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BY LAWS OF
SANTA MONICA BAY SAILING
FOUNDATION

**A California Nonprofit Public Benefit
Corporation**

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ARTICLE 1 NAME

Section 1.1 SANTA MONICA BAY SAILING FOUNDATION

The name of this Corporation is **SANTA MONICA BAY SAILING FOUNDATION** (hereinafter the “Corporation”).

ARTICLE 2 OFFICES

Section 2.1 Principal Office.

The principal executive office and the principal office for the transaction of the business of the Corporation may be established at any place or places within or without the State of California by resolution of the Board of Directors.

Section 2.2 Other Offices.

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

ARTICLE 3 OBJECTIVES AND PURPOSES

Section 3.1 General Purpose.

The general purpose for which this Corporation is organized is to engage in any lawful act or activity for which a corporation may be organized under the Nonprofit Public Benefit Corporation Law of California, provided, however, nothing in this Article 3 shall be construed to authorize this Corporation to carry on any activity for the profit of its officers, directors or other persons or to distribute any gains, profits or dividends to any of its officers, directors or other persons as such. Furthermore, nothing in this Article shall be construed as allowing the Corporation to engage in any activity forbidden under Section 501(c)(3) of the Internal Revenue Code.

Section 3.2 Specific Purpose.

The specific purpose of this Corporation is to raise monies to fund, support, staff, and develop programs that promote the support of sailing and to create an understanding and love of the sea for qualified groups and individuals of all ages and abilities. This shall include, without limitation, the collection of monies, goods and services as allowed by law to a corporation of this type and the disbursement and/or retention of such monies, goods and services as a corporation of this type is allowed under the applicable laws.

ARTICLE 4 NONPARTISAN ACTIVITIES

Section 4.1 Public Purpose.

This Corporation has been formed under the California Nonprofit Public Benefit Corporation Law for the general and specific public purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of this Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and it shall not participate or intervene in any political campaign on behalf of any candidate for public office, or for or against any cause or measure being submitted to the people for a vote.

Section 4.2 Prohibited Activities.

The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described above in Section 4.1.

ARTICLE 5 DEDICATION OF ASSETS

Section 5.1 Property Use.

The property of this Corporation is irrevocably dedicated to charitable or educational purposes, or any other purposes permitted under Section 501(c)(3) of the Internal Revenue Code. No part its net income or assets shall ever inure to the benefit of any director or officer thereof, or to the benefit of any private person. This provision, however, shall not prevent payment to any such person of reasonable compensation for services performed for the Corporation in effecting any of its public purposes, as long as such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors; 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 the dissolution of the Corporation.

Section 5.2 Distribution of Assets Upon Dissolution.

Upon the dissolution or winding up of this Corporation, its assets remaining after payment, or provision for payment of all the Corporation's debts and liabilities shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable, scientific or educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 6 MEMBERSHIPS

Section 6.1 Members.

This Corporation shall have no members.

ARTICLE 7 DIRECTORS

Section 7.1 Number of Directors.

The Board of Directors shall consist of not less than three (3) positions nor more than seventeen (17) positions, the exact number of directors to be fixed, within the limits specified in this Section 7.1, by resolution of the Board.

Section 7.2 Powers.

7.2.1 General Corporate Powers.

Subject to the relevant provisions of the California Nonprofit Corporation Law, the business and affairs of this Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. The Board may delegate the management of the activities of the Corporation to any person or persons or committee, however composed, provided that the activities and affairs of the Corporation are managed and all corporate powers are exercised under the ultimate direction of the Board.

7.2.2 Specific Powers.

Without prejudice to the general corporate powers described in Section 7.2.1 and subject to the same limitations, the Board shall have the following powers:

7.2.2.1 Officers, Agents and Employees.

At its pleasure, select, remove, and supervise all officers, agents and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; and fix their compensation, if any.

7.2.2.2 Principal Executive Office.

Change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to conduct activities in any other state and conduct activities within the State of California; and designate any place within the State of California for the holding of meetings, including annual meetings.

7.2.2.3 Corporate Seal.

Adopt, make and use a corporate seal; and alter the form of the seal. Such seal shall be kept at the principal office of the Corporation.

7.2.2.4 Borrow Money.

Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes and in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

Section 7.3 Terms and Election of Successors.

The initial Board of Directors shall serve until the conclusion of the first year's annual meeting described in Section 7.6 of this Article 7. Each member of subsequent Boards shall serve until the conclusion of the first annual meeting held after he or she assumes office. At each annual meeting, each seat on the incoming Board shall be filled by a separate vote of the current directors; a majority vote of a quorum of directors shall be sufficient to fill each seat. Each new director shall take office at the conclusion of the annual meeting at which he or she is elected. In any event, a director shall serve until a successor has been elected.

Section 7.4 Vacancies.

7.4.1 Events Causing Vacancy.

A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any director; (ii) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under the California Nonprofit Corporation Law; or (iii) whenever the number of authorized directors is increased.

7.4.2 Removal.

Directors may be removed without cause by a simple majority vote of directors then in office, at either a general or special meeting.

7.4.3 Resignations.

Except as provide in this paragraph, any director may resign by giving written notice of his resignation to the President, the Secretary, or the Board of Directors. The written notice shall be effective on the earliest date of its receipt by said President, Secretary, or Board, unless the notice specifies a later date for the resignation to become effective. No director may resign if the Corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the Attorney General.

7.4.4 Appointment to Fill Vacancies.

If a vacancy is created by any event, a majority of the remaining directors then in office may appoint a new director to serve until the next annual meeting of the Board of Directors. Appointments to fill vacancies shall be made at either a Regular or Special Meeting and with proper notice in keeping with Section 7.7 or 7.8 of this Article 7.

7.4.5 No Vacancy on Reduction of Number of Directors.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

- Section 7.5 Place of Meetings; Meetings by Telephone or Electronic Communication.
Regular meetings of the Board of Directors may be held at any place within the State of California that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the Corporation. Notwithstanding the above provisions of this Section 7.5, a regular or special meeting of the Board may be held at any place consented to in writing by all the members of the Board, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone, similar communication equipment, or electronic communication, so long as all directors participating in the meeting can hear one another, or actually respond by the same type of electronic communication used, and all such directors shall be deemed to be present in person at such meeting. If electronic communication is used (i.e., e-mail), the Secretary shall make a copy of all such communications and they shall be filed with the minutes of the meeting.
- Section 7.6 Annual Meeting.
Unless the Board of Directors specifies otherwise in a notice to the directors, the annual meeting for the purpose of electing directors and for such other business as may be required, shall be held in January of every year.
- Section 7.7 Other Regular Meetings.
The Board of Directors shall meet a minimum of six (6) times per year and may set a specified time and place for its regular meetings. Once the Board sets the time for regular meetings, each director shall receive notice, as specified in Section 7.8.2 of this Article 7, of the time and place that regular meetings shall be held. Subsequent to such notice, regular meetings shall be held without call. If the Board changes the time and place of regular meetings, each director shall receive notice of the change in keeping with Section 7.8.2 of this Article 7. If the Board does not set a specified time and place for its regular meetings, meetings of the Board shall be considered Special Meetings and have the notice requirements of Section 7.8.2.
- Section 7.8 Special Meetings.
- 7.8.1 Authority to Call.
Special meetings of the Board of Directors may be called at any time and for any purpose by the President, the Secretary, or any two directors.

7.8.2 Notice.

7.8.2.1 Manner of Giving.

Notice of the time and place of special meetings shall be given to each director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail, postage paid; (c) by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail, or other electronic means, or (d) oral notice. All such notices shall be given or sent to the director's address as shown on the records of the Corporation; or, if notice is given by facsimile or e-mail, the notice shall be sent to each director at his or her facsimile or e-mail number as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director.

7.8.2.2 Time Requirements.

Notices sent by first class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, in person, voice messaging system, electronic technology designed to record and communicate messages, facsimile, or e-mail, shall be delivered at least 48 hours before the time set for the meeting.

7.8.2.3 Notice Contents.

The notice shall state the time, purpose, and place for the meeting. It need not, however, specify the place of the meeting if it is to be held at the principal executive office of the Corporation.

Section 7.9 Quorum.

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7.11 of this Article 7. Every act taken or decision 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, subject to the provisions of the California Nonprofit Corporation Law, including, without limitation, those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (ii) creation of, and appointment to committees of the Board, and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 7.10 Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary of the Corporation either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the Corporation's records as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the Corporation's records as of the date of the protest.

Section 7.11 Adjournment.

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 7.12 Notice of Adjournment.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the directors who were not present at the time of the adjournment, by any means set forth in paragraph 7.8.2.1 hereinabove.

Section 7.13 Conduct of Meeting.

Meetings of the Board of Directors shall be presided over by the President of the Corporation or, in his or her absence, by a Chairperson 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. Meetings shall be governed by Robert's Rules of Order or by the Consensus Method, as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation of this Corporation, or with provisions of law.

Section 7.14 Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to the action. For the purposes of this Section only, "all members of the Board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. Such

action by unanimous written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and may be in the form of an e-mail.

Section 7.15 Fees and Compensation of Directors.

Directors and members of committees may not receive any compensation for their services, but may receive such reimbursement for their expenses as may be fixed or determined by the Board.

Section 7.16 Non-Liability of Directors.

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

ARTICLE 8 COMMITTEES.

Section 8.1 Committees of Directors.

The Board of Directors may, by resolution adopted by a majority of the directors then in office, create one or more committees, including an executive committee, each consisting of two or more directors, to serve at the discretion of the Board. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except that, regardless of Board resolution, a committee may not:

- (a) Fill vacancies on the Board or on any committee which has the authority 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 which by its express terms is not amendable nor repealable;
- (e) Appoint any other committees of the Board or the members of these committees;
- (f) Approve any transaction (1) between the Corporation and one or more of its directors or (2) between the Corporation or any entity in which one or more of its directors have a material financial interest; or
- (g) Expend corporate funds to support a nominee for director after more persons have been nominated than can be elected.

Section 8.2 Meetings and Actions of Committees.
Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 of these Bylaws, concerning meetings of directors. The Board of Directors may adopt rules for the governance of any committee not inconsistent with the provisions by these Bylaws, or, in the absence of rules adopted by the Board, the committee may adopt such rules.

Section 8.3 Revocation of Delegated Authority.
The Board of Directors may, at any time, revoke or modify any or all of the authority it has delegated to a committee, increase or decrease (but not below two (2)) the number of its members, and fill vacancies therein from the members of the Board.

ARTICLE 9 OFFICERS.

Section 9.1 Officers.
The Corporation shall have as officers a President, a Secretary, and a Chief Financial Officer.

Section 9.2 Election of Officers.
Any person may serve as an officer of the Corporation. The officers of the Corporation, except those appointed in accordance with the provisions of Section 9.3 of this Article 9, shall be chosen by the Board of Directors, and each shall serve at the discretion of the Board until their successor shall be elected.

Section 9.3 Subordinate Officers.
The Board of Directors may appoint, and may authorize the President or another officer, to appoint any other officers that the business of the Corporation may require, each of whom shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or as determined from time to time by the Board.

Section 9.4 Removal of Officers.
Any officer may be removed, with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or at the annual meeting of the Corporation.

Section 9.5 Resignation of Officers.
Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect on the date of receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 9.6 Vacancies in Office.
A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for

regular appointments to that office. In the event of a vacancy in any office other than the President, such vacancy shall be temporarily filled by appointment by the President, and said appointee shall remain in office for 60 days, or until the next regular meeting of the Board of Directors, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 9.7 Responsibilities of Officers.

9.7.1 President.

The President shall, subject to the control of the Board of Directors, supervise, direct, and control the business affairs of the Corporation and the activities of the officers of the Corporation. The President may delegate his or her responsibilities and powers subject to the control of the Board. In addition to all duties incident to his or her office, he or she shall preside at all meetings of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

9.7.2 Vice President.

In the absence or disability of the President, or in the event of his or her inability or refusal to act, a vice president may be appointed by the Board of Directors and shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President

9.7.3 Secretary.

The Secretary shall attend to the following:

9.7.3.1 By Laws.

The Secretary shall certify and keep at the principal office of the Corporation the original, or a copy of these Bylaws as amended to date.

9.7.3.2 Book of Minutes.

The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings, and actions of directors and Board committees, recording the time and place of holding such meeting, whether regular or special, and, if special, how authorized; the notice given; the names of those present at such meetings; the number of directors present or represented at directors' meetings; and the proceedings of such meetings. The book of minutes shall also contain any protests concerning lack of adequate notice or dissents from members of the Board, if the protesting or dissenting members request such protest in writing.

9.7.3.3 Notices, Seal and Other Duties.

The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors in accordance with these Bylaws. He or she shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

9.7.3.4 Corporate Records.

Upon request, the Secretary shall exhibit at all reasonable times to any director of the Corporation, or to his or her agent or attorney, the Bylaws and book of minutes.

9.7.4 Chief Financial Officer.

The Chief Financial Officer shall attend to the following:

9.7.4.1 Books of Account.

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

9.7.4.2 Financial Reports.

The Chief Financial Officer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

9.7.4.3 Deposit and Disbursement of Money and Valuables.

The Chief Financial Officer shall 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 may be designated by the Board of Directors; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and directors, whenever they request it, an account of all of his or her transactions as Chief Financial officer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Chief Financial Officer as may be prescribed by the Board or the Bylaws.

9.7.4.4 Bond.

No Bond shall be required from the Chief Financial Officer.

Section 9.8 Compensation of Officers.

There shall be no compensation of Officers.

ARTICLE 10. TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS

Section 10.1 Contracts with Directors and Officers.

10.1.1 Prohibited Transactions.

The Corporation shall not be a party to any contract or transaction:

- (a) In which one or more of its directors or officers has a material financial interest, or;
- (b) With any corporation, firm, association, or other entity in which one or more directors or officers has a material financial interest, or;
- (c) With any corporation, firm, association, or other entity (other than a California nonprofit public benefit corporation) in which one or more of its directors is a member; unless:
 - (1) The material facts concerning the contract or transaction and such director or officer's financial interest or common directorship are fully disclosed in good faith and are noted in the minutes;
 - (2) Prior to authorizing or approving the contract or transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable investigation under the circumstances or that the contract or transaction implements a charitable program of the Corporation;
 - (3) The Corporation enters into the contract or transaction for its own benefit;
 - (4) The contract or transaction is fair and reasonable to this Corporation or implements a charitable program of the Corporation at the time the contract or transaction is entered into, and;
 - (5) Such contract or transaction is authorized or approved in good faith by a majority of disinterested directors at the meeting with any interested directors abstaining from voting, provided that majority has decision making authority under the quorum provisions of Section 7.9 of Article 7.

Section 10.2 Loans to Directors and Officers.

The Corporation shall not make any loan of money or property to, or guarantee the obligation of, any director or officer.

Section 10.3 Interlocking Directorates.

No contract or other transaction between the Corporation and any California nonprofit public benefit corporation of which one or more directors are directors is either void or voidable because such director(s) are present at a meeting of the Board of Directors that authorizes, approves, or ratifies the contract or transaction, if the material facts as to the transaction and as to such director's other directorship are fully disclosed to the Board, and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a vote of disinterested directors at the meeting (subject to the quorum provisions of Article 7), or if the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved, or ratified.

Section 10.4 Duty of Loyalty; Construction with Article 11.

Nothing in this Article shall be construed to derogate in any way from the absolute duty of loyalty that every director and officer owes to the Corporation. Furthermore, nothing in this Article shall be construed to over ride or amend the provisions of Article 11 below. All conflicts between the two articles shall be resolved in favor of Article 11.

**ARTICLE 11 . INDEMNIFICATION OF DIRECTORS, OFFICERS,
EMPLOYEES AND AGENTS**

Section 11.1 Definitions.

For purpose of this Article,

11.1.1 "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, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this Corporation, or of another enterprise at the request of the predecessor corporation.

11.1.2 "Proceeding."

Means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.

11.1.3 "Expenses."

Includes, without limitation, all attorneys' fees, costs, and any other expenses reasonably 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 reasonably incurred in establishing a right to indemnification under this Article 11.

Section 11.2 Successful Defense by Agent.

To the extent that an agent of this Corporation has been successful on the merits in the defense of any proceeding referred to in this Article 11, or in the defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him, then the provisions of Sections 11.3 through Section 11.5 shall determine whether the Agent is entitled to indemnification.

Section 11.3 Actions Brought by Persons Other than the Corporation.

Subject to the required findings to be made pursuant to Section 11.5, below, this Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding 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. Notwithstanding the foregoing, no indemnification shall be permitted under this Section 11.3 for any action brought by, or on behalf of this Corporation, or by an officer, director or person granted relator 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 Section 5233 of the California Nonprofit Corporation Law, or by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust.

Section 11.4 Action Brought by or on Behalf of the Corporation.

11.4.1 Claims Settled Out of Court.

If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this Corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses reasonably incurred in defending against the proceeding, unless it is settled with the approval of the Attorney General.

11.4.2 Claims and Suits Awarded Against Agent.

This Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of this Corporation by reason of the fact that the person is or was an agent of this Corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met:

- (a) The determination of good faith conduct required by Section 11.5 of this Article 11, must be made in the manner provided for in that Section; and

- (b) 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 indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 11.5 Determination of Agent's Good Faith Conduct.

The indemnification granted to an agent in Section 11.3 and Section 11.4 above is conditioned on the following:

11.5.1 Required Standard of Conduct.

The Agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner he or she 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 he or she reasonably believed to be in the best interest of this Corporation or that he or she 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.

11.5.2 Manner of Determination of Good Faith Conduct.

The determination that the agent did act in a manner complying with Section 11.5.1 above shall be made by:

- (a) The Board of Directors by a majority vote of a quorum consisting of directors who are not parties to the proceeding; or
- (b) The court in which the proceeding is or was pending. Such determination may be made on application brought by this Corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney, or other person is opposed by this Corporation.

Section 11.6 Limitations.

No indemnification or advance shall be made under this Article 11, except as provided in Sections 11.2 or 11.4.2, in any circumstances when it appears:

- (a) That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

- (b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 11.7 Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article 11.

Section 11.8 Insurance.

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation, as defined in this Article 11, against any liability asserted against or incurred by any agent in such capacity or arising out of the agent's status as such, whether or not this Corporation would have the power to indemnify the agent against the liability under the provisions of this Article 11.

ARTICLE 12. CORPORATE RECORDS, REPORTS AND SEAL

Section 12.1 Minute Book – Maintenance and Inspection.

The Corporation shall keep a minute book in written form at its principal office which shall contain a record of all actions by the Board or any committee including the time, date and place of each meeting; whether a meeting is regular or special and, if special, how called; the manner of giving notice of each meeting and a copy thereof; the names of those present at each meeting of the Board or the executive committee thereof; the minutes of all meetings; any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; all written consents for action without a meeting; all protests concerning lack of notice; and formal dissents from Board actions.

Section 12.2 Books and Records of Account – Maintenance and Inspection.

The Corporation shall keep adequate and correct books and records of account to be kept at its principal office. "Correct Books and Records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 12.3 Articles of Incorporation and Bylaws – Maintenance and Inspection.

The Corporation shall keep at its principal office, the original or a copy of its Articles of Incorporation and Bylaws as amended to date.

Section 12.4 Annual Report; Statement of Certain Transactions.

The Board of Directors shall cause an annual report to be sent to each director within one hundred and twenty (120) days after the close of the Corporation's fiscal year containing the following information:

- (a) The assets and liabilities 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 this fiscal year;
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- (e) A statement of any transaction (1) to which the Corporation, its parent, or its subsidiary was a party, (2) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (3) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
 - (1) Any directors or officer of the Corporation, its parent, or its subsidiary;
 - (2) Any holder of more than 10 percent of the voting power of the Corporation, its parent, or its subsidiary.
- (f) The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.
- (g) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the Corporation under Article 10 of these Bylaws.

Section 12.5 Directors' Rights of Inspection.

Every director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 12.6 Corporate Seal.

The Board of Directors 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.

ARTICLE 13. EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 13.1 Execution of Instruments.

The Board of Directors, 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 13.2 Checks and Notes.

Except as otherwise specifically determined by resolution of the Board of Directors, 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 Chief Financial Officer or by the President of the Corporation.

Section 13.3 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 of Directors may select.

Section 13.4 Gifts.

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

ARTICLE 14. CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction and definitions in 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 a natural person.

ARTICLE 15. AMENDMENTS

Section 15.1 Amendment by Directors.

The Board of Directors may adopt, amend or repeal the Bylaws. Such power is subject to the following limitations:

- (a) The Board may not amend Bylaw provisions fixing the authorized number of directors or establishing procedures for the nomination or appointment of directors other than by unanimous vote of all directors.
- (b) This Section may be amended only by the unanimous vote of all directors.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Santa Monica Bay Sailing Foundation, a California nonprofit public benefit corporation; that these Bylaws, consisting of twenty-two (22) pages (including title page, index and this Certificate), are the Bylaws of this Corporation as adopted by the Board of Directors on May 13, 2010; and that these Bylaws have not been amended or modified since that date.

Executed on February 15, 2010 at Marina Del Rey, California.

Lynne Glick
Lynne Glick
Secretary