

Bylaws of Fallbrook Youth Rugby

A California Nonprofit Public Benefit Corporation

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Vice President, *22*

Article I. **NAME**

SECTION 01 *CORPORATE NAME*

The name of this corporation is **Fallbrook Youth Rugby**, herein after referred to as FYR and/or the Corporation (“Corporation”).

Article II. **LOCATIONS**

SECTION 01 *REGISTERED PRINCIPAL OFFICE*

The principal office for the transaction of the business of the Corporation shall be located at 626 Braemar Terrace, Fallbrook, California, 92028.

SECTION 02 *REGISTERED MAILING ADDRESS*

The registered mailing address of the Corporation is P.O. Box 235, Bonsall, California, 92003.

SECTION 03 *OTHER OFFICES*

The Board of Directors shall have the power and authority to establish and maintain principal or subordinate offices at any other locations within San Diego County, California.

Article III. **PURPOSES**

SECTION 01 *GENERAL PURPOSE*

The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California (“California Nonprofit Corporation Law”) for **public and charitable** purposes.

SECTION 02 *SPECIFIC PURPOSE*

The specific purpose of the Corporation shall include without limitation,

- i. Foster and promote the sport of rugby in Fallbrook and the surrounding communities, and
- ii. Support and develop amateur athletes for rugby competition at a regional, national and international level.

Article IV. **LIMITATIONS**

SECTION 01 *PROHIBITED ACTIVITIES*

The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article III. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in Article III shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

SECTION 02 *POLITICAL ACTIVITIES*

The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article III, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in 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 V. **DEDICATION OF ASSETS**

SECTION 01 *PROPERTY DEDICATED TO NONPROFIT PURPOSES*

The property of the Corporation is irrevocably dedicated to **public and charitable** purposes. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

SECTION 02 *DISTRIBUTION OF ASSETS UPON DISSOLUTION*

Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for **charitable, educational and/or religious** purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

Article VI. **MEMBERS**

SECTION 01 *MEMBERS*

The Corporation shall have no members within the meaning of section 5056 of the California Nonprofit Corporation Law.

SECTION 02 *NON-VOTING MEMBERS*

The Board may adopt policies and procedures for the admission of associate members or other designated members who shall have no voting rights in the Corporation. Such associate or other members are not “members” of the Corporation as defined in section 5056 of the California Nonprofit Corporation Law. Such members are voluntary and membership is open to anyone. Such members shall remain a member until such time that the membership enrollment has expired or is terminated.

SECTION 03 *TERMINATION OF MEMBERS*

Any member may resign by filing a written resignation with the Secretary. A member may be suspended or terminated, by a majority vote of the board, for cause or for conduct prejudicial to the best interests of the Corporation, provided that a statement of the charges shall have been mailed to the last known address of the member at least ten (10) days before final action is taken thereon.

SECTION 04 *REINSTATEMENT OF MEMBERSHIP*

Upon written request signed by a former member and filed with the Secretary, the Board may, in accordance with the quorum requirements contained within these Bylaws, reinstate the former member to membership upon such terms as the board may deem appropriate.

SECTION 05 *TRANSFER OF MEMBERSHIP*

Membership in the Corporation shall not be transferred, pledged, or alienated in any way.

SECTION 06 *MEMBER DUES*

The Board may adopt a fee schedule for annual dues, if any, payable to FYR by any members. Dues, if any, shall be payable upon submission of completed membership application.

Article VII. **DIRECTORS**

SECTION 01 *NUMBER AND QUALIFICATIONS*

a) Number

- i. The authorized number of directors of the Corporation (“Directors”) shall be not less than three (3), which shall be President, Secretary, and Treasurer, or more than seven (7); the exact authorized number to be fixed, within these limits, by resolution of the Board.
- ii. No more than sixty percent (60%) of the current elected Board of Directors may also hold a coaching position within FYR during their term of service as a Director.

b) Qualifications

- i. The minimum age requirement for each director is 18 years.
- ii. In accordance with Section 5227 of California Nonprofit Corporation Code, not more than 49% of the persons serving on the board may be interested persons.

For the purposes of this section, “interested persons” means either (i) any person currently being compensated by the corporation for services rendered within the previous 12 months, whether as a full or part-time employee, independent contractor, or otherwise, excluding any compensation paid to a director as a director, or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person.

SECTION 02 *GENERAL POWERS*

Subject to the provisions of the Articles of Incorporation of the Corporation (the “Articles of Incorporation”), California Nonprofit Corporation Law and any other applicable laws, 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 of Directors (the “Board”). The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee 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.

SECTION 03 *SPECIFIC POWERS*

- a) Delegation of Powers
To delegate all powers to committees, officers or employees of the Corporation as expressly authorized by the governing documents.
- b) Enforce Governing Documents
To enforce applicable provisions of the Governing documents for management of the Corporation.
- c) Budgets
To prepare budgets and financial statements for the Corporation.
- d) Legal and Accounting
To obtain and pay the cost of legal, accounting, and other professional services necessary or proper for the maintenance and operation of the Corporation and enforcement of the Governing Documents.
- e) Insurance
To secure and maintain liability or other insurance for the Corporation as needed or required.
- f) Payment of Expenses
To pay any expenses associated with operation of the corporation.

SECTION 04 *TENURE*

Directors shall be elected at each annual meeting of the Board for two (2) year terms, to coincide with FYR’s fiscal year. Directors may not serve more than three (3) consecutive terms. A Director who has served three (3) consecutive terms may be eligible to serve as a Director after one (1) year has passed since that person was last a Director. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director’s earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered.

SECTION 05 *NOMINATION*

Nominations for election to the Board shall be submitted in writing to the current Secretary of the Board by no later than five (5) business days prior to the Annual Meeting.

SECTION 06 *ELECTION OF THE BOARD*

Ballots for the election shall be distributed to the Board at the Annual General Meeting. Upon conclusion of the meeting, the current board will tabulate all ballots. Where there is more than one (1) nominee for a position, a plurality of votes cast shall elect. All newly elected Directors shall begin their term of office on the 1st day of September for a two (2) year term.

SECTION 07 *VACANCIES*

a) Events Causing Vacancies

A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

b) Cause for Removal

The Board may by resolution declare vacant the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony, or found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law.

A Director shall not:

- i. Engage in any activity that is directly contrary to the interests of FYR.
- ii. Engage in the misrepresentation of FYR and its policies to outside third parties, either willfully, or on a repeated basis.
- iii. Be disruptive or unprofessional during Board Meetings or exhibit behavior that is deemed to be detrimental to the function of the Board Meeting.
- iv. Miss three (3) or more consecutive Regular Meetings.

Any Director may be removed, with or without cause, by a majority vote of the Directors present at a meeting of the Board, subject to the quorum provisions provided herein. Prior to any such removal, notice in writing of at least ten (10) days shall be given to the affected Director of such proposed action. If any Directors are removed, new Directors may be elected immediately thereafter for the unexpired term of his or her predecessor in office.

c) No Removal on Reduction of Number of Directors

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires unless the reduction also provides for the removal of that specified Director in accordance with these Bylaws and California Nonprofit Corporation Law.

d) Resignation

Except as provided in this Section, any Director may resign by giving written notice to the Chairperson, the President, the Secretary, or the Board. Such a written resignation

will be effective on the later of (i) the date it is delivered or (ii) the time specified in the written notice that the resignation is to become effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

e) Election to Fill Vacancies

If there is a vacancy on the Board, including a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

SECTION 08 *DIRECTORS AND DUTIES*

Should a vacancy exist in any fiscal year, the duties of the remaining positions may be absorbed and distributed amongst the elected directors. The same person may hold any number of positions, except that the Secretary, the Treasurer, and the President may not serve concurrently as one another in accordance with California Nonprofit Corporation Law. Each Director shall only have one (1) vote per person regardless of number of positions held.

SECTION 09 *COMPENSATION*

The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board.

Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors, unless such compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be "interested persons" which, for purposes of this Section only, means:

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

SECTION 10 *NON-LIABILITY OF DIRECTORS*

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

Article VIII. MEETINGS

SECTION 01 *REGULAR MEETINGS*

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the “annual general meeting.” Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time by resolution.

SECTION 02 *SPECIAL MEETINGS*

Special meetings of the Board, for any purpose, may be called at any time by the Chairperson, or the President, or the Vice President (if any), or the Secretary, or any two Directors.

SECTION 03 *NOTICE OF MEETING*

a) Manner of Giving

Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Article VIII. Section 01), notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods:

- i. Personal delivery of oral or written notice;
- ii. First-class mail, postage paid;
- iii. Telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or
- iv. Facsimile, electronic mail (“e-mail”) or other means of electronic transmission if the recipient has consented to accept notices in this manner.
- v. All such notices shall be given or sent to the Director’s address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more than one regular meeting.

b) Time requirements

Notices sent by first-class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, voice messaging system or other system or technology designed to record and communicate messages, facsimile, e-mail or other electronic transmission shall be delivered at least 48 hours before the time set for the meeting.

c) Notice Contents

The notice shall state the time and place for the meeting, except that if the meeting is scheduled to be held at the principal office of the Corporation, the notice shall be valid even if no place is specified. The notice need not specify the purpose of the meeting unless required to elsewhere in these Bylaws.

SECTION 04 *PLACE OF MEETING*

Regular and special meetings of the Board may be held at any place within or outside the state that has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation.

a) Meetings by Telephone or Similar Communication Equipment

Any meeting may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. All such Directors shall be deemed to be present in person at such meeting.

SECTION 05 *QUORUM AND ACTION OF THE BOARD*

a) Quorum

A majority of Directors then in office (but no fewer than two Directors or one-third of the authorized number in Article VII.Section 01a), whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn as provided in Article VIII.Section 07.

b) Minimum Vote Requirements for Valid Board Action

Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting.

c) When a Greater Vote is Required for Valid Board Action

The following actions shall require a vote by a majority of all Directors then in office in order to be effective:

- i. Approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in Article XI.Section 01(provided that the vote of any interested Director(s) is not counted);
- ii. Creation of, and appointment to, Committees (but not advisory committees) as described in Article IX.Section 01;
- iii. Removal of a Director without cause as described in Article VII.Section 07b); and
- iv. Indemnification of Directors as described in Article XII.

SECTION 06 *WAIVER OF NOTICE*

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who

attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

SECTION 07 *ADJOURNMENT*

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

SECTION 08 *NOTICE OF ADJOURNMENT*

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

SECTION 09 *CONDUCT OF MEETINGS*

Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the President or, if the President and Chairperson are both absent, by the Vice President (if any) or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

SECTION 10 *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, individually or collectively, consent in writing to the action. For the purposes of this Article VIII. Section 10 only, "all members of the Board" shall not include any "interested Director" as defined in section 5233 of the California Nonprofit Corporation Law. Such written consent shall have the same force and effect as a unanimous vote of the Board taken at a meeting. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Article IX. COMMITTEES

SECTION 01 *COMMITTEES OF DIRECTORS*

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees ("Committees"), including an executive committee, each consisting of two

or more Directors, to serve at the discretion of the Board. Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may:

- i.** Approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;
- ii.** Fill vacancies on the Board or in any Committee which has the authority of the Board;
- iii.** Fix compensation of the Directors for serving on the Board or on any Committee;
- iv.** Amend or repeal Bylaws or adopt new Bylaws;
- v.** Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- vi.** Appoint any other Committees or the members of these Committees;
- vii.** Expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- viii.** Approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation and any entity in which one or more of its Directors have a material financial interest.

SECTION 02 *MEETINGS AND ACTIONS OF BOARD COMMITTEES*

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article VII concerning meetings of Directors, with such changes in the context of Article VII 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 by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

SECTION 03 *QUORUM RULES FOR BOARD COMMITTEES*

A majority of the Committee members shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions that require a majority vote of the entire Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 04 *REVOCATION OF DELEGATED AUTHORITY*

The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board.

SECTION 05 *NONPROFIT INTEGRITY ACT / AUDIT COMMITTEE*

In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant (“CPA”) in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee.

The Audit Committee shall not include paid or unpaid staff or employees of the Corporation, including, if staff members or employees, the President or chief executive officer or the Treasurer or chief financial officer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee. Subject to the supervision of the Board, the Audit Committee shall:

- i.** Make recommendations to the Board on the hiring and firing of the CPA;
- ii.** Confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- iii.** Approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- iv.** If requested by the Board, negotiate the CPA’s compensation on behalf of the Board.

SECTION 06 *ADVISORY COMMITTEES*

The Board may create one or more advisory committees to serve at the pleasure of the Board. Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

Article X. **OFFICERS**

SECTION 01 *OFFICERS*

The officers of the Corporation (“Officers”) shall be either a President or a Chairperson, or both, a Secretary, and a Treasurer or chief financial officer, or both. Other than the Chairperson, these persons may, but need not be, selected from among the Directors. The Board shall have the power

to designate additional Officers, including a Vice President, who also need not be Directors, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Article X.Section 06f). Any number of offices may be held by the same person, except that the Secretary, the Treasurer and the chief financial officer (if any) may not serve concurrently as either the President or the Chairperson.

SECTION 02 *ELECTION OF OFFICERS*

The Officers, except those appointed in accordance with Article X.Section 06f), shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal. Officers may be elected for three (3) consecutive terms.

SECTION 03 *REMOVAL OF OFFICERS*

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause, (i) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (ii) by an Officer on whom such power of removal may be conferred by the Board.

SECTION 04 *RESIGNATION OF OFFICERS*

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any of the Corporation under any contract to which the Officer is a party.

SECTION 05 *VACANCIES IN OFFICES*

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Article X.Section 06f), such vacancy shall be filled temporarily by appointment by the President, or if none, by the Chairperson, and the appointee shall remain in office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

SECTION 06 *RESPONSIBILITY OF OFFICERS*

a) Chairperson of the Board

The chairperson of the Board (the "Chairperson"), if any, shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. If the Board designates both a Chairperson and a President, the Board shall, by resolution, establish the specific duties carried by each position.

b) President

The president of the Corporation (the "President") shall, if there is no Chairperson, or in the Chairperson's absence, preside at meetings of the Board and ensures coordination

and communication across all board Directors and represents FYR in communications with other clubs, ensures compliance with governing documents as required by the various government agencies, is responsible for security and safety of all club activities and oversees all club activities not listed. The President shall exercise and perform such other powers and duties that may from time to time be assigned to him by the Board, or prescribed in these Bylaws. The President may be a designated co-signer of payments made on behalf of FYR.

c) Vice President

The vice president of the Corporation (the "Vice President") shall, in the absence or disability of the President, perform all the duties of the President and, when so acting, have all the powers of and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board. The Vice President *may* be a designated co-signer of payments made on behalf of FYR.

d) Secretary

The secretary of the Corporation (the "Secretary") shall attend to the following:

- i. Bylaws – the Secretary shall certify and keep at the principal office of FYR the original or a copy of these Bylaws as amended to date.
- ii. Record all Board meeting minutes and publish no later than one (1) week after the meeting.
- iii. Minute Book – the Secretary shall keep at the principal office of FYR a Minute Book containing the meeting minutes as described in these Bylaws.
- iv. Notices – the Secretary shall give notice of all meetings of the Board in accordance with these Bylaws.
- v. Corporate Records – upon request, the Secretary shall exhibit at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the Minute Book
- vi. Corporate Seal – the Secretary shall keep the seal of the FYR (if any) in safe custody.
- vii. Other Duties – the Secretary shall keep at the principal office of FYR, an original or a copy of all legal documents, government filing records, and corporation documents, and shall have other such powers and perform other such duties as may be prescribed by the Board. The Secretary *may* be a designated co-signer of checks written on behalf of FYR.

e) Treasurer

The treasurer of the Corporation (the "Treasurer") shall attend to the following:

- i. Account Books – the Treasurer shall keep and maintain adequate and correct books and records of the properties and transaction of FYR, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and any other matters customarily included in financial statements. The Account Books shall be open to inspection by any Director at all reasonable times.
- ii. Financial Reports – the Treasurer shall prepare the financial statements to be included in any required Regular, Special or Annual Meetings of the Board,

including preparing the Annual Operating Budget to be presented to the Board for approval within the first three (3) months of the start of each fiscal period beginning September 1st.

- iii. Deposit and Disbursement of Money and Valuables – the Treasurer shall deposit all money and other valuables in the name of and to the credit of FYR with such banks, trusts, or other depositories as may be designated by the Board. The Treasurer shall disburse the funds of FYR as may be ordered by the Board, and receive and give receipts for moneys due and payable to FYR from any source whatsoever, but is required to obtain Board on all checks exceeding \$2000.00, unless otherwise adopted and approved by the Board in the Annual Operating Budget.
- iv. Bond - if required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.
- v. Other Duties – the Treasurer shall have other such powers and perform other such duties as may be prescribed by the Board. The Treasurer is a designated co-signer of checks written on behalf of FYR.

f) Additional Officers

The Board may empower the Chairperson, President, or chief executive, to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

SECTION 07 *CHIEF EXECUTIVE*

Subject to such supervisory powers as may be given by the Board to the Chairperson or President, the Board may hire a chief executive who shall be the general manager of the Corporation, and subject to the control of the Board, shall supervise, direct and control the Corporation's day-to-day activities, business and affairs. The chief executive (who may be referred to as the "chief executive officer" or "executive director") shall be empowered to hire, supervise and fire all of the employees of the Corporation, under such terms and having such job responsibilities as the chief executive shall determine in his or her sole discretion, subject to the rights, if any, of the employee under any contract of employment. The chief executive may delegate his or her responsibilities and powers subject to the control of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws. Additionally, the Board may, by resolution, appoint the chief executive as an Officer.

SECTION 08 *COMPENSATION OF OFFICERS*

a) Salaries Fixed by Board

The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function, and no Officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director, provided, however, that such compensation paid to a Director for serving as an Officer shall only be allowed if permitted under the provisions of Article

VII.Section 09. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried Officer serving as a Director shall be permitted to vote on his or her own compensation as an Officer.

b) Fairness of Competition

The Board shall periodically review the fairness of compensation, including benefits, paid to every person, regardless of title, with powers, duties, or responsibilities comparable to the president, chief executive officer, treasurer, or chief financial officer (i) once such person is hired, (ii) upon any extension or renewal of such person's term of employment, and (iii) when such person's compensation is modified (unless all employees are subject to the same general modification of compensation).

Article XI. TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

SECTION 01 *TRANSACTIONS WITH DIRECTORS AND OFFICERS*

a) Interested Party Transactions

Except as described in Article XI.Section 01b), the Corporation shall not be a party to any transaction:

- i. In which one or more of its Directors or Officers has a material financial interest, or
- ii. With any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

b) Requirements to Authorize Interested Party Transactions

The Corporation shall not be a party to any transaction described in Article XI.Section 01a) unless:

- i. The Corporation enters into the transaction for its own benefit;
- ii. The transaction is fair and reasonable to the Corporation at the time the transaction is entered into;
- iii. Prior to consummating the transaction or any part thereof, the Board authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Directors), and with knowledge of the material facts concerning the transaction and the interested Director's or Officer's financial interest in the transaction;
- iv. Prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and

- v. The minutes of the Board meeting at which such action was taken reflect that the Board considered and made the findings described in paragraphs (i) through (iv) of this Article XI. Section 01b).

c) **Material Financial Interest**

A Director or Officer shall not be deemed to have a “material financial interest” in a transaction:

- i. That fixes the compensation of a Director as a Director or Officer;
- ii. If the contract or transaction is part of a public or charitable program of the Corporation and it (1) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or
- iii. Where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation for the preceding year or \$10,000.

SECTION 02 *LOANS TO DIRECTORS AND OFFICERS*

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

The limitation above does not apply if (i) the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of an Officer in order to secure the services of (or continued services of) the Officer and the loan is secured by real property located in California; or (ii) the loan is for the payment of premiums on a life insurance policy on the life of a Director or Officer and repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

SECTION 03 *INTERLOCKING DIRECTORATES*

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (i) 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(s) (subject to the quorum provisions of Article VII); or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

SECTION 04 *DUTY OF LOYALTY; CONSTRUCTION WITH ARTICLE XII*

Nothing in this Article XI shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this Article XI shall be construed to override or amend the provisions of Article XII. All conflicts between the two articles shall be resolved in favor of Article XII.

Article XII. **INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS**

SECTION 01 *DEFINITIONS*

For purpose of this Article XII,

- a) "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 that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;
- b) "Proceeding"
means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and
- c) "Expenses"
includes, without limitation, all attorneys' fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or relationship as Agent and all attorneys' fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this Article XII.

SECTION 02 *APPLICABILITY OF INDEMNIFICATION PROVISIONS*

- a) Successful Defense by Agent
To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article XII, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim.
- b) Settlement or Unsuccessful Defense by Agent
If an Agent either settles any proceeding referred to in this Article XII, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of Article XII.Section 03 through Article XII.Section 06 shall determine whether the Agent is entitled to indemnification.

SECTION 03 *ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATION*

This Article XII.Section 03 applies to any proceeding other than an action “by or on behalf of the corporation” as defined in Article XII.Section 04. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Article XII.Section 03 as “Third Party proceedings.”

a) Scope of Indemnification in Third Party Proceedings

Subject to the required findings to be made pursuant to Article XII.Section 03b), the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

b) Required Standard of Conduct for Indemnification in Third Party Proceedings

Any indemnification granted to an Agent in Article XII.Section 03a) above is conditioned on the following. The Board must determine, in the manner provided in Article XII.Section 05, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

SECTION 04 *ACTION BROUGHT BY OR ON BEHALF OF THE CORPORATION*

This Article XII.Section 04 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding “by or on behalf of the Corporation”).

a) Scope of Indemnification in Proceedings By or On Behalf of the Corporation

Subject to the required findings to be made pursuant to Article XII.Section 04b), and except as provided in Article XII.Section 04c) and Article XII.Section 04d), the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

b) Required Standard of Conduct for Indemnification in Proceedings By or On Behalf of the Corporation

Any indemnification granted to an Agent in Section Article XII.Section 04a) is conditioned on the following. The Board must determine, in the manner provided in Article XII.Section 05, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

c) Claims Settled Out of Court

If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

d) Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Article XII.Section 04a) for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- i. The determination of good faith conduct required by Article XII.Section 02 must be made in the manner provided for in Article XII.Section 05; and
- ii. Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

SECTION 05 *DETERMINATION OF AGENT'S GOOD FAITH CONDUCT*

The indemnification granted to an Agent in Article XII.Section 03 and Article XII.Section 04 is conditioned on the findings required by those Sections being made by:

- i. The Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- ii. The court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

SECTION 06 *LIMITATIONS*

No indemnification or advance shall be made under this Article XII, except as provided in Article XII.Section 02a) or Article XII.Section 05(ii), in any circumstances when it appears:

- i. That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, 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
- ii. That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 07 *ADVANCE OF EXPENSES*

Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article XII.

SECTION 08 *CONTRACTUAL RIGHTS OF NON-DIRECTORS AND NON-OFFICERS*

Nothing contained in this Article XII shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

SECTION 09 *INSURANCE*

The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article XII, against any liability asserted against or incurred by any 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 the liability under the provisions of this Article XII.

Article XIII. **CORPORATE RECORDS, REPORTS AND SEAL**

SECTION 01 *MINUTE BOOK*

The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

SECTION 02 *BOOKS AND RECORDS OF ACCOUNT*

The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

SECTION 03 *ARTICLES OF INCORPORATION AND BYLAWS*

The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

SECTION 04 *MAINTENANCE AND INSPECTION OF FEDERAL TAX EXEMPTION APPLICATION AND ANNUAL INFORMATION RETURNS*

The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

SECTION 05 *ANNUAL REPORT; STATEMENT OF CERTAIN TRANSACTIONS*

The Board shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- i.** The assets and liabilities of the Corporation as of the end of the fiscal year;
- ii.** The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- iii.** The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;
- iv.** The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- v.** A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
- vi.** Any Director or Officer of the Corporation, its parent, or its subsidiary;
- vii.** Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.
- viii.** The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.
- ix.** A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under Article XI or Article XII.

SECTION 06 *DIRECTORS' RIGHTS OF INSPECTION*

Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

SECTION 07 *CORPORATE SEAL*

The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Article XIV. FINANCIAL ADMINISTRATION

SECTION 01 FISCAL YEAR

The fiscal year of the Corporation shall be September 1st to August 31st of the following calendar year.

SECTION 02 CONTRACTS

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 03 LOANS

No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 04 CHECKS, DRAFTS, OR ORDERS

All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation in accordance provided in the governing documents.

SECTION 05 DEPOSITS

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

SECTION 06 GIFTS

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

SECTION 07 INSPECTION BY DIRECTORS OR MEMBERS

Every member (if any) or director shall have the right at any reasonable time to inspect all books, records, and documents of the Corporation and the physical properties owned or controlled by the Corporation, provided such request is made with at least five (5) business days written notice submitted to the President, or Vice-President, or Secretary, or Treasurer. Any document copies shall be made by the Corporation at its expense.

SECTION 08 REVIEW OF FINANCIAL RECORDS

The Board shall review on at least a quarterly basis a current reconciliation of the Corporation's operating accounts, and actual revenue and expense reports compared to the current budget. The

Board shall review the current account statements prepared by the financial institution where the Corporation has its financial accounts.

SECTION 09 *USE OF OUTSIDE EXPERTS*

When conducting the periodic reviews as provided for in these Bylaws, FYR may, but need not, use outside advisers.

SECTION 10 *USE OF FUNDS*

All funds received by and all property of FYR from whatever source is irrevocably dedicated to foster and promote the sport of rugby in the surrounding communities, and to support and develop amateur athletes for rugby competition, at a regional, national and international level. All funds shall be applied to those expenses incurred by FYR in carrying on its stated purpose.

Article XV. **FUNDRAISING**

SECTION 01 *NO DIRECT BENEFIT TO MEMBER*

FYR will not participate in fund-raising programs where there is a direct benefit to the member who raises the funds. For example, we will not adopt a system whereby parents receive a credit or point for their fund-raising participation, which can then be used to offset rugby expenses, including registration fees or travel expenses.

SECTION 02 *FAIR MARKET VALUE*

It is the policy of FYR, for every fundraising event, to publicize the fair market value of the benefit received in such a way that the donor can clearly determine how much is deductible and how much is not.

Article XVI. **CONFLICT OF INTEREST**

SECTION 01 *PURPOSE OF CONFLICT OF INTEREST POLICY*

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

SECTION 02 *DEFINITIONS*

a) “Interested Person”

Any director, officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below is an interested person.

b) “Financial Interest”

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

- i.** An ownership or investment interest in any entity with which FYR has a transaction agreement,
- ii.** A compensation arrangement with FYR or with any entity or individual with which FYR has a transaction or arrangement, or
- iii.** A potential ownership or investment interest in, or compensation agreement with, any entity or individual with which FYR is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. Under Section 03, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

SECTION 03 *PROCEDURES*

a) Duty to Disclose

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

b) Determining Whether a Conflict of Interest Exists

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

c) Procedures for Addressing the Conflict of Interest.

- i.** An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- ii.** The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- iii.** After exercising due diligence, the governing board or committee shall determine whether FYR can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

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

d) Violations of the Conflict of Interest Policy.

- i. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 04 *RECORDS OF PROCEEDINGS*

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

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

SECTION 05 *COMPENSATION*

- i. A voting member of the governing board who receives compensation, directly or indirectly, from FYR for services is precluded from voting on matters pertaining to that member's compensation.
- ii. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FYR for services is precluded for voting on matters pertaining to that member's compensation.
- iii. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from FYR, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- iv. When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding

and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- a. The terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.
- b. All members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
 - i. is not the person who is the subject of compensation arrangement, or a family member of such person;
 - ii. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement;
 - iii. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement;
 - iv. has no material financial interest affected by the compensation arrangement; and
 - v. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.
- v. The board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
 - a. Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources;
 - b. The availability of similar services in the geographic area of this organization;
 - c. Current compensation surveys compiled by independent firms;
 - d. Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.
- vi. As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than

\$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

- vii.** The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:
- a. The terms of the compensation arrangement and the date it was approved;
 - b. The members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
 - c. The comparability data obtained and relied upon and how the data was obtained;
 - d. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
 - e. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting.
 - f. Any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).
 - g. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

SECTION 06 *ANNUAL STATEMENTS*

Each director, principal officer, and member of a committee with governing, board delegated, powers shall annually sign a statement which affirms such person:

- i. has received a copy of the conflicts of interest policy,
- ii. has read and understands the policy,
- iii. has agreed to comply with the policy, and
- iv. understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

SECTION 07 *PERIODIC REVIEWS*

To ensure FYR operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews may be conducted. If so, the periodic reviews shall, at a minimum, include the following subjects:

- i. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- ii. Whether partnerships, joint ventures, and arrangements with management organizations conform to FYR's written policies, are properly recorded, reflect reasonable investment or payments of goods and services, further charitable purposes and do not result in inurement, impermissible private benefit of in an excess of benefit transaction.

Article XVII. **WAIVER OF NOTICE**

Whenever any notice is required to be given to any member or director of the Corporation under the provisions of these bylaws or under the provisions of the Articles of Incorporation or under the provisions of law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article XVIII. **CONSTRUCTION AND DEFINITIONS**

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

Article XIX. **AMENDMENTS**

The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

- i.** Proposed amendments to these bylaws may be originated by a minimum of two (2) current and duly elected Directors of the Board.
- ii.** Any proposed amendment must be posted fifteen (15) days prior to the meeting at which the vote will be taken.
- iii.** Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.
- iv.** No amendment may extend the term of a Director beyond that for which such Director was elected.
- v.** If bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefor, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

Article XX. **CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting Secretary of **Fallbrook Youth Rugby**, a California nonprofit public benefit corporation; that these Bylaws, consisting of 39 pages, are the Bylaws of this Corporation as adopted by the Board of Directors on September 8, 2013; and that these Bylaws have not been amended or modified since that date.

Executed on _____ at _____, California.

Jennifer Crilly
Secretary

FALLBROOK YOUTH RUGBY

AMENDMENT TO BYLAWS

Pursuant to a Unanimous Written Consent of the Board of Directors of Fallbrook Youth Rugby (the "Corporation"), dated February 27, 2015, the Bylaws of the Corporation were amended as follows, effective as of such date:

RESOLVED, that Article VII, Section 1, Paragraph A, Subparagraph (i) of the Corporation's By-laws be, and hereby is, amended and restated in its entirety to read as follows:

"The authorized number of directors of the Corporation ("Directors") shall be not less than three (3), which shall be President, Secretary, and Treasurer, or more than nine (9); the exact authorized number to be fixed, within these limits, by resolution of the Board."

Certified by:



Jennifer Crilly, Secretary

Date: 03/01/2015

FALLBROOK YOUTH RUGBY

AMENDMENT TO BYLAWS

Pursuant to a Unanimous Written Consent of the Board of Directors of Fallbrook Youth Rugby (the "Corporation"), dated February 27, 2015, the Bylaws of the Corporation were amended as follows, effective as of such date:

RESOLVED, that Article VII, Section 4 of the Corporation's By-laws be, and hereby is, amended and restated in its entirety to read as follows:

"Directors shall be elected at each annual meeting of the Board for one (1) year terms, except for the President-Elect which shall be elected to a two (2) year term, to coincide with FYR's fiscal year. Directors may not serve more than three (3) consecutive terms. A Director who has served three (3) consecutive terms may be eligible to serve as a Director after one (1) year has passed since that person was last a Director. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered."

Certified by:



Jennifer Crilly, Secretary

Date: 03/01/2015