



**Sorrento Valley Town Council**

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**SORRENTO VALLEY  
TOWN COUNCIL  
BYLAWS**

**Revised February 2, 2017**

# SORRENTO VALLEY TOWN COUNCIL BYLAWS

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# ARTICLE 1 GENERAL

## SECTION 1.1 NAME

The name of this California non-profit corporation is the Sorrento Valley Town Council, Inc., hereafter referred to as the Town Council or the Corporation.

## SECTION 1.2 PURPOSE

The specific purposes for which this council is organized are to promote and provide economic, social and recreational development and improvement of the Sorrento Valley neighborhood of the City of San Diego; to promote the activities and interests, health and well being of its residents, private and commercial interests, and community organizations of Sorrento Valley.

As a forum for discussion and resolution of community issues, the Town Council will serve, represent, and effectively communicate ideas, recommendations, and/or concerns that impact Sorrento Valley to its residents, elected representatives, private and commercial interests, city, county, and state agencies, and other affected parties as may be appropriate.

## SECTION 1.3 LIMITATIONS

- a) The Town Council shall refrain from supporting any partisan, sectarian, or special interests, including the publishing and distribution of statements in favor of or opposed to such interests. This is not to be construed as a limitation upon fund-raising efforts, solicitation of advertising, taking a position on an issue of concern to the community, or encouragement to neighborhood and special area groups in the promotion and advocacy of their own interests as they see them, but rather, it is to prevent inappropriate favoritism or bias.
- b) Members of the Town Council, hereafter referred to as Council Members, shall not officially use their status in dealing with any other person, group, entity, or interest unless specifically authorized by the Town Council to do so. This does not restrict Council Members from identifying themselves as members of the Town Council, but rather to prevent unauthorized representations that suggest or imply official Town Council endorsement.

## SECTION 1.4 PRINCIPAL OFFICE

The Town Council will maintain its office in Sorrento Valley, City of San Diego, County of San Diego, State of California. The initial street address of the Corporation is: 6990 Carroll Road, Suite B, San Diego, CA 92121.

The Board of Directors may, however, change principal office from one location to another within Sorrento Valley by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

## **ARTICLE 2 ORGANIZATION**

### **SECTION 2.1 MEMBERSHIP**

#### **SECTION 2.1.1 QUALIFICATION**

Membership in the Council is open to any individual who has attained the age of 18 who lives in Sorrento Valley, or any representative of a business, residential association, or non-profit organization that conducts business in Sorrento Valley, as specifically defined in Exhibit A. A membership that does not meet the above requirements may be allowed by approval of the Board.

#### **SECTION 2.1.2 TYPES OF MEMBERSHIP**

A membership shall be individual or business, as determined by the Board. Each class of membership is entitled to one vote per membership. The Board of Directors may confer honorary membership to those who have aided the objectives and policies of the Council. Honorary membership shall be for a period of one year. Honorary members shall not be required to pay dues.

#### **SECTION 2.1.3 ADMISSION OF MEMBERS**

Applicants shall be admitted to membership upon payment of dues, as specified in the following sections of this bylaw.

#### **SECTION 2.1.4 DUES**

- Changes in dues shall normally be established by the membership at the November General Meeting and any change in the amount of dues shall take effect immediately.
- The amount of dues shall be recommended by the Board of Directors and must be approved by the majority of the Board of Directors at a General meeting.
- New members joining during the year shall be required to pay dues upon joining the Council.
- The Board of Directors shall, at its discretion, waive the dues for any membership when it deems appropriate.

#### **SECTION 2.1.5 MEMBERSHIP BOOK**

The Corporation shall keep a membership book containing the name and address of each member. Termination of the membership of any member shall be recorded in the book, together with the date of termination of such membership. This book shall be kept on the Council's Google Drive.

The record of names and addresses of the members of this Corporation shall constitute the membership list of this Corporation and shall not be used, in whole or part, by any person for any purpose not reasonably related to a member's interest as a member.

#### **SECTION 2.1.6 NONLIABILITY OF MEMBERS**

A member of this Corporation is not, as such, personally liable for the debts, liabilities, or obligations of the Corporation.

## SECTION 2.1.7 LIMITATIONS

No member shall have the authority to commit the Council to any indebtedness or to raise funds in the name of the Council without approval of the Board. No member shall have the authority to speak for or represent the Council without approval of the Board.

## SECTION 2.1.8 NONTRANSFERABILITY OF MEMBERSHIPS

No member may transfer a membership or any right arising therefrom.

## SECTION 2.2 THE BOARD OF DIRECTORS

### SECTION 2.2.1 NUMBER

The Corporation shall have no fewer than five (5) nor more than eleven (11) Members of the Board, with the exact number to be fixed within these limits by approval of the Board of Directors and members in the manner provided in these bylaws.

### SECTION 2.2.2 DUTIES

It shall be the duty of the directors to:

- Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this Corporation, or by these bylaws;
- Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the Corporation;
- Supervise all officers, agents, and employees of the Corporation to assure that their duties are performed properly;
- Meet at such times and places as required by these bylaws;  
A Board member may be assigned to chair a committee, at the option of the President, and shall assume jurisdiction of the activities of said committee. The chairperson of the committee shall perform the tasks specified in the Article on Committees.
- Board members shall maintain Council-related files pertaining to the activities of their office. All such files shall be given to their successors before the first meeting of the new Board of Directors, whenever possible, but no later than the second meeting.
- Register their addresses with the Secretary of the Corporation and notices of meetings mailed or emailed to them at such addresses shall be valid notices thereof.

### SECTION 2.2.3 TERMS OF OFFICE

Each Board member shall be elected to serve for a four-year term beginning at the January General meeting. Elections shall be held every two years. The even numbered seats shall be considered for election in the same election year. Two years following, the odd numbered seats should be considered for election. No Board member shall hold the same office for more than two consecutive terms unless a special waiver is approved by the general membership.

All Board positions commence on January 1st. The office of President must be filled by a Council Member elected to council according to Article 3. Council Members elected according to Article 3 are eligible for nominations and elections to Board vacancies. After each Board position has been balloted and filled, to the extent possible by elected Council Members, board vacancies may be filled by appointed members after January 1st.

#### SECTION 2.2.4 COMPENSATION

Directors shall serve without compensation. In addition, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties. Directors may not be compensated for rendering services to the Corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 2.2.2 of this Article. Any payments to directors shall be approved in advance in accordance with this Corporation's conflict of interest policy, as set forth in Article 8 of these bylaws.

#### SECTION 2.2.5 RESTRICTION REGARDING INTERESTED DIRECTORS

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

- a) Any person currently being compensated by the Corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

#### SECTION 2.2.6 VACANCIES

Vacancies on the Board of Directors shall exist (1) on the death, resignation, removal of any director, or move from the neighborhood of Sorrento Valley and (2) whenever the number of authorized directors is increased.

In the event of a vacancy in the office of the President, the Vice-President shall assume the office of the President for the remainder of the Council year. All other vacancies shall be filled by appointment as recommended by the Board of Directors and approved by the general membership.

In the event a Council Member moves outside the boundaries of the neighborhood of Sorrento Valley, a vacancy will immediately exist in any and all positions held by the concerned member.

Any director may resign, effective upon giving written notice to the chairperson of the board, the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. No Director may resign if the Corporation would then be left without a duly elected director or directors in charge of its affairs.

Vacancies created by the removal of a director may be filled only by the majority of the votes represented at a membership meeting at which a quorum is present. A person elected to fill a vacancy as provided by this Section shall hold office for the remainder of the term, or until his or her death, resignation, or removal from office.

The Board may grant a Board member a limited leave of absence, not to exceed two (2) months. During an approved leave of absence, the Board member can maintain formal membership but not, for example, be included for purposes of determining a quorum or participate in meetings, voting or communications if he or she is on leave.



## SECTION 2.2.7 COUNCIL CODE OF CONDUCT

None of the Board of Directors, Chairpersons, and/or Committee member's official actions in the name of the Council shall conflict with action authorized by the membership. An active Board member, Chairperson, and/or Committee member may not use the name or authority of the Council, Board, and/or Committee for any personal or political advantage.

No Board member, Chairperson, and/or Committee member shall have the authority to commit the Council to any indebtedness or raise funds in the name of the Council without approval of the membership. Any violation of the foregoing shall subject that individual member to disciplinary action that could include expulsion from the Board, Chairmanship, and/or Committee.

Board members, Chairpersons, and/or Committee members shall conduct themselves in a manner that respects the integrity of the Council, its processes, and all participants, including fellow Board members, Chairpersons, Committee members, and/or general members.

Board members, Chairpersons, and/or Committee members shall recognize the equal role and responsibility of all involved. Board members, Chairpersons, and/or Committee members shall be willing to work with the group in making decisions and recognize that compromise may be necessary.

Any Board member, Chairperson, and/or Committee member who publicly announces, campaigns, and/or politicks themselves as a candidate for any official, elected governmental position without first resigning from office, can immediately be suspended from their Council position by any Officer of the Board, and cannot represent the Council in any official capacity. Upon suspending a member from their Council duties, the Officer issuing the suspension shall immediately notify the member in question, and all other Board members of the action in writing by e-mail, mail, or hand delivery. This notification shall contain facts supporting the suspension. The member in question shall be reviewed within no less than ten (10) days at the next regularly scheduled Board meeting, or Special Board meeting, whichever is sooner.

A person who is elected to any official governmental position shall not be allowed to be a Board member, Chairperson, and/or Committee member. A candidate who did not win an official governmental position may apply to be a Board member, Chairperson, and/or Committee member once the Registrar of Voters or appropriate governing body certifies the final vote.

Board members, Chairpersons, and/or Committee members shall attend and participate in Board and Committee meetings, and shall be prepared to perform all Board and committee assignments. Board members and/or Chairpersons shall not express personal opinions or positions from the Board table, but may do so as part of the public comment. Board members and/or Chairpersons shall notify the President, and/or presiding officer, prior to any meeting of their intended absence.

## SECTION 2.2.8 NONLIABILITY OF DIRECTORS

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

## SECTION 2.2.9 INSURANCE FOR CORPORATE AGENTS

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a director, officer, employee, or other agent of the Corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status

as such, whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

**SECTION 2.3 EXECUTIVE OFFICERS AND THEIR DUTIES**

**SECTION 2.3.1 THE EXECUTIVE OFFICERS**

The Executive Officers are the President, Vice President, Treasurer, Secretary, and Chairs of the Standing Committees. Any number of offices may be held by the same person except that neither the Secretary nor the Treasurer may serve as the president.

The Executive Officers will perform all the usual and customary duties and assume all the responsibilities normally associated with such a committee, to include the power to take action on urgent matters subject to later ratification by the Board, resolve administrative details, approve expenditures up to \$500, recommend committee establishment to the Town Council Board for approval, meet with residents and other interested parties.

**SECTION 2.3.2 QUALIFICATION, ELECTION, AND TERM OF OFFICE**

Any board member may serve as an Executive Officer of this Corporation. Officers shall be elected by the Board of Directors, at the January meeting following the elections, and each officer shall hold office until he or she resigns, is removed, or is otherwise disqualified to serve, or until the next Board of Directors is seated, whichever occurs first.

**SECTION 2.3.3 REMOVAL AND RESIGNATION**

The Board of Directors may remove any Executive Officer, either with or without cause, at any time, by a majority vote. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract that has been approved or ratified by the Board of Directors relating to the employment of any officer of the Corporation.

**SECTION 2.3.4 VACANCIES**

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any Executive officer shall be filled by the Board of Directors. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy.

**SECTION 2.3.5 DUTIES OF PRESIDENT**

The President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the Corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this Corporation, or by these bylaws, or which may be prescribed from time to time by the Board of Directors.

The President shall preside at all meetings of the board and general meetings. He or she will be responsible for setting meeting agendas and will send to all Town Council Members or post on the Town Council website a tentative meeting agenda no less than 48 hours prior to the

scheduled meeting. Any member of the Town Council can request that an item be placed on the agenda.

The President will be responsible for the receipt of and reply to routine correspondence. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, he or she shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments, which may from time to time, be authorized by the Board of Directors.

#### SECTION 2.3.6 DUTIES OF VICE PRESIDENT

In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have other powers and perform such other duties as may be prescribed by law, by the articles of incorporation, or by these bylaws, or as may be prescribed by the Board of Directors.

#### SECTION 2.3.7 DUTIES OF SECRETARY

The secretary shall:

Certify and keep at the principal office of the Corporation the original or a copy of these bylaws as amended or otherwise altered to date.

Keep on the corporate Google drive or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

Ensure that the minutes of meetings of the Corporation, any written consents approving action taken without a meeting, and any supporting documents pertaining to meetings, minutes, and consents shall be contemporaneously recorded in the corporate records of this Corporation. "Contemporaneously" in this context means that the minutes, consents, and supporting documents shall be recorded in the records of this Corporation by the later of (1) the next meeting of the board, committee, membership, or other body for which the minutes, consents, or supporting documents are being recorded, or (2) sixty (60) days after the date of the meeting or written consent.

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

Be custodian of the records of the Corporation.

Exhibit at all reasonable times to any director of the Corporation, or to his or her agent or attorney, on request therefore, the bylaws, the membership book, and the minutes of the proceedings of the directors of the Corporation.

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

#### SECTION 2.3.8 DUTIES OF TREASURER

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the Treasurer shall manage the following functions.

Have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors.

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

Disburse, or cause to be disbursed, the funds of the Corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

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

Exhibit at all reasonable times the books of account and financial records to any director of the Corporation, or to his or her agent or attorney, on request therefor.

Render to the President and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the Corporation.

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

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements that include budgeted vs. actual revenues and expenses quarterly.

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

## **ARTICLE 3 MEETINGS**

### **SECTION 3.1 PLACE OF MEETINGS**

Regular meetings shall be held within the boundaries of the neighborhood of Sorrento Valley.

Any meeting, regular or special, may be held by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting so long as all directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic video screen communication or other communications equipment (other than conference telephone) constitutes presence in person at that meeting if all of the following apply:

- a) Each director participating in the meeting can communicate with all of the other directors concurrently;
- b) Each director is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation; and
- c) The Corporation adopts and implements some means of verifying (1) that all persons participating in the meeting are directors of the Corporation or are otherwise entitled to participate in the meeting, and (2) that all actions of, or votes by, the board are taken and cast only by directors and not by persons who are not directors.

## **SECTION 3.2 REGULAR BOARD OF DIRECTORS MEETINGS**

Regular meetings of directors shall be held on the first Thursday of the month at 7 pm, unless such day falls on a legal holiday, in which event the regular meeting shall be rescheduled. No Board meetings will be held in December or July, and an additional “dark month” may be established with the approval of the Board. Meetings of the Board of Directors shall be open to all SVTC members and the public.

## **SECTION 3.3 SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by the chairperson of the board, the President, the Vice President, the Secretary, or by any two directors, and such meetings shall be held at the place, within or without the State of California, designated by the person or persons calling the meeting, and in the absence of such designation, at the principal office of the Corporation.

## **SECTION 3.4 GENERAL MEETINGS**

Meetings of members shall be held at the principal office of the Corporation or at such other place within Sorrento Valley as may be designated from time to time by resolution of the Board of Directors.

The members shall meet annually on the first Thursday in November in each year, at 7 PM, for the purpose of electing directors and transacting other business as may come before the meeting. Cumulative voting for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Each voting member shall cast one vote, with voting being by ballot only. The annual meeting of members for the purpose of electing directors shall be deemed a regular meeting and any reference in these bylaws to regular meetings of members refers to this annual meeting.

## **SECTION 3.5 QUORUM FOR GENERAL MEETINGS**

A quorum shall consist of a majority of the Board of Directors.

## **SECTION 3.6 QUORUM FOR BOARD OF DIRECTORS MEETINGS**

A quorum shall consist of a majority of the Board of Directors.

Except as otherwise provided in these bylaws or in the articles of incorporation of this Corporation, or by law, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the articles of incorporation or bylaws of this Corporation.

## **SECTION 3.7 NOTICE OF MEETINGS**

### **SECTION 3.7.1 TIMING OF NOTICE**

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon 48 hours notice delivered personally or by telephone or email. Such notices shall be addressed to each director at his or her address as shown on the books of the Corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than thirty-six (36) hours from the time of the original meeting.

### **SECTION 3.7.2 CONTENTS OF NOTICE**

Notice of meetings not herein dispensed with shall specify the place, day, hour, and purpose of the meeting.

### **SECTION 3.7.3 WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS**

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

## **SECTION 3.8 CONDUCT OF MEETINGS**

Meetings of the Board of Directors/general meetings shall be presided over by the President of the Corporation or, in his or her absence, by the Vice President of the Corporation or, in the absence of each of these persons, by a chairperson chosen by a simple majority of directors/members present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by "Robert's Rules of Order Revised" insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this Corporation, or with provisions of law.

## **SECTION 3.9 ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING**

Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all members of the board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Organization Law. Such written consent or consents shall be filed with the minutes of the proceedings of the board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that the bylaws of this Corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority.

## **ARTICLE 4 NOMINATIONS AND ELECTIONS**

### **SECTION 4.1 NOMINATIONS**

Nominations for a seat on the Board of Directors shall open at the August General meeting and the Nominating and Election Committee shall solicit candidates during the months of August and September. Candidate declaration forms will be made available from the Nominating and Election Committee at that time. Declaration forms will include the name of the candidate, current residence address, listing of the candidate's qualifications, manner in which the candidate's name and identification is to appear on the ballot, and a signed statement that the candidate is of legal age and will have resided, or is representing an organization or business that will have conducted business, in Sorrento Valley a minimum of thirty days (30) prior to the election date.

The Nominating and Election Committee shall compile a list of all nominees, together with their qualifications, for the elective offices of the Council. The Nominating and Election Committee shall submit the candidate information to the Secretary prior to the October General meeting.

All nominees must give their consent to nomination, whereupon the nominations shall be closed.

The Election Committee will verify all declaration forms and notify applicants of their acceptance/rejection as a candidate no later than seven (7) days prior to the election date. Failure to satisfy age or residency requirements will be the only grounds for rejection.

### **SECTION 4.2 ELECTIONS AND VOTING**

#### **SECTION 4.2.1 NOTICE**

The Election Committee will inform all members of the SVTC by mail or email of the upcoming election, and include a list of candidates and a statement of candidate qualifications, no later than seven (7) days prior to the election date.

#### **SECTION 4.2.2 ELECTIONS**

The Nominating and Election Committee shall prepare the ballots, certified by the Secretary, to be presented at the November General meeting.

#### **SECTION 4.2.3 GENERAL VOTING**

Elections and voting of the Council offices shall be held at the November General meeting. For the purpose of ensuring a fair count of votes, the membership roster shall be used. Only members shall be allowed to cast ballots. No member shall cast more than one (1) ballot.

#### **SECTION 4.2.4 TABULATION OF VOTES**

The votes shall be tabulated by at least three (3) members of the Nominating and Election Committee at least five (5) days prior to the December General meeting, and the results shall be certified by the Secretary. The election results shall then be reported by the Secretary at the December General meeting.

The Nominating and Election Committee shall count only those votes that are properly completed and submitted in accordance with instructions contained thereon. Votes for write-in candidates shall not be counted.

Voting shall be by ballot only, and plurality vote shall constitute an election to the Board of Directors.

Any tie shall be decided by the President casting the tiebreaking vote at the December Board meeting. Installation of the Board shall take place as the first order of business at the January meeting. New officers shall be elected at that time. Any positions not filled by the election process shall be appointed as provided in the Article on Officers and Directors.

## **ARTICLE 5 COMMITTEES**

### **SECTION 5.1 STANDING COMMITTEES**

Standing committees of one or more members (unless otherwise specified) shall pursue outreach activities, work on ongoing projects or goals that benefit the neighborhood and the community, and make reports at the Town Council meetings.

These committees shall consist of:

Communications Committee – Responsible for gathering local community information, compiling, editing, mailing, and distributing the monthly newsletter of the Sorrento Valley Town Council, as needed, as well as oversee the Council's social media properties, and direct official communication matters from the Council. The Communications Committee chairperson shall be the Managing Editor of the newsletter, be responsible for publishing the newsletter, and for informing the President, who is the Editor-in-Chief, of everything that will be contained in the newsletter prior to the printing and mailing of the newsletter.

Membership Committee – Responsible for maintaining membership records and overseeing membership recruitment.

Other standing committees may be established as deemed necessary by the membership or the Board. All standing committee meetings shall be open to any interested persons.

### **SECTION 5.2 SPECIAL COMMITTEES**

The President or Board may establish special (ad hoc) committees. These committees shall work on special projects or goals until completion. Special committees shall give reasonable opportunity for all interested individuals to be heard, specifically persons who may be directly affected by the issues under consideration. These committees shall prepare recommendations to the Board. All special committee meetings shall be open to any interested persons.

### **SECTION 5.3 MEETINGS AND ACTION OF COMMITTEES**

The Board of Directors may adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws.



## **ARTICLE 6 COUNCIL DISCIPLINARY PROCEDURES**

### **SECTION 6.1 REMOVAL OF BOARD MEMBER/CHAIRPERSON**

All Board Members, including Executive Officers, serve at the will of the membership. Any officer may be removed, either with or without cause, by the Board of Directors, at any time.

The Board shall vote to remove a Board member and/or Chairperson if:

- a) The Board member has more than three (3) consecutive absences from Board meetings during their term, or
- b) The Board member and/or Chairperson has more than three (3) consecutive absences from Committee meetings during their term, or
- c) The Board determines that the Board member has violated the power bestowed upon him or her, vacated his/her position, or neglected his/her required duties.

The Committee shall have the authority to remove their Chairperson or Committee member if:

- a) The Chairperson or Committee member has more than three (3) consecutive absences from Board meetings during their term, or
- b) The Chairperson or Committee member has more than three (3) consecutive absences from Committee meetings during their term, or
- c) The Committee determines that the Chairperson or Committee member has violated the power bestowed upon him/her, vacated his/her position, or neglected his/her required duties.

Any complaint against an active member of the General Membership or other Board members may be submitted in writing to the SVTC President. If the complaint is against the SVTC President, it may be filed with another Executive board member. The Board shall call the fact to the Board member's attention and the complaint will be placed on the agenda for review at the next Board meeting.

The question of removal of a Board Member due to attendance requires a simple majority vote of the Board members present. All other causes for removal require the votes of two-thirds (2/3) of the Board members present.

The removal of a Chairperson and/or Committee member by a Committee, requires that the member in question has had due notice no less than ten (10) days prior to the meeting, and shall have an opportunity to be heard upon the question of removal. The question of removal due to attendance requires a simple majority vote of the Committee members present. All other causes for removal require the votes of two-thirds (2/3) of the Committee members present.

### **SECTION 6.2 WHISTLEBLOWER POLICY**

#### **SECTION 6.2.1 INTRODUCTION AND PURPOSE**

Sorrento Valley Town Council ("The Corporation") requires its directors, officers, volunteers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As representatives of the Corporation, they must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. The purpose of this policy is to encourage and enable members of the Corporation to report any action or suspected action taken within the Corporation that is illegal, fraudulent or in violation

of any adopted policy of the Corporation, to a source within the Corporation before turning to outside parties for resolution.

#### SECTION 6.2.2 REPORTING RESPONSIBILITY

It is the responsibility of all directors, officers and members to comply with any adopted policy of the Corporation and to report violations or suspected violations in accordance with this Whistleblower Policy. Anyone reporting a violation must act in good faith, without malice to the Corporation or any individual in the Corporation, and have reasonable grounds for believing that the information shared in the report indicates that a violation has occurred.

#### SECTION 6.2.3 NO RETALIATION

No director, officer or member ("the individual") who in good faith reports a violation of any adopted policy of the Corporation shall suffer harassment, retaliation or adverse consequence. Anyone who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of position or volunteer status. This Whistleblower Policy is intended to encourage and enable individuals to raise serious concerns within the Corporation prior to seeking resolution outside the Corporation.

#### SECTION 6.2.4 REPORTING VIOLATIONS

The Corporation's open door policy suggests that individuals share their questions, concerns, suggestions or complaints with someone in the Corporation who can address them properly, such as any Board Member.

#### SECTION 6.2.5 ACCOUNTING AND AUDITING MATTERS

In case of a reported concern or complaint regarding corporate accounting practices, internal controls or auditing, an ad hoc audit committee of the board shall be formed until the matter is resolved.

#### SECTION 6.2.6 ACTING IN GOOD FAITH

Anyone filing a complaint concerning a violation or suspected violation of any adopted policy of the Corporation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

#### SECTION 6.2.7 CONFIDENTIALITY

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

#### SECTION 6.2.8 HANDLING OF REPORTED VIOLATIONS

The board member who receives a report of a violation from a complainant is required to notify the rest of the board. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## **ARTICLE 7**

### **EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS**

#### **SECTION 7.1 EXECUTION OF INSTRUMENTS**

The Board of Directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

#### **SECTION 7.2 CHECKS AND NOTES**

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness in excess of \$500 shall be signed by the Treasurer or Secretary and countersigned by the President of the Corporation.

#### **SECTION 7.3 DEPOSITS**

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

#### **SECTION 7.4 GIFTS**

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

## **ARTICLE 8**

### **CORPORATE RECORDS AND REPORTS**

#### **SECTION 8.1 MAINTENANCE OF CORPORATE RECORDS**

The Corporation shall keep:

- a) Minutes of all meetings of directors, committees of the board, and, if this Corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;
- c) A record of its members, if any, indicating their names and addresses and, if applicable, the class of membership held by each member and the termination date of any membership;
- d) A copy of the Corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members.

## **SECTION 8.2 DIRECTORS' INSPECTION RIGHTS**

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

## **SECTION 8.3 MEMBERS' INSPECTION RIGHTS**

Each and every member shall have the right to inspect at any reasonable time the books, records, or minutes of proceedings of the members or of the board or committees of the board, upon written demand on the Corporation by the member, for a purpose reasonably related to such person's interests as a member.

## **SECTION 8.4 RIGHT TO COPY AND MAKE EXTRACTS**

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

## **SECTION 8.5 ANNUAL AND QUARTERLY REPORTS**

The Board shall cause a quarterly report to be furnished not later than sixty (60) days after the close of each of the Corporation's fiscal quarters to all directors of the Corporation and to any member who requests it in writing, which report shall contain financial statements that include budgeted vs. actual revenues and expenses.

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

- a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.

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

## **SECTION 8.6 DOCUMENT RETENTION AND DESTRUCTION POLICY**

### **SECTION 8.6.1 PURPOSE**

This policy provides for the systematic review, retention and destruction of documents received or created by the Sorrento Valley Town Council, Inc. ("the Organization") in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form (including electronic documents), contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Organization's operations by promoting efficiency and freeing up valuable storage space.

## SECTION 8.6.2 DOCUMENT RETENTION

The Organization follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

## SECTION 8.6.3 ORGANIZATION RECORDS

Annual Reports	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years
<b>Accounting and Corporate Tax Records</b>	
Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 Tax Returns	Permanent
Business Expense Records	7 years
IRS 1099s	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records (box office, concessions, misc.)	5 years

Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years
<b>Bank Records</b>	
Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years
<b>Tax Records</b>	
W-2 Statements	7 years
Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	5 years after completion
<b>Legal, Insurance and Safety Records</b>	
Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years
General Contracts	3 years after termination

#### SECTION 8.6.4 ELECTRONIC DOCUMENTS AND RECORDS

Electronic documents will be retained (on-line archive) as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an archive computer file folder. Backup and recovery methods will be tested on a regular basis.

#### SECTION 8.6.5 EMERGENCY PLANNING

The Corporation's records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Corporation operating in an emergency will be duplicated or backed up at least every week and maintained off site or in an on-line storage.

#### SECTION 8.6.6 DOCUMENT DESTRUCTION

The Corporation's President is responsible for the ongoing process of identifying records that have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

#### SECTION 8.6.7 COMPLIANCE

Failure on the part of members or contract staff to follow this policy can result in possible civil and criminal sanctions against the Corporation and its members or contract staff and possible disciplinary action against responsible individuals. The Treasurer will periodically review these procedures with legal counsel or the Corporation's certified public accountant to ensure that they are in compliance with new or revised regulations.

## **ARTICLE 9 FISCAL YEAR**

### **SECTION 9.1 FISCAL YEAR OF THE CORPORATION**

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

## **ARTICLE 10 CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES**

### **SECTION 10.1 PURPOSE OF CONFLICT OF INTEREST POLICY**

The purpose of this conflict of interest policy is to protect this tax-exempt Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **SECTION 10.2 DEFINITIONS**

a) Interested Person.

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

b) Financial Interest.

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

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

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

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph b, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.



## **SECTION 10.3 CONFLICT OF INTEREST AVOIDANCE PRODEDURES**

### **a) Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose, on an annual basis, the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

### **b) Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

### **c) Procedures for Addressing the Conflict of Interest**

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

### **(d) Violations of the Conflicts of Interest Policy.**

If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

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

### **(e) The Corporation's Conflict of Interest Policy is to be signed by all the directors of the Board annually.**

## **SECTION 10.4 RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS**

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

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

## **SECTION 10.5 COMPENSATION APPROVAL POLICIES**

A voting member of the governing board or any committee whose jurisdiction includes compensation matters who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- a) The terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.
- b) All members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Sec. 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this Corporation and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Sec. 53.4958-3 of the IRS Regulations):
  1. Is not the person who is the subject of compensation arrangement, or a family member of such person.
  2. Is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement.
  3. Does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement.
  4. Has no material financial interest affected by the compensation arrangement and
  5. Does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

- (c) The board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include:
1. Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources
  2. The availability of similar services in the geographic area of this Corporation
  3. Current compensation surveys compiled by independent firms
  4. Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.
- As allowed by IRS Regulation 4958-6, if this Corporation has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.
- (d) The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:
1. The terms of the compensation arrangement and the date it was approved.
  2. The members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each member.
  3. The comparability data obtained and relied upon and how the data was obtained.
  4. If the board or compensation committee determines that reasonable compensation for a specific position in this Corporation or for providing services under any other compensation arrangement with this Corporation is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
  5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting.
  6. Any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).
  7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

## **SECTION 10.6 PROHIBITIONS AGAINST SELF-DEALING**

Self-dealing prohibits any direct financial transactions between the Foundation's disqualified people. Disqualified people include board members, officers or other covered individuals who have the authority to act on behalf of the Corporation. Even if the financial transaction is between the Corporation and an unrelated third party, the act can be a violation of the self-dealing rules if the transaction provides an indirect financial or economic benefit to a corporation insider.

The laws and regulations that pertain to self-dealing between a corporation and qualified people include:

- a) Buying and selling property from or to a disqualified person, even on terms favorable to the Corporation;
- b) Leasing of property between a disqualified person and the Corporation (Exception: Lease of property is without charge or if the lease is in a building with other tenants who are not disqualified people);
- c) Lending money or extending credit to disqualified people, or borrowing money from disqualified people (Exception: Loans to the Corporation by a disqualified person is without interest or other charge);
- d) Providing goods, services or facilities (Exception: The goods, services or facilities are made available to the general public on at least as favorable a basis);
- e) Paying compensation or reimbursing expenses to a disqualified person (Exception: Payment of compensation or reimbursement of expenses is reasonable and necessary to carry out the Corporation's purpose);
- f) Transferring corporation income or assets to, or for the use or benefit of, a disqualified person (Exception: Receipt of incidental benefits from use of the Corporation's income or assets); and
- g) Certain agreements to make payments of money or property to government officials. (Exception: A scholarship or fellowship, any gift or service or facilities made available that is not more than \$25 in a calendar year, payment for government training programs, travel expenses within the United States and conference participation)

The self-dealing rules are designed to provide a sanction where the penalty, in the form of an excise tax, is applied to the self-dealer or to a corporation manager participating in the transaction, and is measured as a percentage of the amount involved.

## **ARTICLE 11 AMENDMENT OF BYLAWS**

### **SECTION 11.1 AMENDMENT**

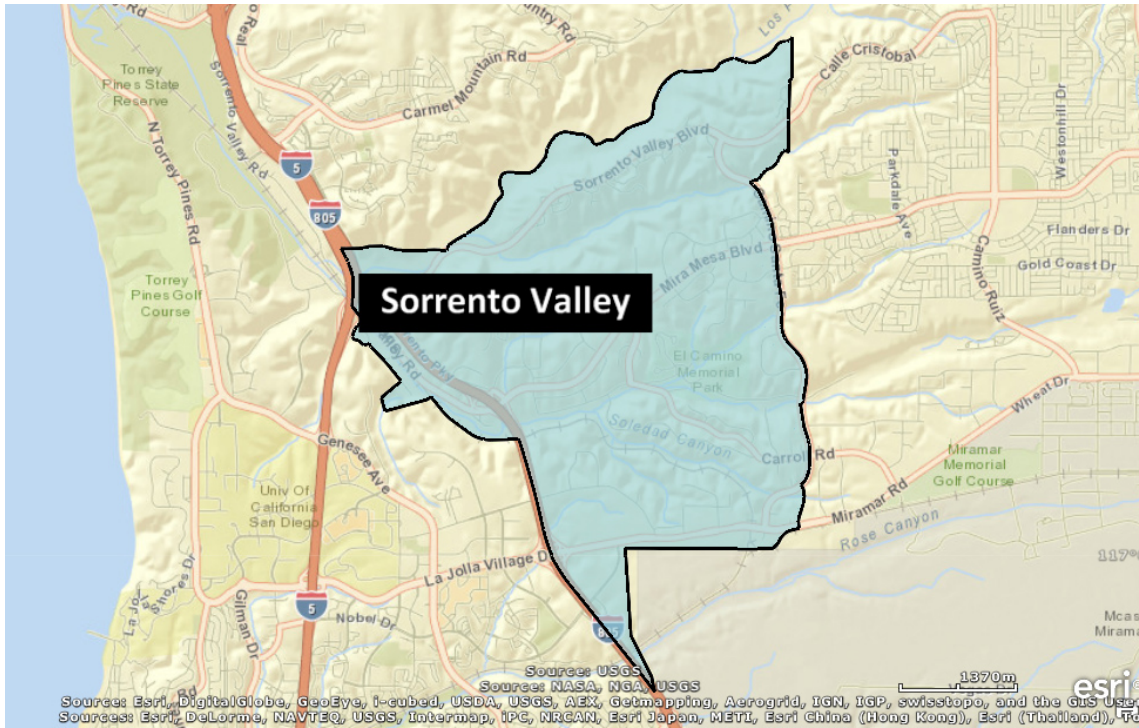
These Bylaws may be amended by a two-thirds (2/3) vote of the members in attendance at a Town Council meeting, provided that the proposed amendment(s) was (were) submitted to the Council at the previous meeting and the general membership was notified by mail/email of the proposed amendment(s).

**ARTICLE 12**  
**PROHIBITION AGAINST SHARING CORPORATE PROFITS**  
**AND ASSETS**

**SECTION 12.1 PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

No person connected with this Corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation. This provision shall not prevent payment to any such person of reasonable compensation for services performed for the Corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these bylaws and is fixed by resolution of the Board of Directors. No such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the Corporation. In the event of dissolution or liquidation of the Town Council, any and all surplus capital or assets will be donated to a non-profit fund, foundation, or organization which is organized and operated exclusively for public service and/or charitable purposes within Sorrento Valley and which has established tax exempt status under Section 501(c)(3) of the Internal Revenue Code as may be deemed appropriate by the Town Council.

**EXHIBIT A**



**WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS**

We, the undersigned, are all of the persons acting as the initial directors of Sorrento Valley Town Council, a California nonprofit Corporation, and, pursuant to the authority granted to the directors by these bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing bylaws, consisting of 31 pages, as the bylaws of this Corporation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Julia Schriber, Director

\_\_\_\_\_  
Susan Carolin, Director

\_\_\_\_\_  
Lillith Nover, Director

\_\_\_\_\_  
Wayne Cox, Director

\_\_\_\_\_  
Juta Birkenthal, Director

**CERTIFICATE OF AUTHENTICITY**

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Wayne Cox, Secretary