



STAFF REPORT

Meeting Date: **January 21, 2026**

To: **Board of Directors**

From: **Michael J. Aho-District Administrator**

Subject: **Appointment of Board Members to Fair Oaks Recreation Foundation**

I. Recommendation:

Staff recommends that the Board of Directors appoint up to two current elected Board Members to serve on the Fair Oaks Recreation Foundation Board for two-year terms, as authorized by Section 6.01 of the Foundation's Bylaws.

II. Background:

The Fair Oaks Recreation Foundation has adopted amended and restated bylaws to align with its mission and governance structure. These bylaws authorize the District Board to appoint up to two of its members to the Foundation Board. Once the bylaws are approved by the Secretary of State, the Foundation will begin operations under its new structure. Appointing members now ensures readiness for the next phase.

III. Problem /Situation/ Request:

The amended and restated bylaws authorize the District Board to appoint up to two of its members to the Foundation Board. These appointments are necessary to ensure the Foundation can begin operations promptly once the bylaws are approved by the Secretary of State. Without these appointments, the Foundation will not have its full complement of directors, delaying implementation of its mission and programs.

IV. Financial Analysis:

There is no direct financial impact associated with these appointments. The action simply designates Board members to serve on the Foundation Board.

V. Summary of Key Changes:

The amended and restated bylaws introduce a formal governance structure for the Foundation, including the provision for the District Board to appoint up to two of its members to the Foundation Board. This change ensures direct representation and alignment between the District and the Foundation.

Respectfully Submitted,

Michael J. Aho
District Administrator

Attachments:

Attachment A: Amended and Restated Bylaws of the Fair Oaks Recreation Foundation

BYLAWS
OF THE
FAIR OAKS RECREATION AND ARTS FOUNDATION

ARTICLE I
NAME

1.01. Name. The name of this Corporation shall be Fair Oaks Recreation and Arts Foundation, a California Nonprofit Public Benefit Corporation (herein referred to as the "Corporation").

ARTICLE II
OFFICE

2.01. Principal Office. The principal office for the transaction of business of the Corporation ("principal executive office") is located at: 4150 Temescal Street; Fair Oaks, CA 95628.

2.02. Change of Address. The Directors may change the principal office from one location to another. The Secretary of the Corporation shall note any change of this location.

ARTICLE III
OBJECTIVE AND PURPOSES

3.01. General Purpose. This Corporation is a non-profit 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 public charitable purposes. The specific purpose of this Corporation is to support, assist, and augment the Fair Oaks Recreation and Park District and other nonprofit organizations serving the Fair Oaks community by advancing parks and recreation, arts and entertainment, and human needs services consistent with the District's mission.

3.02. Specific Purpose. The specific purpose of this Corporation is:

- (1) To build the Fair Oaks Community through partnerships that mutually benefit the non-profit groups of the Fair Oaks area, the Fair Oaks Recreation and Park District, and the members of the community in general
- (2) To assist the carry out the above-mentioned goals and objectives by receiving, managing and disbursing funds and property, including real property, exclusively for the benefit of the Fair Oaks Recreation and Park District, and non-profit organizations in the Fair Oaks area. . Such assistance may include distributions to government organizations with similar objectives and/or nonprofit organizations that have qualified for tax-exempt status under the Internal Revenue Code;
- (3) To promote the Fair Oaks Community; in the attainment of its visions, goals and objectives; and
- (4) To be recognized as a public charity so that all contributions to this Corporation shall be treated as tax deductible under Section 170 of the Internal Revenue Code of 1986, as amended.

3.03. Limitations. This Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation, and the Corporation shall not carry on any other activities 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, or the corresponding section of any future Federal tax code, or (ii) by a Corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future Federal tax code.

ARTICLE IV DEDICATION OF ASSETS

4.01. Assets. All corporate assets are irrevocably dedicated to the purposes set forth above. No part of the net earnings of this Corporation shall inure to the benefit of any of its Directors, trustees, officers, or to individuals.

ARTICLE V MEMBERSHIP

5.01. Members Prohibited. This Corporation shall not have any members.

5.02. Effect of Prohibition. Any action, which would otherwise require approval by a majority of all members or approval by the members, shall require only approval of the Board of Directors. All rights, which would otherwise vest under the Nonprofit Corporation Law in the members, shall vest in the Directors.

- a. Other Persons Associated with Corporation. The Corporation may refer to other persons or entities associated with it as "members" or "associates" even though those persons or entities are not voting members under these Bylaws, but no such reference shall constitute anyone a member within the meaning of Section 5056 of the California Corporation Code. By amendment of its Articles of Incorporation or these Bylaws, the Corporation may grant some rights to members or associates, but no such person or entity shall be a member within the meaning of Section 5056 of the California Corporation Code.

For the purpose of operations of the Foundation Membership classifications will be used as following:

- General membership (open to any person ,company or non-profit entity.)
- Community Partner membership (open to any non-profit group that has a partnership agreement with the Fair Oaks Recreation and Park District)

ARTICLE VI DIRECTORS

The Corporation shall have no fewer than five (5) and no more than seven (7). The exact number of Directors may be modified from time to time by amendment of these Bylaws, duly adopted by the Board of Directors, consistent with the qualifications and structure outlined herein.

6.01. Qualifications and Restrictions.

- (1) (i) Up to two and no less than one current elected Board Member of the Fair Oaks Recreation and Park District, appointed to the Foundation Board by action of the Fair Oaks Recreation and Park District Board of Directors;
- (2) (ii) Individuals from the community-at-large or community partners, elected by the Foundation Board of Directors;
- (3) (iii) Other members elected by vote of the Foundation Board of Directors; and

6.02. (iv) The District Administrator of the Fair Oaks Recreation and Park District, or their designated appointee, to serve as Chief Executive Officer of the Foundation in an ex-officio, non-voting capacity. Term of Office. Each Director appointed by the Fair Oaks Recreation and Park District Board of Directors shall serve a term of two (2) years. These individuals may be reappointed by the FORPD Board for successive two-year terms without term limits, provided they continue to serve on the FORPD Board.

6.03. All other Directors elected by the Foundation Board shall also serve two-year terms and may be reappointed to successive terms by vote of the Foundation Board of Directors. There shall be no limit on the number of terms a Director may serve, provided they are duly reappointed.

6.04. To ensure continuity of governance, terms shall be staggered so that approximately one-half of the Director positions expire each year. The initial Board may assign one-year terms to approximately half of the Directors and two-year terms to the remainder, after which all terms shall be for two years.

6.05. In all cases, a Director shall continue to serve until a successor is duly appointed or elected, unless the Director resigns, is removed, or becomes otherwise ineligible to serve.

6.06. Vacancies. Any Director of the Corporation may resign at any time by giving written notice to the Chairperson, the Chief Executive Officer or to the Board of Directors, and, where such resignation would leave the Corporation without a duly elected Director or Directors in charge of its affairs, to the Attorney General of the State of California. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Vacancies on the Board of Directors shall exist on the death, resignation or removal of any Director, or whenever the Board of Directors authorizes an increase in the number of Directors, or the Directors fail to elect the full number of authorized Directors. The vacancies shall be filled by a majority vote of the Directors of the Fair Oaks Recreation and Park District, or if the number of Directors then in office is less than a quorum, by a majority of the Directors then in office, or by the sole remaining Directors.

6.07. Removal. Any Director may be removed with or without cause at any time. Removal shall be made by a vote of the majority of the Directors of the Corporation at a special meeting of the Directors called for that purpose. Proper notice must be given in writing, via first-class mail, ten (10) days prior to such a meeting and the vacancy in the Board of Directors caused by any such removal shall be filled in the manner specified in Section 6.04.

6.08. Powers. The Board of Directors shall have the following powers:

(2) Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation and these Bylaws, the Board of Directors shall have general corporate powers and shall manage the business and affairs of the Corporation.

(3) Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the specific power to:

Select and remove all officers, agents and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation; and supervise all such officers, agents and employees of the *Corporation* to assure that their duties are performed properly.

1. Change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of regular, special or annual meetings.
2. Adopt, make and use a Corporation seal and alter the form of the seal and certificate.
3. Borrow money and incur indebtedness on behalf of the Corporation, to be executed and delivered, for corporate purposes deemed appropriate by the Board and in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities.
4. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable purpose of this Corporation.

ARTICLE VII MEETINGS

- 7.01. Brown Act. To the extent required by law, the Corporation shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with section 54950) (the "Brown Act").
- 7.02. Annual Meeting. The annual meeting of the Corporation shall be held on the fourth Monday of June for the purpose of electing the Board of Directors, as necessary, the officers of the Corporation and conducting any other business or transactions as shall come before the meeting. Notice of the annual meeting shall be given in writing not less than ten (10) days prior to said meeting date.
- 7.03. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as the Board may determine. Notice of the regular meetings shall be given ten (10) days prior to the meeting.
- 7.04. Special Meeting, Notice. Special meetings of the Board of Directors shall be held whenever called by the Chairperson of the Board or by two or more of the Directors. Notice of each such special meeting shall be mailed, via first-class mail, to each Director,

addressed to the Director as his or her residence or usual place of business, at least ten (10 days before the day on which the meeting is to be held, or to be delivered personally or by telephone, no later than ten

(10) days before the day on which the meeting is to be held, except in the event of an emergency within the meaning of the Brown Act. Each such notice shall state the time and place of the meeting but need not state the purposes thereof except as otherwise herein expressly provided. Any meeting of the Board shall be a legal meeting without any notice thereof having been given, if all the Directors of the Corporation then in office shall be present thereat or waive such notice in writing before, at or after such meeting.

Waiver of Notice. The transactions of any meeting of the Board of Directors, 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 a quorum is present and, either before or after the meeting, each of the Directors either signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes, or attends the meeting such Director. The waiver of notice or consent need not specify the purpose of the meeting. All waiver, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

- 7.05. 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, individually or collectively, consent in writing to that action. For the purposes of this Section only, "all members of the Board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. 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.
- 7.06. Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by the majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to (i) approval of contracts or transaction in which a director has' a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action is taken is approved by at least a majority of the required quorum for that meeting.
- 7.07. Conduct of Meeting. The Chairperson of the Board, or in his or her absence, any Director selected by the Directors present, shall preside at the meeting of the Board of Directors. The Secretary of the Corporation, or in the Secretary's absence, any person appointed by the presiding officer shall act as a Secretary of the Board.

7.09 Place of Meetings. Meetings shall be held at the principal executive office of the Corporation unless otherwise provided by the Board of Directors or at such place within or without the State of California, which has been designated from time to time in the notice of meeting or by resolution of the Board of Directors. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so long as the Brown Act is complied with and all Directors participating in such meeting can hear one another.

ARTICLE VIII OFFICERS

Officers. The officers of the Corporation shall be a Chairperson, Vice-Chairperson, Secretary, Treasurer and such other officers as may be appointed in accordance with the provisions of Section 8.04. The same person may hold any number of offices.

Election of Officers. The officers of the Corporation, except those appointed in accordance with the provisions of paragraph 8.03, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board. After the initial slate of officers is elected, future officers shall be elected as follows: The nominating committee shall provide each Director with a list of nominees thirty (30) days prior to the annual meeting. A vote of the majority of the duly qualified Directors shall be required to elect officers.

8.01. Subordinate Officers. The Board of Directors may appoint, and may authorize the Chairperson of the Board or the Chief Executive Officer or another officer to appoint, any other officers that the business of the Corporation may require, each of whom shall have the title, hold the office for the period, have the authority, and perform the duties specified in the Bylaws or determined from time to time by the Board of Directors.

8.02. Removal and Resignation of Officers. Any officer may be removed, either with or without our cause, by a vote of the Board of Directors at a meeting called for that purpose, and such purpose shall be stated in the waiver or notice of such meeting unless all of the Directors of the Corporation shall be present thereat. Any officer may resign at any time by giving written notice to the Chairperson of the Board, Chief Executive Officer, or to the Board of Directors. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract, **which** has been approved or ratified by the Board of Directors relating to the employment of any officer of the Corporation.

8.03. Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these Bylaws for regular appointments to that office. In the event of a vacancy in any office other than that of Chief Executive Officer, such vacancy shall be filled temporarily by appointment by the Chairperson of the Board or the Chief Executive Officer until such time as the vacancy can be filled in the manner prescribed in these Bylaws for regular appointment to that office.

b. Responsibilities of Officers.

A. Chairperson of the Board

The Chairperson shall preside at all meetings of the Board of Directors and shall be the principal representative of the Board in overseeing the affairs of the Corporation. The Chairperson shall ensure that all orders and resolutions of the Board are implemented, work in close consultation with the Chief Executive Officer, appoint committee members (subject to Board approval), and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Chairperson shall also serve as the spokesperson for the Foundation, unless otherwise delegated.

B. Vice-Chairperson of the Board

The Vice-Chairperson shall act in place of the Chairperson in the event of the

Chairperson's absence, inability, or refusal to act. In such instances, the Vice-Chair shall perform all the duties of the Chairperson and shall have all the powers of and be subject to the same restrictions as the Chairperson. The Vice-Chair shall also perform such other duties as may be assigned by the Board of Directors or the Chairperson.

C. Secretary

The Secretary shall be responsible for ensuring that accurate minutes of all Board meetings are taken and maintained, including records of votes, motions, and actions. The Secretary shall ensure proper notice of meetings is given in accordance with these Bylaws and applicable laws. The Secretary shall maintain the corporate records of the Foundation, including Articles of Incorporation, Bylaws, Board policies, and official correspondence. The Secretary may delegate minute-taking duties to a staff person or designee, but remains responsible for their accuracy and official recordkeeping.

D. Treasurer (Chief Financial Officer) The Treasurer shall oversee the financial matters of the Foundation and shall ensure accurate books of account are maintained, including records of income, disbursements, assets, and liabilities. The Treasurer shall provide regular financial reports to the Board, assist in the preparation and presentation of the annual budget, and ensure compliance with all financial and tax reporting requirements. The Treasurer shall serve as Chair of the Finance Committee (if such a committee is established) and shall perform all other duties incident to the office of Treasurer or as assigned by the Board.

E. Chief Executive Officer

The Chief Executive Officer (CEO) of the Corporation shall be the District Administrator of the Fair Oaks Recreation and Park District, or a designee appointed by the District Administrator and approved by the Fair Oaks Recreation and Park District Board of Directors. The CEO shall be responsible for the day-to-day administration of the Foundation, including management of its operations, finances, and personnel, in accordance with policies established by the Foundation Board of Directors.

The CEO is authorized, with the signature of two duly qualified officers of the Corporation, to execute contracts, financial instruments, and other official documents on behalf of the Foundation. The CEO shall ensure proper maintenance of financial and operational records, oversee the deposit of all funds, and regularly report on the Foundation's financial and organizational status to the Foundation Board.

The CEO shall perform such additional duties as may be assigned by the Chairperson or the Foundation Board of Directors.

A. Advisors. The Board of Directors may establish a body of Advisors to assist in the development and operation of the Corporation. The Advisors may be appointed by the Board of Directors in any number that the Directors may deem necessary. The Advisors shall have no vote in the Corporation matters and no authority to affect Corporation policy.

ARTICLE IX

COMMITTEES

Nominating Committee.

A. A nominating committee of at least three (3) Directors shall be appointed by the Chairperson of the Board, with the concurrence of the Board of Directors, at the annual meeting each year. The nominating committee shall produce a list of Directors and/or other persons who are not members of the Board but are willing to serve as officers of the Corporation, which list shall include the name of the then current who will serve as the Chief Executive Officer pursuant to Section 8.06.D of the Bylaws. The list of officers shall be presented to all duly qualified Directors at least thirty (30) days prior to the annual meeting. Officers shall be elected at the annual meeting as prescribed by these Bylaws.

B. The nominating committee is also responsible for identifying and placing before the Board, the names of potential new Directors to increase the Board in size or to replace Directors that have left the Board pursuant to Sections 6.04 or 6.05.

9.02 Other Committees. The Board of Directors may act by and through such other committees as may be specified in resolutions adopted by the majority of the Directors. Each such committee may consist of persons who are not also members of the Board, and shall have such duties and responsibilities as are granted to it by the Board of Directors.

ARTICLE X

DISTRIBUTION OF PRINCIPAL AND INCOME AND RELATED MATTERS

10.01. Annual Distributions. It shall be the policy of this Corporation to make, at least annually, distributions for one or more of the purposes for which it is organized, including administrative expenses and amounts paid to acquire an asset used (or held for use) in carrying out one or more of its purposes, in an amount determined by the Board of Directors. In any such distributions of funds, no discrimination shall be made on account of the age, sex, color, religious affiliation or national origin of the individuals or programs to be benefited thereby. The distribution of funds, except for normal operation expenses, will be made directly or indirectly, to support, assist, augment and supplement the Fair Oaks Recreation and Park District, and/or its Community Partner non-profit organizations in the carrying out of its mission, goals and objectives.

10.02. No Self-Dealing It shall be the policy of this Corporation not to engage in any act, which would constitute "self-dealing" as defined in Section 4941 (d) of the Internal Revenue Code of 1986, as amended.

10.03. No Jeopardy Investments. It shall be the policy of this Corporation to assure that no funds, whether title thereto is vested in this Corporation or is vested in trust for the benefit of this Corporation, are knowingly invested or reinvested in such a manner as to jeopardize the carrying out of any of the purposes for which this Corporation is organized.

10.04. Compensation and Reimbursement. No Director shall receive directly or indirectly any compensation for his or her services as Director. No benefit shall inure to the Directors as a result of their participation on the Board of this Corporation. Directors may

receive reimbursement of expenses incurred in services to this Board as the Board may determine to be just and reasonable.

ARTICLE XI INDEMNIFICATION OF DIRECTORS, OFFICERS EMPLOYEES AND OTHER AGENTS

11.01. Definition. For purpose of this Article:

- (4) Agent. - The term. "agent" means any person who is or was a Director, officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust, or other enterprise;
- (5) Proceeding- The term "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and
- (6) Expenses- The term "expenses" includes, without limitation, all attorneys' fees, costs, and any other expenses 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 incurred in establishing a right to indemnification under this Article.

11.02 Successful Defense by Agent. To the extent that an agent of this Corporation has been successful on the merits in the defense of any proceeding referred to in this Article, 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. If an agent either settles any such claim or sustains a judgment rendered against him or her, then the provisions of Sections 11.03 through 11.05 shall determine whether the agent is entitled to indemnification.

11.03 Actions Brought by the Persons other than the Corporation. Subject to the required findings to be made pursuant to paragraph 11.05, this Corporation shall indemnify any person who has or is a party, or is threatened to be made a party, to any proceeding other than an action brought by, or on behalf of, this Corporation, or by an officer, Director or person granted related 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 California Corporations Code Section 5233, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this Corporation, for all expenses, judgments, fines, settlements, and other amount actually and reasonably incurred in connection with the proceeding.

11.04. Action Brought by or on Behalf of the Corporation.

- (7) Claims Settled out of Court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding, unless it is settled with the approval of the Attorney General.

(8) Claims and Suits Awarded against Agent. This Corporation shall indemnify any person who was or is a party or is threatened to be a made party to any threatened, pending, or completed action brought by or on behalf of this Corporation by reason of the fact that the person is or was an agent of this Corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

1. The determination of good faith conduct required by Section 11.05, below, must be made in the manner provided for that section; and
2. 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 should be 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.

11.05. Determination of Agent's Good Faith Conduct. The indemnification granted to an agent in paragraphs 11.03 and 11.04, above, is conditioned on the following:

(1) Required Standard of Conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he or she believed to be in the best interest of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendre* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of this Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his or her conduct was unlawful.

(1) Manner of Determination of Good Faith Conduct. The determination that the agent did act in a manner complying with paragraph A, above, shall be made by:

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

11.06. Limitations. No indemnification or advance shall be made under this Article, except as provided in paragraph 11.02 or 11.05.B.2. Under any circumstances when it appears:

- (1) Inconsistent Indemnification. The indemnification or advice would be inconsistent with a provision of the Articles of Incorporation, a resolution of the Board, 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
- (2) Court Condition. That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

11.07. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by this 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.

11.08. Contractual Rights of Non-directors and Non-officers. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

11.09. Insurance. The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation against any liability other than for violating provisions against self-dealing asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this section.

ARTICLE XII BOOKS OF RECORD, AUDIT, FISCAL YEAR, BOND

12.01. Books and Records. The Board of Directors of this Corporation shall cause to be kept:

- (1) Record of all proceedings of Directors and committees;
- (2) All financial statements of this Corporation;
- (3) Articles of Incorporation and Bylaws, and all amendments thereto and restatements thereof; and
- (4) Such other records and books of accounts as shall be necessary and appropriate to the conduct of corporate business.

12.02. Directors' Right to Inspect. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary. 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.

12.03. Audit and Publication. The Board of Directors shall cause the records and books of account of this Corporation to be audited at least once in each fiscal year in such a manner as may be deemed necessary or appropriate, and also shall make such inquiry as the Board of Directors deems necessary or advisable into the conditions of all trust and funds held by the Directors, agent, or custodian for the benefit of this Corporation, and shall retain such person or firm for such purpose as it may deem appropriate. Not later than six (6) months after the close of each fiscal year of this Corporation, the Board of Directors of this Corporation shall furnish to the public copies of the Corporation's financial statement for its immediately preceding fiscal year and may, if determined necessary or appropriate by the Board

of Directors, cause such financial statement to be published in one or more local newspapers that have general circulation and distribution.

12.04. Fiscal Year. The fiscal year of the Corporation shall end on June 30 of each year.

12.05. Bond. The Corporation shall obtain bond on such people and for such amount as may from time to time be deemed necessary by the Board of Directors.

ARTICLE XIII AMENDMENT

The Board of Directors may amend this Corporation's Articles of Incorporation, as heretofore or hereafter amended or restated, and these Bylaws, as amended or restated, to include or omit any provision which could be lawfully included or omitted.; Any number of amendments, or an entire revision or restatement of the Articles of Incorporation or Bylaws, may be submitted and voted upon at a single meeting of the Board of Directors and adopted at such meeting, a quorum being present, upon receiving the affirmative vote of not less than two-thirds of the Directors; provided, however, that amendment of Article II of the Articles of Incorporation, and Article III (Objective and Purposes), and Section 6.02 (Qualifications and Restrictions) of these Bylaws, may be made only with the unanimous approval and resolution of all qualified Directors.

ARTICLE XIV DISSOLUTION

The Corporation shall not be voluntarily dissolved except by approval of the Board of Directors. On the winding-up and dissolution of this Corporation, after paying or adequately providing for the debts, obligations, and liabilities of the Corporation, the remaining assets of the Corporation shall be distributed to such organization (or organizations) organized and operated exclusively for charitable purposes which has established its tax exempt status under Section 501

(c) (3) of the Internal Revenue Code of 1986, as amended, (or corresponding provision of any future Federal tax code.)

ARTICLE XV CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the 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 the natural person.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the FAIR OAKS RECREATION AND ARTS FOUNDATION, a California nonprofit public benefit corporation, and that the foregoing is a true and correct copy of the Bylaws of this

Corporation; and that said Bylaws were duly adopted at a meeting of the Board of Directors held on February 15,2001.

IN WITNESS WHEREOF, I have subscribed by name and affixed the seal of the Corporation this fifteenth day of February 2001.

Bob Brown, Secretary

from time to time be deemed necessary by the Board of Directors.

ARTICLE XIII AMENDMENT

The Board of Directors may amend this Corporation's Articles of Incorporation, as heretofore or hereafter amended or restated, and these Bylaws, as amended or restated, to include or omit any provision which could be lawfully included or omitted.; Any number of amendments, or an entire revision or restatement of the Articles of Incorporation or Bylaws, may be submitted and voted upon at a single meeting of the Board of Directors and adopted at such meeting, a quorum being present, upon receiving the affirmative vote of not less than two-thirds of the Directors; provided, however, that amendment of Article II of the Articles of Incorporation, and Article III (Objective and Purposes), and Section 6.02 (Qualifications and Restrictions) of these Bylaws, may be made only with the unanimous approval and resolution of all qualified Directors.

ARTICLE XIV DISSOLUTION

The Corporation shall not be voluntarily dissolved except by approval of the Board of Directors. On the winding-up and dissolution of this Corporation, after paying or adequately providing for the debts, obligations, and liabilities of the Corporation, the remaining assets of the Corporation shall be distributed to such organization (or organizations) organized and operated exclusively for charitable purposes which has established its tax exempt status under Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, (or corresponding provision of any future Federal tax code.)

ARTICLE XV CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the 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 the natural person.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the FAIR OAKS RECREATION AND ARTS FOUNDATION, a California nonprofit public benefit corporation, and that the foregoing is a true and correct copy of the Bylaws of this Corporation; and that said Bylaws were duly adopted at a meeting of the Board of Directors held on February 15, 2001.

IN WITNESS WHEREOF, I have subscribed by name and affixed the seal of the Corporation this fifteenth day of February 2001.

Bob Brown, Secretary

12.01.