

BYLAWS
OF
COMMUNITY ACTION PARTNERSHIP OF SONOMA COUNTY
(a nonprofit public benefit corporation)

ARTICLE I.

NAME

Section 1. Name. The name of this corporation is COMMUNITY ACTION PARTNERSHIP OF SONOMA COUNTY (hereafter “CAP Sonoma” or “corporation”).

ARTICLE II.

LOCATION OF PRINCIPAL OFFICE

Section 1. Principal Office. The principal office for the transaction of the activities of the corporation shall be located in California. The Board of Directors (“Board”) may change the principal office from one location to another so long as the principal office remains in California.

ARTICLE III.

PURPOSES AND LIMITATIONS

Section 1. General Purposes. This corporation is a California Nonprofit Public Benefit Corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable and educational purposes.

Section 2. Specific Purposes. CAP Sonoma is a community action partnership as contemplated by the federal Economic Opportunity Act of 1964. Within the context of the general purposes stated above, the specific purpose of this corporation is to engage in charitable and educational activities that will help the people of Sonoma County thrive, help families to flourish, and ensure a more equitable society for future generations.

Section 3. Limitations. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director or officer, or to the benefit of any private person.

ARTICLE IV.

MEMBERS

Section 1. Members. This corporation has no members. To the extent any donor, contributor, or other person is referred to as a “member” in any corporate materials, it shall be understood that such donor, contributor, or person is not a statutory member as contemplated by the California Nonprofit Public Benefit law, and has no voting or other rights in the corporation.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. Powers.

(a) General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

(b) Specific Powers. Without prejudice to the general powers set forth in subsection (a) above, but subject to the same limitations, the Board may do the following:

(1) Policies. Adopt policies, rules and procedures for the management and operation of the corporation.

(2) Administration. Retain an employee, or a management firm, or contract with another entity, to administer the day-to-day activities of the corporation. An individual paid to manage the day-to-day activities of the corporation shall be known as the Chief Executive Officer (CEO) and may not also be a director on the Board. The Board may also employ, retain, or authorize the employment of such other employees, independent contractors, agents, accountants, and legal counsel as it from time to time deems necessary or advisable in the interest of the corporation, prescribe their duties and establish their compensation.

(3) Bonds. May require officers, agents, and employees charged by the corporation with responsibility for the custody of any of its funds or negotiable instruments to give adequate bond.

(4) Borrowing money. Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, liens, and other evidences of debt and securities.

(5) Gifts. Receive and accept gifts, devises, bequests, donations, annuities and other securities, and endorsements of real and personal property, and use, hold and enjoy the same, both as to principal and income, to invest and re-invest the same or any part thereof for the furtherance of any objects, interests or purposes of this corporation, and to act as trustee under any trust incidental to the receipt of gifts or other purposes of this corporation.

- (6) Contributions. Make such contributions as the Board determines are necessary and advisable in furtherance of the interests and purposes of this corporation.
- (7) Fiscal Year. Establish and change the fiscal year of the corporation.
- (8) Contracts. Enter into contracts and agreements with individuals and with public and private entities for the advancement of the purposes for which the corporation is organized.
- (9) Property. Acquire, construct, possess and sell real, personal, and intellectual property.
- (10) Bank Accounts and Special Funds. Establish one or more bank accounts and/or special funds in order to accomplish and further the purposes of the corporation.
- (11) Committees. Appoint committees as provided in these bylaws.
- (12) Other. Do and perform all acts and exercise all powers incidental to, or in connection with, or deemed reasonably necessary for the proper implementation of the purposes of the corporation.

[Note from Jill: I have not included "Directors Emeritus" in these new bylaws. In 2010, California outlawed non-voting directors on nonprofit boards. You can't call someone a director who is not a full voting director/member of the Board.

I recommend a set number of directors as you see below, rather than the "range" language in the existing bylaws. There are serious problems with that range language because most nonprofits forget to implement it correctly and then are out of compliance with their own bylaws. Much better to have a set number, and then I'll just help you do a quick amendment to the bylaws if you ever need to change the set number.]

Section 2. Number and Qualification/Limitations.

(a) Number. The Board shall consist of twelve (12) directors as follows: at least four (4) directors shall be individuals who represent the poor, reside in the area served, and represent CAP Sonoma service areas; at least four (4) directors shall be elected public officials currently holding office, or their representatives; and the remaining directors shall be individuals from the private sector. The board shall include members with the following areas of expertise: one individual who has a background and expertise in fiscal management or accounting, one individual who has a background and expertise in early childhood education and development, one individual who is a licensed attorney familiar with the issues that come before the Board, and one individual who has expertise in mental health services.

(b) Additional Qualifications. All directors must be individuals who are dedicated to the purposes of this corporation as set forth above. California law prohibits non-voting directors and alternates/proxies for directors. No employee or paid contractor of CAP Sonoma may be a director on the Board.

Section 3. Election; Term of Office; Term limits. At each annual meeting, the Board shall nominate and elect directors to available positions. The Board may adopt additional nomination and election procedures to assist with the process, in the Board's sole discretion. The term of office of each director shall be three (3) years and until a successor has been elected and qualified. There shall be no limit on the number of terms a director may serve if they remain qualified and elected to the Board. The Board may stagger the terms of the directors using any reasonable method.

Section 4. Removal of Directors. A director may be removed from the Board at any time, with or without cause, by a majority vote of the Board at any properly called and noticed Board meeting where a quorum is present.

Section 5. Vacancies on Board.

(a) Events Causing Vacancy. The vacancy or vacancies on the Board shall exist on the occurrence of the following:

(1) The death or resignation of any director;

(2) The removal of a director by the Board;

(3) The declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law; or

(4) The increase of the authorized number of directors.

(b) Resignations. Except as provided below, any director may resign by giving written notice to the President or Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly appointed director or directors.

(c) Filling Vacancies. Vacancies on the Board may be filled by the Board at any properly called and noticed meeting where a quorum is present. Provided however, that if the vacant seat is that of a representative of an elected official, the elected official may take the seat themselves for the remainder of the term, or they may appoint a different representative to the seat. The individual filling a vacant director position shall serve until the end of the term of the director whose vacancy they are filling.

(d) No Vacancy 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.

Section 6. Board Meetings.

(a) Annual Meeting. The Board shall hold an annual meeting each year for purposes of organization, election of directors and officers, and transaction of other business. Notice of the annual meeting shall be given in accordance with subsection (c) below.

(b) Special Meetings. Special meetings of the Board for any purpose may be called at any time by the President or any two directors. Notice of any special meeting shall be given in accordance with subsection (c) below.

[Note from Jill: The use of “electronic transmission” (which basically means fax or email) for meeting notices mentioned in (c) below has conditions. If you want to be able to use email or fax for meeting notices or ballots, then board members must sign a special consent form – attached.]

(c) Notice. Notice of the annual and any special meetings of the Board, specifying the time and place of the meeting, shall be given to each director at least ten (10) days before the meeting if sent by first-class mail or express mail service, or forty-eight (48) hours before the meeting if personally delivered or delivered by telephone (including a voice messaging system), or by electronic transmission by the corporation (Corporations Code Section 20).

Notice shall be deemed delivered when deposited in the U.S. mail or with an express mail service, postage prepaid, or when received if delivered personally or by telephone, or on its confirmation of delivery if by electronic transmission.

A notice, or waiver of notice, need not specify the purpose of any meeting of the board.

(d) Place of Meetings. The annual and any special meetings of the Board shall be held at any place within or outside California that has been designated by resolution of the Board, or in the notice of the meeting or, if not so designated, at the principal office of the corporation.

(e) Meetings by Telephone or Video Conference or by Electronic Transmission (Chat Room). Directors may participate in a meeting of the Board through use of conference telephone, electronic video screen communication (Zoom, Teams, or similar), or electronic transmission by and to the corporation (chat room) (Corporation Code Sections 20 and 21).

Participation in a meeting through use of conference telephone or electronic video screen communication constitutes presence in person at that meeting as long as all directors participating in the meeting are able to hear one another.

Participation in a meeting through use of electronic transmission by and to the corporation (chat room), other than conference telephone and electronic video screen communication, constitutes presence in person at that meeting if all the following apply:

(1) Each director participating in the meeting can communicate with all of the other directors concurrently.

(2) Each director is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose or interpose an objection to, a specific action to be taken by the corporation.

(3) All participating directors have signed the electronic transmission consent form.

[Note from Jill: This is the recommended quorum language from the law.]

(f) Quorum/Act of the Board. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn. Except as specifically provided in these bylaws or in the California Nonprofit Public Benefit Corporation Law, every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

(g) Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to them.

(h) Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

(i) Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four hours. If the original meeting is adjourned for more than twenty-four hours, notice of any adjournment to another 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.

[Note from Jill: Please note that if you take a Board vote in writing (by mail or email), then it must be unanimous – ALL directors must vote, and ALL directors must vote yes in order for the action to pass. If even one director fails to respond to the request for an email vote, or votes no on the action, then the action doesn't pass. {Rare exception: If a director thinks they have a financial conflict of interest regarding the vote and doesn't want to vote because of that, please contact me and I'll assess whether they meet a very limited exception to this unanimity rule.} Also, can't use email for a written votes unless all the Board members have signed the email consent form referenced above.]

(j) Board Action by Written Consent. 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 that action. With rare exception, this means that all Board members must vote on an action by mail or email, and all Board members must vote yes on the action, in order for the action to pass. Whether by mail or email, a vote under this section by written consent must be unanimous. The written votes must be maintained for at least three (3) years.

(k) Voting Power. For all purposes, the voting power of each voting director shall be one vote.

(l) Closed Sessions. Any meeting of the Board, or portion of a meeting, may be closed by the President so that only directors and individuals deemed necessary by the President are present.

[Note from Jill: The following section on attendance is optional but many clients find it useful since it happens automatically without the need for the Board to take affirmative action against someone (which boards often find difficult). However, if the removed board member shows up at the next meeting asking forgiveness, the Board has the power to waive the removal and reinstate the director.]

(m) Attendance. Any director who misses three (3) consecutive Board meetings for any reason automatically loses their seat on the Board. The CEO will immediately notify the removed director via email regarding the removal after the third missed Board meeting.

The Board may waive this provision as to a particular director by majority vote at the next Board meeting after the removal. The Board's waiver of the automatic removal provision can be based on an excuse acceptable to the Board or any other justification deemed appropriate by the Board. Any vacancy created by this provision shall be filled in accordance with Article V, Section 5(c) above.

Section 7. Compensation and Reimbursement. Directors shall not receive compensation for their services on the Board. Directors may receive such reimbursement of expenses as the Board may determine by resolution to be fair and reasonable at the time that the resolution is adopted.

Section 8. Property Rights. No director shall have any property rights in any assets of the corporation.

[Note from Jill: Your current bylaws allow a director to take a leave of absence; however that is not legal so I have not included it in these new bylaws.]

ARTICLE VI.

OFFICERS

[Note from Jill: A note about officers. Under the law, all Board members are directors first and foremost. Some of those directors wear an additional hat as an officer. Your directors serve 3 year terms, but it is best practice for officers to only serve for one-year terms. The officer term is "overlaid" on the individual's term as a director. I generally recommend no officer term limits, so if someone does a great job in a particular office, they can continue to be elected to that office several times so long as they are still a director on the Board. However, if you want term limits for officers let me know. I recommend you go through the motions of electing officers each year, even if the same directors are elected to officer positions for several years in a row.]

Section 1. Officers of the Corporation. The elected officers of the corporation shall be a President, Vice President, Secretary, and Treasurer. All elected officers must be directors on the Board. The offices of Secretary and Treasurer may be combined and held by one person, in the discretion of the Board. If combined, the officer shall be known as the "Secretary/Treasurer".

Section 2. Election of Officers. The elected officers of the corporation shall be elected by and from among the directors at the annual Board meeting.

Section 3. Terms of Office; Term Limits. Elected officers shall serve at the pleasure of the Board for one-year terms. There is no limit on the number of terms an elected officer may serve if they are a director and continues to be elected to an officer position by the Board.

Section 4. Removal of Officers. Any officer may be removed from their officer position at any time, with or without cause, by a majority vote of the Board at any properly called meeting where a quorum is present.

Section 5. Resignation of Officers. An officer may resign at any time by giving written notice to the President or the Secretary. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective.

Section 6. Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause may be filled by a majority vote of the directors present at any annual or special meeting of the Board where a quorum is present. The individual filling a vacant officer position shall serve until the end of the term of the officer whose vacancy they are filling.

Section 7. Responsibilities of Officers.

(a) President. The President of the Board shall preside at meetings of the Board and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no paid CEO, the President shall perform the duties of the CEO on a volunteer basis until a new CEO is in place.

(b) Vice President. If the President is absent or unable to serve, the Vice President shall perform all the duties of the President. When so acting, the Vice President shall have all powers of and be subject to all restrictions on the President. The Vice President shall have such other powers and perform such other duties as the Board or the Bylaws may prescribe.

(c) Secretary.

(i) Book of Minutes. The Secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and committees of the Board. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual or special, and, if special, how authorized, the notice given, and the names of those present at the Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and the Bylaws, as amended to date.

(ii) Notices and Other Duties. The Secretary shall give, or cause to be given, notice of all meetings of the Board and of its committees required by these Bylaws. The Secretary shall have such other powers and perform such other duties as the Board, the President, or the Bylaws may prescribe.

(iii) If the President and Vice President are absent or unable to serve, the Secretary shall perform all the duties of the President. When so acting, the Secretary shall have all powers of and be subject to all restrictions of the President.

(iv) Some duties of the Secretary may be delegated to paid staff or other volunteers, though the Secretary must retain oversight of all responsibilities.

(d) Treasurer.

(i) Books of Account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and transactions. The Treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

(ii) Deposit and Disbursement of Money and Valuables. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate, shall disperse the corporation's funds as the Board may order, shall render to the President and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as the Board, the President, or the Bylaws may prescribe.

(iii) Some duties of the Treasurer may be delegated to paid staff or other volunteers, though the Treasurer must retain oversight of all responsibilities.

ARTICLE VII.

COMMITTEES

[Note from Jill: Under the California Nonprofit Public Benefit Corporation Law, there are only two types of committees allowed – “committees of the board” and “advisory committees”. All committees must fall under one of these two categories.

“Committees of the Board” have special requirements because committees of the Board generally “exercise the authority of the Board” (with some exceptions that no committee may be delegated). An executive committee is a good example of a committee of the Board. Because these committees often exercise authority delegated by the Board and have final decision making power on certain issues, the voting members of committees of the Board *must be only directors*. Non-directors cannot be voting members on a committee of the Board.

All other committees– i.e. any committee on which non-directors serve – are “advisory committees” under the law. Advisory committees can include anyone you want, including non-board members. I have drafted the committee section below in compliance with the law.]

Section 1. Committees of the Board. The Board, by resolution, may create one or more committees of the Board, each consisting of two or more directors *and no persons who are not directors*, to serve at the pleasure of the Board. Appointments to committees of the Board shall be made by the Board. Any such committee, to the extent provided in the Board resolution, shall have all the authority of the Board, except that no committee, regardless of Board resolution, may:

(a) Fill vacancies on the Board or on any committee that has the authority of the Board;

- (b) Provide compensation for directors for serving on the Board or on any committee;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board; or
- (f) Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code.

Section 2. Standing Committees of the Board

a. Executive Committee

The Executive Committee shall be a “standing committee of the board” subject to all the rules applicable to “committees of the board” described above.

The Executive Committee shall consist of the elected officers of CAP Sonoma – President, Vice President, Secretary, and Treasurer. The President shall serve as the chair of the Executive Committee.

The Executive Committee shall have the authority of the Board between Board meetings to make decisions and take actions relative to the operation of CAP Sonoma when necessary. The Executive Committee shall report any decisions made or actions taken at each meeting of the full Board. The Executive Committee may also recommend to the Board changes to the bylaws and other operating policies.

[Note from Jill: Your existing bylaws have an audit committee as an advisory committee, but the existing section is not substantive enough to comply with the law if your annual revenue is \$2 mill or more. There are special rules and obligations for the audit committee if you meet the \$2 mill/year threshold and the section below is drafted according to the law. And, because the audit committee has some final decision making authority, it must be a “committee of the board”, not an advisory committee.]

b. Audit Committee

Whenever CAP Sonoma has gross revenue of \$2,000,000 per year or more, the Board shall establish an Audit Committee (the \$2,000,000 threshold excludes grants received from governmental entities if CAP Sonoma must provide an accounting of how it uses the grant funds).

When in existence, the Audit Committee shall be a committee of the Board, consisting of only Board members appointed by the Board. The Audit Committee cannot include employees, the Board President, or the Board Treasurer. Members of the Finance Committee may serve on the Audit Committee, but cannot comprise 50 percent or more of the Audit Committee. The chair of the Audit Committee may not be a member of the Finance Committee.

The Audit Committee, under the Board's supervision, is responsible for making recommendations to the Board on the hiring and firing of independent certified public accountants (CPAs). The audit committee can negotiate the independent CPA's compensation, on behalf of the governing Board.

The audit committee must:

- Confer with the auditor to satisfy committee members that the financial affairs of the nonprofit organization are in order;
- Review the audit and decide whether to accept it; and
- Approve non-audit services by the independent CPAs accounting firm, and ensure such services conform to standards in the Yellow Book issued by the U.S. Comptroller General.

c. Finance and Human Resources Committee

The Finance and Human Resources Committee shall be a "standing committee of the Board". The Finance and Human Resources Committee shall: (1) oversee the preparation of the annual budget and financial statements; (2) oversee the administration, collection, and disbursement of the financial resources of the organization; (3) advise the Board with respect to significant financial decisions and human resources decisions; (4) review the employee handbook and recommend changes to the Board (5) have such other powers and perform such other duties as the Board may specify from time to time.

d. Governance Committee

The Governance committee shall be a "standing committee of the Board". The Governance committee shall: (1) oversee Board member recruitment (including administering the Low-Income Board member democratic selection process, recommending candidates for Public and Private sector Board seats, and ensuring that the Board fills vacancies promptly, orientation, and training; (2) coordinate the Board's periodic evaluation process of itself and the Corporation's governance structure, policies and procedures; (3) coordinate periodic review of the Corporation's Articles of Incorporation and Bylaws; and (4) have such other powers and perform such other duties as the Board may specify from time to time.

Section 3. Notice Requirements for Committees of the Board. Written notice requirements for meetings of committees of the Board shall be the same as for Board meetings.

Section 4. Quorum for Committees of the Board. A majority of the members of any committee of the Board shall constitute a quorum, and the acts of a majority of the members present at a meeting at which a quorum is present shall constitute the act or recommendation of the committee.

Section 5. Advisory Committees. The Board may also establish advisory committees composed of any number of directors and/or other interested persons who are not directors. Appointments to advisory committees shall be made by the Board, or the Board may delegate that appointment power to the Board President. Advisory committees shall provide advice and recommendations to the Board but shall not have the authority of the Board or any final decision making authority.

Section 6. Standing Advisory Committees.

a. Programs Committee.

Subject to the direction and control of the full board, the program planning and evaluation committee shall: (1) oversee implementation of the corporation's community needs assessment and strategic planning processes approved by the board and conduct periodic reviews to determine to what degree the corporation is addressing the needs and goals identified through these processes; (2) track the progress of the corporation's programs in meeting identified goals and objectives; (3) oversee the corporation's processes for outcome reporting for its programs; (4) review monitoring reports, evaluations, and other feedback on the corporation's programs provided by funding sources and other interested parties; (5) work with the corporation's staff and full board to ensure that monitoring findings are addressed in a timely way; (6) oversee the regular evaluation of the corporation's programs by the corporation's board and staff; and (7) regularly report to the full board on these matters.

In addition, the program planning and evaluation committee shall have such other powers and perform such other duties as the board may specify from time to time.

b. Development Committee.

The Development Committee assists in the creation of concepts, plans, strategies, programs, resources and activities that support, facilitate, and otherwise guide the marketing and development efforts for CAP Sonoma. The committee will assist in the creation of 1) a Marketing Plan and 2) a Development Plan annually, recommending periodic updates and revisions to both as appropriate. The Development and Marketing Committee will also advise the Development staff regarding CAP Sonoma branding, budget allocation and resource development including: fund raising, existing and new funding streams and volunteer staff. Similarly, the committee will assist the Development staff in an annual review and assessment of the effectiveness of the Agency's marketing and development efforts and associated expenditures for each completed fiscal year. The committee will also serve as a creative resource group for ideas pertaining to public relations, marketing, branding, and resource and volunteer development.

Section 7. Meetings by Telephone or Video Conference or by Electronic Transmission. Any meeting of a committee may be held by telephone or video conference or by electronic transmission in the same manner and under the same rules as for Board meetings.

ARTICLE VIII.

LIABILITY, INDEMNIFICATION, AND INSURANCE

Section 1. Liability. No volunteer director or officer shall be liable to third parties if the volunteer director or officer has met the requirements for good faith performance of their duties prescribed by the California Nonprofit Public Benefit Corporation Law and the corporation has met its duties relative to insurance required by the California Nonprofit Public Benefit Corporation Law.

Section 2. Right of Indemnity. To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position,

against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding", as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

Section 3. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 4. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification pursuant to these Bylaws in defending any proceeding covered by such indemnification shall be advanced by the corporation before final disposition of the proceeding, on receipt by the corporation of an undertaking by or on behalf of that person, that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the corporation for those expenses.

Section 5. Insurance. The Board shall authorize the purchase and maintenance of an insurance policy or policies on behalf of its directors, officers, and employees against any liabilities, other than for violating provisions against self-dealing, incurred by the director, officer, or employee in such capacity or arising out of their status as such. At a minimum, CAP Sonoma shall have a general liability policy and a directors and officers liability policy.

ARTICLE IX.

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records. The corporation shall keep:

- (a) Adequate corporate books and records of account;
- (b) Written minutes of the proceeding of its Board and committees of the Board; and
- (c) A record of each director's name, address, telephone number, facsimile number, and electronic mail address, if any.

Section 2. Maintenance of Articles 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 3. Inspection by Directors. Every director shall have the right to inspect the corporation's books, records, and documents to the extent allowed by the California Nonprofit Public Benefit Corporation Law.

Section 4. Annual Report. The Board shall cause an annual report to be sent to directors within 120 days after the end of the corporation's fiscal year. That report should contain the following information, in appropriate detail, for the fiscal year:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes.
- (d) The expenses or disbursements of the corporation for both general and restricted purposes.
- (e) Any information required by Section 5 of this article.

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

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors who request it in writing.

[Note from Jill: Generally, Sec. 5 won't apply for your annual report because hopefully none of your directors on the Board or their family members will be entering into financial transactions with Cap Sonoma.]

Section 5. Annual Statement of Certain Transactions and Indemnifications.

If any of the following types of transactions or indemnifications occurred during the previous fiscal year, then as part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall prepare and mail or deliver to each director a statement of any such transaction or indemnification within 120 days after the end of the corporation's fiscal year:

- (a) Any transaction:
 - (i) in which the corporation was a party, and
 - (ii) in which an "interested person" had a direct or indirect material financial interest, and
 - (iii) which involved more than \$50,000, or was one of a number of transactions with the same "interested person" involving, in the aggregate, more than \$50,000.

For the purpose of this section, an "interested person" means: Any director on the Board, or the family member of any director, currently (or within the previous 12 months) being compensated by the corporation. "Family member" means any brother, sister, parent, child, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of a director.

The statement shall include a brief description of the transaction, the names of "interested persons" involved, their relationship to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the "interested person" is a partner, only the interest of the partnership need be stated.

(b) Any indemnifications or advances aggregating more than \$10,000 which were paid during the fiscal year to any officer or director of the corporation.

ARTICLE X.

MISCELLANEOUS

Section 1. Fiscal Year. Unless changed by the Board, the fiscal year of the corporation begins on March 1 and ends on the last day of February.

Section 2. Conflicts of Interest. The Board will adopt a Conflict of Interest Policy and each Board member and committee member shall annually sign a statement that they have received, read, understood, and agreed to comply with such policy. [\[Note from Jill: my recommended COI policy \(what the IRS wants to see if you're audited\) is attached and should be adopted the same day we adopt these new bylaws.\]](#)

Section 3. Intellectual Property. All intellectual property prepared or purchased by or on behalf of the corporation, including but not limited to newsletters, educational, promotional, and fundraising materials, website content, contracts, trade names, logos, service marks, and donor lists/donor contact information, shall be the exclusive property of the corporation and Board members agree to deal with it as such. Board members agree that they will not sell, transfer, publish, modify, distribute, or use for their own purposes, the intellectual property belonging to the corporation without the prior approval of the Board memorialized in a writing signed by the President.

Section 4. Required Filings and Disclosures. The Board shall ensure that the required filings are made at applicable state and federal agencies, including but not necessarily limited to filings required by the Secretary of State, the Attorney General's office, the Internal Revenue Service, and the Franchise Tax Board.

CAP Sonoma shall also comply with the disclosure requirements of federal and state agencies to which it is subject. Requirements which are applicable to CAP Sonoma include but are not necessarily limited to making the corporation's annual tax returns (IRS Form 990) available to the public.

Section 5. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular includes the plural, the plural includes the singular, the masculine includes the feminine and neuter, and the term "person" includes both an individual and an entity.

Section 6. Rules of Order. The rules contained in Robert's Rules of Order Newly Revised shall govern this Board in all cases to which they are applicable and in which they are not inconsistent with these Bylaws, the Articles of Incorporation, or any other established policy or procedure of CAP Sonoma.

ARTICLE XI.

AMENDMENTS

Section 1. Amendments. Subject to any limitations in the Nonprofit Public Benefit Corporation Law, these Bylaws may be amended, or repealed and new bylaws adopted, by a two-thirds (2/3) vote of the Board at any properly called and noticed meeting where a quorum is present. The proposed amendments, proposed repeal, or new bylaws must be provided to each director at least three (3) days prior to the meeting at which such amendments, repeal, or new bylaws will be discussed and voted on.

ARTICLE XII.

DISSOLUTION

Section 1. Voluntary Dissolution by Vote. The corporation may be dissolved at any time by a two-thirds (2/3) vote of the authorized number of directors. If less than 2/3 of the authorized number of directors are then in office, the vote must be unanimous. If the Board votes in favor of dissolution, the directors shall promptly cease operations and proceed to wind up and dissolve the corporation.

Section 2. Remaining Assets. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit organization which is organized and operated exclusively for charitable and/or educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. [Note from Jill: Upon dissolution, the remaining assets of a public benefit corporation must go to another 501c3 organization. There is no leeway to give remaining assets after a dissolution to board members, or to any other type of organization other than a 501c3.]

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of COMMUNITY ACTION PARTNERSHIP OF SONOMA COUNTY, a California nonprofit public benefit corporation; that the above Bylaws, consisting of ___ typewritten pages including this page, are the Bylaws of this corporation as approved by the Board of Directors on _____, 2023; and that they have not been amended or modified since that date.

Executed on the _____ day of _____, 2023 at
_____, California.

Signature of Board Secretary

Print name of Board Secretary