

**AMENDED AND RESTATED
BYLAWS**

OF

**SAN DIEGO COUNTY TAXPAYERS ASSOCIATION
a non-membership nonprofit public benefit corporation
[Including November 15, 2013 Amendments]**

**ARTICLE 1
OFFICES**

1.1 Principal Office. The principal administrative office for the transaction of the business of the San Diego County Taxpayers Association (the “Association” or the “Corporation”) shall be located in the County of San Diego, State of California. The Board of Directors (“Board”) is hereby granted full power and authority to establish the location of the principal office and to change such location from time to time.

1.2 Other Offices. Branch or subordinate offices may at any time be established by the Board at any place or places where the Corporation is qualified to do business.

**ARTICLE 2
PURPOSES**

2.1 Purpose. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. The specific purpose of this Corporation is to advance quality and cost efficiency in government, both regionally and statewide, through issue analysis, advocacy and education programs for the benefit of taxpayers.

2.2 Limitations. The purpose for which this Corporation is organized and operated is the promotion of social welfare within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986 (as amended) (“IRC”). The Corporation shall not participate or intervene in any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office. Notwithstanding any other provisions of the Articles of Incorporation or these Bylaws, the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from tax under Section 501(c)(4) of the IRC.

**ARTICLE 3
MEMBERSHIP**

3.1 Non-Member Corporation. This Corporation shall have no members as defined in Section 5056(a) of the California Nonprofit Corporations Code (“Corporations Code”).

ARTICLE 4
BOARD OF DIRECTORS

4.1 Powers. Subject to the limitations of the Articles of Incorporation, the Bylaws, and the Corporations Code, and subject to the duties of Directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board. Without limiting the foregoing, the Board shall have the power to levy dues and assessments, to select and remove all officers and agents, to authorize and empower officers or agents to enter into contracts and other commitments on behalf of the Corporation, and to appoint and delegate responsibilities and authority to committees, officers and agents. Any action taken by the Executive Committee on behalf of the Board without first a vote by the Board shall be brought forward for ratification at the next regularly scheduled meeting of the Board.

4.2 Number of Directors. The number of Directors of the Corporation shall be not less than twenty-five (25) and not more than eighty (80) until changed by a duly adopted amendment to this Bylaw section. The exact number of Directors shall be fixed from time to time, within the limits specified in this section, by a resolution of the Board.

4.3 Eligibility. The Board shall consist of a balanced mix of persons interested in promoting the purposes of the Corporation. All Directors shall be individuals. Directors affiliated or associated with an organization or business may be replaced by another individual from that organization or business only with the consent of the Board. All individuals serving as president prior to 2005 or as chairperson after 2004 shall hold office as Directors until such individuals resign or become ineligible. All Directors serve at the will of the Board and may be removed without cause by a majority vote of the Directors then in office. No person who holds an elective public office or who is a candidate for an elective public office is eligible to serve as a Director. Any sitting Director who files either a California Form 501 (Statement of Intent) or a federal Form FEC 2 (Statement of Candidacy) or any equivalent or successor form as a candidate for public office shall submit his or her resignation from the Board at the time of such filing. Any such candidate shall again be eligible to serve as a Director if and when such former Director is no longer a candidate for public office.

4.4 Election; Term of Office. Directors shall serve for a term of two (2) years and may serve for an unlimited number of consecutive terms. Directors are automatically re-elected to serve an additional term unless otherwise removed from the Board per Section 4.6. The Board shall approve of persons to serve on the Board.

4.5 Vacancies. Vacancies in the Board may be filled by nomination by the Executive Committee and approval of the Board, whether or not with a quorum. A vacancy or vacancies shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the authorized number of Directors is increased without election of the additional Directors so provided for, or in case of the failure at any time to elect the full number of authorized Directors. Except upon notice to the Attorney General, no Director may resign where the Corporation would be left without a duly elected Director in charge of its affairs. If any Director tenders his or her resignation to the Board, the Board shall have the power to elect a successor to take office

at such time as the resignation shall become effective. No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

4.6 Removal. Any Director who fails to attend three consecutive meetings of the Board shall be subject to removal from the Board upon a vote of a majority of the Executive Committee. In addition, any Director who fails to attend 40% or more of the regularly-scheduled Board meetings in any calendar year shall be subject to removal from the Board upon the vote of the Executive Committee. Any director who fails to attend three consecutive meetings of the Board shall not be eligible to vote at the next meeting he or she attends. A Director shall serve his or her term until he or she is removed, or resigns. Any individual removed from the board by vote of the board shall be eligible to receive a pro-rated portion of their membership dues unless removal was due to violation of SDCTA policies.

4.7 Place of Meeting. All meetings of the Board may be held at any place within the County of San Diego designated by the Executive Committee.

4.8 Annual Meetings. During the January meeting of even numbered years, the Directors shall hold an annual meeting for the purpose of electing Directors , the election of officers and the transaction of such business as may come before the meeting.

4.9 Regular Meetings. Regular meetings of the Board shall be held from time to time as deemed necessary or appropriate by the Board and/or the Chairperson of the Board (“Chairperson”).

4.10 Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chairperson or by any seven (7) or more Directors.

4.11 Notice of Meetings. Notice of the time and place of each meeting of the Board not fixed by an express provision of the Bylaws or by a standing resolution of the Board shall be given to each Director not less than two (2) business days before the date of the meeting if given personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means, and not less than four (4) business days before the date of the meeting if given by first-class mail.

4.12 Consent to Meetings. The transactions of the Board at any meeting however called and noticed or wherever held, shall be as valid as though done at a meeting duly held after call and notice if a quorum be present and if either before or after the meeting each Director not present in person or electronically signs a written waiver of notice, or a consent to the holding of such meeting or approval of the minutes thereof, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

4.13 Action Without Meeting. Any action required or permitted to be taken by the Board under any provision of the Corporations Code may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such

action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed under any provision of the Corporations Code which relates to action so taken shall state that the action was taken by unanimous written consent of the Board without a meeting, and that the Bylaws authorize the Directors to so act. For the purposes of this section only, "all members of the Board" shall not include any "Interested Directors" as defined in Section 4.25.

4.14 Electronic Participation. Directors may participate in a meeting through any means of communication, including conference telephone, electronic video screen communication, or other communications equipment. Participating in a meeting pursuant to this section constitutes presence in person at that meeting if each participating Director is provided the means to communicate with all of the other Directors concurrently and (1) the meeting is held by telephone conference or video conferencing or other communications mode enabling participants to determine, through voice or image recognition, that a participant is or is not a Director entitled to participate in the meeting, or (2) another communications device (such as a computer modem) is used in conjunction with another method (determined in the discretion of the Chairperson of the meeting) enabling participants to determine that a participant is or is not a Director entitled to participate in the meeting. Such verification method may include use of passwords or similar codes for gaining access to the meeting or encryption and authentication technology approved in the discretion of the Chairperson. Telephonic or electronic communications equipment and devices may be made available at any meeting of the Board at the discretion of the Chairperson.

4.15 Voting Rights. New Directors will not be eligible to vote until the second Board meeting which they actually attend.

4.16 Alternates. Alternates may attend Board meetings, and satisfy Board member attendance requirements. However, alternates may not vote on ballot measures.

4.17 Supermajority. A supermajority equal to the greater of (i) 60% of the Directors actually present or participating electronically and voting (excluding abstentions), or (ii) 60% of the number of Directors necessary to constitute a quorum shall be required for the Board to take a position on any ballot measure.

4.18 Agenda. (a) Either the Chairperson, the Executive Committee, or ten (10) percent of eligible Directors may place an item(s) on the next Board meeting agenda for action.

(b) The end of each regular Board meeting shall be designated the "Board Member Comment" period. During the Board Member Comment period, and if time permits as determined by the Chairperson or other presiding officer of the meeting, any Director may discuss any subject not on the agenda. However, action shall not be taken on such items until a subsequent Board meeting and then only if the item is approved to be placed on the agenda by the Chairperson, the Executive Committee, or ten (10) percent of eligible Directors.

4.19 Quorum. The lesser of (i) fifteen (15) Directors or (ii) 25% of the number of Directors then in office shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. A meeting at which a quorum is initially present may

continue to transact business, notwithstanding the departure from the meeting of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting. Every act or decision done or made by a 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, except with respect to ballot measures as provided by Section 4.17.

4.20 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at another time or place. In the event a meeting of the Board is adjourned for more than one (1) business day, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

4.21 Fees and Compensation. Directors shall not be compensated for serving on the Board. Directors shall be entitled to reimbursement of expenses incurred on behalf of the Corporation, to the extent approved by the Executive Committee. Members of committees may receive compensation for their services and reimbursement for expenses as may be fixed or determined by resolution of the Board; provided that such compensation shall be reasonable and comparable to compensation paid by unaffiliated entities for a like position. Nothing herein shall be considered to preclude any Director from serving the Corporation in any other capacity, including as an officer, agent, employee or otherwise, and receiving compensation therefor.

4.22 Nonliability of Directors and Certain Officers.

a. Volunteer Directors and Executive Officers. Pursuant to Section 5239 of the Corporations Code, there shall be no personal liability to a third party on the part of a volunteer Director or volunteer Chairperson, Vice-Chair, Secretary or Treasurer of this Corporation caused by the Director's or officer's negligent act or omission in the performance of that person's duties as a Director or officer, if all the following conditions are met:

- i. The act or omission was within the scope of the Director's or officer's duties;
- ii. The act or omission was performed in good faith;
- iii. The act or omission was not reckless, wanton, intentional, or grossly negligent; and
- iv. Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the Corporation, either in the form of a general liability policy or a director's and officer's liability policy, or personally to the Director or executive officer. In the event that the damages are not covered by a liability insurance policy, the volunteer Director or volunteer executive officer shall not be personally liable for the damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

b. Paid Directors and Officers. Any Director or officer who receives compensation by the Corporation for acting in his or her capacity as a Director or an officer, as the case may be, shall have no liability based upon any alleged failure to discharge such person's obligations as a Director, including, without limiting the generality of the foregoing, any actions

or omissions which exceed or defeat a public or charitable purpose to which the Corporation, or assets held by it, are dedicated, (i) so long as such compensated Director or officer complies with provisions of Section 4.19 of these Bylaws, and (ii) except as provided in Section 5233 of the Corporations Code.

4.23 Interested Persons. Pursuant to Section 5227 of the Corporations Code, no more than forty-nine percent (49%) of the Directors serving on the Board may be "interested persons." For the purposes of this section, "interested persons" means either (i) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. The provisions of this section shall not affect the validity or enforceability of any transaction entered into by the Corporation.

4.24 Standard of Conduct. Pursuant to Section 5231 of the Corporations Code, a Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements including financial statements and other financial data, in each case prepared or presented by:

- a. One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;
- b. Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- c. A committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence; provided, that in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

4.25 Self-Dealing Transactions. Pursuant to Section 5233 and except as provided in Section 5233 of the Corporations Code, the Corporation shall not be a party to a transaction in which one or more of its Directors has a material financial interest ("Interested Director") unless the conditions of either subsection (a), (b) or (c) of this Section 4.25 are satisfied.

a. Approval by Attorney General. The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated.

b. Approval by Board. Prior to entering into the transaction, after full disclosure to the Board of all material facts as to the proposed transaction and the Interested Director's interest and investigation and report to the Board as to alternative arrangements for the proposed

transaction, if any, the Board in good faith and by a vote of a majority of the Directors then in office (without including the vote of the Interested Director):

i. Resolves and finds that (1) the transaction is in the Corporation's best interests and for the Corporation's own benefit, (2) the transaction is fair and reasonable as to the Corporation, and (3) after reasonable investigation under the circumstances as to alternatives, the Corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and

ii. Approves the entire transaction.

c. Interim Approval by Authorized Committee or Person. If it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, and, prior to entering into said transaction, a committee or person authorized by the Board approves the transaction in a manner consistent with the procedure set forth in subsection (b) of this section; and the Board, after determining in good faith that the Corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the Corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the majority of the Directors then in office, without counting the vote of the Interested Director.

d. Annual Questionnaires. At the discretion of either the Chairperson or the Board, Directors may be required to complete and submit annual questionnaires regarding the matters addressed in this Section 4.25.

ARTICLE 5 **OFFICERS**

5.1 Officers. The officers of the Corporation shall be a Chairperson, President & CEO, one or more Vice-Chairs, Secretary, Treasurer, and such other officers as the Board may appoint. One person may hold two or more offices, except that neither the Secretary nor Treasurer may serve concurrently as the President or the Chairperson. Officers other than the President & CEO shall serve a term of two (2) years. The Chairperson shall serve no more than two consecutive terms, except by a vote of 60 percent of the Board.

5.2 Election. A Nominating Committee shall be appointed by the Chairperson to nominate Board members to serve as officers of the Corporation. The Nominating Committee shall consist of at least four (including the Chairperson) and no more than six Board members, including at least one past Chairperson whose role is currently defined as Board Chairperson. The Chairperson shall appoint, but shall not serve as the chairperson of the Nominating Committee. At the next regularly scheduled Board meeting following the formation of the Nominating Committee, the Chairperson shall announce that the Nominating Committee has been formed and that it will accept nominations for officers. The Nominating Committee shall hold its first meeting during the last quarter of odd numbered years during which or at the end of which the terms of office of any officers expire. The slate of officers, including Issues Committee Chair, designated by the Nominating Committee shall be presented to the Executive Committee for approval or modification. The slate of nominees proposed by the Executive Committee shall be presented to the Board at least one month prior to the Board's vote to

approve or modify the slate. The foregoing procedures shall not be the exclusive manner of appointment of officers of the Corporation, and the Board may, from time-to-time, appoint additional officers of the Corporation at any regular or special meeting of the Board.

5.3 Removal and Resignation. Any officer may be removed, either with or without cause, by the Board at any regular or special meeting thereof. Any officer may resign at any time by giving written notice to the Board, or to the Chairperson, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, may be filled by the Board at any regular or special meeting thereof.

5.5 Chairperson. Subject to the control of the Board, the Chairperson shall have general supervision, direction and control of the business and affairs of the Corporation. He or she shall preside at all meetings of the members and Directors, and shall have such other powers and duties as may be prescribed from time to time by the Board.

5.6 President & CEO. The President & CEO shall serve at the pleasure of the Board. The President & CEO is responsible for hiring and firing personnel, developing a yearly budget to be approved by the Board, directing staff, acting as spokesperson for the association, researching and preparing issue papers for approval of the Board, recruiting new members to the organization and to the Board, developing fundraising, marketing and public relations and media strategies, and responding to inquiries from the public, public officials and members of the press on tax and spending issues.

a. **Hiring of President & CEO.** At such time that a search for a President & CEO is to proceed, the Chairperson shall convene a Search Committee and appoint Directors to serve on the committee. The Committee shall establish documented procedures to guide the search process prior to its commencement. The recommended candidate will be subject to confirmation by the Board.

5.7 Vice-Chairs. Vice-Chairs shall have such other powers and duties as may be prescribed from time to time by the Board. In the absence or disability of the Chairperson, the Chairperson shall appoint a Vice-Chair to perform all of the duties of the Chairperson, and in so acting shall have all of the powers of the Chairperson.

5.8 Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board, shall keep the seal of the Corporation and affix it to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the records of the Corporation, shall deliver the annual statement required by Section 8.6 to the Directors, and shall have such other powers and duties as may be prescribed from time to time by the Board.

5.9 Treasurer. The Treasurer, who shall be the chief financial officer of the Corporation, shall receive and safely keep all funds of the Corporation and deposit them with such depositories as may be designated by the Board. He or she shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the Chairperson and Directors, whenever they request it, an account of all his or her transactions as Treasurer, and of the financial condition of the Corporation, and shall have such other powers and duties as may be prescribed from time to time by the Board.

ARTICLE 6 **COMMITTEES**

6.1 Appointment of Committees. The Board may appoint such standing or special ad hoc committees as the Board from time to time deems necessary or appropriate to conduct the business and further the objectives of the Corporation. Except as otherwise provided in these Bylaws, the appointment of any committee having the authority of the Board shall be by resolution adopted by a majority of Directors then in office. Any committee having authority of the Board shall consist of three (3) or more Directors.

6.2 Powers and Authority of Committees. The Board may delegate to any committee having the authority of the Board, any of the powers and authority of the Board in the management of the business and affairs of the Corporation, except the following:

a. The approval of any action for which the Corporations Code also requires the approval of members of a Corporation, in which event the approval of the Board shall be required.

b. The filling of vacancies on the Board or in any committee which has the authority of the Board.

c. The fixing of compensation of the Directors for serving on the Board or on any committee.

d. The amendment or repeal of Bylaws or the adoption of new Bylaws.

e. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable.

6.3 Executive Committee. The Executive Committee shall consist of the following:

a. the Chairperson;

b. the Secretary;

c. the Treasurer;

d. the chairperson of the Issues Committee; and

e. additional Directors who shall be appointed by the Chairperson of the Board and shall serve at the pleasure of the Chairperson, provided that the total number of members of the Executive Committee shall not be less than one-fifth (1/5) nor greater than one-third (1/3) of the total number of members of the Board at the commencement of the term of office of the Chairperson.

To the extent that time restrictions preclude the Board from addressing in a timely fashion an issue which would otherwise be addressed by the Board at the next regularly scheduled meeting, the Executive Committee shall have and exercise the powers vested in the Board of Directors except those outlined in section 6.2 (a-e).

The term of Executive Committee members shall be two years, and shall run concurrently with the term of the Chairperson. At the end of each term, Executive Committee members may be reappointed at the discretion of the Chairperson subject to the limits above.

A majority of the members of the Executive Committee may determine its rules of procedure, unless the Board determines otherwise. The Chairperson of the Board shall be the chairperson of the Executive Committee.

A quorum for the transaction of business by the Executive Committee shall be 40% of the then current number of the Executive Committee members, except to adjourn the meeting. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure from the meeting of members, if any action taken is approved by at least a majority of the required quorum for such meeting.

6.4 Additional Standing Committees.

a. Issues Committee. The Issues Committee shall review all issues referred to it by either the Board or the Executive Committee. The Issues Committee may also review issues submitted to it by staff, business or general members of the Association or raised by any member of the Issues Committee. The Issues Committee shall make recommendations concerning the position of the Association on all matters referred to it by either the Board or the Executive Committee. The Issues Committee, at its option, may make recommendations concerning the position of the Association on any other matter considered by the Committee. The Issues Committee shall have such other related responsibilities as are prescribed by the Board or the Executive Committee.

b. Membership Committee. The Membership Committee shall be principally responsible for the development of the Board, the business membership, and the general membership. The Membership Committee shall identify and evaluate potential Board members. Persons viewed as appropriate for consideration as Board members shall be referred to the Executive Committee.

c. Audit Committee. The Audit Committee shall be comprised of at least three members who meet the requirements contained in the California Nonprofit Integrity Act of 2004. No members of the staff of the Corporation, including the President & CEO, may be a member of the Audit Committee. The Audit Committee shall be responsible for the oversight,

engagement and termination of any independent auditor employed by the Corporation. The Audit Committee shall review and discuss with management and the independent auditor the financial statements of the Corporation, and shall report to the Board regarding any audit opinions that contain “going concern” or other qualifications. The Audit Committee shall have such other responsibilities as may be prescribed by the Board or the Executive Committee.

6.5 Other Committees. Other committees not having and exercising the authority of the Board in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting in which a quorum is present. Except as otherwise provided in such resolution, the Chairperson shall appoint members of any such committee. Any member thereof may be removed by the Chairperson or the Board.

6.6 Term of Office. Except as otherwise provided in these Bylaws, each member of a committee shall continue as such until a successor is appointed, or unless such member be removed from such committee, or unless such member ceases to qualify as a member of that committee.

6.7 Committee Chairpersons. One member of each committee shall be appointed committee chairperson by the Chairperson of the Board or by the person or persons authorized to appoint the members thereof, except that the Chairperson of the Board shall be the Chairperson of the Executive Committee.

6.8 Vacancies. Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointment.

6.9 Rules Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board.

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

7.1 Definitions. For the purpose of this Article:

a. “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, or was a Director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of this Corporation or of another enterprise at the request of the predecessor corporation;

b. “Proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and

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

7.2 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, then the provisions of Sections 7.3 through 7.5 shall determine whether the agent is entitled to indemnification.

7.3 Actions Brought by Persons Other than the Corporation. Subject to the required findings to be made pursuant to Section 7.5, this Corporation shall indemnify any person who was 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 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 amounts actually and reasonably incurred in connection with the proceeding.

7.4 Action Brought by or on Behalf of the Corporation or by the Attorney General of the State of California.

a. 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.

b. Claims and Suits Awarded Against Agent. This Corporation shall indemnify any person who was or is a party, or is threatened to be made a 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:

i. The determination of good faith conduct required by Section 7.5 must be made in the manner provided for in that section; and

ii. Upon application, the court in which the action was brought must determine that, in view of all 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.

7.5 Determination of Agent's Good Faith Conduct. The indemnification granted to an agent in Sections 7.3 and 7.4, is conditioned on the following:

a. 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 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 contendere 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 reasonably believed to be in the best interest of this Corporation or that he had reasonable cause to believe that his conduct was unlawful. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his conduct was unlawful.

b. 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:

i. The Board, by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

ii. The court in which the proceeding is or was pending. Such determination may be made on application brought by this 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 this Corporation.

7.6 Limitations. No indemnification or advance shall be made under this Article, except as provided in Section 7.2 or Section 7.5(b)(ii) as it applies to Section 7.3, in any circumstance when it appears:

a. That the indemnification or advance would be inconsistent with a provision of the articles 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.

7.7 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.

7.8 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.

7.9 Insurance. The Board 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 8 **MISCELLANEOUS**

8.1 Fiscal Year. The fiscal year of the Corporation shall end on the last day of December of each year.

8.2 Inspection of Corporate Records. The books of account and minutes of the proceedings of Directors, the Executive Committee or other committees of the Directors, shall be open to inspection at any reasonable time upon the written demand of any Director. Such inspection may be made in person or by an agent or attorney, and shall include the right to make photocopies and extracts.

8.3 Representation of Shares of Other Corporations. Any officer of the Corporation is authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other Corporation or Corporations standing in the name of the Corporation. The authority herein granted to said officers may be exercised by such officers in person or by other persons authorized to do so by proxy duly executed by such officers.

8.4 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation and any and all securities owned by or held by the Corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board.

8.5 Execution of Contracts. The Board may authorize any officer, or officers, agent, or agents, to enter into any contract or execute any contract or execute 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 by the Board or Executive Committee, 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 render it liable for any purpose or in any amount; provided, that pursuant to Section 5214 of the Corporations Code, any such contract or instrument between the Corporation and any third person, when signed by the Chairperson, the President or any Vice-Chair and the Secretary or Treasurer of the Corporation, shall be valid and binding upon the Corporation in the absence of actual knowledge on the part of said third person that the signing officers had no authority to execute the same.

8.6 Annual Report to Directors. The Board shall cause an annual report to be provided to all Directors of this Corporation. Such report shall contain the following information in reasonable detail:

i. The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;

ii. The principal changes in assets and liabilities, including trust funds, during the fiscal year;

iii. The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

iv. The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year; and

v. Any information required by Section 8.7.

8.7 Annual Statement of Certain Transactions and Indemnifications. Pursuant to Section 6322 of the Corporations Code, the Board shall cause an annual statement of the transactions and indemnifications specified in Section 6322 to be delivered to the Directors not later than one hundred twenty (120) days after the close of the fiscal year. If the Corporation issues an annual report, this requirement shall be satisfied by including the required information in the annual report.

8.8 Corporate Loans, Guarantees and Advances. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, except as is expressly allowed under Section 5236 of the Corporations Code.

8.9 Public Inspection and Disclosure. The Corporation shall have available for public inspection at its principal office a copy of its three (3) most recent annual exempt organization information returns and a copy of its application for recognition of exemption and determination letter. In addition, in the event that the Corporation provides services or information to the public for a fee, and such services or information are available from the federal government free of charge or for a nominal cost, such availability shall be conspicuously disclosed in an easily recognizable format in any solicitation or offer by the Corporation.

8.10 Political Activities. The Corporation shall refrain from any intervention in any political campaign on behalf of, or in opposition to, a candidate. The Corporation shall not make any political expenditure or lobbying expenditure which will result in the loss of, or otherwise adversely affect, its status as a tax-exempt organization under the IRC. No Board member or past president may use the Corporation's name or speak on behalf of the Corporation without prior approval of the Board. This prohibition includes, but is not limited to, ballot statements, endorsements of candidates for public office, correspondence or advertising. This section shall not prohibit the Corporation's officers or staff from utilizing the Corporation's name in undertaking day-to-day operations and activities of the Corporation.

ARTICLE 9 **AMENDMENTS**

9.1 Amendment of Articles. The Articles of Incorporation of the Corporation may be amended upon approval of a majority of the members of the Board then in office.

9.2 Amendment of Bylaws. These Bylaws may be amended or repealed and new Bylaws may be adopted by the Board, provided that any such action shall require the affirmative vote of a majority of Directors present at a meeting at which a quorum is present, which majority shall constitute at least twenty-five percent (25%) of the members of the Board then in office.

ARTICLE 10 **EFFECTIVE DATE**

10.1 Effective Date. These Amended and Restated Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective

immediately upon the adoption of the amendment, unless the Board in adopting the amendment provides that it is to become effective at a later date.

CERTIFICATE OF SECRETARY

I, Kimberly Miller, do hereby certify:

1. That I am the Secretary of San Diego County Taxpayers Association ("SDCTA").
2. That the foregoing Amended and Restated Bylaws constitute the Bylaws of the Association as duly adopted by the Board of Directors of the Association on January 18, 2013 at San Diego, California.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Secretary this 28 day of January, 2013 at San Diego, California.

Kimberly Miller, Secretary

AMENDED AND RESTATED
BYLAWS
OF
SAN DIEGO COUNTY TAXPAYERS ASSOCIATION
(a nonmembership nonprofit public benefit corporation)

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