

**FRIENDS OF THE AUBURN AREA RECREATION AND PARKS, INC. 501 (c) (3)  
BOARD MEETING AGENDA**

**6:00 PM**

**THURSDAY, APRIL 27, 2017**

**CANYON VIEW COMMUNITY CENTER, CONFERENCE ROOM  
471 MAIDU DRIVE  
AUBURN, CA**

- I. Call to Order**
- II. Review and Approval of the January 26, 2017 Friends of the Auburn Area Recreation and Parks, Inc. 501 (c) (3) Minutes of the Board of Directors**
- III. Review of the 501 (c) (3) Financials**
- IV. 501 (c) (3) Bylaws changes**
- V. Public Comment**
- VI. Adjournment**

**FRIENDS OF THE AUBURN AREA RECREATION AND PARKS, INC. 501 (c) (3)**

This agenda is hereby certified to have been posted as follows:

4-21-17  
Date

1:30 pm  
Time

P. Laram  
Secretary to the Board

**Friends of the Auburn Area Recreation and Parks, Inc. 501 (c) (3)**  
**Minutes of the**  
**Meeting of the Board of Directors**  
**Thursday, January 26, 2017, 6:00 p.m.**  
**Canyon View Community Center**  
**471 Maidu Drive**  
**Auburn, CA**

**I. CALL TO ORDER**

The Meeting of the Friends of the Auburn Area Recreation and Parks, Inc. was called to order at 6:02 p.m. by Chairman Lynch.

Members present were Kahl Muscott, Joe Fecko, Mike Lynch, Scott Holbrook, Jim Gray, Jim Ferris, and Gordon Ainsleigh.

**II. Appointment of Committee Members**

A motion was made by Director Ferris and seconded by Director Gray to appoint Mike Lynch as Chairman of the Audit Committee and Bud and Heidi Rietjens to the Advisory Committee with Bud Rietjens being the Chairman of the Advisory Committee.

**Roll Call Vote**

Director Lynch – Yes  
Director Ferris – Yes  
Director Gray – Yes  
Director Ainsleigh – Yes  
Director Holbrook – Abstain

4 – 0 – 1 Motion carries.

**III. Review of the 501 (c) (3) Financials**

A motion was made by Director Ainsleigh and seconded by Director Holbrook to approve the 501 (c) (3) Financials.

**Roll Call Vote**

Director Lynch – Yes  
Director Ferris – Yes  
Director Gray – Yes  
Director Ainsleigh – Yes  
Director Holbrook – Yes

5 – 0 Motion carries.

**IV. Public Comment – None.**

Director Lynch announced that changes to the 501 (c) (3) By-Laws will be made and referred to the Advisory Committee.

**VII. ADJOURNMENT – As there was no further business, the meeting was adjourned at 6:12 p.m.**

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
Date

**501C-3**  
**Friends of ARD**  
 Balance Sheet  
 As of Mar 31, 2017

Assets

Community 1st Bank

10,788.17

**Total Assets**

**Total Assets**

\_\_\_\_\_

**10,788.17**

\_\_\_\_\_

**10,788.17**

\_\_\_\_\_

Liabilities

Accts Payable/ ARD

7,000.00

**Total Liabilities**

\_\_\_\_\_

**7,000.00**

Owner's Equity

Owner's Equity

2,861.97

Gain for 2017

926.20

**Total Owners Equity**

**Total Liabilities and Owners Equity**

\_\_\_\_\_

**3,788.17**

\_\_\_\_\_

**10,788.17**

\_\_\_\_\_

# Friends of Auburn Area Recreation and Park District

## Profit and Loss

For 3/31/17

	<u>CURRENT MO</u>	<u>YTD</u>
REVENUE		
Youth Assistance Fund Donations	310.00	3,360.00
Lifestyle Expo Sponsorships	-	300.00
String Fling (Guitar Fest)	300.00	300.00
Movies in the Park Sponsorship	500.00	750.00
Party in the Park	750.00	750.00
Ain't Necess Dead Fest	500.00	500.00
Food Truck Fiesta Reveue	250.00	500.00
Obstacle Scramble	500.00	500.00
Auburn Community Festival Revenue	750.00	1,000.00
TOTAL REVENUE	3,860.00	7,960.00
EXPENSES		
Legal Expenses	-	25.00
Youth Assistance Donate to ARD	3,192.00	4,332.00
Regional Park Improvements	-	570.00
String Fling (Guitar Fest)	285.00	285.00
Food Truck Fiesta Expenses	-	293.40
Dead Fest Expenses	-	55.90
Auburn Community Festival Donations	-	475.00
Lifestyle Expo Event donations	285.00	760.00
Auburn Scramble Donations	-	237.50
TOTAL EXPENSES	3,762.00	7,033.80
NET (LOSS)/PROFIT	98.00	926.20

(Unaudited)

45,000 Budget

## **ITEM IV. FRIENDS OF ARD Cover sheet - 501 c3 Bylaws changes**

**Friends of the Auburn Area Recreation and Parks Inc. (“Friends”) Board meeting April 27, 2017**

### **The Issue**

Reviewing and approving changes to the Friends Bylaws.

### **Background**

In 2007, the Auburn Area Recreation and Park District (ARD) formed a 501 C3 non-profit organization called the “Friends of the Auburn Area Recreation and Parks, Inc.” (“Friends”). The specific and primary purposes of “Friends” are to raise funds to improve recreation and park facilities and to establish and maintain youth assistance programs in the community.

The Friends Advisory Committee has been review the Bylaws and have proposed several changes. The biggest change is the proposed elimination of the following committees:

- 1) Audit Committee
- 2) Compensation Committee
- 3) Investment Committee

### **Recommendation**

Review and approve the additions and changes to the “Friends” Bylaws.

### **Fiscal Impact**

None.

### **Attachments**

Friends of the Auburn Area Recreation and Parks Inc. Bylaws (with proposed amendments/additions **highlighted**).

**BYLAWS**  
**of**  
**FRIENDS OF THE AUBURN AREA RECREATION AND PARKS, INC.**

**ARTICLE I**  
**NAME, PURPOSES AND GENERAL POLICY**

- Section 1.** Name and Purposes. The name of this corporation is Friends of the Auburn Area Recreation and Parks, Inc. (the “Corporation”).
- Section 2.** 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 California Nonprofit Public Benefit Corporation Law for charitable purposes.
- Section 3.** Specific Purpose. The specific and primary purposes of the Corporation is to raise funds to improve recreation, park facilities, and to establish and maintain youth assistance programs in the community.
- Section 4.** Limitations. This Corporation is organized exclusively for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), or the corresponding provision of any future United States Internal Revenue Law. Notwithstanding any other provisions of these Bylaws, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provisions of any future United States Internal Revenue Law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code or the corresponding provisions of any future United States Internal Revenue Law.
- Section 5.** Private Benefit. All Corporation property is irrevocably dedicated to charitable purposes. No part of the net earnings of this Corporation shall inure to the benefit of any of its Directors, or any other person or individual.

**ARTICLE II**  
**MEMBERSHIP**

- Section 1.** No Members. The Corporation shall have no members. Any action for which there is no specific provision in the California Nonprofit Public Benefit

Corporations Law applicable to a corporation which has no members and which would otherwise require approval by a majority of all members or approval by the members

shall require only approval of the Board. All rights which would otherwise vest in the members shall vest in the Board.

**Section 2.** Associates. Nothing in these Bylaws shall be construed as limiting the right of the Corporation to refer to persons or organizations associated with it as “members” even though such persons are not members, and no such reference shall constitute anyone a member, within the meaning of Section 5056 of the California Nonprofit Corporation Law. The Corporation may confer, by amendment of its Articles of Incorporation or of these Bylaws, some or all of the rights of a member as set forth in the California Nonprofit Corporation Law, upon any person, persons, or organizations who do not have the right to vote for the election of Directors or on a disposition of substantially all of the assets of the Corporation or on a merger or a dissolution or on change to the Corporation’s Articles of Incorporation or Bylaws or for the selection of delegates who possess any of the preceding voting rights, but no such person or organization shall be a member within the meaning of said Section 5056.

**Section 3.** Employees. The Corporation shall have no employees unless, by majority vote of its board, there is a resolution passed, which designates the types, positions, number and remuneration of hired employees. All hired employees shall be governed by the same Personnel Policies as employees of Auburn Area Recreation and Park District.

### **ARTICLE III** **OFFICES**

**Section 1.** Offices. The principal office for the transaction of the business, activities and affairs of the Corporation is located in Auburn, California. The Board may change the principal office from one location to another.

**Section 2.** Branch Offices. Branch or subordinate offices may be established at any time by the Board at any place or places.

### **ARTICLE IV** **BOARD OF DIRECTORS**

**Section 1.** General Powers. Subject to limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of the Corporation shall be conducted 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, persons, management company, or committees 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 2.** Special Powers. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:



(a) To select and remove all the other officers, agents, and employees of the Corporation, prescribe powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or these Bylaws, fix their compensation, and require from them security for faithful service.

(b) To conduct, manage, and control the affairs and activities of the Corporation and to make such rules and regulations not inconsistent with law, the Articles of Incorporation, or these Bylaws, as they may deem best.

(c) To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered, in the Corporation's name, promissory notes, bond, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities.

(d) To change the principal office or the principal business office of the Corporation in Placer County, California from one location to another, and cause the Corporation to be qualified to conduct its activities within or outside California.

(e) To adopt, make, and use a corporate seal and to alter the form of the seal from time to time, as determined by the Board.

(f) To accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

**Section 3. Number.**

The Friends Board shall consist of five (5) Board members and they shall be the same Board members that make up the Board of Directors of the Auburn Area Recreation and Park District.

**Section 4. Qualifications.** All Directors shall meet the following qualifications:

(a) Directors shall be at least eighteen (18) years old;

(b) No Director shall be an employee or independent contractor of the Corporation, or the spouse, child, parent, brother or sister by blood or marriage of such an employee or independent contractor; and

(c) Directors shall, within thirty (30) days of election, acknowledge their acceptance of the position as a Director of the Board either in writing or by attendance at a meeting of the Board.

**Section 5. Selection.** A nominating committee comprised of the officers of the Corporation shall meet and present nominees for the directorship at the annual meeting or as needed to fill vacancies on the Board. The Directors shall be elected by the full Board.

**Section 6.** Term. All the Directors shall be elected at the Annual Meeting of the Board, and shall hold office until the next annual meeting.

**Section 7.** Vacancies. Vacancies on the Board shall exist (1) on the death, resignation or removal of any Director, and (2) whenever the number of authorized Directors is increased.

- (a) The Board may declare vacant the office of a Director for the following causes:
  - (i) The Director has been declared of unsound mind by a final order of a court;
  - (ii) The Director has been convicted of a felony, excepting motor vehicle offenses;
  - (iii) The Director has been found by a final order of judgment of any court to have breached any duty arising under Article 3 of the California Nonprofit Public Benefit Corporations Law; or
  - (iv) The Director has been absent without good cause, as determined by the remaining Directors, from regular Board meetings for either two (2) consecutive meetings or four (4) meetings in any one twelve (12) month period.
- (b) The Board may remove any Director, without cause, by approval of a majority of the Directors then in office.
- (c) Subject to the provisions of Section 5226 of the California Nonprofit Corporation Law, any Director may resign effective upon giving written notice to the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be appointed by the board before such time, to take office when the resignation becomes effective.
- (d) Vacancies on the Board may be filled by approval of the Board or, if the number of Directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the Directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these Bylaws, or (3) a sole remaining Director.
- (e) A person elected to fill a vacancy as provided by this Section shall hold office for the remaining term of the vacating Director, or until his or her death, resignation or removal from office.

**Section 8.** Compensation. No Board member shall be compensated for services in any way other than reimbursement of direct expenses related to explicit business on

behalf of the Corporation. Such reimbursement requires documentation such as receipts, proof of mileage etc. All reimbursements for actual expenses shall be approved by the president of the Corporation. Directors shall be allowed reasonable advancement or reimbursement for food and beverage, transportation, and lodging expenses incurred in the performance of their regular duties as specified in this Article IV.

**Section 9.** Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

**Section 10.** Insurance for Corporate Agents. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a Director, officer, employee or other agent of the Corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the 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 such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **ARTICLE V** **MEETINGS OF THE BOARD OF DIRECTORS**

**Section 1.** Place of Meeting. Unless otherwise noticed, all meetings of the Board shall be held at 471 Maidu Dr. Auburn, California.

**Section 2.** Conduct of Business

- (a) To the extent required by law, the Corporation shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with section 54950) (the "Brown Act").
- (b) Unless otherwise provided by these rules, all proceedings before the Board of Directors shall be conducted in accordance with and pursuant to the parliamentary rules of procedure as prescribed by Robert's Rules of Order.

**Section 3.** Annual Meeting. The Board shall hold an Annual Meeting every year for the purpose of electing the Directors whose terms are expiring; electing the officers of the Corporation; and/or conducting any other business or transactions as shall come before the meeting. The first Annual Meeting shall occur as soon as reasonably practical.

**Section 4.** Regular Meetings. In addition to the Annual Meeting, regular meetings of the Board may be held without call or notice on the dates and times fixed by the Board.

Meetings of the Friends Board shall be held at least quarterly on the last Thursday of the month to coincide with the regular Board meetings of the Auburn Area Recreation and Park District.

Further, Friends Board meetings shall be agendaized as part of the regular District Board meetings as action items, discussion items, or consent items.

**Section 5. Special Meetings.** Special meetings of the Board of Directors for any purpose or purposes may be called by the Chair of the Board, the President, the Secretary, or any two (2) or more Directors.

**Section 6. Meetings by Telephone or Other Telecommunications Equipment.** Any Board meeting may be held by conference telephone, video screen communications, or other communications equipment. Participation in a meeting under this Section 6 shall constitute presence in person at the meeting if both the following apply:

- (a) Each Director participating in the meeting can communicate concurrently with all other members.
- (b) Each Director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

**Section 7. Notice of Meetings.** Notice of the time and place of special meetings shall be given to each Director by (a) personal delivery of written notice; (b) first-class mail, postage prepaid; (c) telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic transmission, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director; (d) facsimile; (e) electronic mail; or (f) other electronic means. All such notices shall be given or sent to the Director's address or telephone number as shown on the corporation's records.

Notice sent by first-class mail shall be deposited in the United States mail at least four (4) days before the time set to the meeting. Notices given by personal delivery, telephone, or electronic transmission shall be delivered, telephoned, or sent, respectively, at least forty-eight (48) hours before the time set for the meeting.

The notice shall state the time of the meeting and the place, if the place is other than the Corporation's principal office. The notice need not specify the purpose of the meeting.

Notice given by electronic transmission by the Corporation shall be valid only if:

- (1) Delivered by (i) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that

recipient on record with the Corporation; (ii) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered on the later of the posting or delivery of the separate notice of it; or (iii) other means of electronic communication;

(2) To a recipient who has provided an unrevoked consent to the use of those means of transmission for communications; and

(3) That creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

Notwithstanding the foregoing, an electronic transmission by this corporation to a recipient is not authorized unless, in addition to satisfying the requirements of this Section, the transmission satisfies the requirements applicable to consume consent to electronic record as set forth in the Electronic Signatures in Global and National Commerce Act (15 United States Code section 7001(c)(1); and notice shall not be given by electronic transmission by the Corporation after either of the following: (i) the Corporation is unable to deliver two (2) consecutive notices to the recipient by that means, or (ii) the inability so to deliver the notices to the recipient becomes known to the Secretary or any other person responsible for the giving of the notice.

**Section 8.**     Validation of Meeting. The transactions of the Board at any meeting, however called or noticed, or wherever held, shall be as valid as though the meeting had been duly held after proper call and notice if a quorum is present and if, either before or after the meeting, each voting Director not present signs a written waiver of notice or consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

**Section 9.**     Waiver of Notice. Notice of a meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

**Section 10.**    Quorum. At all meetings of the Board, a majority of the authorized number of Directors shall be necessary and sufficient to constitute a quorum, except to adjourn, as provided in Section 13 of this Article. 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 an act of the Board, unless a greater number is required by law or by the Articles of Incorporation; except that a meeting, at which a quorum is initially present, may continue to transact business notwithstanding the withdrawal of Directors as long as the action is approved by at least a majority of the required quorum for the meeting.

**Section 11.** Majority Action as Board Action. 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 is the act of the Board, unless the Articles of Incorporation or Bylaws of this Corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a Director has a material financial interest (Section 5233) and indemnification of Directors (Section 5238(e)), require a greater percentage or different voting rules for approval of a matter by the Board.

**Section 12.** Prohibition Against Voting by Proxy. Directors may not vote by proxy.

**Section 13.** Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned, except that if the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time and 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.

## **ARTICLE VI** **COMMITTEES**

**Section 1.** Creation and Powers of Committees. The Board, by resolution adopted by a majority of the directors then in office, may create one or more committees, each consisting of two or more directors and no one who is not a director, to serve at the pleasure of the Board.

Appointments to committees of the Board shall be by majority vote of the directors then in office. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may do the following:

- (a) Fill vacancies on the Board or any committee of the Board;
- (b) Fix compensation of the Directors for serving on the Board or on any committee;
- (c) Amend or repeal bylaws or adopt new bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board;



- (f) Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected.

**Section 2. — Audit Committee.** The Corporation shall have an audit committee consisting of at least one (1) Director, and may include nonvoting advisors. Director who are employees or officers of the Corporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Corporation (other than for service as director) may not serve on the audit committee. The audit committee shall perform the duties and adhere to the guidelines set forth in the Corporation's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (b) Negotiating the auditor's compensation;
- (c) Conferring with the auditor regarding the Corporation's financial affairs; and
- (d) Reviewing and accepting or rejecting the audit.

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to Directors for their service on the Board. If the Corporation has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

**Section 3. — Compensation Committee.** The Corporation shall have a compensation committee consisting of at least two (2) Directors and no one who is not a Director.

Directors who are also employees of the Corporation may not serve on the compensation committee. Pursuant to Government Code Section 12586(g) and the applicable provisions of federal law, the compensation committee shall review the compensation of the President/Chief Executive Officer, Treasurer/Chief Financial Officer, and such other officers of the Corporation the compensation committee determines appropriate, annually and whenever a modification in compensation is proposed. The review shall include an evaluation of the performance of the officers and an analysis of appropriate comparability data. Based on its review, the compensation committee shall recommend just and reasonable compensation amounts for the officers to the Board. At the request of the President or the Board, the compensation committee shall review any issue involving staff compensation and benefits, including but not limited to housing, health, and retirement plans.

**Section 4. — Advisory Committee.** The Board may appoint two (2) or more Directors of the Corporation, together with two (2) or more members of the community, to serve as



an advisory committee of the Board. The advisory committee shall be available from time to time to perform special assignments specified by the Board, and to furnish consultation to the Board.

**Section 5. Investment Committee.**

This Corporation shall have an investment committee comprised of not less than two (2) Directors. The committee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the institution. Individual investments shall be considered as part of an overall investment strategy. The committee shall consider present and future financial requirements, expected total return, general economic conditions, the appropriate level of risk, appropriate levels of income, growth and long-term net appreciation, and the probable safety of the funds. The committee may retain professional money managers, and shall develop an investment policy that shall be reconsidered at least annually, in light of the changing needs of the Corporation, economic conditions, and any other factors that may affect the Corporation's tolerance of risk and need for income. The committee may recommend the retention of property contributed by a donor (whether or not it produces income), and a donor's request should be a factor in making the determination of whether to sell a particular asset contributed by a donor.

Funds received from donors shall be invested in securities that are rated "investment grade" and shall have insurance coverage for the principle amount of no less than 100%.

**Section 6. Meetings and Action of Committees.** Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions 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 fixed by resolution of the Board or by the committee. The time for special meetings of committees may also be fixed by the Board. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws.

**ARTICLE VII**  
**OFFICERS**

**Section 1. Officers.** The officers of the Corporation shall include a President, a Secretary, and a Treasurer. The Corporation, at the Board's discretion, may also have a Chair of the Board, a Vice Chair of the Board, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed by the Board. Any number of such offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or the Chair of the Board.



**Section 2.**     Election, Qualification and Term of Office. The officers of the Corporation shall be elected by and serve at the pleasure of the Board. Vacancies may be filled, or new offices created and filled, at any meeting of the Board.

**Section 3.**     Removal and Resignation of Officers. Any officer may be removed, with or without cause, by a majority of the Directors then in office at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board relating to the employment of any officer of the Corporation.

**Section 4.**     Vacancies. Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the Board shall determine.

**Section 5.**     Chair of the Board. If a Chair of the Board is elected, he or she shall preside at all meetings of the Board. The Chair of the Board shall appoint, with the approval of the Board, the Chair of all committees of the Board, serve as an ex-officio member of all standing committees, and report annually to the Board on the current state of the Corporation and plans for the future. The Chair of the Board shall be empowered to call special meetings of the Board as set forth herein, and shall discharge all other duties as may be required by these Bylaws and from time to time may be assigned by the Board.

**Section 6.**     Vice-Chair of the Board. If a Vice Chair of the Board is elected, he or she shall perform the duties of the Chair of the Board in the absence of the Chair of the Board or in the event of his or her death, inability, or refusal to act, and when so acting, shall have the powers of and be subject to all the restrictions upon the Chair of the Board. The Vice-Chair of the Board shall perform such other duties as from time to time may be prescribed by the Chair of the Board or the Board.

**Section 7.**     President.

The President of the Friends Board shall be the District Administrator of the Auburn Area Recreation and Park District.

Subject to such powers, if any, as may be given by the Board to the Chair of the Board, the President of the Corporation is the general manager and chief executive officer of the Corporation, shall have general supervision, direction and control of the business of the

Corporation, and shall be held responsible for the proper functioning of the Corporation. He or she shall report directly to and be subject to the control of the Board. He or she shall organize the administrative functions of the Corporation, delegate duties and establish formal means of accountability on the part of other officers. He or she shall be an ex-officio member of all committees unless otherwise determined by the Board. He or she shall have the general powers and duties of management usually vested in the office of president and general manager of a corporation, and shall have other powers and duties as may be prescribed by the Bylaws.

The President shall cause an "annual report" to be furnished not later than one hundred and twenty (120) days after the close of the Corporation's fiscal year to all Directors of the Corporation. The annual report shall contain all of the following information:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities during the fiscal year.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.

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

If the following information is not included in the annual report, the President shall mail or deliver to all Directors a "statement," within one hundred and twenty (120) days after the close of its fiscal year, which briefly describes the amount and circumstances of any indemnification or transaction in which the Corporation, or its parent or its subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

- (a) Any Director or officer of the Corporation, or its parent or subsidiary (a mere common Directorship shall not be considered a material financial interest); or
- (b) Any holder of more than ten percent (10%) of the voting power of the Corporation, its parent or its subsidiary.

The statement need only be provided with respect to a transaction during the previous fiscal year involving more than Fifty Thousand Dollars (\$50,000.00) or which was one of a number of transactions with the same persons involving, in the aggregate,

more than Fifty Thousand Dollars (\$50,000.00). Similarly, the statement need only be provided with respect to indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000.00) paid during the previous fiscal year to any Director or officer.

Any statement required by this Section shall briefly, describe the names of the interested persons involved in such transactions, stating each person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practical, the amount of such interest, provided that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

In the absence or disability of the President, the Board shall select another person to perform the duties of the President.

**Section 8.     Secretary.**

The Secretary of the Friends Board shall be appointed by the Friends Board, ~~the Secretary to the Board of the Auburn Area Recreation and Park District.~~

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 those papers and instruments that may be required in the regular course of business, shall make service of those notices as may be necessary or proper, shall supervise the keeping of the records of the Corporation, and shall discharge such other duties of the office as prescribed by the Board.

**Section 9.     Treasurer.**

The Treasurer of the Friends Board shall be the Administrative Services Manager of the Auburn Area Recreation and Park District.

The Treasurer shall be the Chief Financial Officer of the Corporation. The Treasurer or the Treasurer's designee shall receive and safely keep all funds of the Corporation and deposit them in the bank or banks that may be designated by the Board. Those funds shall be paid out only on checks of the Corporation, signed by such persons as may be designated by the Board as authorized to sign them. The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.

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

**Section 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 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 Treasurer and countersigned by the Chair of the Board.

**Section 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 4.** Attorneys' Fees. The Board may accept on behalf of the Corporation attorneys' fees and fees awarded or approved by a court or an administrative agency and paid by an opposing party so long as the acceptance of said fees complies with Internal Revenue Service guidelines.

## **ARTICLE IX** **CORPORATE RECORDS AND SEAL**

**Section 1.** Maintenance of Corporate Records. The Corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of Directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses; and
- (c) A copy of the Corporation's Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours.

**Section 2.** Corporate Seal. The Board may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to Corporation instruments, however, shall not affect the validity of any such instrument.

**Section 3.** Directors' Inspection Rights. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation.

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**Section 4.** Right to Copy and Make Extracts. Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

## **ARTICLE X** **FISCAL YEAR AND BUDGET**

**Section 1.** Fiscal Year. The fiscal year of this Corporation shall end on the 31<sup>st</sup> day of December each year.

**Section 2.** Budget. The Corporation shall submit an annual budget no later than November 30 of each year preceding the beginning of the next fiscal year.

**Section 3.** Audit. The Corporation shall submit its financial statements to audit when the assets of the organization exceed \$25,000. Such audit shall be conducted by the CPA firm representing the Auburn Area Recreation and Park District.

## **ARTICLE XI** **INDEMNIFICATION AND INSURANCE**

**Section 1.** Indemnification. The Corporation shall, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or hereafter in effect, indemnify each person who is or was a Director or officer of the Corporation against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct as Directors or officers, or by reason of the fact that any one or more of them is or was a Director or officer of the Corporation.

“Proceeding” means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and “expenses” includes without limitation attorney’s fees and any expenses of establishing a right to receive indemnification from the Corporation.

**Section 2** Insurance. The Corporation shall at all times maintain no less than \$1,000,000 in general liability insurance with an insurer that has an AM Best rating of no less than A+. Should Friends obtain employees at some future date, such employees shall be covered by workman’s compensation insurance through a rated carrier.

## **ARTICLE XII** **GIFTS TO THE CORPORATIONS**

**Section 1.** Approval of Gifts. The Board reserves the right to approve the receipt as a gift of any real property, or of any other property which requires the Corporation to assume or satisfy any underlying loan secured by the property, or any monetary gifts

which are restricted by the donor in a fashion which could place a continuing obligation on the Corporation.

**Section 2.** Generally. The Corporation is authorized to accept and administer gifts made to the Corporation by donors, who name or otherwise identify the Corporation in the instrument of gift or transfer. Gifts shall vest in the Corporation upon receipt and acceptance by it (whether signified by an officer, employee or agent of the Corporation). “Gift” includes the transfer of money or other property of any kind, real, personal or mixed, or any interest in property, and whether made by delivery, grant, conveyance, payment, devise, bequest, or any other method of transfer.

**Section 3.** Term of Gifts. Each donor by making a gift to the Corporation accepts and agrees to all the terms of the Articles of Incorporation and these Bylaws and provides that the fund so created shall be subject to the provisions for presumption of donors’ intent, for modification or restrictions or conditions for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Corporation, each as from time to time amended.

**Section 4.** Powers of Board. Notwithstanding any provision of these Bylaws or in any instrument of gift or transfer creating or adding to a fund of the Corporation, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes if, in the judgment and discretion of the Board, the purposes, objectives, restrictions or conditions specified in any donation become incapable or not reasonably susceptible of fulfillment, or are not in the best interest of advancing the charitable purposes of the Corporation.

## **ARTICLE XIII** **WINDING UP AND DISSOLUTION**

**Section 1.** Irrevocable Charitable Dedication. The property of the Corporation is irrevocably dedicated to charitable purposes. Upon the winding up and dissolution of the Corporation, its assets remaining after payment or adequate provision for payments of all debts and obligations of the Corporation shall be distributed in accordance with the plan of liquidation to an organization which is organized and operated exclusively for charitable purposes, exempt from federal income tax under Section 501(c)(3) of the Code, as the Board may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if a substantial part of the activities of such organization is the carrying on of propaganda or otherwise attempting to influence legislation, or if the organization participates in, or intervenes in any political campaign on behalf of or opposed to any candidate for public office, or if the organization carries on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provisions of any future United States Internal Revenue Law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

**ARTICLE XIV**  
**AMENDMENTS**

**Section 1.** Amendment of Articles of Incorporation and Bylaws. The Board shall have the exclusive power to amend, restate or repeal these Bylaws or to adopt new Bylaws. The Board of this Corporation shall have the exclusive power to amend, restate or otherwise alter the Articles of Incorporation. The Board shall periodically review these Bylaws, the Articles of Incorporation, and other statements of policy and procedure, as needed.

**Section 2.** Certain Amendments. Notwithstanding the above Sections of this Article XIV, this Corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation relating to the name and address of its initial agent, except to correct an error in such statement or to delete such statement after the Corporation has filed a "Statement of Information" pursuant to Section 6210 of the California Nonprofit Corporation Law.

**ARTICLE XV**  
**CONSTRUCTION AND DEFINITIONS**

**Section 1.** Construction, Definitions and Gender. Unless the context requires otherwise, the general provisions, rules of construction, and definitions of the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and the natural person.

**ARTICLE XVI**  
**CONFLICT OF INTEREST POLICY**

**Section 1. Purpose**

The purpose of the conflict of interest policy is to protect the Friends of ARD's tax exempt status when it contemplates entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Conflicts of Interest.

- (a) All Directors of the Board shall comply with the disclosure requirements of California Corporation Code Section 5234 concerning transactions between the Corporation and any other entity in which a Director is an officer or director; and



- (b) The Corporation will make no loan of money or other property, or guarantee the obligation, to any Director or officer of the Corporation, except as authorized by California Corporation Code Section 5236.

## **Section 2. Definitions**

1. Interested Person. Any director, principal officer or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested party.
2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
  - b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
  - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## **Section 3. Procedures**

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given an opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict Of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he or she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest.

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine if the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy.

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Section 4. Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **Section 5. Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that members compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## **Section 6. Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy
- b. Has read and understands the policy
- c. Has agreed to comply with the policy
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax exempt purposes.

## **Section 7. Periodic Reviews**

To ensure that the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax exempt status, periodic reviews shall be conducted. The periodic review shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organizations written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in excess benefit transaction.

## **Section 8. Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not use outside advisors. If outside experts are used, their use shall not

relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**ARTICLE XVII**  
**POLICIES AND ADMINISTRATIVE PRACTICES**

**Section 1. Administrative Fees**

The Corporation will assess a 5% administrative fee on all donations to cover expenses related to legal, accounting and banking fees as well as for administrative time for maintaining the non- profit.

**Section 2. Fundraising**

The following guidelines will dictate the Corporation's fundraising efforts:

- a. Any individual, group or organization may make donations to the Corporation
- b. Donations may be cash, materials, professional labor or services, in kind, or other.
- c. The Corporation reserves the right to decline any donation from any individual, group or organization.
- d. All donations will be receipted to all donors
- e. Donors may specify what their donation is to be used for (within Corporation purview)
- f. Donations may be in any amount or quantity.
- g. Individual and organizational donations to Friends shall be "net" donations, such that all costs associated with fund raising by individuals and/or organizations shall be the responsibility of, and paid for, by those individuals and/or organizations prior to funds being donated to Friends. Friends shall not disburse funds for any expenses of said individuals and/or organizations.

**Section 3. Records Retention**

- a. *Permanent records.* The Corporation shall maintain and store the following records permanently and in safe storage:
  1. The application for recognition of tax exempt status
  2. The determination letter recognizing tax exempt status
  3. All organizing documents such as article of incorporation, by-laws, amendments and board minutes
- b. *Employment tax records.* In the event that the Corporation finds it necessary to hire employees, then it must keep these employment tax records for at least four (4) years after the date the tax becomes due or is paid, whichever is later.
- c. *Federal tax returns.* Three (3) years after the date the return is due or is filed whichever is later.

**ARTICLE XVIII**  
**GOVERNANCE**

**Section 1.** Legal representation shall be by the law firm which represents the Auburn Area Recreation and Park District.

Amended January 30, 2014