

BYLAWS OF
ROSEVILLE COMMUNITY DEVELOPMENT
CORPORATION, INC.
AS AMENDED FEBRUARY 19, 2014

ARTICLE 1: NAME

The name of this corporation is Roseville Community Development Corporation, Inc.

ARTICLE 2: PURPOSES AND POWERS

The corporation has been formed for charitable purposes including, but not limited to, the specific and primary purpose of providing physical, economic and educational development and revitalization efforts resulting in expanded employment, economic prosperity and business and housing opportunities for businesses and residents and to provide such charitable services that are associated with such specific purposes as allowed by law. In furtherance of these purposes, the corporation is empowered to:

Receive gifts, donations, bequests and devises of all kinds and descriptions and perform any and all legal acts in regard thereto as may be necessary or advisable to advance the objects and purposes of the corporation, and to apply the principal and interest of such gifts, donations, bequests, and devises as may be directed by the donor, or as the Board of Directors (“Board”) of the corporation may determine in the absence of such direction;

Purchase and otherwise acquire, sell, convey, lease and otherwise dispose of, mortgage, pledge, hypothecate and otherwise encumber, property, both real and personal, for the purpose of carrying on its objectives and purposes;

Pursue a wide range of activities and projects, including, but not limited to, developing affordable housing, redeveloping properties to create mixed use, commercial and office projects, business recruitment and retention, commercial loans and on-going property management for the purpose of carrying on its objects and purposes;

Partner with private sector entities and persons to pursue development opportunities consistent with the corporation’s charitable purposes, including, but not limited to, forming single purpose limited liability companies or other entities to develop real property for the purpose of carrying on the corporation’s objects and purposes;

Enter into contracts with public and private entities that may be necessary or expedient to carry on its objects and purposes; and

Perform any other acts, within or without the State of California, necessary or expedient in furtherance of the purposes for which the corporation is organized to the same extent as natural persons.

The corporation is and shall be a nonprofit corporation without capital stock or shares, and it is a corporation that does not contemplate pecuniary gain or profit to the member, officers or directors thereof. The corporation is organized and formed exclusively for charitable development related services, and related scientific, educational and civic purposes and all property of the corporation is irrevocably dedicated to such uses.

In addition, the corporation is formed for the purpose of performing all things incidental to, or appropriate in, the achievement of the foregoing specific and primary purposes. 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 charitable purposes.

The 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 that are not permitted to be carried on: (a) by a corporation exempt under Section 501(c)(3) of the Internal Revenue Code and its regulations, as they now exist or as they may be amended; or (b) by an organization, contributions of which are deductible under Section 170(c)(2) of such Code and its regulations as they now exist or as they may be amended.

ARTICLE 3: PRINCIPAL OFFICES

The principal office of the corporation shall be located in the City of Roseville, County of Placer, State of California. The 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

The corporation has been formed under the California Nonprofit Public Benefit Corporation Law (the "Law") for the charitable 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 (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

ARTICLE 5: DEDICATION OF ASSETS

The properties and assets of the corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of the corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any director or officer of the corporation. On liquidation or dissolution, all remaining properties and assets of the corporation shall be distributed and paid over to the City of Roseville and used for public purposes, or paid over to such organization (or organizations) organized and operated exclusively for charitable purposes, which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue law) and which has established its tax exempt status under Section 23701d of the California Revenue and Taxation Code (or the corresponding section of any future California Revenue and Tax law).

ARTICLE 6: MEMBERSHIP

Section 1. **Sole Member.** The City of Roseville, a municipal corporation and charter city in the State of California (“City”), shall be the sole member of the corporation and is referred to in these bylaws as the “Sole Member.” The Sole Member shall act through the City Council of the City (“City Council”) in accordance with the City Charter, the City’s Municipal Code, applicable state laws and these bylaws.

Section 2. **Rights of Membership.** The Sole Member shall have the right to vote on: the election and removal 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; any amendment of the Articles of Incorporation or bylaws; and such other matters as set forth in these bylaws and the Law. In addition, the Sole Member shall have all rights afforded members under the Law and these bylaws. The corporation may benefit, serve, or assist persons who are not members.

The Sole Member shall not be entitled to any dividend or any part of the income of the corporation, except as may be necessary to fulfill any contractual obligations between the corporation and the Sole Member.

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 Sole 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 the 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 Sole Member shall be held in the City Council Chambers of the City Administration Building, or such other location as may be determined by the Sole Member and set forth in any notice of the meeting, and shall be held pursuant to the Roseville Municipal Code and the City Charter, as they may be amended from time to time.

Section 8. **Ralph M. Brown Act.** All meetings of the Sole Member shall be conducted in compliance with the requirements of the Ralph M. Brown Act as set forth at Government Code Section 54950 et seq. (“Brown Act”).

Section 9. **Annual Meeting.** The annual meeting of the Sole Member shall be a regular meeting of the Sole Member and shall be held in the month of January in each year for the purpose of electing those directors of the Board whose terms have expired. Any other proper business may be transacted at the annual meeting.

Section 10. **Regular Meetings.** Regular meetings of the Sole Member shall be held at such times as may be specified by the Sole Member, subject to the notice requirements of the Brown Act and these bylaws. Any proper business may be transacted at a regular meeting.

Regular meetings of the Sole Member shall be held at the date and time designated only by the Sole Member, which shall be the date of a regular meeting of the City Council.

Section 11. **Special Meetings.** Special meetings of the Sole Member for any lawful purpose may be called by the Board, the Chair of the Board or by the Sole Member, subject to the notice requirements of the Brown Act and these bylaws. 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.

Section 12. **Notice of Meetings.** Notice of all meetings of the Sole Member shall comply with the Brown Act. In addition, notice to the Sole Member shall be given either personally, by facsimile, electronic mail, first-class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to the City Clerk of the City of Roseville at 311 Vernon Street, Roseville, California or such other address of the Sole Member appearing on the books of the corporation or at such other address of the City Clerk appearing on the records of the City, for purposes of notice.

All such notices shall be delivered to the Sole Member and public notice thereof posted pursuant to the Brown Act not fewer than seventy-two (72) hours prior to each regular meeting and not fewer than twenty-four (24) hours prior to each special meeting. The notice shall specify the place, date and hour of the meeting and: (1) for a regular meeting, those matters which the Board or the Sole Member, at the time notice is given, intends to present for action by the Sole

Member; and for a special meeting, the general nature of the business to be transacted. 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 Sole Member of any of the following proposals is valid only if the notice states the general nature of the proposal or proposals:

- (a) Removing a director of the Board without cause;
- (b) Filling vacancies on the Board;
- (c) Amending the Articles of Incorporation or bylaws; and
- (d) Electing to wind up and dissolve the corporation.

An affidavit of the mailing or other means of giving any notice of any meeting of the Sole Member 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 of the Sole Member.

Section 12. **Adjournment.** Any meeting of the Sole Member may be adjourned from time to time by the vote of the Sole Member. No meeting may be adjourned for more than forty-five (45) days. When a meeting of the Sole 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.** The Sole Member shall vote on matters requiring the approval of the Sole Member by action of the City Council consistent with the requirements of the Roseville Municipal Code and the City Charter, as they may be amended from time to time.

Section 14. **Waiver of Notice of Consent.** No written waiver of notice or consent to the holding of any meeting of the Sole Member, or an approval of the minutes of any meeting of the Sole Member, shall be permitted.

Section 15. **No Action by Unanimous Written Consent.** No action of the Sole Member may be taken by unanimous written consent of the City Council members without a meeting and without prior notice.

Section 16. **No Action by Written Ballot Without a Meeting.** No action of the Sole Member, including the election or removal of directors of the Board, may be taken by written ballot.

Section 17. **Proxies.** The Sole 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 of Incorporation and these bylaws regarding actions that require approval of the Sole 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 directors, 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 and Qualifications of Directors.** The authorized number of directors of the corporation shall be five (5), until changed by amendment of the Articles of Incorporation or these bylaws.

All directors shall have relevant experience in development, financing, and/or business operations related experience, as such experience is determined by the Sole Member. No director shall concurrently hold an elective public office.

Section 3. **Election, Designation, and Term of Office of Directors.** Directors shall be elected by the Sole Member and shall serve for a term of three (3) years, except for the terms of the initial directors, which shall be either two (2), three (3) or four (4) years. It is the intent of these bylaws to have and maintain staggered terms of office for the directors and to provide that no more than two-fifths (2/5) of the directors' offices expire in any given year. The Sole Member shall divide the directors into three groups, one consisting of two (2) directors whose initial term shall be two (2) years, one consisting of two (2) directors whose initial term shall be three (3) years and one consisting of one (1) director whose initial term shall be four (4) years. Election of each group of directors shall occur upon expiration of the initial term and every three (3) years thereafter by the Sole Member at a regular meeting of the Sole Member. However, if all of the directors to be elected are not elected at any regular meeting of the Sole Member, they may be elected at any special meeting of the Sole 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 serve any number of three-year terms.

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

(a) the death or resignation of any director. Any director elected or appointed to an elective public office during his or her term shall automatically be deemed to have resigned his or her position as a director upon the certification of such election or upon appointment to elective public office;

(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 regular meetings of the Board of Directors or a total of four (4) regular meetings of the Board during any one calendar year;

(c) the termination or removal of a director with or without cause by the Sole Member;

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

(e) the failure of the Sole Member, at any meeting of the Sole 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 effective upon giving written notice to the Sole Member and the Board, unless the notice specifies that the resignation is effective at a future time. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. 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 12 that such action would be considered at the meeting at which removal is voted. 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. **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 Sole 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.

Special meetings of the Board shall be held at such times that are fixed by the Board or requested by the Sole 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 director 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. 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 director who is actually present at the special meeting at the time the meeting convenes.

All meetings of the Board shall be held and conducted with notice and in compliance with the Brown Act. Meetings of the Board may be called at any time by the Chair of the Board, the Secretary, any two (2) directors or the Sole Member, provided that notice of all meetings shall comply with the notice provisions set forth below.

All such notices shall be delivered to the directors and public notice thereof posted pursuant to the Brown Act not fewer than seventy-two (72) hours prior to each regular meeting and not fewer than twenty-four (24) hours prior to each special meeting. Notice to the directors may be communicated by telephone, telegraph, facsimile, electronic mail, express mail service, first-class mail, or other means of written communication, charges prepaid. Said notice shall be addressed to the directors at their respective addresses as shown upon the records of the corporation and shall specify the purpose of the meeting. 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 and the Brown Act, 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.

Section 6. **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 any business, except adjournment. All actions of the Board shall be taken at a meeting by affirmative vote of the directors who are present at the meeting when the vote is taken. Directors may not vote by proxy. 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 of Incorporation, these bylaws, or the Law.

Section 7. **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 as provided in Article 7, Section 5 of these bylaws. Such notice may not be waived under any circumstances.

Section 8. **No Action Without a Meeting.** The Board may not take any action by unanimous written consent or in any other manner without a meeting and without prior notice as required by this Article 7 under any circumstances. Any such action by the Board shall be invalid.

Section 9. **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 3, as may be fixed or determined by resolution of the Board.

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 the 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 and Section 5231 of the Law, 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 actions or omissions that exceed or defeat a public or charitable purpose to which the corporation, or assets held by it, are dedicated.

Section 2. **Prohibited and Self-Dealing Transactions.** While the provisions of Title 1, Division 4, Chapter 1, Article 4 the California Government Code (Section 1090, *et. seq.*), relating to personal financial interests in contracts made by governmental officers and employees do not apply to the corporation, the corporation shall, nevertheless, apply these provisions of the Government Code to its directors, officers and employees and the corporation shall not enter into any contract in which any director, officer or employee has a prohibited financial interest. In addition, no director of the corporation nor any other corporation firm, association or other entity

in which one or more of the corporation's directors has a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with the corporation, unless: (a) the Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or (b) prior to entering into the transaction, after full disclosure to the board in good faith of all material facts regarding the director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest, and after investigation and report to the board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the directors then in office (without counting the vote of the interested director or directors) finds that: (i) the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (ii) the corporation for its own benefit enters into the transaction, which is fair and reasonable to the corporation at the time the transaction is entered into. In the event that it is not practical to obtain approval of the board prior to entering into the transaction, the transaction may be approved if a committee or person authorized by the board approved the transaction in a manner consistent with the standards set forth above and the board, after determining in good faith that the corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable to the corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the directors then in office without counting the vote of the interested director or directors.

Section 3. **Reimbursement and Advances for Expenses.** The corporation may reimburse directors, officers or employees for expenses reasonably incurred in the performance of the duties of the director, officer or employee and may advance money to a director, officer or employee of the 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 4. **Periodic Reviews.** The Board shall conduct periodic reviews to ensure that the corporation operates in a manner consistent with charitable 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 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 charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

When conducting the periodic review as provided for above, 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 5. **Restriction on Interested Directors.** No person serving on the Board at any time may be an interested person. An interested person is: (i) 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 (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-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 6. **Indemnification.** In accordance with the provisions of this Article 8, Section 6, the corporation shall indemnify its directors, officers and employees, 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 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) or any successor provision of the Law are 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 and 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 directors who are not parties to such proceeding; (ii) approval of the Sole 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 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 8 of these bylaws, provided, however, any other such indemnification rights shall be consistent with this Article 8, Section 8 of these bylaws.

Section 7. **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 and employee in such capacity or arising out of the director's, officer's and employee's status as such.

ARTICLE 9: CORPORATE GOVERNANCE

Section 1. **Adoption of Corporation Budget.** The corporation shall annually prepare and submit to the City Manager of the Sole Member a Corporation Budget. The Corporation Budget shall be in complete and final form, be based on reasonable assumptions in connection with an appropriate due diligence review that has been approved by the Board and contain its best estimate of revenue and expenditures of the corporation for the next succeeding fiscal year.

Section 2. **Adoption of Corporate Policies and Procedures.** Within twelve (12) months after adoption of these bylaws, the Board shall approve comprehensive written policies to guide corporate procedures. Such policies shall be updated from time to time as determined by the Board with the goal of ensuring that current best practices are included therein. Separate policies shall be adopted relating to the following matters: Finance and Fiscal Policies; Purchasing and Contracting Policies; Personnel Policies; and Ethics, Gifts and Record Retention Policies.

Section 3. **Conflicts of Interest.** The corporation shall timely adopt a Conflict of Interest Code acceptable to the Board that shall require filing of such conflict of interest statements as are required by the Fair Political Practices Act as set forth in Sections 87100 et seq. of the Government Code and with the conflict of interest and related provisions of other applicable state and local law. In addition, if the corporation or any of its officers, directors, employees and consultants participate in the formulation of, or approve plans or policies for, the redevelopment of a project area within the meaning of the Community Redevelopment Law of the State of California as set forth in Sections 33000 et seq. of the California Health and Safety Code (“CRL”), the corporation and any such officers, directors, employees and consultants shall comply with the conflict of interest and similar provisions of the CRL, including Sections 33130 and 33130.5.

Section 4. **Adoption of Training Program in Ethics, Fiduciary Duties and Corporate Governance.** Within twelve (12) months after adoption of the Corporate Policies and Procedures identified in Article 9, Section 2, 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.

ARTICLE 10: COMMITTEES

Section 1. **Committees of Directors.** The Board may, by resolution, designate one or more committees. The powers of each committee shall be specifically delegated in the resolution of the Board. 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 member(s) of any committee, who may replace any absent member at any meeting of the committee. The Board of Directors 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 or the Articles of Incorporation or these bylaws, also requires approval of the Sole Member;
- (b) Fill vacancies on, or remove members of, the Board or any committee of the Board;
- (c) Amend or repeal the Articles of Incorporation 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.

No committee shall bind the corporation in a contract or agreement or expend corporate funds, unless authorized to do so by the Board.

Section 2. **Meetings and Actions of Committees.** Meetings and actions of all committees, except advisory committees, shall be governed by, and held and taken in accordance with, the provisions of Article 7, Sections 5 and 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, by the chair of such committee or by 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, except an advisory 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. **Advisory Committees.** Pursuant to Article 10, Section 1 of these bylaws and Section 54952(b) of the Brown Act, the Board may appoint less than a quorum of its members to serve on an advisory committee for the purpose of advising the Board with respect to such specific tasks that may be assigned to such advisory committee and performed over a finite period of time.

Meetings of advisory committees shall not be subject to the notice provisions of these bylaws or the Brown Act.

Section 4. **Audit Committee.** The Board shall appoint an Audit Committee. The Committee may be comprised of two (2) or more persons and may include persons who are not directors.

The Audit Committee shall comply with the requirements of 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:

- (a) The Chief Executive Officer or the Chair of the Board;
- (b) The Chief Financial Officer or the treasurer of the corporation;
- (c) Any employee of the corporation; or
- (d) Any director with a material financial interest in any entity doing business with the corporation.

As required by Section 12586(e)(2), 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.

Among other things, the Audit Committee shall make recommendations to the Board regarding the hiring and termination of an independent auditor to prepare annual audited financial statements of the corporation, who shall be an independent certified public accountant. The Audit Committee shall confer with the auditor to satisfy its members that the corporation’s financial affairs are in order, and shall review and determine whether to accept the audit.

In the even that the auditor’s firm provides non-audit services to the corporation, the Audit Committee shall ensure that the auditor’s firm adheres to the standards for auditor independence set forth in the latest revision of the Government Auditing Standards published by the Comptroller General of the United States, or any standards promulgated by the Attorney General of California.

ARTICLE 11: OFFICERS AND EMPLOYEES

Section 1. **Officers.** The officers of the corporation shall consist of the Chair of the Board, Secretary and Treasurer. The same person may hold any number of offices, except that neither the Secretary, nor the Treasurer, may serve concurrently as the Chair of the Board. 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 of Incorporation, or by

these bylaws, subject to the control of the Sole Member and the Board of Directors, and shall perform such additional duties as the Board shall from time to time assign.

The officers shall be chosen by election of the Board, and such officers shall serve for a term of one (1) year and at the pleasure of the Board.

Any officer may be removed with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the Chair of the Board or the Secretary of the corporation. 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.

A vacancy in any office, because of death, resignation, removal, disqualification, or any other cause, shall be filled by election of the board and the newly elected officer shall serve until the expiration of the then existing term. Any officer may serve any number of terms.

Section 2. **Chair of the Board.** The Chair of the Board shall, when present, preside at all meetings of the Board. The Chair of the Board 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.

Section 3. **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 directors and committees of directors and shall keep the minutes of all such meetings in books prepared for that purpose. He or she shall attend to the giving and serving of all notices of the corporation, and shall see that any seal of the corporation 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 4. **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, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements.

The Treasurer 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 Treasurer shall disburse or cause to be disbursed the funds of the corporation as may be ordered by the Board, and shall render to the Chair and directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the corporation.

Section 5. **Chief Executive Officer.** The Board shall hire, employ, or retain the services of a Chief Executive Officer ("CEO") who shall serve at the pleasure of the Board. The CEO shall, subject to the control, advice and consent of the Board: supervise and conduct the activities and

operations of the corporation; keep the Board fully informed; freely consult with the Board concerning the activities of the corporation; and see that all orders and resolutions of the Board are carried into effect. The CEO shall be empowered to act, speak for or otherwise represent the corporation between meetings of the Board. The CEO shall be responsible for: the hiring and firing of all personnel, including, but not limited to, a Chief Financial Officer (“CFO”); keeping the Board informed at all times of staff performance; and implementing any personnel policies adopted by the Board. The CEO shall be authorized to: contract, receive, deposit, disburse and account for funds of the corporation; 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 negotiate all material business transactions of the corporation.

Section 6. **Board Review of Fairness of Compensation.** The Board shall review the fairness of compensation, including benefits paid, in accordance with the requirements of Government Code Section 12586(g), or any successor section, of the CEO and the CFO of the corporation to assure that it is just and reasonable 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 7. **Contracting for CEO, CFO and Subordinate Employees.** The corporation may contract with the City of Roseville for the provision of a CEO, CFO and other subordinate staff necessary to carry out the purposes of the corporation.

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: FISCAL AUDITS, PERFORMANCE AUDITS AND REPORTS

Section 1. **Preparation of Annual Audited Financial Statements.** The corporation shall prepare annual audited financial statements which shall be audited by an independent certified public accountant, in conformity with generally accepted accounting principles and under 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 nine (9) months after the close of the fiscal year to which the statements relate.

The corporation shall, within one hundred thirty five (135) days after the close of each fiscal year of the corporation, submit to the Board and the Sole Member 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 the corporation for such fiscal year.

Section 2. **Performance Audits.** The corporation shall conduct a performance audit of the corporation at least once every three (3) years, which audit shall be undertaken by a third party consultant retained by the corporation.

Section 3. **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 the Sole Member within 120 days after the end of the corporation's fiscal year, containing the following information:

(a) The audited financial statements of the corporation at the end of each fiscal year 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 \$10,000 or indemnifications or advances aggregating more than \$10,000 which took place during the fiscal year.

The annual report containing the audited financial statements shall be accompanied by the report of the independent public accountants who prepared the audited financial statements.

The corporation shall furnish to the Sole Member a copy of any report filed by the corporation with the California Attorney General.

ARTICLE 14: CORPORATE RECORDS

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 of Incorporation and bylaws as amended

to date, which shall be open to inspection by the Sole Member and 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 Sole Member, Board and committees of the Board, except for advisory committees; and a record of each director'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 Chair of the Board, 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 of the corporation and each of its subsidiary corporations, 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 Sole Member may inspect, copy, and make extracts of the: (i) accounting and financial books and records; (ii) the minutes of proceedings of the Sole Member, the Board, and committees of the Board; and (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 Sole Member. The Sole Member shall designate the person(s) that may exercise this inspection right on its behalf.

Subject to the provisions of these bylaws and Sections 6330-6332 of the Law, the Sole Member may do either or both of the following:

(a) Inspect and copy any records of the corporation relating to the name and address of the Sole Member and its voting rights during usual business hours on five (5) days prior written demand on the corporation; or

(b) Obtain from the secretary of the corporation, on written demand, any records that state the name, address, and voting rights of the Sole Member who is entitled to vote for the election of directors as of the most recent record date for which that list has been compiled, or as of the date, after the date of demand, specified by the Sole Member. The secretary shall make such records available to the Sole Member on or before the later of ten (10) days after: (i) the demand is received; or (ii) the date specified in the demand as the date as of which the list is to be compiled.

Any inspection and copying under this Section may be made in person or by the Sole Member's designated agent or attorney. The right of inspection includes the right to copy and make extracts. Any right of inspection extends to the records of any subsidiary of the corporation.

ARTICLE 15: FISCAL YEAR

The fiscal year for the corporation shall begin on July 1st and shall end on June 30th.

ARTICLE 16: AMENDMENTS AND REVISIONS

Only the Sole Member may adopt, amend, or repeal these bylaws. Proposed amendments to these bylaws must be in writing and sent to the City Council members in accordance with City Council requirements in advance of the meeting of the Sole Member at which they will be considered for adoption.

New and amended and restated bylaws may be adopted, or these bylaws may be amended or repealed, by approval of the Sole Member.

ARTICLE 17: 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 18: 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.

