordance with current best practices in operating and managing publicly owned theaters and performing arts venues. Such policies shall be reviewed and, if appropriate, updated annually to ensure the best practices remain current.

Section 5. Finance, Budget, Reimbursement of Expenses, Expenditure Allowances, and Other Fiscal Policies (Finance & Fiscal Policies). No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted comprehensive written Finance & Fiscal Policies in accordance with current best practices in public agency fiscal policy. The Finance & Fiscal Policies shall be updated annually to ensure the best practices remain current.

Section 6. Adoption of Personnel Policies. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have adopted a written personnel manual (Personnel Manual) in accordance with current best practices in personnel. The Personnel Manual shall be reviewed and, if appropriate, updated annually to ensure the best practices remain current.

Section 7. Conflicts of Interest. No later than sixty (60) days after the Council's adoption of these Bylaws, the Corporation shall have adopted a written policy regarding conflicts of interest acceptable to the Board and Council. In addition, the Corporation and its officers, directors, employees, and consultants shall comply with said policy and with the conflict of interest and related provisions of applicable state and local law.

Section 8. Training Program in Ethics, Fiduciary Duties and Corporate Governance. No later than sixty (60) days after the Council's adoption of these Bylaws, the Board shall have approved and the Corporation shall implement a training program for officers, directors, and employees in ethics, fiduciary duties, and corporate governance in accordance with current best practices in local public agency law. Such training programs shall occur at least every two years. Certificates of compliance shall be provided to the CFO of the City at least every two years, demonstrating compliance with the training requirements.

Section 9. Performance Audits. The member may request at any time and for any reason in its discretion that a performance audit of the Corporation be undertaken by the City Auditor or a third-party consultant. The Corporation shall pay, in full, all costs and expenses associated with any performance audit requested by the member; provided, however, the Corporation shall be required to pay for only one performance audit in each fiscal year.

Section 10. Public Disclosure. The Corporation shall timely provide on its website at all times copies of: (i) the agendas and all minutes of the proceedings of the Board and any committees thereof; (ii) all material reports provided by or on behalf of the Corporation; (iii) the current year approved Corporation Budget; (iv) the unaudited financial statements of the Corporation for the prior three (3) fiscal years; (v) all policies of the Corporation, including the policies provided for in Article 9 of these Bylaws; (vi) all executed contracts above \$250,000, excluding any confidential provisions of such contracts; and (vii) the Bylaws and all amendments thereto.

Section 11. Experience Requirements for the Board of Directors. Prospective Board members shall provide written evidence of the experience required by Article 7, Section 2 of these Bylaws to the Mayor and Council prior to any nomination for confirmation by Council and prior to appointment by the Mayor as a member of the Board.

Section 12. Oversight of Outside Counsel by City Attorney. The City Attorney of the City shall not be obligated pursuant to City Charter Section 40 to provide legal services, or perform any duties of a legal nature, for the Corporation. The City Attorney may, at his or her sole discretion, agree to provide legal services, and/or perform duties of a legal nature, for the Corporation upon terms and conditions directed by the City Attorney. The City Attorney shall be authorized to approve, reject or terminate all contracts for outside legal counsel retained by the Corporation and managed by the Corporation.

Section 13. Violation of Policies. A violation of a Board-approved policy or applicable City policy (City Policy) is a material violation of these Bylaws. In the event the Corporation does not have a Board-approved policy with regard to any matter or matters that are covered by a City Policy, the Corporation agrees that the applicable City Policy shall control and be applicable to the Corporation for such matter or matters.

ARTICLE 10: COMMITTEES OF THE BOARD

Section 1. Committees. The Board may, by resolution adopted by a majority of the directors then in office, provided that a quorum is present, designate one or more committees to exercise all or a portion of the authority of the Board, to the extent of the powers specifically delegated in the resolution of the Board or in these Bylaws. Each such committee shall consist of two (2) or more directors to serve at the pleasure of the Board. The Board may designate one or more alternate members of any committee, who may replace any absent member at any meeting of the committee. The Board may also designate one or more advisory committees that do not have the authority of the Board. However, no committee, regardless of Board resolution, may:

- (a) Approve any action that, under the Law, the Articles or these Bylaws, also requires approval of the member;
- (b) Fill vacancies on, or remove members of, the Board or any committee that has the authority of the Board;
- (c) Amend or repeal the Articles or Bylaws or adopt new bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Appoint any other committees of the Board or their members;

- (f) Approve a plan of merger, consolidation, voluntary dissolution, bankruptcy or reorganization, or for the sale, lease or exchange of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, or revoke any such plan; or
- (g) Approve any self-dealing transaction, except as provided by Section 5233 of the Law.

No committee may be authorized to bind the Corporation in a contract or agreement or expend corporate funds.

Section 2. Meetings and Actions of Committees. Meetings and actions of all committees shall be governed by, and held and taken in accordance with, the provisions of Article 7, Section 6, of these Bylaws concerning meetings and actions of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board, or by the chair of such committee, or a majority of the members of such committee. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee.

Section 3. Executive Committee. Pursuant to Article 10, Section 1, the Board may appoint an Executive Committee composed of three (3) or more directors, one of whom shall be the chairperson of the Board to serve as the Executive Committee of the Board. The Executive Committee, unless limited in a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Corporation between meetings of the Board; provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Article 9, Section 1. The secretary of the Corporation shall send to each director a summary report of the business conducted at any meeting of the Executive Committee.

Section 4. Audit Committee.

- (a) Membership. The Board shall appoint an Audit Committee. The committee may be comprised of two (2) or more persons and may include a non-voting citizen member. The Audit Committee shall comply with requirements of California Government Code Section 12586(e)(2) (Section 12586(e)(2)) or any successor section, regarding the requirements and membership of the Audit Committee including that the Membership of the Audit Committee shall not include the following persons:
 - (i) The President or the Chairperson;
 - (ii) The Chief Financial Officer or the Treasurer;
 - (iii) Any employee of the Corporation; or

(iv) Any director with a material financial interest in any entity doing business with the Corporation.

As required by Section 12586(e)(2) of the Law, in the event that the Board appoints a Finance Committee, members of the Finance Committee must constitute less than one-half of the Membership of the Audit Committee and the Chair of the Finance Committee shall not serve on the Audit Committee.

(b) Duties. The Audit Committee shall assist the Board in fulfilling its responsibility for the oversight of the integrity of the Corporation's financial statements and internal control procedures and the Corporation's compliance with legal and regulatory requirements. The Audit Committee shall also be responsible for: (i) recommending to the Board the retention or termination of the independent auditor to prepare the audited financial statements of the Corporation, who shall be an independent certified public accountant; (ii) assisting the Board in the selection, review of qualifications, supervision of the independent auditor's management independence, and review of performance; and (iii) negotiating the independent auditor's compensation on behalf of the Board. Moreover, the Audit Committee shall: (i) confer with the independent auditor to satisfy its members that the financial affairs of the Corporation are in order; (ii) review and determine whether to accept the audit; (iii) ensure that any non-audit services, if any, performed by the auditing firm conform with statutory and regulatory standards for auditor independence; and (iv) approve the performance of non-audit services, if any, by the auditing firm.

ARTICLE 11: OFFICERS

Section 1. Officers. The officers of the Board shall consist of a Chairperson, Vice Chairperson, Secretary, and Treasurer whose duties as treasurer may be set forth in a resolution of the Board. The officers of the Corporation shall consist of the President & CEO and Chief Financial Officer. The Board may appoint such other officers of the Board or Corporation as the Board may designate by resolution, including a fiscal agent. The same person may hold any number of offices, except that neither the Secretary nor the Treasurer may serve concurrently as the Chairperson or as President & CEO. In addition to the duties specified in this Article 11, officers shall perform all other duties customarily incident to their office and such other duties as may be required by law, by the Articles, or by these Bylaws, subject to control of the member and the Board, and shall perform such additional duties as the Board shall from time to time assign. The Chairperson, Vice Chairperson, Secretary, and Treasurer shall be elected by the Board from its members. The President & CEO and the Chief Financial Officer shall be employees of the Corporation.

The following procedures shall apply to officers of the Board:

(a) Election of Officers. The officers of the Board shall be chosen by election of the Board, and shall serve at the pleasure of the Board.

(b) Removal. Any officer of the Board may be removed with or without cause by the Board.

- (c) Resignation. Any officer of the Board may resign at any time by giving written notice to the Board, or the Chairperson or the Secretary. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation and, unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective.
- (d) Vacancy. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws.

Section 2. Officers of the Board.

- (a) Chairperson of the Board. The Chairperson shall, when present, preside at all meetings of the Board and Executive Committee. The chairperson is authorized to execute in the name of the Corporation all the contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation, except when by law the signature of the President is required.
- (b) Vice Chairperson of the Board. The Vice Chairperson shall, in the absence of the Chairperson, or in the event of his or her inability or refusal to act, perform all the duties of the chairperson, and when so acting shall have all the powers of, and be subject to all the restrictions on, the Chairperson.
- (c) Treasurer. The treasurer shall be responsible for the oversight of the financial affairs of the Corporation. The Treasurer shall also be the chair of the Budget/Finance and Administration Committee, if any, and shall be assigned any other duties as determined by the Board.
- (d) **Secretary.** The Secretary, or his or her designee, shall be custodian of all records and documents of the Corporation, which are to be kept at the principal office of the Corporation, shall act as Secretary of all the meetings of the Board and the member, and shall keep the minutes of all such meetings in books proposed for that purpose. He or she shall attend to the giving and serving of all notices of the Corporation, and shall see that the seal of the Corporation (if such a seal has been prescribed and adopted by the Board) is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws.

Section 3. Officers of the Corporation.

- (a) President & CEO. Subject to the control, advice, and consent of the Board, the President & CEO shall, in general: (i) supervise and conduct the activities and operations of the Corporation; (ii) keep the Board fully informed and shall freely consult with them concerning the activities of the Corporation; and (iii) see that all orders and resolutions of the Board are carried into effect. Where appropriate, the Board shall place the President & CEO under a contract of employment. The President & CEO shall be empowered to act, speak for, or otherwise represent the Corporation between meetings of the Board. The President & CEO shall be responsible for the hiring and firing of all personnel, and shall be responsible for keeping the Board informed at all times of staff performance and for implementing any personnel policies adopted by the Board. The President & CEO shall be authorized to: (i) contract, receive, deposit, disburse, and account for funds of the Corporation; (ii) execute, in the name of the Corporation, all contracts and other documents authorized either generally or specifically by the Board to be executed by the Corporation; and (iii) negotiate all material business transactions of the Corporation.
- (b) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Chief Financial Officer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the Board, and shall render to the chairperson, President & CEO, and directors, whenever they request it, an account of all of the Chief Financial Officer's transactions as Chief Financial Officer and of the financial condition of the Corporation.

If required by the Board, the Chief Financial Officer 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 Chief Financial Officer's office and for restoration to the Corporation of all its books, papers, vouchers, money and other property of every kind in the Chief Financial Officer's possession or under the Chief Financial Officer's control on the Chief Financial Officer's death, resignation, retirement, or removal from office. The Corporation shall pay the cost of such bond.

ARTICLE 12: EXECUTION OF CORPORATE INSTRUMENTS

Section 1. Execution of Corporate Instruments. The Board may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation, or in special accounts of the Corporation, shall be signed by such person or persons as the Board shall authorize to do so.

Section 2. Loans and Contracts. No loans or advances shall be contracted on behalf of the Corporation and no note or other evidence of indebtedness shall be issued in its name unless and except as the specific transaction is authorized by the Board. Without the express and specific authorization of the Board, no officer or other agent of the Corporation may enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation.

ARTICLE 13: RECORDS, FINANCIAL REPORTS AND AUDIT REQUIREMENTS

Section 1. Maintenance and Inspection of Articles and Bylaws. The Corporation shall keep at its principal office the original or a copy of its Articles and Bylaws as amended to date, which shall be open to inspection by the member and the directors at all reasonable times during office hours.

Section 2. Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns. The Corporation shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three (3) years from their date of filing, which shall be open to public inspection and copying to the extent required by law.

Section 3. Maintenance and Inspection of Other Corporate Records. The Corporation shall keep adequate and correct books and records of accounts; written minutes of the proceedings of its members, Board, and committees of the Board; and a record of each member's name and address. All such records shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of the Corporation shall turn over to his or her successor or the Chairperson or President & CEO, in good order, such corporate monies, books, records, minutes, lists, documents, contracts or other property of the Corporation as have been in the custody of such officer, employee, or agent during his or her term of office.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties operated and managed by the Corporation, subject to the execution of a confidentiality agreement for confidential records and documents as determined by counsel to the Corporation. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.

Upon written demand to the Corporation, the member, through the Mayor or Council, may inspect, copy, and make extracts of: (i) the accounting and financial books and records; (ii) the minutes of proceedings of the member, the Board, and committees of the Board; (iii) the personnel records (subject to appropriate confidentiality protections) and any and all documents, records and reports relating to the business and operations of the Corporation, at any reasonable time but no later than ten (10) days after the written request by the member. The Mayor and Council shall designate the person(s) that may exercise this inspection right on their behalf.

Section 4. Preparation of Annual Audited Financial Statements. The Corporation shall prepare annual financial statements which shall be audited by an independent certified public

accountant, in conformity with generally accepted accounting principles and under the supervision of the Audit Committee established by these Bylaws. The Corporation shall make these financial statements available to the California Attorney General and members of the public for inspection no later than six (6) months after the close of the fiscal year to which the statements relate.

The Corporation shall, within ninety (90) days after the close of each fiscal year of the Corporation, submit to the City Comptroller an unaudited draft of the financial statements of the Corporation for the prior fiscal year and, within one hundred twenty (120) days after the close of each fiscal year of the Corporation, the audited financial statements of the Corporation for the prior fiscal year, including an opinion of the independent auditor that is prepared by an independent certified public accountant, covering the business and operations of Corporation for such fiscal year. The Corporation's Chief Financial Officer and the President & CEO shall review the audited financial statements upon presentation to the Board. The Board, Chief Financial Officer, President & CEO, and such other officers of the Corporation as Council may designate shall provide certifications to Council in connection with such audited financial statements in the form required by Council (if any).

Section 5. Monthly Financial Reports. On or before the thirtieth day of each month, the Corporation shall prepare and shall file with CFO of the City the unaudited monthly financial statements of the Corporation prepared in accordance with generally accepted accounting principles in the form and content requested by the City which reflect the business and results of operations for the preceding month. The monthly financial statements shall be presented for acceptance to the Board by the Chief Financial Officer of the Corporation at the Board's next regularly scheduled meeting. The presentation to the Board of the monthly financial statements shall include a comparison of the actual results of operations to the estimates provided in the Corporation Budget, and the Chief Financial Officer of the Corporation shall explain and disclose to the Board any material variations between actual results and the approved Corporation Budget.

Section 6. Reports. The Board shall comply with Sections 6321 and 6322 of the Law, or any successor sections, and cause an annual report to be sent to all directors and Council members within one hundred twenty (120) days after the end of the Corporation's fiscal year, containing the following information:

- (a) The audited financial statements of the Corporation containing the information required by Section 6321 of the Law; and
- (b) The information required by Section 6322 of the Law concerning certain self-dealing transactions involving more than \$50,000 or indemnifications or advances aggregating more than \$10,000 which took place during the fiscal year.

The Corporation shall furnish to the member a copy of any report filed by the Corporation with the California Attorney General.

ARTICLE 14: FISCAL YEAR

The fiscal year for this Corporation shall begin on July 1 and shall end on June 30.

ARTICLE 15: AMENDMENTS AND REVISIONS

Only the member may adopt, amend, or repeal bylaws by an affirmative vote of a majority of Council members. Proposed amendments to these Bylaws must be in writing and sent to Council members in accordance with Council requirements in advance of the member meeting at which they will be considered for adoption. The Board may not extend the term of a director beyond that for which the member elected the director.

Any provision of these Bylaws that requires the vote of a larger proportion of the members than otherwise is required by law may not be altered, amended, or repealed except by the vote of that greater number.

ARTICLE 16: CORPORATE SEAL

The Board may adopt, use, and alter a corporate seal. The seal shall be kept at the principal office of the Corporation. Failure to affix the seal to any corporate instrument, however, shall not affect the validity of that instrument.

ARTICLE 17: CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Law as amended from time to time shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person. If any competent court of law shall deem any portion of these Bylaws invalid or inoperative, then so far as is reasonable and possible (i) the remainder of these Bylaws shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

CERTIFICATE OF SECRETARY

I, THE UNDERSIGNED, DO CERTIFY:

1. That I am the duly elected and acting Secretary of San Diego Convention Center Corporation, Inc., a California nonprofit public benefit Corporation;

That the foregoing Amended and Restated Bylaws, comprising 21 pages, constitute the Bylaws of the Corporation, as duly approved by the sole member of the Corporation, the

~~Section 6. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call on such day in each month, or on such day in such months, as the Board of Directors shall from time to time fix and determine by resolution; provided, however, that should said day fall upon a~~

~~legal holiday then said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings shall be as provided for in Special Meetings in Section 7.~~

~~**Section 7.** Special Meeting. Special meetings of the Board of Directors, for any purpose or purposes, may be called at any time by the President, or by any two directors. At least 48 hours notice of such meeting shall be given to each director, either personally or by mail, postage prepaid; addressed to such director at his address appearing from the records of the corporation. Such notice shall contain the date, time and place of the meeting and a specific description of the business to be transacted thereat. Such notice shall also be given to the City Manager and the City Council of The **City of San Diego.** No business shall be transacted at any special meeting except that specifically described in the notice of such meeting. Special meetings shall be validly held only by compliance with this section, and no waiver of notice or consent to the holding of such meeting or the minutes thereof shall be effective for any purpose whatsoever.~~

~~**Section 8.** Notice of Adjournment. Notice of the time, acting by and place of holding an adjourned through its City Council, at a meeting need not be given to the absent directors if the time and place be fixed at~~

~~the meeting adjourned.~~

~~— 7 —~~

~~Section 9. Entry of Notice.~~ Whenever any director has been absent from any special meeting of the Board of Directors, 2. an entry in the minutes to the effect that notice has been duly held on _____; and given shall be conclusive That the foregoing Amended and incontrovertible evidence that due notice of such special meeting was given to such director Restated Bylaws, comprising 21 pages, constitute the Bylaws of the Corporation, as required duly approved by law and the Bylaws of the corporation.

~~Section 10. Participation of City Officials.~~ The City Manager and members of the City Council of The City of San Diego shall be entitled to make recommendations to **the Board of Directors** or any committee thereof with respect to any matter at any meeting thereof. The City Manager and each member of the City Council or their authorized representatives shall have the right to attend any meeting of the Board of Directors or any committee thereof with the right of debate, but he shall not be entitled to vote on any matter considered by the Board of Directors or any committee thereof.

~~Section 11. Quorum.~~ A majority of the number of directors holding office shall be necessary to constitute a quorum for the transaction of all business except to adjourn, as hereinafter

~~provided. Every act or decision done or made by a majority of~~

~~3. the directors present~~the Corporation at a meeting duly held at which a
quorum is on _____.

~~present shall be regarded as the act of the Board of Directors.~~

~~Section 12. Adjournment. A quorum of the directors may
adjourn any directors' meeting to meet again at a stated day and
hour, provided, however, that in the absence of a quorum a~~

~~majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.~~

~~Section 13. Compensation. The Board of Directors may establish directors' fees to be paid to directors attending meetings. The amount of such fee shall not exceed \$50.00 without the written approval of The City of~~

~~Executed on _____, _____ at San Diego. There further
., California.~~

~~shall not be more than four meetings in any calendar month for which a director may receive a director's fee without the written consent of The City of San Diego. No director shall receive any other form of salary or compensation from the City of San Diego without the approval of The City of San Diego.~~

ARTICLE IV

OFFICERS

~~Section Officers. The officers of this corporation
1.~~

~~shall be a Chairman of the Board/President, an Executive Vice President/General Manager, a Vice President, a~~

~~_____

Secretary and a
Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant~~

~~Treasurers, an Executive Secretary, and such other officers as the Board may from time to time appoint. Nothing contained herein shall prohibit the Board of Directors from combining one or more of the various offices.~~

~~Section Election. The officers of the corporation~~

~~2.~~

~~shall be chosen annually by the Board of Directors and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.~~

~~Section Removal and Resignation. Any officer may be~~

~~3.~~

~~removed, either with or without cause, by a three fourths majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by an officer upon whom such power of removal may be conferred by the Board of Directors.~~

~~Any officer may resign at any time by giving written notice to the Board of Directors or to the Chairman of the Board/President or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.~~

~~Section Vacancies. A vacancy in any office because of~~

~~4.~~

~~death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.~~

~~Section 5. Eligibility. No person shall be eligible for the office of Chairman of the Board/President, Vice President, Secretary or Treasurer unless that person is a director.~~

~~Section 6. Chairman of the Board/President. The Chairman of the Board/President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees and shall have the general powers and duties of management usually vested in the office of Chairman of the Board/President of an incorporated body and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws.~~

~~Section 7. Executive Vice President/General Manager. An Executive Vice President/General Manager shall be appointed by the Board of Directors, or upon an authorization of the Board, by the Executive Committee. The Executive Vice President/General Manager shall be under the direction and control of the Board of Directors and the Executive Committee, and shall perform such duties as shall from time to time be delegated to him by the Board of Directors and the Executive Committee. The Executive Vice President/General Manager may also act as an Assistant Secretary and as an Assistant Treasurer of the corporation in the discretion of the Board of Directors.~~

~~Section 8. Vice President. In the absence or disability of the Chairman of the Board/President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not~~

~~ranked, the Vice President designated by the Board of Directors, shall perform all of the duties of the Chairman of the Board/President, and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Chairman of the Board/President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors and the Bylaws.~~

~~Section 9. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the number of directors present or represented at directors' meetings, the notice given thereof, the names of those present at directors' meetings and the proceedings thereof.~~

~~The Secretary shall keep, or cause to be kept, at the principal office of the corporation, a register showing the names of all directors and their respective addresses.~~

~~The Secretary shall give, or cause to be given, notice of all meetings of the directors and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.~~

~~Section Treasurer. The Treasurer shall keep and
10.~~

~~maintain, or cause to be kept and maintained, adequate and
correct accounts of the properties and business transactions of
the corporation, including accounts of its assets, liabilities,
receipts and disbursements. The books of account shall at all
times be available for inspection by any directors, by the City
Manager of The City of San Diego or his designee and by any
member of the City Council of The City of San Diego.~~

~~The Treasurer shall deposit or cause to be deposited all
monies and other valuables in the name and to the credit of the
corporation with such depositories as may be designated by the
Board of Directors. He shall disburse the sums of the
corporation as may be ordered by the Board of Directors, shall
render to the Chairman of the Board/President and Directors,
whenever they request it, an account of all of his transactions
as Treasurer and the financial condition of the corporation and
shall have such other powers and perform such other duties as may
be prescribed by the Board of Directors of the Bylaws.~~

ARTICLE V

EXECUTIVE COMMITTEE

~~Section Executive Committee. The Board of Directors
1.~~

~~may establish an Executive Committee. If such Executive
Committee is formed, the primary function will be to coordinate~~

~~the activities of the Board of Directors; provided, however, that
all members of the Executive Committee shall be members of the
Board of Directors.~~

~~Section 2. Powers. The Executive Committee shall assume all of the duties of the Board of Directors during the interim between meetings of the Board and shall perform such other duties as the Board of Directors shall from time to time designate. The Executive Committee shall report to the next meeting of the Board of Directors upon all action taken.~~

~~Section 3. Quorum. A majority of members of the Executive Committee shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the members of the Executive Committee present at a meeting at which a quorum is present shall be regarded as the act of the Executive Committee, unless a greater number be required or fixed by the Board of Directors.~~

~~Section 4. Meetings. Regular meetings of the Executive Committee, notice of which is hereby dispensed with, shall be held at regular times to be fixed in advance by the Executive Committee.~~

~~Special meetings of the Executive Committee shall be held as required and shall be called and notice thereof shall be given in the same manner as in these Bylaws provided for the calling and giving notice of the special meetings of the Board of Directors.~~

ARTICLE VI

COMMITTEES

|

~~Section Standing Committees. At the annual~~

~~1.~~

~~organizational meeting the Board of Directors shall determine and fix such standing committees as they shall deem necessary for the proper functioning of the corporation, and the Chairman of the Board/President of the corporation shall appoint the members of such standing committees and shall name the chairman thereof.~~

~~Section 2. Other Committees. Other committees may be appointed by the Chairman of the Board/President from time to time for such purposes as shall be required to properly and efficiently conduct the business and affairs of the corporation.~~

ARTICLE VII

MISCELLANEOUS

~~Section Checks. All checks, drafts or other orders~~

~~1.~~

~~for payment of money, notes or other evidences of indebtedness, issued in the name of, or payable to, the corporation shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.~~

~~Section Audit. The accounts of the corporation shall~~

~~2.~~

~~be audited at least once a year by a competent accountant not~~

~~connected with the Board of Directors, and under generally
accepted accounting standards. A financial statement based upon
such audit shall be made available to directors and the member~~

~~upon request, and a copy of said audit shall be supplied to the City Manager of The City of San Diego upon request.~~

~~**Section 3.** Indemnification. The Corporation shall, to the maximum extent permitted by the California Nonprofit Public Benefit Corporation Law, and in accordance with that law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was an agent of the Corporation. For purposes of this section, an "agent" of the Corporation includes any person who is or was a director, officer, employee or other agent of the Corporation and is or was acting within the scope of his or her employment or his or her designated or reasonably implied responsibilities.~~

~~ARTICLE VIII~~

~~FISCAL YEAR~~

~~The fiscal year of this corporation shall commence on July 1st and end on June 30th next following.~~

~~ARTICLE IX~~

~~AMENDMENTS~~

~~Section 1. Power to Amend. New Bylaws may be adopted or~~

~~the Bylaws may be amended or repealed by the member, or by the Board of Directors with the express consent of the member.~~

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DRAFT

BYLAWS
OF
SAN DIEGO CONVENTION CENTER CORPORATION, INC.

ARTICLE I

OFFICE

Section 1. Principal Office. The principal office for the transaction of the business of the corporation shall be located at such place in the City of San Diego, State of California, as the Board of Directors shall from time to time, fix and designate.

Section 2. Other Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places.

ARTICLE II

MEMBER

Section 1. The City of San Diego shall be the sole member of this corporation and shall act through its City Council in accordance with the City Charter, the City's Municipal Code and the applicable state laws.

The function of the member shall be to elect the Board of Directors and to perform such other duties as the Board of Directors may from time to time assign or establish with the prior approval of the member.

Section 2. Meetings of Member. There shall be an annual meeting of the member of this corporation held each year during the month of May at such time and place as may be determined by the Board of Directors. A special meeting of member may be held upon call by the member or by the President, or, if he is absent, unable or refuses to act, by any Vice President or by any two Directors.

Subsection 1. Notice of Meetings. Written notice of each annual or special meeting shall be given to the member either personally or by mail or other means of written communication, charges prepaid, addressed to such member at its address as it shall appear on the books of the corporation or given by him to the corporation for the purpose of notice. All such notices shall be sent to the member not less than ten (10) days before each meeting: shall specify the place, the day, and the hour of such meeting; and shall also state the general matter of the business or proposal to be considered or acted upon at such meeting. Such notice shall also be given to the City Manager and the City Council of The City of San Diego.

Subsection 2. Quorum. The presence in person of a majority of the City Council shall constitute a quorum for the transaction of business at all meetings.

Subsection 3. Action. Membership action shall be effective upon written notification to the corporation by the City Manager of The City of San Diego.

ARTICLE III

DIRECTORS

Section 1. Powers. Subject to limitations of the Articles of Incorporation, of the Bylaws, and of the laws of the State of California as to action to be authorized and approved by the member, and subject to the duties of Directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Directors, without prejudice to such general powers, but subject to the same limitations; it is hereby expressly declared that the Directors shall have the following powers, to wit:

Subsection 1. To select and remove all of the other officers, agents and employees ,of the corporation, prescribe such powers and duties for them not inconsistent with law, with the Articles of Incorporation, or the Bylaws, fix their compensation and require from them security for faithful service.

Subsection 2. To conduct, manage and control the affairs and business of the corporation and make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation, or the Bylaws, as they may deem best.

Subsection 3. To change the principal office for the transaction of the business of the corporation from one location to another as provided in Article I hereof; to designate any place within the City of San Diego for the holding of any member's meeting and to adopt, make and use a corporate seal.

Subsection 4. To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, or other evidences of debt and instruments securing the payment of the same.

Subsection 5. To appoint an Executive Committee (subject to the provisions of the Bylaws) and other committees, and to delegate to the Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the corporation, except the power to amend or repeal Bylaws. Right of notice and participation by City of San Diego representatives at any committee meeting shall be the same as that provided in Section 10 herein-below.

Section 2. Number and Qualification of Directors. The authorized number of directors shall be seven, all of whom shall be residents of the City or County of San Diego, and all of whom shall be elected by the member. In electing the directors, the member shall give consideration to minority representation from the visitor industry and related fields.

Section 2a. Ex-officio Directors. The Hotel/Motel Association and the San Diego Convention and Visitors Bureau may each appoint one ex-officio director, who may participate in the Board's deliberations but shall not be entitled to vote or hold any office other than ex-officio director and shall serve at the pleasure of their respective appointing authorities. These ex-officio directors shall not be counted for purposes of providing a quorum for any meeting.

Section 3. Election and Term of Office

Subsection 1. Election and Term of Office. Directors shall serve for a term of three years. However, the Board shall divide its members into three groups, two groups of two directors and one group with three directors: one group to hold office until the next following annual meeting of members, the second group to hold office until the second following annual meeting of members, and the third group to hold office until the third following annual meeting of members.

Thereafter, election of a portion of the directors shall occur annually by the member at the annual meeting of members. Directors shall, however, hold office until their successors are elected. The member shall adopt a nomination and election procedure that will comply with Section 5520 of the California Corporations Code.

Subsection 2. Vacancies. A director may be removed by a two-thirds vote of the governing body of the member. A

removed director's successor may be elected immediately. Vacancies caused by death, resignation or removal shall be filled by the member. In the event that the member does not act to fill a vacancy within thirty (30) days, vacancies may be filled by a majority of the remaining directors even though the number remaining is less than a quorum. Directors elected to fill vacancies shall serve the remainder of their predecessor's term.

Section 4. Place of Meeting. Regular meeting of the Board of Directors shall be held at any place within the City of San Diego which has been designated from time to time by resolution of the Board by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the corporation. Special meetings of the Board may be held either at a place so designated or at the principal office.

Section 5. Organization Meeting. Immediately following each annual meeting of member, the Board of Directors shall hold the regular meeting for the purpose of organization, election of officers and the transaction of other business.

Section 6. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call on such day in each month, or on such day in such months, as the Board of Directors shall from time to time fix and determine by resolution; provided, however, that should said day fall upon a

legal holiday then said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings shall be as provided for in Special Meetings in Section 7.

Section 7. Special Meeting. Special meetings of the Board of Directors, for any purpose or purposes, may be called at any time by the President, or by any two directors. At least 48 hours notice of such meeting shall be given to each director, either personally or by mail, postage prepaid: addressed to such director at his address appearing from the records of the corporation. Such notice shall contain the date, time and place of the meeting and a specific description of the business to be transacted thereat. Such notice shall also be given to the City Manager and the City Council of The City of San Diego. No business shall be transacted at any special meeting except that specifically described in the notice of such meeting. Special meetings shall be validly held only by compliance with this section, and no waiver of notice or consent to the holding of such meeting or the minutes thereof shall be effective for any purpose whatsoever.

Section 8. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place be fixed at the meeting adjourned.

Section 9. Entry of Notice. Whenever any director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such director, as required by law and the Bylaws of the corporation.

Section 10. Participation of City Officials. The City Manager and members of the City Council of The City of San Diego shall be entitled to make recommendations to the Board of Directors or any committee thereof with respect to any matter at any meeting thereof. The City Manager and each member of the City Council or their authorized representatives shall have the right to attend any meeting of the Board of Directors or any committee thereof with the right of debate, but he shall not be entitled to vote on any matter considered by the Board of Directors or any committee thereof.

Section 11. Quorum. A majority of the number of directors holding office shall be necessary to constitute a quorum for the transaction of all business except to adjourn, as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 12. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum a

majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13. Compensation. The Board of Directors may establish directors' fees to be paid to directors attending meetings. The amount of such fee shall not exceed \$50.00 without the written approval of The City of San Diego. There further shall not be more than four meetings in any calendar month for which a director may receive a director's fee without the written consent of The City of San Diego. No director shall receive any other form of salary or compensation from the City of San Diego without the approval of The City of San Diego.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of this corporation shall be a Chairman of the Board/President, an Executive Vice President/General Manager, a Vice President, a Secretary and a Treasurer. The corporation may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, an Executive Secretary, and such other officers as the Board may from time to time appoint. Nothing contained herein shall prohibit the Board of Directors from combining one or more of the various offices.

Section 2. Election. The officers of the corporation shall be chosen annually by the Board of Directors and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. Removal and Resignation. Any officer may be removed, either with or without cause, by a three-fourths majority of the directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by an officer upon whom such power of removal may be conferred by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors or to the Chairman of the Board/President or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 5. Eligibility. No person shall be eligible for the office of Chairman of the Board/President, Vice President, Secretary or Treasurer unless that person is a director.

Section 6. Chairman of the Board/President. The Chairman of the Board/President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the Board of Directors. He shall be ex-officio a member of all the standing committees and shall have the general powers and duties of management usually vested in the office of Chairman of the Board/President of an incorporated body and shall have such other powers and duties as may be prescribed by the Board of Directors and the Bylaws.

Section 7. Executive Vice President/General Manager. An Executive Vice President/General Manager shall be appointed by the Board of Directors, or upon an authorization of the Board, by the Executive Committee. The Executive Vice President/General Manager shall be under the direction and control of the Board of Directors and the Executive Committee, and shall perform such duties as shall from time to time be delegated to him by the Board of Directors and the Executive Committee. The Executive Vice President/General Manager may also act as an Assistant Secretary and as an Assistant Treasurer of the corporation in the discretion of the Board of Directors.

Section 8. Vice President. In the absence or disability of the Chairman of the Board/President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not

ranked, the Vice President designated by the Board of Directors, shall perform all of the duties of the Chairman of the Board/President, and when so acting shall have all of the powers of and be subject to all of the restrictions upon the Chairman of the Board/President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors and the Bylaws.

Section 9. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order of all meetings of directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the number of directors present or represented at directors' meetings, the notice given thereof, the names of those present at directors' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office of the corporation, a register showing the names of all directors and their respective addresses.

The Secretary shall give, or cause to be given, notice of all meetings of the directors and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 10. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts and disbursements. The books of account shall at all times be available for inspection by any directors, by the City Manager of The City of San Diego or his designee and by any member of the City Council of The City of San Diego.

The Treasurer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He shall disburse the sums of the corporation as may be ordered by the Board of Directors, shall render to the Chairman of the Board/President and Directors, whenever they request it, an account of all of his transactions as Treasurer and the financial condition of the corporation and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors of the Bylaws.

ARTICLE V

EXECUTIVE COMMITTEE

Section 1. Executive Committee. The Board of Directors may establish an Executive Committee. If such Executive Committee is formed, the primary function will be to coordinate the activities of the Board of Directors; provided, however, that all members of the Executive Committee shall be members of the Board of Directors.

Section 2. Powers. The Executive Committee shall assume all of the duties of the Board of Directors during the interim between meetings of the Board and shall perform such other duties as the Board of Directors shall from time to time designate. The Executive Committee shall report to the next meeting of the Board of Directors upon all action taken.

Section 3. Quorum. A majority of members of the Executive Committee shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the members of the Executive Committee present at a meeting at which a quorum is present shall be regarded as the act of the Executive Committee, unless a greater number be required or fixed by the Board of Directors.

Section 4. Meetings. Regular meetings of the Executive Committee, notice of which is hereby dispensed with, shall be held at regular times to be fixed in advance by the Executive Committee.

Special meetings of the Executive Committee shall be held as required and shall be called and notice thereof shall be given in the same manner as in these Bylaws provided for the calling and giving notice of the special meetings of the Board of Directors.

ARTICLE VI

COMMITTEES

Section 1. Standing Committees. At the annual organizational meeting the Board of Directors shall determine and fix such standing committees as they shall deem necessary for the proper functioning of the corporation, and the Chairman of the Board/President of the corporation shall appoint the members of such standing committees and shall name the chairman thereof.

Section 2. Other Committees. Other committees may be appointed by the Chairman of the Board/President from time to time for such purposes as shall be required to properly and efficiently conduct the business and affairs of the corporation.

ARTICLE VII

MISCELLANEOUS

Section 1. Checks. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of, or payable to, the corporation shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 2. Audit. The accounts of the corporation shall be audited at least once a year by a competent accountant not connected with the Board of Directors, and under generally accepted accounting standards. A financial statement based upon such audit shall be made available to directors and the member

upon request, and a copy of said audit shall be supplied to the City Manager of The City of San Diego upon request.

Section 3. Indemnification. The Corporation shall, to the maximum extent permitted by the California Nonprofit Public Benefit Corporation Law, and in accordance with that law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was an agent of the Corporation. For purposes of this section, an "agent" of the Corporation includes any person who is or was a director, officer, employee or other agent of the Corporation and is or was acting within the scope of his or her employment or his or her designated or reasonably implied responsibilities.

ARTICLE VIII

FISCAL YEAR

The fiscal year of this corporation shall commence on July 1st and end on June 30th next following.

ARTICLE IX

AMENDMENTS

Section 1. Power to Amend. New Bylaws may be adopted or the Bylaws may be amended or repealed by the member, or by the Board of Directors with the express consent of the member.