

# HARBOR COMMUNITY BENEFIT FOUNDATION

## RESOLUTION 2011-02

### **A Resolution of the Harbor Community Benefit Foundation Board to Adopt Bylaws**

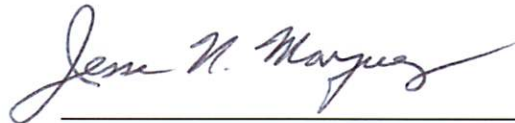
WHEREAS, it is deemed to be in the best interest of the Harbor Community Benefit Foundation that bylaws be adopted.

NOW, THEREFORE, BE IT RESOLVED, that the form of Bylaws attached hereto as Exhibit A be, and they hereby are, adopted as the Bylaws of the Harbor Community Benefit Foundation.

RESOLVED FURTHER, that the Secretary of the Harbor Community Benefit Foundation be, and hereby is, authorized and directed to execute a certificate as to the adoption of the Bylaws by these resolutions, to affix such certificate immediately following the last page thereof and to cause said Bylaws, together with such certificate, to be placed in the minute book of the Corporation; and

RESOLVED FURTHER, that the Secretary of the Harbor Community Benefit Foundation be, and hereby is, authorized and directed to cause a true and complete copy of said Bylaws, as amended from time to time, as now or hereafter in effect, similarly certified, to be kept at the principal office of the Harbor Community Benefit Foundation in California.

I hereby certify that this Resolution was adopted on July 1, 2011, by the Harbor Community Benefit Foundation Board.



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Secretary, Jesse Marquez  
Harbor Community Benefit Foundation

**EXHIBIT A**

Bylaws of

**THE HARBOR COMMUNITY BENEFIT FOUNDATION**

A California Nonprofit Public Benefit Corporation

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## **DEFINED TERMS USED IN THIS DOCUMENT**

“annual meeting” – Section 7.5  
 “Articles of Incorporation” – Section 7.2  
 “Attorney General” – Section 7.4.4  
 “Board” – Section 7.2  
 “California Nonprofit Corporation Law” – Section 3.1  
 “Chairperson” – Section 9.6.1  
 “Code” –Section 4.2  
 “Committees” – Section 8.1  
 “Corporation” – Section 1.1  
 “Directors” – Section 7.1.1  
 “e-mail” – Section 7.7.1  
 “Officers” – Section 9.1  
 “President” – Section 9.6.2  
 “Secretary” – Section 9.6.4  
 “Chief Financial Officer” – Section 9.6.5  
 “Vice President” – Section 9.6.3

## **ARTICLE 1     NAME**

### **Section 1.1        Corporate Name**

The name of this corporation is THE HARBOR COMMUNITY BENEFIT FOUNDATION (the "Corporation").

## **ARTICLE 2     OFFICES**

### **Section 2.1        Principal Office**

The principal office for the transaction of the business of the Corporation shall be established in the City of Los Angeles by resolution of the Board.

### **Section 2.2        Other Offices**

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

## **ARTICLE 3     PURPOSES**

### **Section 3.1        General Purpose**

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

### **Section 3.2        Specific Purpose**

The specific purpose of the Corporation shall include, but not be limited to, providing mitigation projects related to impacts from operations at the Port of Los Angeles and in accordance with Harbor Department Agreement No. 09-2764 (the "TraPac MOU"). The Nonprofit may develop and fund off-port wetlands restoration and coastal trail projects.

### **Section 3.3        Tidelands Trust Funds**

One of the purposes of the Corporation shall include the receipt, expenditure, and accounting of any funds originating from the Port Community Mitigation Trust Fund ("PCMTF") under Harbor Department Agreement No. 09-2764 (the "TraPac MOU"). The Corporation shall comply with the TraPac MOU, the Operating Agreement for the TraPac Nonprofit, the Tidelands Trust (the common law Public Trust Doctrine, Chapter 656, Statutes of 1911 as amended, and the California Constitution), and other applicable law with respect to Port Trust assets (assets received from the PCMTF including any proceeds from investments thereon).

### **Section 3.4        Public Participation**

The Board shall call, notice, and conduct all meetings pursuant to the provisions of Section 54950 et. seq. of the Government Code ("Government Code" or "Ralph M. Brown Act") as amended from time to time, relating to meetings of local agencies. Should any section of these bylaws fail to comport with the provisions of the Ralph M. Brown Act, then the provisions of the Government Code shall control. Subject to the foregoing, nothing herein is intended as a representation regarding the Act's applicability to this Corporation or its future applicability should this Corporation no longer receive or expend Port Trust funds.

## **ARTICLE 4     LIMITATIONS**

### **Section 4.1     Political Activities**

The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 3, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

### **Section 4.2     Prohibited Activities**

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

## **ARTICLE 5     DEDICATION OF ASSETS**

### **Section 5.1     Property Dedicated to Nonprofit Purposes**

The property of the Corporation is irrevocably dedicated to charitable purposes. No part of the income statement or balance sheet of this Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 3 hereof.

### **Section 5.2     Distribution of Assets Upon Dissolution**

Upon the dissolution or winding up of the Corporation, Port Trust assets and funds remaining after payment, or provision for payment, of all debts and liabilities for previously approved Tidelands Trust projects or expenditures of the Corporation shall be distributed to the PCMTF to be used solely for charitable mitigation purposes consistent with the TraPac MOU and Tidelands Trust. All non-Tidelands Trust related funds shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

## **ARTICLE 6     MEMBERSHIPS**

### **Section 6.1     Members**

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

## **ARTICLE 7     DIRECTORS**

### **Section 7.1     Number, Qualifications, Nomination and Election**

#### **7.1.1     Number**

The authorized number of directors of the Corporation ("Directors") shall be seven (7) members.

7.1.2 Qualifications, Nomination and Election: First Six (6) years of Corporation's Existence

Qualifications

Each director position that may be authorized during the first six years of the Corporation's existence has been identified by a letter and a description of any specific qualifications that are to be a prerequisite for service in that position. The specific qualifications for Directors A through G respectively are as follows:

Director A: This Director shall be selected by the TraPac Appellants ("TraPac Appellants"), an unincorporated association, and shall be an individual TraPac Appellant or a member or employee of an organizational TraPac Appellant who lives or works in the community of Wilmington.

Director B: This Director shall be selected by the TraPac Appellants and shall be an individual TraPac Appellant or a member or employee of an organizational TraPac Appellant who lives or works in the community of San Pedro.

Director C: This Director shall be nominated by the Los Angeles City Council member representing the 15<sup>th</sup> Council District and shall work in coastal conservation, community economic development, environmental sciences, or safety.

Director D: This Director shall be nominated by the Mayor of Los Angeles and shall have a demonstrated commitment to labor in the Los Angeles area and must have experience working in coalition with both community and environmental groups

Director E: This Director shall be jointly selected by an officer of the USC Keck School of Medicine ("Keck"), an officer of the USC Program for Environmental and Regional Equity ("PERE"), and the TraPac Appellants, with the concurrence of the Board of Harbor Commissioners or its designee. The representatives of each of Keck, PERE, and the TraPac Appellants responsible for selecting this Director shall cooperate to identify and meet at least once to discuss the selection of this Director.

Director F: This Director shall be jointly selected by an officer of the Los Angeles County Department of Public Health ("LADPH") and the TraPac Appellants, with the concurrence of the Board of Harbor Commissioners or its designee. The representatives of both the LADPH and the TraPac Appellants selecting this Director shall cooperate to identify and meet at least once to discuss the selection of this Director.

Director G: This Director shall be jointly selected by an officer of the Luskin Center at the UCLA Department of Urban Planning ("Luskin Center") and the TraPac Appellants, with the concurrence of Board of Harbor Commissioners or its designee. The representatives of both the Lewis Center and the TraPac Appellants selecting this Director shall cooperate to identify and meet at least once to discuss the selection of this Director.

In addition, at least one of the foregoing Directors shall have significant knowledge of financial management issues.

No Director shall be a current or former employee of the Harbor Department, nor shall he or she be a relative of such an employee of the Harbor Department. Unless he or she is also a current member of a trade union, no Director shall be a current or former employee of a direct paid contractor of the Harbor Department. No Director shall be a current member of the Los Angeles City County Council or the Board of Harbor Commissioners or a relative of such council member or commissioner. No Director shall be a current or former employee of this Corporation or a relative of such current or former employee. Relatives for the purpose of this section shall include parents, parents-in-law, sons, daughters, spouses, domestic partners, brothers, sisters, aunts, uncles, grandparents, and brothers-in-law and sisters-in-law.



Notwithstanding the foregoing, a former employee of the Harbor Department or of its direct paid contractors or of this Corporation shall be eligible to serve as a Director once he or she has been separated from such employment for at least one (1) year.

Further, in no event shall more than two (2) Directors serving at any one time be either an individual or organizational representative of the TraPac Appellants.

For the purposes of these bylaws, the membership of the TraPac Appellants shall be as set forth in its governing documents as amended from time to time. While a group may elect to withdraw from the TraPac Appellants, no additional members may be added to the TraPac Appellants for the purposes of selecting the Directors of this Nonprofit. Currently, the members of the TraPac Appellants are: Communities for a Better Environment, American Lung Association, Change to Win, the International Brotherhood of Teamsters, Los Angeles Alliance for a New Economy, Coalition for Clean Air, Natural Resources Defense Council, the San Pedro Peninsula Homeowners Coalition, Coalition for a Safe Environment, Kathleen Woodfield, Chuck Hart, Environmental Priorities Network, Earth Day LA, Communities for Clean Ports, Harbor Watts Economic Development Corporation, and Physicians for Social Responsibility.

#### Election of Initial Board

Directors A and B of the initial Board of Directors of the Corporation (the "Board") must be elected by a majority vote of the Executive Committee of the TraPac Appellants; the exact procedure and rules of the election shall be determined by the Executive Committee of the TraPac Appellants.

Director positions A and B for the initial Board must be filled before any other Director positions, and all positions must be filled in accordance with the qualifications and restrictions described above.

#### Additional Responsibilities of Directors

All Directors must agree in writing to fulfill their responsibilities to the organization, including fulfilling the duties of a Director, promoting the organization, and participating and contributing in a positive manner in organizational activities.

All Directors must agree in writing to assist in raising funds for the organization in an amount to be determined by the board.

### 7.1.3 Qualifications, Nomination and Election: After the first six (6) years of the Corporation's existence

#### Qualifications

After the first six years of the Corporation's existence, each Director position must be filled according to its respective specified qualifications, if any, in alphabetical order (A-G), provided however that in no event shall more than two (2) Directors be an individual or organizational representative of the TraPac Appellants.

Director A: This Director has no specified qualifications.

Director B: This Director shall live or work in the community of Wilmington.

Director C: This Director shall live or work in the communities of San Pedro.

Director D: This Director shall work in coastal conservation, community economic development, environmental science, or safety.

Director E: This Director shall have a demonstrated commitment to environmental justice.

Director F: This Director shall have technical expertise in public health, including but not limited to a medical degree or a master's degree or doctoral degree in Public Health, Law, or related fields.

Director G: This Director shall have a demonstrated commitment to labor in the Los Angeles area and must have experience working in coalition with both community and environmental groups.

In addition, at least one of the foregoing Directors shall have significant knowledge of financial management issues.

No Director shall be a current or former employee of the Harbor Department, nor shall he or she be a relative of such an employee of the Harbor Department. Unless he or she is also a current member of a trade union, no Director shall be a current or former employee of a direct paid contractor of the Harbor Department. No Director shall be a current member of the Los Angeles City County Council or the Board of Harbor Commissioners or a relative of such council member or commissioner. No Director shall be a current or former employee of this Corporation or a relative of such current or former employee. Relatives for the purpose of this section shall include parents, parents-in-law, sons, daughters, spouses, domestic partners, brothers, sisters, aunts, uncles, grandparents, and brothers-in-law and sisters-in-law.

Notwithstanding the foregoing, a former employee of the Harbor Department or of its direct paid contractors or of this Corporation shall be eligible to serve as a Director once he or she has been separated from such employment for at least one (1) year.

#### Nomination

After the first six years of the Corporation's existence, each candidate for a Director position must be nominated by a current Director.

The names of such nominee or nominees shall be presented to the Board of Directors of the Corporation for election by majority vote.

#### Additional Responsibilities of Directors

All Directors must agree in writing to fulfill their responsibilities to the organization, including fulfilling the fiduciary duties of a Director, promoting the organization, and participating and contributing in a positive manner in organizational activities.

All Directors must agree in writing to assist in raising funds for the organization, in an amount to be determined by the Board.

### Section 7.2 Corporate Powers Exercised by Board

Subject to the provisions of the Articles of Incorporation of the Corporation (the "Articles of Incorporation"), California Nonprofit Corporation Law and any other applicable laws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

**Section 7.3      Terms; Election of Successors**

Directors shall be elected at each annual meeting of the Board for two year terms. Each Director, including a Director appointed or elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was appointed or elected and until the appointment or election and qualification of a successor, or until that Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered. No Director shall serve for more than three terms, inclusive of partial terms, whether or not such terms are consecutive.

**Section 7.4      Vacancies**

**7.4.1      Events Causing Vacancy**

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

In the event that any Director becomes ineligible pursuant to the specifications of Section 7.1.3 and Section 7.1.2, then that Director Position shall become vacant automatically without further action required for removal.

**7.4.2      Removal**

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

The Board may by resolution declare vacant the office of a director who fails to attend three (3) consecutive Board meetings during any calendar year.

The Board may, by a majority vote of the Directors who meet all of the required qualifications to be a Director set forth in Section 7.1.2 during the first six years of the Corporation's existence and 7.1.3 thereafter, declare vacant the office of any Director who fails or ceases to meet any required qualification that was in effect at the beginning of that Director's current term of office.

Directors may be removed for good cause by a majority of Directors then in office.

**7.4.3      No Removal on Reduction of Number of Directors**

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

**7.4.4      Resignations**

Except as provided in this Section 7.4.4, any Director may resign by giving written notice to the Chairperson, the President, the Secretary, or the Board. Such a written resignation will be effective on the later of (i) the date it is delivered or (ii) the time specified in the written notice that the resignation is to become effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

**7.4.5      Election to Fill Vacancies**

Should a vacancy occur in the office of a Director during the first six years of this Corporation's existence, the vacancy shall be filled as soon as practicable pursuant to the nomination provisions and restrictions for that Director's position as specified in Section 7.1.2. Should a vacancy occur

in the office of a Director after the first six years of this Corporation's existence, the vacancy shall be filled as soon as practicable pursuant to the nomination provisions and restrictions for that Director's position as specified in Section 7.1.3.

Should a vacancy occur in the office of any Director during the first six years of the Corporation's existence, including a vacancy created by the removal of a Director, the Chairman of the Board shall immediately notify the Executive Committee of the TraPac Appellants.

If a vacancy occurs, the names of such nominee or nominees shall be presented to the Board of Directors of the Corporation for election by majority vote. If there is a vacancy on the Board, the Board shall fill such vacancy by electing an additional, qualified director as soon as practicable after the vacancy occurs, provided that the nomination process shall conform to Section 7.1.2 and Section 7.1.3. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

Whenever the positions for Director A and/or B are vacant at the same time that one or more additional Director positions are vacant, the vacancies for Directors A and B shall be filled first..

**Section 7.5      Regular Meetings and Notice of Meetings to the Public**

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of the appointment or election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the "annual meeting."

Other regular meetings of the Board, subject to exception for good cause, must be held at least each month such time and place as the Board may fix from time to time by resolution.

**Notice.** The Board shall post Notice of Regular Meetings at least 72 hours before the start of the Meeting, by resolution, bylaw, or other rule that is required for the conduct of business. The Board may post Notice of Special Meetings or all other Meetings less than 72 hours before the start of the meeting if a shorter notice period is permitted by the Ralph M. Brown Act. Notice shall include the time, place, and a brief general description of each item of business to be transacted or discussed at the meeting, including any items addressed in a closed session. Items of business shall be described with sufficient clarity to provide interested persons with an understanding of the subject matter under consideration. But no items of business not stated in the notice shall be introduced at any Meeting.

**Section 7.6      Special Meetings**

Special meetings of the Board for any purpose may be called at any time by the Chairperson, or the President, or the Vice President (if any), or the Secretary, or any two Directors, and shall conform to all applicable notice provisions pursuant to the Government Code.

**Section 7.7      Notice of Meetings to Directors**

**7.7.1      Manner of Giving to Directors**

Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Section 7.5), notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods:

- (a) Personal delivery of oral or written notice;

- (b) First-class mail, postage paid;
- (c) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or
- (d) Facsimile, electronic mail ("e-mail") or other means of electronic transmission if the recipient has consented to accept notices in this manner.

All such notices shall be given or sent to the Director's address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more than one regular meeting.

#### **Section 7.8 Place of Board Meetings**

Regular and Special Meetings of the Board shall not take place outside of Los Angeles County, except as otherwise permitted by the Government Code.

#### **Teleconferenced Meetings**

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

#### **Section 7.9 Quorum and Action of the Board**

##### **7.9.1 Quorum**

A majority of Directors then in office (but no fewer than four (4) Directors) shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7.11.

##### **7.9.2 Minimum Vote Requirements for Valid Board Action**

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

##### **7.9.3 When a Greater Vote Is Required for Valid Board Action**

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

- (a) Approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in Section 10.1 (provided that the vote of any interested Director(s) is not counted);
- (b) Creation of, and appointment to, Committees (but not advisory committees) as described in Section 8.1;
- (c) Removal of a Director without cause as described in Section 7.4.2; and

(d) Indemnification of Directors as described in Article 11.

**Section 7.10      Waiver of Notice to Directors**

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

**Section 7.11      Adjournment**

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

**Section 7.12      Notice of Adjournment to Directors**

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

**Section 7.13      Conduct of Meetings**

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

**Section 7.14      Fees and Compensation of Directors**

The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors or Officers, except that: (1) Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board and (2) Directors may receive a stipend that may not exceed the amount of stipends for service allocated to members of the Board of Harbor Commissioners, whether or not the Board of Harbor Commissioners members have waived their stipends.

Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors.

**Section 7.15      Non-Liability of Directors**

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

**ARTICLE 8      COMMITTEES**

**Section 8.1      Committees of Directors**

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees ("Committees"), including an executive committee, each consisting of two or more Directors, to serve at the discretion of the Board. Should the number of Directors on any Committee be equal or greater than the number constituting quorum for the Board, then the Committee must conduct its proceedings in accordance with the Government Code. Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may:

- (a) approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;
- (b) fill vacancies on the Board or in any Committee which has the authority of the Board;
- (c) fix compensation of the Directors for serving on the Board or on any Committee;
- (d) amend or repeal Bylaws or adopt new Bylaws;
- (e) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) appoint any other Committees or the members of these Committees;
- (g) expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- (h) approve Projects on behalf of the full Board for recommendation to the Board of Harbor Commissioners

**Section 8.2      Meetings and Action of Board Committees**

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 concerning meetings of Directors, with such changes in the context of Article 7 as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

**Section 8.3      Quorum Rules for Board Committees**

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

**Section 8.4      Revocation of Delegated Authority**

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

**Section 8.5      Nonprofit Integrity Act/Audit Committee**

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

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

- (a) make recommendations to the Board on the hiring and firing of the CPA;
- (b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- (c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- (d) if requested by the Board, negotiate the CPA's compensation on behalf of the Board.

**Section 8.6      Advisory Committees**

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

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**ARTICLE 9      OFFICERS**

**Section 9.1      Officers**

The officers of the Corporation ("Officers") shall be either a President or a Chairperson, or both, a Secretary, and a Chief Financial Officer. Other than the Chairperson, these persons may, but need not be, selected from among the Directors. The Board shall have the power to designate additional Officers, including a Vice President, who also need not be Directors, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Section 9.6.6. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as either the President or the Chairperson.



**Section 9.2      Election of Officers**

The Officers, except those appointed in accordance with Section 9.6.6, shall be elected by the Board at the annual meeting of the Corporation for a term of one year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal. Officers may be elected for [ 4 ] four (4) consecutive terms.

**Section 9.3      Removal of Officers**

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

**Section 9.4      Resignation of Officers**

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

**Section 9.5      Vacancies in Offices**

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Section 9.6.6, such vacancy shall be filled temporarily by appointment by the President, or if none, by the Chairperson, and the appointee shall remain in office for 60 days, or until the next regular meeting of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

**Section 9.6      Responsibilities of Officers**

**9.6.1      Chairperson of the Board**

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

**9.6.2      President**

The president of the Corporation (the "President") shall, if there is no Chairperson, or in the Chairperson's absence, preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. If no other person is designated as the chief executive, the President shall, in addition, be the chief executive and shall have the powers and duties prescribed in Section 9.7.

**9.6.3      Vice President**

The vice president of the Corporation (the "Vice President") shall, in the absence or disability of the President, perform all the duties of the President and, when so acting, have all the powers of and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board.

**9.6.4      Secretary**

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

- 9.6.4.1     Bylaws  
The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.
- 9.6.4.2     Minute Book  
The Secretary shall keep or cause to be kept a minute book as described in Section 12.1.
- 9.6.4.3     Notices  
The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.
- 9.6.4.4     Corporate Records  
Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.
- 9.6.4.5     Corporate Seal and Other Duties  
The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.
- 9.6.5     Chief Financial Officer  
The Chief Financial Officer of the Corporation (the "Chief Financial Officer") shall attend to the following:
- 9.6.5.1     Books of Account  
The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times. The books and records of accounts shall contain separate identifiable entries of all receipts and expenditures of funds received or expended pursuant to that certain Agreement, the Memorandum of Understanding by and between the City of Los Angeles Harbor Department and the Appellants dated as of July 15, 2009..
- 9.6.5.2     Financial Reports  
The Chief Financial Officer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
- 9.6.5.3     Deposit and Disbursement of Money and Valuables  
The Chief Financial Officer 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 may be designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Chief Financial Officer as may be prescribed by the Board or these Bylaws.
- 9.6.5.4     Bond  
If required by the Board, the Chief Financial Officer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance

of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

9.6.6 Additional Officers

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

Section 9.7 Chief Executive

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

Section 9.8 Compensation of Officers

9.8.1 Salaries Fixed by Board

The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function, provided however that no Director who serves as an Officer shall be eligible for compensation, except for reimbursement for reasonable expenses and the stipend, if any, authorized pursuant to Section 7.14. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. Officers may not be compensated for rendering services to the Corporation in a capacity other than as an Officer.

9.8.2 Fairness of Compensation

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

## **ARTICLE 10 TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS**

Section 10.1 Conflict of Interest

A conflict of interest may exist when the interests of any director, officer or employee of the Corporation, or the interests of that person's close relative, or of any individual, group or organization to which that person may have allegiance, may be seen as competing with the interests of the Corporation, or may impair such person's independence or loyalty to the Corporation. All such competing interests, including but not limited to any contract or transaction between the Corporation and its directors, officers or employees, shall be subject to the Corporation's conflict of interest policy or policies from time to time in place, and applicable

sections of the Law and the Internal Revenue Code governing standards of conduct between a nonprofit tax-exempt organization and its directors, officers or employees.

**Section 10.2      Transactions with Directors and Officers**

The Corporation shall not be a party to any transaction:

- (a) in which one or more of its Directors or Officers has a material financial interest, or
- (b) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest. An Officer shall not be deemed to have a material financial interest in a transaction that fixes the compensation of an Officer.

**Section 10.3      Loans to Directors and Officers**

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

**Section 10.4      Interlocking Directorates**

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) (subject to the quorum provisions of Article 7); or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

**Section 10.5      Duty of Loyalty; Construction with Article 11**

Nothing in this Article 10 shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this Article 10 shall be construed to override or amend the provisions of Article 11. All conflicts between the two articles shall be resolved in favor of Article 11.

**ARTICLE 11      INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS**

**Section 11.1      Definitions**

For purpose of this Article 11,

**11.1.1      "Agent"**

means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;

**11.1.2      "Proceeding"**

means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

- 11.1.3 “Expenses”  
includes, without limitation, all attorneys’ fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or relationship as Agent and all attorneys’ fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this Article 11.

Section 11.2 Applicability of Indemnification Provisions

- 11.2.1 Successful Defense by Agent  
To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article 11, 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.
- 11.2.2 Settlement or Unsuccessful Defense by Agent  
If an Agent either settles any proceeding referred to in this Article 11, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of Section 11.3 through Section 11.6 shall determine whether the Agent is entitled to indemnification.

Section 11.3 Actions Brought by Persons Other than the Corporation

This Section 11.3 applies to any proceeding other than an action “by or on behalf of the corporation” as defined in Section 11.4. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Section 11.3 as “Third Party proceedings.”

- 11.3.1 Scope of Indemnification in Third Party Proceedings  
Subject to the required findings to be made pursuant to Section 11.3.2, the Corporation *may* indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.
- 11.3.2 Required Standard of Conduct for Indemnification in Third Party Proceedings  
Any indemnification granted to an Agent in Section 11.3.1 above is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 11.4 Action Brought By or On Behalf Of the Corporation

This Section 11.4 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding “by or on behalf of the Corporation”).

- 11.4.1 Scope of Indemnification in Proceeding By or On Behalf Of the Corporation  
Subject to the required findings to be made pursuant to Section 11.4.2, and except as provided in Sections 11.4.3 and 11.4.4, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of

the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

11.4.2 Required Standard of Conduct for Indemnification in Proceeding By or On Behalf Of the Corporation

Any indemnification granted to an Agent in Section 11.4.1 is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

11.4.3 Claims Settled Out of Court

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

11.4.4 Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Section 11.4.1 for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- (a) The determination of good faith conduct required by Section 11.4.2 must be made in the manner provided for in Section 11.5; and
- (b) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 11.5 Determination of Agent's Good Faith Conduct

The indemnification granted to an Agent in Section 11.3 and Section 11.4 is conditioned on the findings required by those Sections being made by:

- (a) the Board 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 the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 11.6 Limitations

No indemnification or advance shall be made under this Article 11, except as provided in Section 11.2.1 or Section 11.5(b), in any circumstances when it appears:

- (a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

- (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

**Section 11.7     Advance of Expenses**

Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 11.

**Section 11.8     Contractual Rights of Non-Directors and Non-Officers**

Nothing contained in this Article 11 shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

**Section 11.9     Insurance**

The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article 11, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article 11.

**ARTICLE 12     CORPORATE RECORDS, REPORTS AND SEAL**

**Section 12.1     Minute Book**

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

**Section 12.2     Books and Records of Account**

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

**Section 12.3     Articles of Incorporation and Bylaws**

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

**Section 12.4     Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns**

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

**Section 12.5     Annual Report; Statement of Certain Transactions**

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

- (a) The assets and liabilities of the Corporation as of the end of the fiscal year;

- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- (e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
  - (1) Any Director or Officer of the Corporation, its parent, or its subsidiary;
  - (2) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

- (f) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under Article 10 or Article 11.

**Section 12.6 Directors' Rights of Inspection**

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

**Section 12.7 Corporate Seal**

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

**ARTICLE 13 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS**

**Section 13.1 Execution of Instruments**

The Board, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

**Section 13.2 Checks and Notes**

Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Chief Financial Officer and countersigned by the President.



**Section 13.3     Deposits**

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

**Section 13.4     Gifts**

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

**ARTICLE 14     CONSTRUCTION AND DEFINITIONS**

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

**ARTICLE 15     AMENDMENTS**

**Section 15.1     Amendment by Directors**

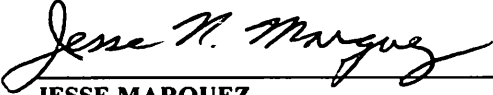
The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

- (a) Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.
- (b) No amendment may extend the term of a Director beyond that for which such Director was elected.
- (c) If bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefore, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.
- (d) Notwithstanding the foregoing, as long as the Nonprofit is holding, receiving, or using Port Trust funds, any adoption, amendment or repeal of its bylaws shall not be effective unless and until approved by the Los Angeles Board of Harbor Commissioners. The Board of Harbor Commissioners shall hear the Nonprofit's request for approval of amendment of bylaws at the next Board of Harbor Commissioners meeting subsequent to the request of the Nonprofit and in any event no later than within 60 days of Nonprofit's written request. Approval shall not be unreasonably withheld, and any rejection shall require written findings by the Board of Harbor Commissioners relating to the reasons for the rejection. Should the BOHC decline to hear the Nonprofit's request to change its bylaws or should the BOHC fail to hear the request within the time limitation above, the Nonprofit's proposed change to its bylaws shall automatically be deemed approved by the Board of Harbor Commissioners.

**CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting Secretary of **THE HARBOR COMMUNITY BENEFIT FOUNDATION**, a California nonprofit public benefit corporation; that these Bylaws, consisting of /20/ pages, are the Bylaws of this Corporation as adopted by the Board of Directors on July 1, 2011; and that these Bylaws have not been amended or modified since that date.

Executed on July 1 at Wilmette, California.

  
\_\_\_\_\_  
**JESSE MARQUEZ**  
Secretary