

BYLAWS
of
THE LOS OLIVOS SCHOOL FOUNDATION

A California Nonprofit Public Benefit Corporation

Adopted by the Board of Directors as of

September 20, 2011

TABLE OF CONTENTS

ARTICLE 1 – NAME, OFFICE AND PURPOSE.....	1
Section 1.1 Name.....	1
Section 1.2 Principal Office.....	1
Section 1.3 Purpose	1
ARTICLE 2 – NONPARTISAN ACTIVITIES	1
Section 2.1 No Partisan Activities	1
Section 2.2 No Activities Not in Furtherance of Exempt Purposes.....	2
ARTICLE 3 – DEDICATION OF ASSETS	2
Section 3.1 Dedication of Assets	2
Section 3.2 Assets Distributed on Liquidation	2
ARTICLE 4 – BOARD OF DIRECTORS	2
Section 4.1 General Powers.....	2
Section 4.2 Number, Tenure and Qualifications	2
Section 4.3 Vacancies.....	3
Section 4.4 Regular Meetings.....	3
Section 4.5 Special Meetings.....	3
Section 4.6 Notice of Meetings	3
Section 4.7 Waiver of Notice	3
Section 4.8 Quorum.....	3
Section 4.9 Manner of Acting.....	4
Section 4.10 Action Without a Meeting	4
Section 4.11 Participation in Meetings by Means of Conference Telephone.....	4
Section 4.12 Compensation	4
Section 4.13 No Interest in Assets.....	4
ARTICLE 5 – OFFICERS.....	4
Section 5.1 Officers	4
Section 5.2 Election and Term of Office.....	4
Section 5.3 Removal.....	5
Section 5.4 Resignation	5
Section 5.5 President	5
Section 5.6 Vice President.....	5
Section 5.7 Secretary	5
Section 5.8 Treasurer.....	5
Section 5.9 Signing of Checks.....	5
ARTICLE 6 – COMMITTEES	6
Section 6.1 Creation of Committees.....	6
Section 6.2 Delegation of Authority to Committees	6
ARTICLE 7 – INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER CORPORATE AGENTS.....	6
Section 7.1 Indemnification Permitted	6
Section 7.2 Purchase of Insurance.....	6

ARTICLE 8 – MISCELLANEOUS PROVISIONS	6
Section 8.1 Books and Records	6
Section 8.2 Annual Report.....	6
ARTICLE 9 – AMENDMENTS TO BYLAWS	7
Section 9.1 Approval of Amendments	7
Section 9.2 Copy of Proposed Amendments to Directors	7
ARTICLE 10 – CONFLICT OF INTEREST	7
Section 10.1 Purpose	7
Section 10.2 Definitions	7
Section 10.3 Procedures	7
Section 10.4 Records of Proceedings	8
Section 10.5 Compensation	9
Section 10.6 Annual Statements	9
Section 10.7 Periodic Reviews	9
Section 10.8 Use of Outside Experts	9

BYLAWS

of

THE LOS OLIVOS SCHOOL FOUNDATION

A California Nonprofit Public Benefit Corporation

ARTICLE 1

NAME, OFFICE AND PURPOSE

Section 1.1 **Name.** The name of this Corporation is and shall be **THE LOS OLIVOS SCHOOL FOUNDATION** (hereinafter, the "Corporation").

Section 1.2 **Principal Office.** The principal office of the Corporation shall be located in Santa Barbara County, California. The principal office and additional offices may be located in such other places as may be determined from time to time by the Board of Directors.

Section 1.3 **Purpose.**

(a) The Corporation is an independent community based organization formed exclusively for charitable or education purposes as such terms are defined in Section 501(c)(3) of the Internal Revenue Code and specifically for the purpose of improving the quality of education in the Los Olivos School District.

(b) The Corporation is empowered to exercise all rights and powers conferred by the laws of the State of California upon nonprofit corporations, including, but without limitation, to receive gifts, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same to qualified charitable organizations both in the United States and abroad for the aforementioned purposes. The sale of assets received as gifts, devises, bequests or contributions shall constitute a proper use or application under the preceding sentence.

ARTICLE 2

NONPARTISAN ACTIVITIES

Section 2.1 **No Partisan Activities.** This Corporation has been formed under the California Nonprofit Public Benefit Corporation Law for the public purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, except as permitted by Code Section 501(h), and the Corporation shall not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

Section 2.2 No Activities Not in Furtherance of Exempt Purposes. The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Section 1.3 above.

ARTICLE 3 **DEDICATION OF ASSETS**

Section 3.1 Dedication of Assets. The properties and assets of this Corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of this Corporation, upon dissolution or otherwise, shall inure to the benefit of any director or officer of this Corporation or to any private person or individual.

Section 3.2 Assets Distributed on Liquidation. 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 exclusively for charitable or educational purposes to one or more organizations which are then described in Code Sections 501(c)(3) and 509(a)(1) or (a)(2) and whose charitable or educational purposes are substantially similar to those of the Corporation, as determined by the Board of Directors of the Corporation. Any of such assets not so distributed shall be distributed by the Superior Court in the county in which the principal office of the Corporation is located, exclusively for the aforesaid purposes of the Corporation to such organization(s) as are described in Code Sections 501(c)(3) and 509(a)(1) or (a)(2) as said Court shall determine.

ARTICLE 4 **BOARD OF DIRECTORS**

Section 4.1 General Powers. Subject to the limitations of these Bylaws, the Articles of Incorporation, and the laws of the State of California, the affairs of the Corporation shall be managed by, and all corporate powers shall be exercised by, or under the direction of, a Board of Directors.

Section 4.2 Number, Tenure and Qualifications. The Board shall be composed of at least seven (7) and no more than twelve (12) Directors with the exact number of Directors to be fixed, within the limits specified, by a resolution of the Board of Directors.

(a) Prior to the annual meeting, the President shall appoint a nominating committee in order to nominate persons to fill the Director positions, consisting of not less than two Directors. The nominating committee shall report to the President the names of the nominees to the Board, who may include any or all of the then current Directors whose terms are due to expire. Nominees must receive a majority of the votes cast to be elected. Runoff elections will be held in the case of ties or if no candidate received a majority of the vote.

(b) Those elected shall assume office as Directors at the annual meeting of the Board following such election and shall serve for a term of one (1) year and until their successors shall have been similarly elected and shall have qualified.

(c) No provision of this section shall restrict the right of the Board to fill vacancies as provided below.

Section 4.3 **Vacancies.**

(a) Events Causing Vacancy. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of any of the following: (i) the death, resignation, or removal of any director; (ii) the declaration by resolution of the Board of Directors of a vacancy in the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order of judgment of any court to have breached a duty under the California Nonprofit Public Benefit Corporation Law; or (iii) the increase of the authorized number of directors.

(b) Resignations. Except as provided in this paragraph, any director may resign, which resignation shall be effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

(c) Removal. Any member of the Board may be removed by the affirmative vote of two-thirds of the directors then in office whenever in their judgment such removal would serve the best interests of the Corporation.

(d) Filling Vacancies. Any vacancy occurring in the Board of Directors shall be filled by the Board of Directors or the designator set forth in Section 4.2 above. A director appointed or designated to fill a vacancy shall hold office during the unexpired term of his or her predecessor in office and until his or her successor is appointed or designated as the case may be.

Section 4.4 **Regular Meetings.** Regular meetings of the Board of Directors shall be held at least once a year, at any place designated from time to time by resolution of the Board of Directors.

Section 4.5 **Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the President, the Secretary, or any two (2) directors.

Section 4.6 **Notice of Meetings.** Notice of any meeting of the Board of Directors shall be given at least two (2) days prior thereto, either personally or by telephone, facsimile or electronic mail, or four (4) days prior thereto by first-class mail, subject to waiver of notice as provided in Section 4.7 of these Bylaws. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Corporation.

Section 4.7 **Waiver of Notice.** Whenever any notice is required to be given under the provisions of the California Nonprofit Public Benefit Corporation Law or under the provisions of the Articles of Incorporation or by the Bylaws of the Corporation, a written waiver thereof, signed by the person or persons entitled to such notice, whether before or after the time stated therein, which is made a part of the minutes, shall be deemed equivalent to the giving of such notice. The attendance of a director at any special meeting shall constitute a waiver of notice of such meeting.

Section 4.8 **Quorum.**

(a) A majority of the directors holding office at any point in time shall constitute a quorum. Unless otherwise provided herein, the directors may continue to transact business during a meeting at which a quorum is initially present, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting.

(b) If at any meeting of Directors there is less than a quorum present, a majority of those present may adjourn the meeting to a date not less than five (5) nor more than thirty (30) days after the date specified for the original meeting. Notice of the date, time, and place of the adjourned meeting shall be given to all directors in accordance with the requirements of Section 4.6. A quorum for the transaction of business at the adjourned meeting which is adjourned to a date, time and place which meets the above conditions shall consist of a majority of the Board of Directors.

Section 4.9 Manner of Acting. Action by the Board of Directors shall be by a majority of the directors present at a meeting duly held at which a quorum is present unless a greater number is required by these Bylaws or otherwise required by law.

Section 4.10 Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board of Directors, individually or collectively, shall consent in writing in advance to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 4.11 Participation in Meetings by Means of Conference Telephone. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 4.12 Compensation. Directors shall not receive compensation for their services as members of the Board of Directors. Nothing herein shall be construed to preclude any director from receiving reimbursement for reasonable expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 4.13 No Interest in Assets. No director shall possess any property right in or to the property of the Corporation. In the event the Corporation owns or holds any property upon its dissolution and winding up, after paying or adequately providing for its debts and obligations, the directors shall dispose of the remaining property in accordance with the provisions of the Articles of Incorporation and these Bylaws.

ARTICLE 5 **OFFICERS**

Section 5.1 Officers. The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as may be elected to offices created by the Board of Directors. Officers shall have powers and duties as specified herein and as may be additionally prescribed by the Board of Directors. One person may hold two or more offices, except neither the Secretary nor the Treasurer may serve concurrently as the President and no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two or more officers.

Section 5.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of any officer shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. New offices may be created and filled, and vacancies may be filled, at any meeting of the Board of Directors. Each officer shall hold office until a successor shall have been elected, unless otherwise removed.

Section 5.3 **Removal.** Subject to the rights, if any, of an officer under any contract of employment, any officer elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever in its judgment the best interests of the Corporation would be served thereby.

Section 5.4 **Resignation.** 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 5.5 **President.** The President shall, if present, preside at all meetings of the Corporation. The President shall have general supervision, direction and control of the business of the Corporation. The President shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 5.6 **Vice President.** If the President is absent or disabled, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, a Vice President designated by the Board of Directors, shall perform all duties of the President. When so acting, a Vice President shall have all powers of and shall be subject to all restrictions on the President. The Vice Presidents shall have such other powers and perform such other duties as the Board of Directors may assign from time to time.

Section 5.7 **Secretary.** The Secretary shall be responsible for the mailing of notices and for the proper recording of proceedings of meetings of the Corporation. The Secretary shall maintain all official records of the Corporation. The Secretary shall automatically become Treasurer if there is a vacancy in that office, if the Treasurer is unable to perform his or her duties, or if the Corporation has not elected a new Treasurer.

Section 5.8 **Treasurer.**

(a) The Treasurer shall be responsible for the Corporation's funds and financial records. The Treasurer shall collect and report, or supervise collection and reporting, of all income and expenditures, shall establish proper accounting procedures for the handling of the Corporation's funds, and shall be responsible for the keeping of the funds in such banks as approved by the Board of Directors, and shall keep and maintain adequate and correct accounts of the Corporation's properties and business transactions. The Treasurer shall report on the financial condition of the Corporation at meetings of the Board of Directors and at other times when called upon by the President.

(b) At the end of each fiscal year, the Treasurer shall prepare, or cause to be prepared, an annual report which shall, if required by the Board of Directors, be reviewed by a certified public accountant. At the expiration of the Treasurer's term of office, or upon removal, the Treasurer shall immediately deliver over to the person designated by the President all books, money and other property in his or her charge.

(c) The Treasurer shall prepare and file, or cause to be prepared and filed, income tax and other returns required by State and Federal authorities.

Section 5.9 **Signing of Checks.** All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors; provided that, any such instrument

for an amount in excess of One Hundred Dollars (\$100) shall require the approval of two (2) Officers or Directors. The Board of Directors may, from time to time by resolution, change the monetary threshold above which said instruments require such approval.

ARTICLE 6 **COMMITTEES**

Section 6.1 **Creation of Committees.** The Board of Directors may create an executive committee and such other committees as, from time to time, may be required in the discretion of the Board. Each committee shall consist of at least three (3) members, a majority of whom shall be Directors, and shall act by not less than a majority of the whole authorized number of its members.

Section 6.2 **Delegation of Authority to Committees.** The Board of Directors may delegate to any committees which consist solely of Board members any of the authority of the Board of Directors, other than that reserved to the Board of Directors under California Corporations Code Section 5212. Each such committee shall serve at the pleasure of the Board of Directors, and shall be subject to the control and direction of the Board of Directors. Each such committee shall act by not less than a majority of the whole authorized number of its members.

ARTICLE 7 **INDEMNIFICATION OF DIRECTORS, OFFICERS** **AND OTHER CORPORATE AGENTS**

Section 7.1 **Indemnification Permitted.** The Corporation, to the extent allowed by applicable state and federal laws, shall indemnify and hold harmless its officers, directors, agents, and employees from and against any and all claims, actions, proceedings, whether threatened, pending or completed, brought by reason of their respective position with or relationships to the Corporation, including, without limitation, all reasonable attorneys' fees, costs and other expenses incurred in establishing a right to indemnification under this Article 7.

Section 7.2 **Purchase of Insurance.** The Corporation, to the extent permitted by applicable state and federal law, may purchase and maintain directors' and officers' liability insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation (domestic or foreign, nonprofit or for profit) partnership, joint venture, trust or other enterprise.

ARTICLE 8 **MISCELLANEOUS PROVISIONS**

Section 8.1 **Books and Records.** The Corporation shall keep at its principal office correct and complete books and records of account, written minutes of the proceedings of its meetings, the original or a copy of the Articles of Incorporation and Bylaws as amended to date, and a record setting forth the names and addresses of all directors.

Section 8.2 **Annual Report.** Not later than one hundred twenty (120) days after the close of the Corporation's fiscal year, the Board of Directors shall cause to have prepared and sent to the directors an annual report and an annual statement of transactions and indemnification.

ARTICLE 9
AMENDMENTS TO BYLAWS

Section 9.1 **Approval of Amendments.** New bylaws may be adopted, or these Bylaws may be amended or repealed, by an affirmative vote of a majority of the Board of Directors.

Section 9.2 **Copy of Proposed Amendments to Directors.** A copy of the proposed amendment or new bylaws shall be included in the notice of meeting given to each director at which the amendment(s) are to be considered.

ARTICLE 10
CONFLICT OF INTEREST

Section 10.1 **Purpose.** The purpose of the conflict of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 10.2 **Definitions.**

(a) **Interested Person.** Any director, principal officer, 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:

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

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 10.3 **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.

1. 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.
2. 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.
3. After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

1. 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.
2. 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 10.4 Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

(a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 10.5 Compensation.

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

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

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

Section 10.6 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:

(a) Has received a copy of the conflicts of interest policy,

(b) Has read and understands the policy,

(c) Has agreed to comply with the policy, and

(d) 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 10.7 Periodic Reviews. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

(a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

(b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Section 10.8 Use of Outside Experts. When conducting the periodic reviews as provided for in Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.