

Amended and Restated Bylaws  
As of April 2, 2019

Of

CALIFORNIA ASSOCIATION OF LICENSED SECURITY AGENCIES, GUARDS AND ASSOCIATES

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 California Association Of Licensed Security Agencies, Guards And Associates

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AMENDED AND RESTATED BYLAWS OF  
CALIFORNIA ASSOCIATION OF LICENSED SECURITY AGENCIES, GUARDS AND ASSOCIATES  
a California non-profit mutual benefit corporation

ARTICLE 1

OFFICES

Section 1.1. Principal Office. The Corporation's principal office shall be fixed and located in the County of Sacramento at such place as the Board of Directors (the "Board") shall determine. The Board is granted full power and authority to change the principal office from one location to another.

Section 1.2 Other Offices. Other offices may be established at any time at any place or places.

ARTICLE 2

MEMBERSHIP

Section 2.1 Members. The members of the Corporation shall be Company Members, who shall be those persons, firms, Corporations, or other associations of active or pending California licensed or registered Private Patrol Operators (PPO), Proprietary Security Operators (PSO), or Private Security Training Facilities (PSTF), and who have paid a membership fee as determined by the Board, and whose application for membership in the form prescribed by the Board designating two (2) representatives of such company has been approved by the Board.

Each Company Member shall have the right to vote for the election of officers/directors, on a disposition of all or substantially all of the assets of the Corporation, on a merger or on a dissolution herein, and as provided herein on changes to the Articles of Incorporation or Bylaws. Each Company Member shall be entitled to one vote on each matter submitted to a vote of the members. Company Members shall have all rights afforded members under the California Nonprofit Mutual Benefit Corporation Law, commencing with California Corporations Code Section 5002 ("Law").

If the Corporation is wound up and dissolved, the Company Members of record at the time a certificate evidencing the Corporation's election to wind up and dissolve is filed with the Secretary of State or, if no election to wind up and dissolve is made, at the time an order for winding up and dissolution of the Corporation is entered, shall receive the assets of the Corporation remaining after (a) return of any assets held upon a valid condition requiring return, transfer, or conveyance, which condition has occurred or will occur; (b) disposition of any assets held in a charitable trust in compliance with the provisions of any trust under which those assets are held; (c) payment, or adequate provision for payment, of all taxes, penalties, debts, and liabilities; and (d) compliance with other provisions of applicable law. Such remaining assets shall be distributed pro rata per membership.

All references in these Bylaws to members shall mean Company Members who are the only "members" of the Corporation as defined in Section 5056 of the California Corporation Code.

Section 2.2 Other Associates. Nothing in this Article 2 shall limit the right of the Corporation to refer to persons or entities associated with it as "members," including without limitation, Individual Members, even though those persons or entities are not members within the meaning of Section 5056 of the California Nonprofit Corporation Law or other provisions of these Bylaws.

Section 2.3 Individual Members. Individual Members are those persons, including PPO management personnel, training instructors, individual security officers, who have paid a membership fee as determined by the Board and whose application for Individual Membership in the form prescribed by the Board has been approved by the Board.

Individual Members may vote on regional matters as set forth herein, but shall have no right to vote on matters for which Company Members may vote as set forth in Section 2.1, shall have no rights afforded members under the Law or in these Bylaws, (except as specifically provided in these Bylaws) are not “members” as defined in Corporations Code Section 5056, but shall enjoy only those rights or privileges as may be extended them from time to time by the Board.

Section 2.4 Fee and Dues. Each Company Member, Associate Member, and each Individual Member shall pay a membership fee and periodic dues and assessments in such amounts and at such times as shall be determined by the Board.

Section 2.5 No Transfer of Membership. No Company Member or Individual Member may transfer a membership or any right arising therefrom.

Section 2.6 Termination of Membership. The Board may terminate or suspend a Company or Individual membership or expel or suspend such a member for nonpayment of fees, periodic dues, or assessments or for conduct which the Board shall deem inimical to the best interests of the Corporation, including, without limitation, flagrant violation of any provision of these Bylaws or policies of the Corporation or failure to meet or continue to meet membership qualifications. The Board shall give the member who is the subject of the proposed action 15 days’ prior notice of the proposed expulsion, suspension, or termination and the reasons therefor. The member may submit a written statement to the Board regarding the proposed action not less than five days before its effective date. Before the effective date of the proposed action, the Board shall review any statement so submitted and shall determine the mitigating effect, if any, of the information contained in it on the proposed action. A suspended member shall not be entitled to exercise any of the voting rights during the period of suspension. An expelled or terminated member shall cease to be a member on the effective date of expulsion or termination, and agrees by virtue of the prior membership that the Member may no longer hold itself out as a member of the Corporation.

Section 2.7 Place of Meetings. Meetings of members shall be held at a place designated by the Board.

Section 2.8 Annual Meetings. The annual meeting of members shall be held in the month of September, October, or November on such date and time as may be determined by the Board. Any proper business may be transacted at the meeting.

Section 2.9 Special Meetings. Special meetings of members may be called for any lawful purpose at any time by the Board, the President, or not less than five percent (5%) of the members. Upon request in writing to the Chairman of the Board, the President, any Vice President, or the Secretary by any person (other than the Board) entitled to call a special meeting of members, the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the Board, not less than 35 nor more than 90 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice.

Section 2.10 Notice of Meetings. Written notice of each annual or special meeting of members shall be given not less than 10 nor more than 90 days before the date of the meeting to each member entitled to notice of it; provided, however, that if notice is given by mail and is not mailed by first-class, registered, or certified mail, the notice shall be given not less than 20 days before the meeting. The notice shall state the place, date, and hour of the meeting and (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members, but, subject to the provisions of applicable law, any proper matter may be presented at the meeting for action by the members. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is sent to members.

Any approval of the members, other than unanimous approval by those entitled to vote, under the following sections of the California Corporations Code shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice:

- (a) Corp. Code § 7222: removal of directors or reduction in number of directors;

- (b) Corp. Code § 7224: filing vacancies on the Board resulting from removal by members;
- (c) Corp. Code § 7233: contracts in which a director has a material financial interest;
- (d) Corp. Code § 7812: certain amendments of the Articles of Incorporation;
- (e) Corp. Code § 8610: election to wind up and dissolve; and
- (f) Corp. Code § 8719: certain distributions during winding up other than cash to a class of members.

Notice of a members' meeting shall be given either personally or by mail or by other means of written communication, addressed to a member at the address of the member appearing on the books of the Corporation or given by the member to the Corporation for the purpose of notice, or, if no such address appears or is given, at the place where the principal office of the Corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

If any notice or report addressed to the member at the address of the member appearing on the books of the Corporation is returned to the Corporation by the United States Postal Service marked to indicate that the United States Postal Service was unable to deliver the notice or report to the member at the address, all future notices or reports shall be deemed to have been duly given without further mailing if the notice or report shall be available for the member upon written demand at the principal office of the Corporation for a period of one year from the date of the giving of the notice or report to all other members.

Section 2.11 Vote Required for Action. The affirmative vote of the majority of the voting power represented at the meeting in person, or present by electronic means and fully capable of participating in the meeting as established in Section 3.11 of these Bylaws, entitled to vote and voting on any matter, shall be the act of the members, unless the vote of a greater number or voting by class is required by law, by the Articles, or by these Bylaws.

Section 2.12 Adjourned Meetings and Notice Thereof. Any members' meeting may be adjourned from time to time by the vote of a majority of the votes represented at the meeting either in person or by electronic means and fully capable of participating in the meeting, as established in Section 3.11 of these Bylaws. No meeting may be adjourned for more than 45 days.

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 it, other than by announcements at the meeting at which the adjournment is taken; provided, however, that if after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting, as in the case of the meeting as originally called.

Section 2.13 Voting. The members entitled to notice of any meeting or to vote at any meeting shall be only persons in whose name memberships stand on the records of the Corporation on the record date for notice determined in accordance with Section 2.14.

Elections need not be by ballot; provided, however, that an election of directors must be by ballot upon demand made by a member at the meeting and before the voting begins.

In any election of directors, the candidates receiving the highest number of votes are elected, up to the number of directors to be elected.

Voting shall in all cases be subject to the provisions of Chapter 6 of the Law.

Section 2.14 Record Date. The Board may fix, in advance, a record date for the determination of the members entitled to notice of any meeting of members or entitled to exercise any rights in respect of any lawful action. The record date so fixed shall be not more than 60 days nor less than 10 days prior to the date of the meeting, nor more than 60 days prior to any other action. When a record date is so fixed, only members of record on that date are entitled to notice, to vote, or to exercise the rights for which the record date was fixed. A determination of members of record entitled to notice of a meeting of members shall apply to any adjournments of the meeting unless the Board fixes a new record date for the adjourned meeting. The Board shall fix a new record date if the meeting is adjourned for more than 45 days.

If no record date is fixed by the Board, the record date for determining members entitled to notice of a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. If no record date is fixed by the Board, members on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting of members or, in case of an adjourned meeting, members on the day of the adjourned meeting who are otherwise eligible to vote are entitled to vote at the adjourned meeting of members. The record date for determining members for any purpose other than set forth in this Section 2.15 or Section 2.11 shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other action, whichever is later.

Section 2.15 Action by Written Ballot Without a Meeting. Any action that may be taken at any meeting of members, including the election of directors, may be taken without a meeting upon compliance with the provisions of this section. Written ballots shall be mailed or delivered in the manner required by Section 2.11 to all voting members. All solicitations of votes and distributions of ballot shall: (1) with respect to ballots other than for election of directors, state the percentage of approvals necessary to pass the measure(s); (2) with respect to ballots for election of directors, state the name of each candidate and the office to which nominated; (3) specify the time by which the ballot must be received in order to be counted; (4) set forth the proposed action; (5) provide the members an opportunity to specify approval or disapproval of any proposal; and (6) provide a reasonable time within which to return the ballot to the Corporation, specifying the address to which the ballot is to be sent. The written ballot shall provide, subject to reasonable specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith. In any election of directors, a written ballot which is marked by a member "withhold" or is otherwise marked in a manner indicating that the authority to vote is withheld, shall not be voted. A written ballot may not be revoked. All written ballots shall be filed with the secretary of the Corporation and retained in the corporate records for a period of at least three (3) years.

Section 2.16 Proxies. Every person entitled to vote a membership has the right to do so either in person or by one or more persons authorized by a written proxy executed by the member and filed with the Secretary. Any proxy duly executed is not revoked and continues in full force and effect in accordance with its terms until revoked by the person executing it prior to the vote pursuant thereto. Revocation of a proxy may be effected either (a) by a writing delivered to the Secretary of the Corporation stating that the proxy is revoked, (b) by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or (c) as to any meeting, by attendance at the meeting and voting in person by the person executing the proxy; provided, however, that no proxy shall be valid after the expiration of 11 months from the date of its execution unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution if the Corporation has 100 or more members. Proxies distributed to 10 or more members shall comply with Section 7514 of the Law.

Section 2.17 Inspectors of Election. In advance of any meeting of members, the Board may appoint inspectors of election to act at the meeting and any adjournment of it. If inspectors of election be not appointed in advance of a meeting, or if any persons so appointed fail to appear or refuse to act, the presiding officer of the meeting may, and on the request of any member or member's proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members or proxies, the majority of members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. In the case of any action by written ballot without a meeting, the Board may also appoint inspectors of election.

Whether the election is at a meeting or by written ballot without a meeting, the powers and duties of the inspectors shall be as prescribed by Section 7614(b) of the Law and shall include: determining the number of memberships outstanding and the voting power of each; determining the memberships represented at the meeting; determining the authenticity, validity, and effect of proxies; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and doing such acts as may be proper to conduct the election or vote with fairness to all members. If there are three inspectors of election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

Section 2.18 Conduct of Meeting. The President shall be the Presiding Officer at all meetings of the members. The Presiding Officer shall conduct each meeting in a businesslike and fair manner in compliance with Robert's revised Rules of Order, as may be amended from time to time, to the extent not inconsistent with the Corporation's Articles of Incorporation and Bylaws.

### ARTICLE 3

#### DIRECTORS

Section 3.1 Powers. Subject to any limitations contained in the Articles of Incorporation and these Bylaws, and subject to compliance with the laws of the State of California, including the Law, the Corporation shall have all of the powers of a natural person, including the powers set forth in Section 7140 of the Law, and the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Corporation to any person or committees however composed, 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. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) Select and remove all the officers, agents, and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law, the Articles or these Bylaws, fix their compensation and require from them such security, if any, for faithful performance as the Board may deem appropriate.
- (b) Conduct, manage, and control the affairs and activities of the Corporation, and to make such rules and regulations therefore not inconsistent with law, the Articles or these Bylaws as the Board may deem appropriate.
- (c) Adopt, make, and use a corporate seal and to alter the form of such seal from time to time as the Board may deem appropriate, but the failure to affix a seal does not affect the validity of any instrument.
- (d) Authorize the issuance of memberships of the Corporation, from time to time, and prescribe forms of certificates of membership and alter the forms of membership from time to time as the Board may deem best.
- (e) Borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefore.
- (f) Authorize the establishment of committees not inconsistent with these Bylaws, including the establishment of Political Action Committees as permitted by state law.

Section 3.2 Number and Qualifications of Directors. The authorized number of directors shall be not less than eleven (11) nor more than seventeen (17) until changed by amendment of the Articles or by a Bylaw duly adopted by approval of the Members. The exact number of directors shall be fixed, within the limits specified, by amendment of the next sentence duly adopted by the Board. The exact number of directors shall be eleven (11) until changed as provided herein; provided, however, that any increase in the number of appointed directors shall require



the approval of the Board. Directors shall be designated representatives of Company Members of the Corporation. The Board shall consist of the following elected members without regard to geographical location: President; two (2) Vice-Presidents; Chief Financial Officer (Treasurer); and Secretary. In addition, four (4) directors (two (2) from the North and two (2) from the South) shall be elected from each region as described in Article 6. Two (2) persons shall be appointed as at-Large directors (without regard to geographical location), and said appointment shall be made by the Board at the first Board meeting in January following the election of the Board. Except as provided for in Section 3.4 of these Bylaws, only one person employed by a Company Member may be elected or appointed to the Board.

Section 3.3 Selection and Term of Office. A nominating committee shall select qualified candidates for election to the Board by office. More than one candidate may be nominated for an office. If more than one candidate is nominated for an office, the Board shall formulate procedures which allow (1) a reasonable opportunity for a nominee to communicate to the members the nominee's qualifications and reasons for candidacy, and (2) a reasonable opportunity for all members to choose among the nominees.

The nominating committee shall only forward to the membership, for possible election to the Executive Committee, candidate(s) who meet the following qualifications:

- (a) The company of which they are a representative must have been a Company member of the Association for a period of at least one (1) year prior to the commencement of the Annual Meeting at which the Board elections take place,
- (b) The individual candidate must have one (1) year of prior active service (active shall mean attended at least fifty percent (50%) of the prior year's Board meetings) as a member of the Board of Directors, OR one (1) year prior service as Chairman of a Special or Advisory Committee of the Association,
- (c) The individual must have attended at least one (1) meeting of the Board of Directors, not including a Board meeting adjacent to the Annual Meeting, in the year prior to nomination,
- (d) Notwithstanding subsections 3.3 (a) through 3.3 (c) above, the member may be nominated if he has the written endorsement of three (3) current members of the Board of Directors exempting them from the these prior three qualifications.

All Company Members shall vote for candidates for President, two (2) Vice-Presidents, Secretary, and Treasurer. Following the election of the Executive Committee, Company Members from the Northern Region shall nominate, vote for and elect two (2) candidates for the Northern California director positions, and Company Members from the Southern Region shall nominate, vote for and elect two (2) candidates for the Southern California director positions, as said regions are described in Section 6.2 of these Bylaws. Each Company Member shall have one (1) vote.

Each director shall be elected at an annual meeting where elections are held. (A term of office for all Board members is two (2) years; accordingly, elections are held every two years at the annual meeting.) Officers shall take office on January 1<sup>st</sup> immediately following the annual meeting in which they were elected and hold office until the expiration of a term of two (2) years, and until a successor has been elected and qualified; provided, however, that the first directors of the Corporation shall take office upon appointment by the incorporator.

Directors elected to the Board, while meeting the requirement of being a designated representative of a Company Member of the Association, are elected as individuals. The members elected as Directors shall, during the term to which they were elected, remain a member of the Board so long as they work in the private security industry for any Company member of the Association. In the event that an individual elected to the Board transfers employment to another Member Company which already has a representative on the Board, the procedures detailed in Section 3.4 shall determine which office is to be vacated, if any.

Section 3.4 Vacancies. Any director may resign effective upon giving written notice to the President, the Secretary or Treasurer, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective. Vacancies in the Board may be filled by approval of the Board, or, if the number of directors then in office is less than a quorum (1) by the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice, or (3) by a sole remaining director. Each director so selected to fill a vacancy shall hold office until the expiration of the term of the replaced director and until a successor has been selected and qualified.

A vacancy or vacancies in the Board shall exist when any authorized position on the Board is not then filled, whether the vacancy is caused by death, resignation, removal, increase in the authorized number of directors or otherwise. The Board may declare vacant the office of a director who (a) has been declared of unsound mind by a final order of court, (b) has been convicted of a felony, (c) has been found by a final order or judgment of any court to have breached any duty arising under Section 7238 of the Law, (d) has failed to attend two consecutive meetings of the Board, or (e) has failed to attend three meetings of the Board, the Board, by a majority vote of the directors who meet all the required qualifications to be a director, may declare vacant the office of any director who fails or ceases to meet any required qualification that was in effect at the beginning of that director's term of office.

In the event that a member of the Board, either voluntarily or involuntarily, is no longer eligible to serve as a member of the Board because they are either no longer employed in the security industry, or their employer is no longer a Company Member of the Corporation, then they must immediately cease to vote as a Director on any Board matters. At their discretion, the Board may leave the seat vacant for a period of up to 60 (sixty) days. At any time during this period of sixty days, the ineligible Board member may re-establish their eligibility to serve on the Board. If the member regains eligibility within the sixty days, the member will immediately be entitled to vote as of the date of eligibility. If, however, after sixty days, the Board member has not re-established their eligibility, then their position on the Board shall be deemed vacant, and any such vacancy shall be filled by the Board in accordance with these Bylaws.

Merger or Acquisition: In the event of a merger or acquisition of two Member Companies, or in the event of an individual transferring his/her employment from one Member Company to another which said new Company already has a designated represented elected and serving on the Board, the result of which is that two directors on the Board in any capacity are then employed by the same Company Member, then those directors shall continue to serve in their capacity as a director or officer until the expiration of their full term of office. Thereafter, only one individual shall be eligible to serve on as a director or officer of the Board for any future term of office following any election.

Section 3.5 Place of Meeting. Meetings of the Board shall be held at any place within the State of California that has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation.

Section 3.6 Regular Meetings. Regular meetings of the Board may be held at such times and on such dates as may be fixed or designated by the Board.

Section 3.7 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the President, any Vice-President, the Secretary, or any two (2) directors.

Section 3.8 Notice of Meetings. Regular and special meetings of the Board shall be held upon not less than four (4) days' notice by first-class mail or not less than forty-eight (48) hours' notice given personally or by telephone (including a voice-messaging system or other system or technology designed to record and communicate messages), telegraph, facsimile, or other electronic means. Any such notice shall be addressed or delivered to each director at such director's address as it is shown upon the records of the Corporation or as may have been given to the Corporation by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

Section 3.9 Quorum. A majority of the authorized number of directors shall constitute a quorum of the Board for the transaction of business, except to adjourn as provided in Section 2.13. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number be required by Law or by the Articles, except as provided in the next sentence. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 3.10 Participation in Meetings by Conference Telephone or Electronic Communication. Members of the Board may participate in a directors' meeting through use of conference telephone, electronic video screen communication, or other communications equipment. Participation in a directors' meeting through those means 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 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 both of the following: (1) a person communicating by telephone, electronic video screen, or other communications equipment is a director entitled to participate in the Board meeting, and (2) all statements, questions, actions, or votes were made by that director and not by another person not permitted to participate as a director.

Section 3.11 Waiver of Notice. Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or any approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 3.12 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, reasonable notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 3.13 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 3.14 Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect any copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation.

Section 3.15 Fees and Compensation. Directors and members of committees shall receive no compensation for their services, but may receive such reimbursement for expenses, as may be fixed or determined by the Board.

Section 3.16 Standard of Conduct. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner such director believes to be in the best interest of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

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

- (1) One or more officers, directors or employees of the Corporation whom the director believes to be reliable and competent in the matters presented;
- (2) Counsel, independent accountants, or other persons as to matters which the director believes to be within such person's professional or expert competence; or
- (3) 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 in any such case, the director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

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

Section 3.17 Liability of Volunteer Director or Officer for Alleged Failure to Discharge Duties. The provisions of Corporations Code Sections 7231.5, 7233, and 7236 existing on January 1, 2016, shall apply, and are attached hereto as Exhibit "A."

#### ARTICLE 4

#### COMMITTEES

Section 4.1 Executive Committee. The Executive Committee shall be a standing committee of the Board composed of the President, two (2) Vice-Presidents, Treasurer, and Secretary, except as its powers may be otherwise limited by the Board or the Law, the Executive Committee shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation, including all rights and powers given the Board in these Bylaws.

A majority of all the members of the Executive Committee may determine its rules of procedure unless the Board shall otherwise provide.

Any action that under the provisions of the Law may be taken at a meeting of the Executive Committee, may be taken without a meeting if authorized by a writing signed by all members of the Executive Committee who would be entitled to vote at a meeting for such purpose, which writing shall be filed with the Secretary of the Corporation.

Any actions taken by the Executive Committee in the absence of the Board shall be placed on the agenda of the next meeting of the Board for ratification.

Section 4.2 Standing Committees of the Board. In the event that the Board determines that the management of the Corporation would be benefited by the establishment of one or more standing committees of the Board, the Board may from time to time establish one or more such committees. The establishment of such a standing committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee. All appointments to a standing committee shall be by a majority vote of the directors then in office. Each such committee shall include at least two (2) directors and no persons who are not directors and shall be presided over by a director selected by the Board. Such a "standing committee" shall mean any committee appointed by the Board that is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board. Notice of, and procedures for, meetings of standing committees shall be as prescribed by the Board, or if not now prescribed, by chairperson of

each such standing committee, and meetings of standing committees may be called by the Board or the chairperson of the standing committee.

Section 4.3 Limitations Upon Committees of the Board. No committee of the Board, including the Executive Committee, shall have any of the authority of the Board with respect to:

- (a) Approving any action which also requires approval of members;
- (b) Filling vacancies on the Board or in any committee that has the authority of the Board;
- (c) Fixing compensation of directors for serving on the Board of any committee;
- (d) Amending or repealing Bylaws or adopting new Bylaws;
- (e) Amending or repealing any resolution of the Board that by its express terms is not so amenable or repealable;
- (f) Appointing other committees of the Board or the members thereof if such committees will have the authority of the Board;
- (g) Expending corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or
- (h) With respect to assets held in charitable trust, approving any self-dealing transaction, except as provided in Subsection 5233(d)(3) of the California Corporations Code, except as provided in Section 5233(d)(3).

Section 4.4 Special and Advisory Committees. The Board or the President may from time to time appoint special and advisory committees as deemed appropriate, consisting of directors or persons who are not directors.

Such special and advisory committees shall not be deemed committees of the Board and shall not exercise any power or authority of the Board. Notice of, and procedures for, meetings of special and advisory committees shall be as prescribed by the chairperson of each such special and advisory committee, and meetings of special and advisory committees may be called by the Board, the Executive Committee, the President, or the chairperson of the special or advisory committees.

Section 4.5 Past Presidents Council. The current President shall invite all persons who served as President of the Corporation at any time, and who are currently employed by a member Company, to be a member of the Past Presidents Council. Upon acceptance, members of the Council shall serve in an advisory role to the current President. They shall receive invitations to all formal Executive Committee Meetings and Board Meetings and may participate in discussions in those meetings. The President may also rely on the Council and its members at his/her discretion informally. No Council member shall have voting rights on the Board or Executive Committee based upon their membership of the Council.

## ARTICLE 5

### OFFICERS

Section 5.1 Officers. The officers of the Corporation shall be a President, two (2) Vice-Presidents, a Secretary, and a Chief Financial Officer (Treasurer) elected as set forth in Article 3. All officers shall be duly elected (or appointed) without regard to geographical location. The Corporation may also have, at the discretion of the Board, such other officers as may be elected or appointed in accordance with the provisions of Section 5.3.

Section 5.2 Election and Term of Office. The officers of the Corporation, except officers elected or appointed in accordance with the provisions of Section 5.3 or Section 5.5, shall be elected by members as set forth

herein. Officers shall be elected at an annual meeting of the Members to hold office until the expiration of a term of two (2) years. Each Officer, including an Officer elected to fill a vacancy as provided herein, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

Section 5.3 Subordinate Officers. The Board may elect, and may empower the President to appoint, other officers as the business of the Corporation may require, each of whom shall hold office for the period, have the authority and perform the duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 5.4 Removal and Resignation. An officer may be removed only in the same manner as he or she would be removed as a director.

Any officer may resign at any time by giving written notice to the President, the Secretary, or the Board, but the resignation shall be without prejudice to the rights, if any, of the Corporation under any contract or agreement to which the officer is a party. Any resignation shall take effect at the date of the receipt of the notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause may be filled by the Board of filled in the manner prescribed in these Bylaws for regular appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 5.6 President. The President is the general manager and the chief executive officer of the Corporation and shall have, subject to the control of the Board, general supervision, direction, and control of the business of the Corporation. The President shall preside at all meetings of the Board. The President shall be ex officio a member of all standing committees. The President shall have the general powers and duties of management usually vested in the office of a president and general manager of a Corporation and such other powers and duties as may be from time to time prescribed by the Board or these Bylaws.

Section 5.7 Vice-President. The Vice-Presidents shall serve as liaisons between the Board and the members. In the absence or disability of the President, the Vice-President appointed by the President, or by the Board in the absence of an appointment by the 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 upon, the President. A Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

Section 5.8 Secretary. The Secretary shall keep, or cause to be kept at the principal office of the Corporation or other place as the Board may order, a book of minutes of all meetings of the Board and its committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present, and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and its committees thereof required by law or these Bylaws to be given. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 5.9 Chief Financial Officer (Treasurer). The Treasurer is the chief financial officer and 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, and surplus. The books of account shall at all times be open to inspection by any director.

The Treasurer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Corporation with depositaries as designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the President and the Board, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Corporation, and shall have the powers and perform the other duties as may be prescribed by the Board.

## ARTICLE 6

### REGIONS

Section 6.1 Regional Districts. The Executive Committee, with the approval of the Board, shall group the geographical areas of California into regions. The Executive Committee shall amend, alter, and revise the regions as deemed necessary or appropriate.

Section 6.2 Regions. The following are the regions:

#### NORTHERN CALIFORNIA:

Sacramento, Yolo, Solano, San Joaquin, Calaveras, Alpine, Mono, Amador, El Dorado, Placer, Nevada, Sierra, Plumas, Lassen, Modoc, Sutter, Yuba, Butte, Tehama, Shasta, Siskiyou, Colusa, Glenn, Lake, Mendocino, Trinity, Humboldt, Del Norte, San Francisco, Alameda, Contra Costa, Marin, Sonoma, Napa, , Santa Cruz, San Mateo, Santa Clara, San Benito, San Luis Obispo, Monterey, Kern, Fresno, Tulare, Kings, Madera, Merced, Stanislaus, Mariposa, and Tuolumne counties

#### SOUTHERN CALIFORNIA:.

Ventura, Santa Barbara, Los Angeles, Orange County, Riverside, San Bernardino, San Diego and Imperial counties.

For purposes of determining the voting and/or eligibility for candidacy from the positions of Northern California and Southern California Directors, the designations specified above shall define the respective regions.

Section 6.3 Officers. Each region (North and South) shall be represented two (2) directors, as prescribed in Section 3.2 of these Bylaws, on the Board whose company does business in the region.

Section 6.4 Elections. As set forth in Section 3.2 above, each region shall vote for their respective Regional Directors at the annual meetings of members at which elections are held. Each region is encouraged, but not required to hold meetings at least annually, to be called, held, and conducted as is provided in Article 2 for meetings of members.

Section 6.5 Regionally Elected Director. The regionally elected director shall be the Board liaisons to and from the region represented. He or she shall report to the Board, where appropriate, the respective positions of the region on issues; and shall propose resolutions to the Board of concern to members from that region.

Section 6.6 Assistant. The four (4) Regional Directors may appoint an Assistant Regional Director from the Director's company (which company must be a member in good standing). The Assistant shall be allowed to attend and actively participate in all Board meetings (if not closed to non-directors), but shall have no right to vote, as the duties and responsibilities of a director may not be delegated.

## ARTICLE 7

### OTHER PROVISIONS

Section 7.1 Inspection of Corporate Records. Subject to Sections 8330, 8331, and 8332 of the Law, a member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

(a) Inspect and copy the record of all the members' names, addresses, and voting rights, at reasonable times, upon five business days' prior written demand upon the Corporation, which demand shall state the purpose for which the inspection rights are requested; or

(b) Obtain from the Secretary of the Corporation, upon written demand and tender of a reasonable charge, a list of the names, addresses, and voting rights of those members entitled to vote for the election of directors, as of the most recent record date for which it has been compiled or as of a date specified by the member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The Secretary shall make the membership list available on or before the later of 10 business days after the demand is received or after the date specified therein as the date of which the list is to be compiled.

The Corporation may, within 10 business days after receiving a demand, as set forth above in paragraph (a) or (b) of this Section 1, deliver to the person(s) making the demand a written offer of an alternative method of achieving the purpose identified in the demand without providing access to or a copy of the membership list. Any rejection of the Corporation's offer shall be in writing and shall indicate the reasons the alternative proposed by the Corporation does not meet the proper purpose of the demand made pursuant to paragraph (a) or (b) of this Section 1.

The accounting books and records and minutes of proceedings of the members and the Board and committees of the Board shall be open to inspection upon written demand on the Corporation of any member at any reasonable time for a purpose reasonably related to the member's interests as a member.

Section 7.2 Inspection of Articles and Bylaws. The Corporation shall keep at its principal business office in this state, the original or a copy of its Articles and Bylaws as amended to date, which shall be open to inspection by members at all reasonable times during office hours.

Section 7.3 Endorsement of Documents; Contracts. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instruments in writing and any assignment or endorsement thereof executed or entered into between the Corporation and any other person, when signed by any one of the Chairman of the Board, the President, or any Vice-President, and by any one of the Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer of the Corporation shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person or persons and in the manner from time to time determined by the Board. Unless so authorized by the Board, 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 render it liable for any purpose or amount.

Section 7.4 Amendments. These Bylaws may be amended or repealed by approval of the members or by approval of the Board; provided, however, that either a majority of members, or a 2/3's majority vote of the Corporation's Board must approve any action that would: (a) materially and adversely affect the rights of members as to voting, dissolution, or redemption, or transfer of memberships; (b) increase or decrease the number of memberships authorized in total or for any class; (c) effect an exchange, reclassification, or cancellation of all or any part of the memberships; (d) authorize a new class of membership; or (e) specify or change a fixed number of directors or the maximum or minimum number of directors or change from a fixed to a variable number of directors or vice-versa. The power of members and the Board to approve the repeal or amendment of Bylaws is subject to the further approval of the members of a class if that action would: (a) materially and adversely affect the rights, privilege, preferences, restrictions, or conditions of that class as to voting, dissolution, redemption, or transfer of memberships in a manner different than that action affects another class; (b) materially or adversely affect that class as to voting, dissolution, redemption, or transfer of memberships by changing the rights, privileges, preferences, restrictions, or conditions of another class; (c) increase or decrease the number of memberships authorized for that class; (d) increase the number of memberships authorized for another class; (e) effect an exchange, reclassification, or cancellation of all or part of the memberships of that class; or (f) authorize a new class of memberships.

Section 7.5 Annual Report. The Corporation shall notify each member yearly of the member's right to receive a financial report. Upon written request of a member, the Board shall promptly cause the most recent annual report to be sent to the requesting member. An annual report shall be prepared not later than one hundred twenty (120) days after the close of the Corporation's fiscal year.

The annual report shall contain in appropriate detail the following:

(a) A balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for such fiscal year;



- (b) A statement of the place where the names and addresses of the current members are located;
- (c) Any information required by Section 8233 of the Law.

The annual report shall be accompanied by any report thereon of independent accountants or, if there is no such accountants' 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.

## ARTICLE 8

### INDEMNIFICATION AND INSURANCE

Section 8.1 Definitions. For the purposes of this Article 8, "agent" means any person who is or was a director, officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic Corporation which was a predecessor Corporation of the Corporation or of another enterprise at the request of such predecessor Corporation; "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Section 8.4 or 8.5(b).

Section 8.2 Indemnification in Actions by Third Parties. The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted realtor status by the Attorney General for any breach of duty relating to assets held in charitable trust), by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceedings if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful. CALSAGA will not indemnify any party or group for any public writing or verbal method of delivery on public policy or any accusations claimed to be made on behalf of CALSAGA without the specific authorization or direction of the CALSAGA Board of Directors or Executive Committee.

Section 8.3 Indemnification in Actions By or In the Right of the Corporation. The Corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Corporation, or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General or a person granted realtor status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 8.3.

- (a) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval, or;

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 8.4 Indemnification Against Expenses. To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Section 8.2 or 8.3 or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 8.5 Required Determinations. Except as provided in Section 8.4, any indemnification under this Article 8 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 agent has met the applicable standard of conduct set forth in Section 8.2 and 8.3, by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding;  
or

(b) The court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

Section 8.6 Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article 8.

Section 8.7 Other Indemnification. No provision made by the Corporation to indemnify its or any subsidiary's directors or officers for the defense of any proceeding, whether contained in the Articles, Bylaws, a resolution of directors, an agreement, or otherwise, shall be valid unless consistent with this Article 8. Nothing contained in this Article 8 shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

Section 8.8 Forms of Indemnification Not Permitted. No indemnification or advance shall be made under this Article 8, except as provided in Section 8.4 and 8.5(b), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles, these Bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 8.9 Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability 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 law.

Section 8.10 Non-Applicability to Fiduciaries of Employee Benefit Plans. This Article 8 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation. The Corporation shall have power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by Subdivision (f) of Section 207 of the California General Corporation Law.

## ARTICLE 9

### RELATED ORGANIZATIONS

Section 9.1. Security-PAC. Security-PAC was begun and is supported by the Corporation for fulfilling specific objectives of the Private Security profession and the Corporation.

(a) Security-PAC shall be designated as a State PAC, formed and maintained pursuant to the laws of the State of California. Security-PAC shall maintain a mission and purpose harmonious with the purpose and functions of the Corporation.

(b) The Corporation shall appoint the members of the Board of Directors of Security-PAC. Security-PAC will have a separate Board of Directors from the Corporation.

(c) A mutual agreement between the Corporation and Security-PAC shall be required before the Security-PAC may disband or alter its relationship with the Corporation.

(d) The Corporation controls the names/designations "California Association of Licensed Security Agencies, Guards, and Associates," "CALSAGA," and "Security-PAC." Names and PAC designations are used with the express permission of the Corporation.

(e) Any organizations affiliated with the Corporation shall use as its primary financial account(s), only those account(s) created and controlled by the Corporation.

(f) If a related organization is in breach of these bylaws or other agreement with the Corporation, the Corporation may revoke the use of its name/PAC designation, and/or the Corporation's financial support of the organization, and/or the use of the Corporation's financial account(s).

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of California Association of Licensed Security Agencies, Guards and Associates, a California nonprofit mutual benefit Corporation, and that the foregoing Bylaws, comprising 17 pages, exclusive of this page, constitute the Bylaws of said Corporation as duly adopted at a meeting of the Board of Directors held on April 7, 2005, and as most recently Amended on April 2, 2019.

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Mike Smidt, Secretary

## Exhibit “A” to CALSAGA Bylaws

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West’s Ann.Cal.Corp.Code § 7231.5

§ 7231.5. Liability of volunteer director or officer; failure to discharge duties

(a) Except as provided in [Section 7233](#) or [7236](#), there is no monetary liability on the part of, and no cause of action for damages shall arise against, any volunteer director or volunteer executive officer of a nonprofit corporation subject to this part based upon any alleged failure to discharge the person’s duties as a director or officer if the duties are performed in a manner that meets all of the following criteria:

(1) The duties are performed in good faith.

(2) The duties are performed in a manner such director or officer believes to be in the best interests of the corporation.

(3) The duties are performed with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

(b) “Volunteer” means the rendering of services without compensation. “Compensation” means remuneration whether by way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a director or executive officer does not affect that person’s status as a volunteer within the meaning of this section.

(c) “Executive officer” means the president, vice president, secretary, or treasurer of a corporation or other individual serving in like capacity who assists in establishing the policy of the corporation.

(d) This section shall apply only to trade, professional, and labor organizations incorporated pursuant to this part which operate exclusively for fraternal, educational, and other nonprofit purposes, and under the provisions of [Section 501\(c\) of the United States Internal Revenue Code](#).

(e) This section shall not be construed to limit the provisions of [Section 7231](#).

### Credits

(Added by [Stats.1987, c. 1206, § 2](#). Amended by [Stats.1988, c. 1204, § 7](#); [Stats.1990, c. 107 \(A.B.2292\), § 5](#).)

West’s Ann. Cal. Corp. Code § 7231.5, CA CORP § 7231.5

Current with urgency legislation through Ch. 31, also including Chs. 33 to 35 and 45 of 2016 Reg.Sess., Ch. 8 of 2015-2016 2nd Ex.Sess., and all propositions on the 6/7/2016 ballot.

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End of Document

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## Exhibit “A” to CALSAGA Bylaws

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West’s Ann.Cal.Corp.Code § 7233

§ 7233. Conflicts of interest; disclosure; common directorships; just and reasonable contracts

(a) No contract or other transaction between a corporation and one or more of its directors, or between a corporation and any domestic or foreign corporation, firm or association in which one or more of its directors has a material financial interest, is either void or voidable because such director or directors or such other corporation, business corporation, firm or association are parties or because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, if:

(1) The material facts as to the transaction and as to such director’s interest are fully disclosed or known to the members and such contract or transaction is approved by the members ([Section 5034](#)) in good faith, with any membership owned by any interested director not being entitled to vote thereon;

(2) The material facts as to the transaction and as to such director’s interest are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the interested director or directors and the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified; or

(3) As to contracts or transactions not approved as provided in paragraph (1) or (2) of this subdivision, the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was just and reasonable as to the corporation at the time it was authorized, approved or ratified.

A mere common directorship does not constitute a material financial interest within the meaning of this subdivision. A director is not interested within the meaning of this subdivision in a resolution fixing the compensation of another director as a director, officer or employee of the corporation, notwithstanding the fact that the first director is also receiving compensation from the corporation.

(b) No contract or other transaction between a corporation and any corporation, business corporation or association of which one or more of its directors are directors is either void or voidable because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, if:

(1) The material facts as to the transaction and as to such director’s other directorship are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director or directors or the contract or transaction is approved by the members ([Section 5034](#)) in good faith; or

(2) As to contracts or transactions not approved as provided in paragraph (1) of this subdivision, the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified.

This subdivision does not apply to contracts or transactions covered by subdivision (a).

### Credits

(Added by Stats.1978, c. 567, p. 1821, § 6, operative Jan. 1, 1980. Amended by Stats.1979, c. 724, p. 2282, § 86, operative Jan. 1, 1980.)

West’s Ann. Cal. Corp. Code § 7233, CA CORP § 7233

Current with urgency legislation through Ch. 31, also including Chs. 33 to 35 and 45 of 2016 Reg.Sess., Ch. 8 of 2015-2016 2nd Ex.Sess., and all propositions on the 6/7/2016 ballot.

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West’s Ann.Cal.Corp.Code § 7236

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## Exhibit “A” to CALSAGA Bylaws

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§ 7236. Liability for illegal loans and distributions; suits; damages; contribution; subrogation; cross-complaint  
Effective: January 1, 2001

(a) Subject to the provisions of [Section 7231](#), directors of a corporation who approve any of the following corporate actions shall be jointly and severally liable to the corporation for the benefit of all of the creditors entitled to institute an action under paragraph (1) or (2) of subdivision (c) or to the corporation in an action by the head organization or members under paragraph (1) or (3) of subdivision (c):

(1) The making of any distribution contrary to Chapter 4 (commencing with [Section 7410](#)).

(2) The distribution of assets after institution of dissolution proceedings of the corporation, without paying or adequately providing for all known liabilities of the corporation, excluding any claims not filed by creditors within the time limit set by the court in a notice given to creditors under Chapter 15 (commencing with [Section 8510](#)), Chapter 16 (commencing with [Section 8610](#)), and Chapter 17 (commencing with [Section 8710](#)).

(3) The making of any loan or guaranty contrary to [Section 7235](#).

(b) A director who is present at a meeting of the board, or any committee thereof, at which an action specified in subdivision (a) is taken and who abstains from voting shall be considered to have approved the action.

(c) Suit may be brought in the name of the corporation to enforce the liability:

(1) Under paragraph (1) of subdivision (a), against any or all directors liable by the persons entitled to sue under [subdivision \(c\) of Section 7420](#).

(2) Under paragraph (2) or (3) of subdivision (a), against any or all directors liable by any one or more creditors of the corporation whose debts or claims arose prior to the time of the corporate action who have not consented to the corporate action, whether or not they have reduced their claims to judgment.

(3) Under paragraph (3) of subdivision (a), against any or all directors liable by any one or more members at the time of any corporate action specified in paragraph (3) of subdivision (a) who have not consented to the corporate action, without regard to the provisions of [Section 7710](#).

(d) The damages recoverable from a director under this section shall be the amount of the illegal distribution, or if the illegal distribution consists of property, the fair market value of that property at the time of the illegal distribution, plus interest thereon from the date of the distribution at the legal rate on judgments until paid, together with all reasonably incurred costs of appraisal or other valuation, if any, of that property, or the loss suffered by the corporation as a result of the illegal loan or guaranty, but not exceeding, in the case of an action for the benefit of creditors, the liabilities of the corporation owed to nonconsenting creditors at the time of the violation.

(e) Any director sued under this section may implead all other directors liable and may compel contribution, either in that action or in an independent action against directors not joined in that action.

(f) Directors liable under this section shall also be entitled to be subrogated to the rights of the corporation:

(1) With respect to paragraph (1) of subdivision (a), against the persons who received the distribution.

(2) With respect to paragraph (2) of subdivision (a), against the persons who received the distribution.

(3) With respect to paragraph (3) of subdivision (a), against the person who received the loan or guaranty.

Any director sued under this section may file a cross-complaint against the person or persons who are liable to the director as a result of the subrogation provided for in this subdivision or may proceed against them in an independent action.

## Exhibit “A” to CALSAGA Bylaws

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### Credits

(Added by Stats.1978, c. 567, p. 1821, § 6, operative Jan. 1, 1980. Amended by Stats.1979, c. 724, p. 2284, § 86.7, operative Jan. 1, 1980; Stats.1984, c. 812, § 6; [Stats.1999, c. 453 \(A.B.1687\), § 12](#); [Stats.2000, c. 135 \(A.B.2539\), § 23](#).)

West’s Ann. Cal. Corp. Code § 7236, CA CORP § 7236

Current with urgency legislation through Ch. 31, also including Chs. 33 to 35 and 45 of 2016 Reg.Sess., Ch. 8 of 2015-2016 2nd Ex.Sess., and all propositions on the 6/7/2016 ballot.

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