

**Appointment of Initial Directors
and Adoption of Bylaws of
SERENE LAKES/DONNER SUMMIT CONSERVATION ASSOCIATION
a California Nonprofit Public Benefit Corporation**

The undersigned, being the Sole Incorporator of Serene Lakes/Donner Summit Conservation Association, a California nonprofit public benefit corporation (the Corporation), adopts the following resolutions on behalf of the Corporation:

WHEREAS, no bylaws have been adopted for the regulation of the affairs of the Corporation;

WHEREAS, it is deemed to be in the best interest of the Corporation that the bylaws be adopted as the bylaws of the Corporation; and

WHEREAS, under California Corporations Code section 5134, the Sole Incorporator is authorized to adopt bylaws:

IT IS RESOLVED THAT the bylaws attached to these resolutions are adopted as the Corporation's bylaws; and

IT IS FURTHER RESOLVED THAT the secretary of the Corporation is authorized and directed to execute a certificate of the adoption of these bylaws, to insert the bylaws as so certified in the minute book of the Corporation, and to see that a copy of the bylaws, similarly certified, is kept at the principal office to transact the business of the Corporation.

WHEREAS, the bylaws of the Corporation provide that the initial authorized number of directors of the Corporation shall be no less than three and no more than nine; and

WHEREAS, under California Corporations Code section 5134, the Sole Incorporator is authorized to elect the initial directors of the Corporation;

IT IS RESOLVED THAT the authorized number of directors of the Corporation shall be five; and

IT IS FURTHER RESOLVED THAT the persons listed below are hereby elected as the initial directors of the corporation, to serve until they resign or are removed or until their successors are duly elected and qualified.

| <u>Name</u> | <u>Mailing Address</u> | <u>Year Term Expires</u> |
|----------------|---------------------------------------|--------------------------|
| Cliff Busby | P.O. Box 1095, Soda Springs, CA 95278 | 2009 |
| Bill Oudegeest | P.O. Box 1095, Soda Springs, CA 95278 | 2008 |
| Cheryl Paduano | P.O. Box 1095, Soda Springs, CA 95278 | 2008 |
| Bill Pieper | P.O. Box 1095, Soda Springs, CA 95278 | 2009 |
| Arnie Thomas | P.O. Box 1095, Soda Springs, CA 95278 | 2008 |

Date: _____

Bill Oudegeest, Sole Incorporator

Bylaws of
SERENE LAKES/DONNER SUMMIT CONSERVATION ASSOCIATION
a California Nonprofit Public Benefit Corporation

ARTICLE 1
NAME

SECTION 1. NAME

The name of this corporation is SERENE LAKES/DONNER SUMMIT CONSERVATION ASSOCIATION.

ARTICLE 2
OFFICES

SECTION 1. PRINCIPAL OFFICE

The corporation shall have a principal office at which it shall maintain its official records and transact other business. The principal office shall be located at a place as determined by the Board of Directors in or outside the State of California.

SECTION 2. OTHER OFFICES

The corporation may also have other offices in and outside of California as the board of directors may determine.

ARTICLE 3
PURPOSES

SECTION 1. OBJECTIVES AND PURPOSES

The primary purposes of this corporation shall be as stated in the corporation's Articles of Incorporation.

ARTICLE 4
DIRECTORS

SECTION 1. POWERS

The corporation shall have a Board of Directors (referred to, in these Bylaws, as the "board"). All of the activities and affairs of the corporation shall be exercised by the board or under its direction. The board, acting collectively, shall exercise responsibility for conducting the activities and affairs of the corporation.

SECTION 2. NUMBER

The board shall have not less than three directors nor more than nine directors. The precise number of authorized directors shall be set within these limits by an affirmative vote of a majority of the directors then in office.

SECTION 3. DUTY OF CARE AND LOYALTY

- (a) It is the obligation of each director of the corporation to perform his or her duties 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 ordinarily prudent person in a like position would use under similar circumstances. This obligation extends to all activities a director performs in that capacity including, without limitation, duties as a member of any committee of the board on which a director may serve.
- (b) In the administration of the powers to make and retain investments and to delegate investment management of corporate funds, the board shall consider among other relevant considerations the long and short term needs of the corporation in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

SECTION 4. GENERAL DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of this corporation, or by these Bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe and supervise the duties and fix the compensation, if any, of all officers, agents and employees of the corporation;
- (c) Meet at such times and places as required by these Bylaws; and
- (d) Register their addresses, phone and facsimile numbers, and electronic mail ("e-mail") addresses with the Secretary of the corporation. Notices of meetings delivered, telephoned or telegraphed to them at such addresses shall be valid notices thereof. Notices of meetings delivered by facsimile, e-mail or by other electronic means shall be valid notices thereof if, prior to delivery of the notice, the director has given his or her consent to receive notice by such means.

SECTION 5. RESTRICTION REGARDING INTERESTED DIRECTORS

Notwithstanding any other provision of these Bylaws, not more than 49 percent of the persons serving on the board may be interested persons. An "interested person" is:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months excluding any reasonable compensation paid to a director as director. For purposes of this definition, compensation means payment as a full or part-time employee, an officer, a contractor, a vendor or otherwise.
- (b) 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.

SECTION 6. SELF-DEALING

The corporation shall not enter into any contract or transaction with any (1) director of the corporation, (2) officer of the corporation, or (3) corporation, firm, association, or other entity in which one or more of this corporation's directors or officers are directors or officers or has a material financial interest, or in which any of these parties are or will be directly or indirectly interested, unless:

- (a) The material facts regarding that director's or officer's financial interest in such contract or transaction, or regarding such common directorship, officership, or financial interest, are fully disclosed in good faith and noted in the minutes, or are known to all members of the board, prior to consideration by the board of such contract or transaction; and
- (b) Such contract or transaction is authorized in good faith by a vote of the majority of the board without counting the votes of the interested directors;
- (c) Before authorizing or approving the transaction, the board considers and in good faith decides, after reasonable investigation, that the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and
- (d) At the time the transaction is entered into (1) the transaction is fair and reasonable to the corporation and (2) the corporation entered into it for its own benefit.

SECTION 7. COMPENSATION

Directors shall serve without compensation, although they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 4 of this Article. Directors may be compensated for rendering services to the corporation in any capacity other than director only if such other compensation is reasonable, allowable and has been authorized under the provisions of Section 5 and 6 of this Article.

ARTICLE 5 MEETINGS OF THE BOARD

SECTION 1. REGULAR AND ANNUAL MEETINGS

Regular meetings of the directors shall be held two times per year at a place and time to be determined by the directors. The first regular meeting of the year shall be the annual meeting.

At the annual meeting, the board shall undertake the election of directors and officers and the transactions of other business. Whenever there shall be an election to fill a seat on the board of directors, each director shall cast one vote for each director to be elected. Cumulative voting by directors for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected.

SECTION 2. SPECIAL MEETINGS

Special meetings of the board may be called by the President, a Vice President, the Secretary, or by any two directors, and such meetings shall be held at the place, within or outside the State of California, designated by the person or persons calling the meeting, or in the absence of such designation, at the principal office of the corporation.

SECTION 3. MINUTES

The board shall be responsible for recording and maintaining minutes of the proceedings of the meeting of the board, of committees of the board and, if the corporation has members, of meetings of the members. The Secretary shall take the minutes of board and members meetings. In the event the Secretary is not in attendance at a meeting, and at all committee meetings, the chair of such meeting shall designate a person to record the minutes of the meeting.

SECTION 4. PLACE OF MEETINGS

- (a) Meetings of the board shall be held at any place within or outside California that has been designated by resolution of the board or in the notice of the meeting, or if not so designated, at the principal office of the corporation.
- (b) Any director may participate in a meeting, and any meeting of the board may be held by, conference telephone, video screen or other transmission, provided the requirements specified below are met. A director who participates in a meeting by such means shall be considered present in person for that meeting.
 - (1) In the case of a meeting held by conference telephone or video screen, all directors participating in the meeting are able to hear one another.
 - (2) In the case of other electronic transmission,
 - (i) Each director participating in the meeting can communicate with all other members concurrently, and
 - (ii) Each director is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose or to interpose an objection to a specific action to be taken by the corporation.

SECTION 5. NOTICE OF MEETINGS

- (a) Notices of board meetings are valid if made by:
 - (1) First-class mail, postage prepaid;
 - (2) Personal delivery of a written notice;
 - (3) Delivery by overnight courier or private delivery service that can be and is confirmed;
 - (4) Telephone, including a voice messaging system or other technology designed to record and communicate messages, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate that notice promptly to the director;
 - (5) Telegram;
 - (6) Facsimile;
 - (7) Electronic mail (e-mail); or
 - (8) Other electronic means;

provided, however, that notice may only be provided by facsimile, e-mail or other electronic means to a director who has given his or her consent to receive notice by such means and if a record capable of retention, retrieval and review of such notice is recorded.

- (b) Notice of regular meetings need not be given if fixed by a resolution of the board that is noted in minutes distributed to all directors. Otherwise, notice of regular meetings shall be valid if made no less than four days prior to the date of the meeting. Notice of special meetings shall be valid if made at least 48 hours prior to the date and time of the meeting except for notice by mail which is not valid unless made four days prior to the date of the meetings.
- (c) All notices of board meetings shall be given or sent to the director's address, telephone number, fax number or e-mail address as shown on the corporation's records.
- (d) Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

SECTION 6. CONTENTS OF NOTICE

Notice of meetings not herein dispensed with shall specify the place (if other than the corporation's principal office), day and hour of the meeting. The purpose of any meeting of the board need not be specified in the notice.

SECTION 7. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

- (a) Notice of a meeting of the board need not be given to any director who:
 - (1) Either before or after the meeting,
 - (i) Signs a waiver of notice,
 - (ii) Signs a written consent to the holding of the meeting, or
 - (iii) Approves of the minutes of the meeting, or
 - (2) Attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of proper notice to him or her.
- (b) The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

SECTION 8. QUORUM FOR MEETINGS

- (a) A majority of the directors then in office shall constitute a quorum for the transaction of any business except adjournment.
- (b) If during a meeting at which a quorum was initially present some directors leave rendering the meeting without a quorum, the board or committee may continue to transact business so long as any action taken or decision made is approved by at least the number of directors required to take action if a quorum were present.
- (c) Except as otherwise provided in these Bylaws (including, without limitation, subsection (b) of this Section), in the corporation's Articles of Incorporation, or by law, no business shall

be considered by the board at any meeting at which a quorum, as defined above, is not present. The only motion which is permitted at a meeting at which a quorum is not initially present is a motion to adjourn. A majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

- (d) Regardless of any other provision of these Bylaws, a quorum must consist of no less than one-fifth the number of directors authorized in these Bylaws.

SECTION 9. MAJORITY ACTION AS BOARD ACTION

The board may take action or make a decision (e.g., pass a resolution) by the affirmative vote of a majority of the directors then currently in office and present at a duly held meeting at which a quorum is present (subject to the more stringent provisions of these Bylaws or the California Nonprofit Corporation Law including, without limitation, provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) approval of certain transactions between corporations having common directorships, (iii) creation of and appointment to committees of the board, and (iv) indemnification of directors.)

SECTION 10. CONDUCT OF MEETINGS

Meetings of the board shall be presided over by the President of the corporation or, in his or her absence, by the Vice President of the corporation or, in the absence of each of these persons, by a person chosen by a majority of the directors present at the meeting. The Secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

SECTION 11. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the board may be taken without a meeting if all members of the board individually or collectively (i.e., in one or more identically worded documents) consent in writing to such action; provided, however, that the consent of any director who has a material financial interest in a transaction to which the corporation is a party and who is an "interested director" as defined in Section 5233 of the Nonprofit Corporation Law (California Corporations Code section 5000 *et seq.*) and Section 5 of this Article 4 of these Bylaws shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the board. All such consents shall be filed with the minutes of the proceedings of the board.

ARTICLE 6 ELECTION AND REMOVAL OF DIRECTORS

SECTION 1. ELECTION AND TERM OF OFFICE OF DIRECTORS

- (a) The number of directors designated for each term shall be equal, or as equal as possible if the number of authorized directors is not evenly divisible by two. Accordingly, the incorporator shall designate the initial directors and when their terms expire. Following the expiration of the initial designated terms, the terms of directors subsequently elected shall be two years.
- (b) Directors shall be elected (and designated, as the case may be) at each annual meeting to fill those terms that expire at that annual meeting. If any directors are not elected at any

annual meeting, they may be elected at any other regular meeting or at a special meeting held for that purpose (which need not be the exclusive purpose of that meeting).

- (c) The board of directors of Serene Lakes Property Owners Association ("SLPOA"), a California Nonprofit Mutual Benefit Corporation, shall have the right to designate up to 49 percent of the directors so long as it is recognized as being tax-exempt under Section 501(c)(4) of the Internal Revenue Code or a corresponding section of any subsequent federal tax law. All directors not elected by SLPOA shall be elected by the directors in office at the start of the annual meeting.
- (d) In any year in which the number of directors to be elected is odd, SLPOA shall be entitled to designate directors to fill one-half minus 1 of those seats. In any year in which the number of directors to be elected is even, SLPOA shall have the right to designate one half of those seats unless doing so would have more than 49 percent of the directors designated by SLPOA, in which case SLPOA shall be entitled to designate one-half minus one of those seats.

For example, if the corporation has 5 authorized directors, in a year in which 3 directors are to be elected, SLPOA will have the right to designate 1 person to serve as a director.

- (e) 30 days prior to the date set for the annual meeting, the Secretary shall notify the secretary of SLPOA of the number of directors it is entitled to designate. SLPOA shall provide in writing to the Secretary the names of the directors it designates to fill those seats no later than the close of business of the day prior to the date scheduled for the annual meeting. That or those designate persons shall serve as a director or directors commencing immediately after the annual meeting is adjourned.
- (f) If SLPOA fails to designate all of the directors it is entitled to designate by the day prior to the annual meeting, or if it loses its tax-exempt status, is dissolved or becomes inactive or suspended by the Office of the Secretary of State, then the directors that were to be designated by SLPOA shall be elected by the board.
- (g) Each director, including a director elected to fill a vacancy or elected at a special meeting, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

SECTION 2. REMOVAL OF DIRECTORS

- (a) The board may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Corporation Law.
- (b) A director may be removed without cause by the vote a majority of the directors then in office.

SECTION 3. VACANCIES

- (a) Vacancies on the board shall exist (i) on the death, resignation or removal of any director or (ii) whenever the number of authorized directors is increased.

- (b) Any director may resign effective upon giving written notice to the President, the Secretary, or the board. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. No director may resign if such resignation will leave the corporation without at least one duly elected director in charge of its affairs except upon notice to the Attorney General of the State of California.
- (c) A reduction of the number of authorized directors shall be effective only upon the expiration of the then-current directors' terms of office or upon the occurrence of any other vacancy in the board. That is, a reduction in the number of authorized directors will not terminate or shorten the terms of any directors in office at the time that the resolution to reduce the number of authorized directors is approved.
- (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 a waiver 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 until the next election of the board or until his or her death, resignation or removal from office.

ARTICLE 7 LIABILITY OF DIRECTORS

SECTION 1. NON-LIABILITY OF DIRECTORS

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

SECTION 2. INSURANCE FOR CORPORATE AGENTS

This corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

SECTION 3. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

- (a) Subject to the required findings to be made pursuant to subsection (e) of this Section, 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 California 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.

- (b) 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:
 - (1) The determination of good faith conduct required by Section (e) of this Section must be made in the manner provided for in that section; and
 - (2) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the agent should be entitled to indemnify 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.
- (c) 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 subsections (b) and (e) of this Section shall determine whether the agent is entitled to indemnification.
- (d) 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,
- (e) The indemnification granted to an agent in subsections (a) through (c) of this Sections is conditioned on the following:
 - (1) The agent seeking reimbursement must be found, in the manner provided below, that he 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.
 - (2) The determination that the agent did act in a manner complying with Paragraph (1), above, shall be made by:
 - (i) The Board of Directors 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

this Corporation opposes the application by the agent, attorney, or other person.

- (f) 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. However, no indemnification or advance shall be made under this Section, in any circumstance when it appears:
- (1) That the indemnification or advance would be inconsistent with a provision of the articles, a resolution of the members, 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
 - (2) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.
- (g) Nothing contained in this Section 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. This Section does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the corporation as defined in subsection (h)(1) of this Section. Nothing contained in this Section shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.
- (h) For purposes of this Section, the following terms shall have the meanings ascribed:
- (1) "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, office 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.
 - (2) "Proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and
 - (3) "Expenses" includes, without limitation, all attorney 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.

ARTICLE 8 OFFICERS

SECTION 1. NUMBER OF OFFICERS

The officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer who shall be designated the Treasurer. The corporation may also have, as determined by the board, one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, or other officers. Any number of offices may be held by the same person except that neither the Secretary nor the Treasurer may serve as the President.

SECTION 2. QUALIFICATION

Any person may serve as an officer of this corporation.

SECTION 3. ELECTION, AND TERM OF OFFICE

Except those officers appointed in accordance with the provisions of Section 4 of this Article, officers shall be elected by the board at the annual meeting, and shall serve at the pleasure of the board, subject to the rights of any officer under any employment contract. Each officer shall hold office for renewable terms of one year.

SECTION 4. SUBORDINATE OFFICERS

The board may appoint, and may authorize the President to appoint, such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board.

SECTION 5. REMOVAL AND RESIGNATION

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the board, at any regular or special meeting of the board, or, except in case of an officer chosen by the board, by an officer on whom such power of removal may be conferred by the board.

Any officer may resign at any time by giving written notice to the board or to the President. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein. 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 6. 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. A person so appointed to a vacant office (whether appointed by the President or elected by the Board) shall hold that office until the next annual meeting of the board or until his or her death, resignation or removal from office. Vacancies occurring in offices appointed at the discretion of the board may or may not be filled as the board shall determine.

SECTION 7. DUTIES OF PRESIDENT

The President shall:

- (a) Be the chief executive officer of the corporation and subject to the control of the board shall be the general manager of the corporation and shall generally supervise, direct and control the corporation's activities, affairs, and officers. Notwithstanding the preceding, the board may assign some or all of these duties to an employee who may or may not have the title 'Chief Executive Officer.'
- (b) Preside at all meetings of the board.
- (c) Except as otherwise expressly provided by law, by the Articles of Incorporation, or by these Bylaws, in the name of the corporation execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board.
- (d) Perform all other duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be prescribed from time to time by the board.

SECTION 8. DUTIES OF VICE PRESIDENTS

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the board or, if not ranked, a vice president designated by the board, shall perform all powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed by the board or the President.

SECTION 9. DUTIES OF SECRETARY

The Secretary shall:

- (a) Certify and keep, or cause to be kept, at the principal office of the corporation the original, or a copy, of the Articles of Incorporation and of these Bylaws, as amended or otherwise altered to date.
- (b) Keep, or cause to be kept, at the principal office of the corporation or at such other place as the board may direct, a book of minutes of all meetings, proceedings and actions of the board and of committees of the board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; how notice was given and to whom; the names of the persons present at the board and committee meetings; the actions taken and decisions made by the board at that meeting, including the votes for, against and in abstention of each such action or decision (and may include how each director voted on such action or decision).
- (c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.
- (d) Be custodian of the records and of the seal of the corporation, if there is a seal, and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these Bylaws and by the board.

- (e) Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, these Bylaws, the minutes of the proceedings of the directors of the corporation, and the corporation's applications for tax exemption.
- (f) In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the board.

SECTION 10. DUTIES OF TREASURER

The Treasurer shall:

- (a) Keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. Books of account shall be maintained in accordance with applicable Generally Accepted Accounting Principles.
- (b) Send, or cause to be given, to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the board. The books of account shall be open to inspection by any director at all reasonable times.
- (c) Have charge and custody of, and be responsible for, all funds and securities of the corporation, and (1) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as the board may designate, and (2) disburse, or cause to be disbursed, the corporation's funds as the board may order.
- (d) Render to the President and directors, whenever requested, an account of any or all of his or her transactions as Treasurer, and of the financial condition of the corporation.
- (e) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
- (f) In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the board.
- (g) If required by the board, give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office.
- (h) Provide, or cause to be provided, to the public, all Internal Revenue Service filings required to be disclosed and made generally available to the public in the form or forms required by the Internal Revenue Service or by statute.

SECTION 11. COMPENSATION

The salaries, if any, of the officers shall be fixed from time to time by resolution of the board. The salary received by any officer of this corporation shall be reasonable and given in return for services actually rendered to the corporation that relate to the performance of the charitable or public purposes of this corporation. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Article 4 of these Bylaws.

ARTICLE 9 COMMITTEES

SECTION 1. COMMITTEES

- (a) The board may, by a vote of a majority of the directors, designate two (2) or more of its members to constitute an Executive Committee and delegate to such Committee any of the powers and authority of the board in the management of the business and affairs of the corporation.
- (b) Notwithstanding the existence or lack thereof of an Executive Committee, the board may, by resolution adopted by a majority of the number of directors then in office, provided that a quorum is present, create one or more committees of the board, each consisting of two or more directors, to serve at the pleasure of the board and have such authority as is delegated by the board.
- (c) By a majority vote of the directors then in office, the board may at any time revoke or modify any or all of the authority delegated to any committee of the board, increase or decrease but not below two (2) the number members of any committee of the board, and fill vacancies in any committees of the board from the members of the board. All committees shall keep regular minutes of their proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.
- (d) Only committees consisting wholly of directors may take action or make decisions on behalf of the corporation.
- (e) The following powers are reserved to the board of directors as a whole and may not be delegated to any committees thereof:
 - (1) The filling of vacancies on the board or on any committee that has the authority of the board;
 - (2) The appointment of committees of the board or the members thereof;
 - (3) The fixing of compensation of the directors for serving on the board or on any committee;
 - (4) The amendment or repeal of Bylaws or Articles of Incorporation, or the adoption of new Bylaws or Articles of Incorporation;

- (5) The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable;
- (6) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; and
- (7) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the Nonprofit Corporation Law.

SECTION 2. ADVISORY COMMITTEES

The corporation shall have such other committees as may from time to time be designated by resolution of the board. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only and shall be clearly titled as "advisory" committees.

SECTION 3. AUDIT COMMITTEE

If this corporation is required to register with the Office of the Attorney General, in any fiscal year in which the corporation has gross revenues of \$2 million or more this corporation shall have an audit committee. Notwithstanding the other provisions of this Article, the audit committee shall have the following duties and composition:

- (a) It shall be the duty of the audit committee to:
 - (1) Recommend to the board of directors the retention and termination of the independent auditor;
 - (2) Confer with the auditor to satisfy the committee members that the financial affairs of the charitable organization are in order;
 - (3) Review and determine whether to accept the audit; and
 - (4) Approve performance of any non-audit services to be provided by the auditing firm.

In addition, the audit committee may negotiate the compensation of the auditor on behalf of the board.

- (b) The audit committee shall be composed of at least one person. Audit committee members need not be directors of the corporation. In addition, the composition of the audit committee shall be restricted as follows:
 - (1) The corporation's president, chief executive officer, chief financial officer (treasurer), any paid staff, and anyone who does business or has any financial interest in any entity that does business with the nonprofit may not be on the audit committee.
 - (2) If the corporation has a finance committee, its members must comprise less than 50% of the audit committee and the chair of the finance committee may not serve on the audit committee.

- (c) Audit committee members may receive no more compensation than directors receive for their service to the corporation as directors.

SECTION 4. MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of all 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; excepting, however, 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 10 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

SECTION 1. EXECUTION OF INSTRUMENTS

Except as otherwise provided in these Bylaws, the board 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

The board shall determine who shall be authorized from time to time on the corporation's behalf to sign checks, drafts and other orders for payment of money. Such authority may be general or confined to specific instances.

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. GIFTS

The board may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

SECTION 5. REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The President or any other officer or officers authorized by the Board are each authorized to vote, represent, and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized to do so by proxy or power of attorney duly executed by said officer. Notwithstanding the above, the board shall vote or direct the President with respect to matters involving this corporation's membership in other nonprofit corporations.

**ARTICLE 11
CORPORATE RECORDS, REPORTS AND SEAL**

SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office:

- (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;
- (c) A copy of the corporation's Articles of Incorporation and these Bylaws as amended to date; and
- (d) Copies of all filings made to the Internal Revenue Service, the California Franchise Tax Board, California Secretary of State, and California Attorney General that the corporation is required, by statute or regulation, to make generally available to the public.

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 corporate 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. 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.

SECTION 4. ANNUAL REPORT

The board shall cause an annual report to be furnished not later than 120 days after the close of the corporation's fiscal year to all directors of the corporation, which report shall contain the following information in appropriate detail:

- (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, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (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 such statements were prepared without an audit from the books and records of the corporation.

This requirement of an annual report shall not apply if the corporation receives less than \$25,000 in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors.

SECTION 5. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS

As part of the annual report to all directors, or as a separate document if no annual report is issued, the corporation shall, within 120 days after the end of the corporation's fiscal year, annually prepare and furnish to each director a statement of any transactions or indemnifications of the following kind:

- (a) Any transaction (i) to which the corporation, or its parent or subsidiary, was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000 or was one of several transactions with the same interested person involving, in the aggregate, more than \$50,000. For these purpose, an "interested person" is either:
 - (1) Any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
 - (2) Any holder of more than 10 percent of the voting power of the corporation, its parent, or its subsidiaries.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interest person is a partner, only the interest of the partnership need be stated.

- (b) Any indemnification or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation pursuant to section 5238 of the Corporations Code.

ARTICLE 12 FISCAL YEAR

SECTION 1. FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on the first (1st) day of June in each calendar year and end on the last day of May of next calendar year.

**ARTICLE 13
AMENDMENT OF BYLAWS**

SECTION 1. AMENDMENT

Subject to any provision of law applicable to the amendment of Bylaws of a Nonprofit Corporation, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted by approval of a majority of the directors then currently in office.

SECTION 2. DESIGNATION OF DIRECTORS

Any provision of these Bylaws providing for the designation or selection, rather than election, of any director or directors may be adopted, amended or repealed only by approval of Board subject to the consent of the person entitled to designate any such director or directors.

**ARTICLE 14
AMENDMENT OF ARTICLES**

SECTION 1. AMENDMENT OF ARTICLES

Any amendment of the Articles of Incorporation may be adopted by approval of a majority of the directors then currently in office.

SECTION 2. CERTAIN AMENDMENTS

Notwithstanding the Section 1 of this Article, this corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation regarding the names and addresses of the first directors of this corporation nor the name and address of its initial agent, except to correct an error in such statement or to delete either statement after the corporation has filed a "Statement by a Domestic Non-Profit Corporation" pursuant to Section 6210 of the Nonprofit Corporation Law.

**ARTICLE 15
PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person for reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the board; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation.

**ARTICLE 16
MEMBERS**

SECTION 1. DETERMINATION OF MEMBERS

This corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. At its sole discretion, the board may admit individuals to one or more classes of nonvoting members. The class or classes of nonvoting members shall have such rights and obligations as the board finds appropriate.

**ARTICLE 17
CONSTRUCTION AND DEFINITIONS**

SECTION 1. CONSTRUCTION AND DEFINITION

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the 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, the term "person" includes both the corporation and a natural person, and vice versa. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the Bylaws of Serene Lakes/Donner Summit Conservation Association and that such Bylaws were duly adopted by the Sole Incorporator of said corporation on the date set forth below.

Dated: _____

Bill Oudegeest, Secretary