

BY-LAWS OF MISSION CANYON ASSOCIATION

(This document includes revisions of Jan./Feb. 2001, adds Article XII, and otherwise supersedes the previous By-Laws.)

ARTICLE I

Section 1. Name of the Association. The name of this corporation is “MISSION CANYON ASSOCIATION” (hereinafter the “Association”).

Section 2. Objective. The objective of this association shall be to preserve, maintain and improve Mission Canyon as a primarily residential area of beauty and charm.

ARTICLE II

Offices

The principal place of business and office of the corporation shall be the library room of the Museum of Natural History, 2559 Puesta del Sol, in the City of Santa Barbara, County of Santa Barbara, State of California, or such other places as the Board of Directors may designate.

ARTICLE III

Seal

The corporate seal shall be in such form as may be prescribed by the Board of Directors.

ARTICLE IV

Members

Section 1. Individual Members. Membership in the Association shall be open to all persons 18 years of age or older who:

- (1) Are owners of record of any real property in Mission Canyon, or
- (2) Are legal residents of Mission Canyon.

Section 2. Application. Any person meeting the qualifications set forth in Section 1 of this Article may apply for membership in the Association by completing and submitting an application, in the form provided from time to time by the Association for such purpose, and by paying the requisite annual membership fee provided in Section 4 of this Article.

Section 3. Furnishing Evidence of Qualification. A person shall not be entitled to exercise the rights of a member until such time as his or her application and payment of annual membership fee has been made and, if requested by the Association, the person has provided the Association with evidence satisfactory to the Association of the qualification for membership as provided under Section 1 of this Article.

Section 4. Shared Membership

Membership may be individual, or shared by more than one member of a household. Each membership shall be entitled to only one vote in the association.

Section 5. Voting and Majority Rule. On each issue or matter submitted to a vote of the members each Individual Membership in good standing as of the record date for such vote shall be entitled to cast one (1) vote. If a quorum is present at a meeting, the affirmative vote of the majority of the voting power of the Association present in person or by proxy and voting on any issue or matter (other than the election of directors) shall be the act of the members, unless the vote of a greater number is required by these Bylaws. In the case of elections for directors, the candidates receiving the highest number of votes, up to the numbers of directors to be elected, shall be elected to the vacant director positions.

For the purpose of this Article the association area is defined to comprise the geographic area of Santa Barbara County lying within the “Mission Canyon Specific Plan Area” adopted by the County from time to time.

ARTICLE V

Members Meetings

Section 1. General Meetings. All meetings of the members shall be held at the principal place of business of the corporation, or at such other place as the Board of Directors may from time to time fix.

Section 2. Annual Meetings. The annual meeting of the members of the corporation shall be held on such date, and at such hour, in the month of April of each year as the Board of Directors may designate, for the purpose of the election of directors, and the transaction of such other business as may lawfully come before the meeting. Notice of such annual meeting shall be given to each member of record appearing on the books of the corporation, by depositing in the United State Post Office at Santa Barbara, California, a notice in writing addressed to each member at his/her address appearing on the books of the corporation, at least eight days prior to such meeting. Said notice shall be given by the Secretary and shall state the time and place of the holding of such meeting. The purpose of said meeting may, but need not be set forth in the call or notice, and any business which may be lawfully transacted by the members may be transacted at any annual meeting.

Section 3. Special Meetings. Special meetings of the members other than those provided for or regulated by statute may be called by the Board of Directors, or by the President. In addition, should a written petition requesting a special meeting of the members signed by at least twenty-five of such members, be presented either to the President or the Secretary, the President shall forthwith call such special meeting of the members. Notice of any special meeting shall be given to each member of record appearing on the books of the corporation by depositing in the United States Post Office at Santa Barbara, California, a notice in writing addressed to each member at his address

appearing on the books of the corporation, at least three days prior to such meeting. Said notice shall be given by the Secretary and shall state the time and place of the holding of such meeting. The purpose of said meeting shall be set forth in the call or notice, and any business which may be lawfully transacted by the members may be transacted at a special meeting.

Section 4. Quorum. Twenty-five members of the corporation, present in person or by proxy, shall be requisite for and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by statute.

ARTICLE VI

Voting Rights

Section 1. In all matters which shall come before the members of this corporation, and in all corporate matters each member shall have one vote. Voting may be by proxy dated for the day of the meeting, signed by a member in good standing, and delivered to the Secretary by the member named in the proxy as authorized to cast the vote for the signer.

Section 2. In all matters which shall come before the members of this corporation the vote of a majority of the members present and entitled to vote shall be determinative of the matter voted upon, except as may be otherwise required by law. Voting shall be by voice, or by secret ballot, in the discretion of the presiding officer.

ARTICLE VII

Membership Dues

Annual membership dues shall be paid, in the amount specified each year by the Board of Directors. Dues shall be due and payable on the 1st day of January of each year.

ARTICLE VIII

Directors

Section 1. The Board of Directors shall consist of a minimum of 12 to a maximum of 15 persons, each of whom is a Member of the Association whose membership is in good standing. At each annual meeting roughly one-third of the directors shall be elected for terms of three years.

Section 2. The Board of Directors shall have the management and control of the business of the corporation and shall employ such agents and servants as they may deem advisable, and fix the rates of compensation of all agents and employees. They shall have full and complete power to determine the method or plan upon which the powers of this corporation shall be exercised, and may do everything necessary and convenient in their discretion to accomplish the purpose of this corporation. They are authorized to do and perform all acts stated in the Articles of Incorporation in that clause thereof giving the purposes for which this corporation is formed and to perform and transact all other

business and acts which this corporation by the laws of the State of California is permitted to transact and perform.

Section 3. Whenever any vacancy shall occur in the Board of Directors by death, resignation or otherwise, the same shall be filled without undue delay by a majority vote of the remaining members of the Board. The person so chosen shall hold the office for the unexpired term of the director he/she replaces.

Section 4. The Board of Directors may, in their discretion, nominate and appoint one or more persons as honorary directors of this corporation. Honorary directors shall have no vote at, and shall not be entitled as right to notice of, any meeting of the Board of Directors, regular or special, nor shall any honorary director be counted in determining the presence of a quorum of the Board of Directors.

ARTICLE IX

Section 1. The Board of Directors shall meet at least one a month at the office or principal place of business of the corporation, or at such other place as the Board of Directors may from time to time fix, on such date and hour in each month as the Board of Directors may from time to time fix. Written notice of all regular meetings of the Board of Directors shall be mailed (and emailed if appropriate) to each director by the Secretary at least five days before the meeting, by depositing in the U.S. Post Office at Santa Barbara such written or printed notice addressed to each of the directors at their addresses appearing on the books of the corporation

Section 2. Special meetings of the Board of Directors may be called by the President or any four Directors, and notice of the time and place thereof shall be given in person or by telephone or email or fax at least twenty-four hours before the time set for such meeting, or written or printed notice addressed to each of the Directors at their addresses appearing on the books of the corporation, at least forty-eight hours before such meeting. The purpose of said meeting shall be set forth in said notice, and any business which may be lawfully transacted by the Board of Directors may be transacted at any special meeting.

Section 3. More than one-half of the Directors shall constitute a quorum at all meetings of the Board. In all matters which shall come before the Board of Directors the vote of a majority of the Directors present shall be determinative of the matter voted upon, except as may be otherwise required by law or in these by-laws. Voting shall be by voice, or by secret ballot, in the discretion of the presiding officer.

Section 4. Directors' meeting both regular and special shall be open to the members.

Section 5. Any director of this corporation who is absent from three or more consecutive regular meetings of the Board of Directors shall no longer remain or be a director of, or hold any office in, this corporation, unless the Board of Directors, for good cause, shall in its discretion otherwise determine.

ARTICLE X

Officers

Section 1. The officers of the corporation shall consist of a president, a vice president, a secretary and a treasurer, and such other officers as the Board of Directors may provide for. These officers are called herein the "Executive Committee." Any two or more offices of this corporation may be held by the same person, except those of president and secretary. No officer or director of this corporation shall receive any compensation for his/her services in such capacity.

Section 2. The officers of the corporation shall be elected by the Board of Directors. The first election shall be held immediately after the organization of the Board of Directors immediately following the incorporation of this corporation. Subsequent elections shall be held at the meeting of the Board of directors next following the annual meeting.

Section 3. In case of the death, resignation or removal from office of any officer of this corporation, the Board of directors shall elect his successor, who shall hold his office by like tenure for the unexpired term.

Section 4. The president shall be chief executive officer of the corporation and shall preside at all meetings of the members and directors; he/she shall have the general management of the business of the corporation, and such general powers as are usually vested in the office of the president of a corporation. He/she shall have such powers and perform such other duties as may be prescribed by these by-laws or by the Board of Directors.

Section 5. The vice president, in the absence or disability of the president, shall perform the duties and exercise the powers of the president; and shall have such other powers and perform such other duties as may be prescribed by these by-laws or by the Board of Directors.

Section 6. The Secretary shall attend all sessions of the Board and all meetings of the members and record all votes and minutes for all proceedings in a book to be kept for that purpose. He/she shall give, or cause to be given, notice of all regular and special meetings of the members and Directors, and shall have such other powers and perform such other duties as may be prescribed by these by-laws or by the Board of Directors.

Section 7. The Treasurer shall have such powers as are usually vested in the treasurer of a corporation, and shall have such other powers and perform such other duties as may be prescribed by these by-laws or by the Board of Directors.

Section 8. In case of the absence of any officer of the corporation, or for any other reason that the Board may deem sufficient, the Board of Directors may delegate, for the time being, the powers, or duties, or any of them, of such officer to any other officer, or to any director.

ARTICLE XI

Amendments

These by-laws may be amended, added to or altered by a vote of nine (two-thirds) directors at any regular or special meeting called for that purpose, when allowed by law, or by the vote of a majority of the members present and entitled to vote, at any general or special meeting duly called for that purpose, or by the written assent of a majority of the members of this corporation.

ARTICLE XII

Sarbanes-Oxley Act

The purpose this article is to ensure compliance with requirements and recommendations of the Sarbanes-Oxley Act, specifically within the context of Fire Safe Council grant management. In addition, it acts as a guideline for the Association.

Section 1. Consistent with Article X, Section 1, no officer or director of this corporation shall receive any compensation for his/her services in such capacity. Officers and Board members annually must disclose potential conflicts of interest.

Section 2. Audit Committee

- (1) An independent and competent audit committee will review all grant financial results and procedures, and will ensure compliance with legal and regulatory requirements.
- (2) The Audit Committee reports to the Board and, when appropriate, meets with the Executive Committee of the Association to hold discussions relative to the financial integrity of grant management.

Section 3. Financial Statements and Resources

- (1) The President and Treasurer must certify the appropriateness of financial statements and that they fairly present the financial condition and operations of the Association.
- (2) Any and all grants will be held in a separate checking account and only the President, Vice-President(s), Treasurer and Secretary shall be the only signatures allowed on these checking accounts. Checks drawn on grant account(s) require Board approval, which will be reflected in the Association Minutes. Prior to issuance of checks in excess of \$1,000.00, approval by two Executive Committee members is required.
- (3) Financial statements shall be easily accessible for review by donors and the public so as to provide an accurate picture of the financial condition of any grant.
- (4) The Association will maintain a Prudent Reserve balance of at least \$5,000.00 when grant(s) are active.

Section 4. Contract for Services and Purchasing. Contract for Services or Purchases exceeding \$7,500.00 shall have three written proposals. Contract for Services or Purchases less than \$7,500.00 is required to have three verbal proposals with written quotes.

Section 5. Whistleblower Protection. The Association will comply with the Sarbanes-Oxley Act Whistleblower Protection Recommendations.

Section 6. Record Retention.

(1) The Association will comply with the Sarbanes-Oxley Act Record Retention Recommendations and Internal Revenue Service Publication 4221 Public Charities Compliance Guide for 501(c)(3) organizations, the relevant portions of which are as follows:

Taxpayers who are subject to the federal income tax or who are required to file information returns with the Internal Revenue Service must keep accurate records. Generally, no penalty is imposed for failure to keep the required records. However, in case of a dispute with the IRS, the burden of proof is on the taxpayer. Incomplete or nonexistent records may result in interest, penalties and loss of legitimate deductions.

This guide provides suggested retention times for specific types of records. It is not all-inclusive. For questions about specific applications, consult with the Association's Tax Advisor.

Keep these records permanently:

Audit records & reports.

Canceled checks for contracts.

Charts of accounts.

Contracts & leases (in effect).

Corporate, charters, bylaws, corporate meeting minute books, registers, etc.

Current insurance records, claims, policies, etc.

Financial statements (year-end; others are optional).

General ledger and journals.

Income and other tax returns & supporting documentation.

Tax and legal correspondence.

Keep these records for **SEVEN YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

Accident reports/settled insurance claims.

Canceled checks.

Expense reports, analyses, distribution schedules and payment vouchers.

Expired contracts, mortgages, notes and leases.

Invoices to customers and bills from suppliers.

IRS Form 8300: report on cash transactions over \$10,000 received in a trade or business.

Cost ledgers and other cost accounting records and reports

Purchase orders, shipping & receiving records and related correspondence.

Sales records.

Keep these records for **THREE YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

Bank Statements and deposit slips.

Employment applications.
Expired insurance policies.
Internal audit reports.
Petty Cash and cash paid-out vouchers.

Keep these records for **TWO YEARS** from the later of the tax return due date or filing due date, plus any amendment or extension date.

Bank reconciliations.
Duplicate deposit slips.
General Business Correspondence.

(2) **Responsibility.** The Executive Committee shall be responsible for Record Retention at the direction of the Board of Directors.