

ARTICLE III

Directors

Section 3.01. Powers. Subject to limitation of the Articles of Incorporation or the Bylaws, and of the California Nonprofit Corporation Law, and subject to the duties of Directors as prescribed by the Bylaws, all the powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be controlled by, the Board of Directors. No Director shall be responsible for any error in judgment or for anything that he or she may do or refrain from doing in good faith. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

First: Subject to the approval of the Board of Directors of the California Special District Association or its delegated representative, to select and remove all the other officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with law or the Articles of Incorporation or Bylaws, and require from them security for faithful service;

Second: To conduct, manage and control the affairs and business of the Corporation and to make such rules and regulations therefore not inconsistent with law or the Articles of Incorporation or Bylaws, as they may deem best;

Third: For the purposes of the Corporation, to cause to be executed and delivered therefore, in the name of the Corporation, construction contracts, purchase agreements, site leases, leases, insurance contracts, employment contracts, indentures of trust, and to borrow money and incur indebtedness, including promissory notes, bonds, certificates of participation, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefore.

Fourth: To do any and all acts necessary and appropriate in order to participate in a pooled lease-financing program on behalf of the members of the California Special Districts Association.

Fifth: To perform any and all acts incidental to its primary purpose of providing financial assistance to special districts including, but not limited to, the furnishing of advice and consultation to other public agencies and non-profit corporations in California or other states who may not be members of the California Special Districts Association regarding the development and operation of pooled leased financing programs for the acquisition, construction and financing of various public facilities for the benefit of their public constituents.

Section 3.02. Number and Qualification of Directors. The authorized number of Directors shall be identical to the number of members of the Finance Committee of the Board of Directors of the California Special Districts Association, both ex officio members and members appointed by the Board of Directors of the California Special Districts Association pursuant to its Bylaws, **and may also include** ~~with~~ the Executive Director of the California Special Districts Association.

Section 3.03. Selection and Term of Office. The Directors shall be members of the Finance Committee of the Board of Directors of the California Special Districts Association, who are appointed by the Board of Directors of the California Special Districts Association pursuant to its Bylaws; ~~provided,~~ ~~however,~~ ~~or that~~ the Executive Director of the California Special Districts Association. ~~or his designee shall also be a Director.~~ Each Director of the Corporation shall hold office for the period that Director remains a member of the Finance Committee of the California Special Districts Association and until a successor has been designated by the Board of Directors of the California Special Districts Association and has accepted the office. That Director of this Corporation who holds that office by virtue of being the Executive Director of the California Special Districts Association, ~~or his designee,~~ shall continue to hold the

office of Director of this corporation for the period that Director remains the Executive Director, ~~or his designee~~, and until a successor has been designated by the Board of Directors of the California Special Districts Association and has accepted the office.

Section 3.04. Vacancies. Subject to the provisions of Section 5226 of the California Nonprofit Corporation Law, any Director may resign as a Director of this Corporation effective upon giving written notice to the President, the Secretary, or the Board of Directors of this Corporation, unless the notice specifies a later time for the effectiveness of such resignation. Such resignation shall also serve as an effective resignation of said Director as a member of the Finance Committee of the California Special Districts Association. If the resignation is effective at a future time, the successor may be selected as herein provided before such time, to take office when the resignation becomes effective.

A vacancy or vacancies on the Board of Directors of this Corporation shall exist on the occurrence of the following: (a) the death or resignation of any Director; (b) the declaration by Board resolution of a vacancy of the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony; (c) the removal of a Director for a fraudulent act in an action in superior court under Section 9223 of the California Corporations Code; (d) the increase in the authorized number of Directors; (e) the removal of a Director by the Board of Directors of this Corporation for failure to attend three (3) consecutive meetings of the Board of Directors of this Corporation; (f) the removal of a Director without cause, which removal shall be solely in the discretion of the Board of Directors of the California Special District Association. ~~Vacancies in the Board of Directors shall be filled in the same manner as the Director whose office is vacant was selected, that is, by designation by the Board of Directors of the California Special Districts Association as either the Executive Director of, or a member of the Finance Committee of the California Special Districts Association, as the case may be.~~ Each Director of this Corporation so selected to fill a vacancy on the Board shall hold office for the period of time that Director remains the Executive Director or a member of the Finance Committee

of the California Special Districts Association and until his successor has been designated and has accepted the office.

Section 3.05. Organization and Annual Meetings. The Board of Directors shall hold an annual meeting for the purpose of organization and selection of officers, and the transaction of other business. Annual meetings of the Board shall be held without call or notice at the same date and time as the annual conference of the California Special Districts Association; provided, however, should said day fall upon a Saturday, Sunday or holiday observed by the Corporation at its principal office, then said meeting shall be held at the same time on the next day thereafter ensuing which is a full business day.

Section 3.06. Regular Meetings and Agenda. The Board of Directors by resolution may provide for the holding of regular meetings and may fix the time and place of holding of such meetings. Notice of regular meetings need not be given.

At least seventy-two (72) hours before a regular meeting, the Secretary shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public. No action shall be taken on any item not appearing on the posted agenda; provided, however, that action may be taken on items of business not appearing on the posted agenda if (a) there is a determination by a majority vote of the Board of Directors that an emergency situation exists, as defined in Government Code Section 54956.5; or (b) there is a determination by two-thirds (2/3) vote of the Board of Directors, or, if less than two-thirds (2/3) of the members are present, a unanimous vote of those members present, that the need to take action arose subsequent to the agenda being posted; or (c) the item was posted for a prior meeting of the Board of Directors occurring not more than (5) calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

Section 3.07. Special Meetings and Notice Waiver. A special meeting of the Board of Directors shall be held whenever call by the President, or by a majority of the Directors. Written notice of each such meeting shall be delivered personally or by mail or telegram to each Director and to each local newspaper of general circulation, radio or television station requesting notice in writing pursuant to Government Code Section 54956. The written notice shall be delivered personally or by mail and shall be received at least twenty-four (24) hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. The call and notice shall also be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public. No other business shall be considered at these meetings by the Board of Directors other than that which is specified in the call and notice.

The written notice may be dispensed with as to any Director who at, or prior to the time the meeting convenes files with the Clerk or Secretary of the Board of Directors a written waiver of notice, which notice may be given by telegram. This written notice may also be dispensed with as to any Director who is actually present at the meeting at the time it convenes. The transactions of any such meeting of the Board of Directors, however called and noticed, and wherever held, shall be valid as though had at a meeting after regular call and notice if a quorum be present, provided that each of the Directors not present signs a written waiver of notice with the Secretary as set forth herein. All such waivers shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 3.08. Adjourned Meetings and Notice of Adjournment. The Board of Directors may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment by an affirmative vote of the majority of the Directors present. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within twenty-four (24) hours after the time of the adjournment. If the meeting is

to be adjourned for more than twenty-four (24) hours, notice of the time and place of the adjourned meeting must be given for the time the meeting is to resume to any Directors who were not present at the meeting when the meeting was adjourned. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes.

Section 3.09. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business. 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 of Directors unless a greater number be required by law or by the Articles of Incorporation.

Section 3.10. Fees and Compensation. Directors shall receive no compensation for their services as Directors but are entitled to reimbursement for reasonable expenses incurred in attending meetings of the Board of Directors of this Corporation and in transacting business of this Corporation as authorized by the Board of Directors.

Section 3.11. Ralph M. Brown Act. Notwithstanding any of the provisions of these Bylaws to the contrary, all meetings of Directors shall be subject to the Ralph M. Brown Act, commencing at Section 54950 of the Government Code of the State of California.

Section 3.12. Conduct of Meetings. The President or, in his absence, the Vice President, or in his absence, a Chairman chosen by a majority of the Directors present, shall preside.