



BYLAWS OF PROSPANICA

ARTICLE I NAME, REGISTERED AGENT

Section 1.1. **Name.** The name of this corporation (hereinafter referred to as the “Corporation”) is: Prospanica.

Section 1.2. **Registered Office.** The Corporation shall maintain a registered agent and office in the State of California in accordance with the California Nonprofit Corporation Law, as it may hereafter be amended, restated or codified (the “*Act*”).

ARTICLE II PURPOSES

Section 2.1. **Nonprofit Purposes.** The Corporation is organized as a public benefit nonprofit corporation under the Act for purposes as set forth in the Corporation’s Articles of Incorporation.

ARTICLE III MEMBERSHIP

Section 3.1. **No Members.** The Corporation shall have no “members” as that term is defined in Section 5056 of the Act.

Section 3.2. **Prospanica Members.** Notwithstanding Section 3.1, the Corporation may use the word “Members” to describe persons having such status and privileges as may be prescribed herein or as determined by the Board of Directors. Except as expressly provided herein, such Members shall have no voting rights or other legal or equitable right in the Corporation. The Board of Directors may, by resolution, establish one or more classes of Members. The eligibility requirements, rights and duties, and obligation to pay dues shall be set forth in the policies established by the Corporation from time to time. Each Member shall be a “member” of the Chapter (as defined below) in the region in which such Member is domiciled; provided, however, that upon application to the Corporation, any Member may, upon the decision of the Management Team (defined below), be allowed to be a “member” of a Chapter other than the Chapter in the region where such Member is domiciled. The determination of Management Team as to which Chapter a Member belongs shall be binding.

Section 3.3. **Non-liability of Members.** No Member shall be personally liable for the debts, liabilities, or obligations of the Corporation.

Section 3.4. **Designated Representatives.** Any Member that is an organization shall exercise all the rights and obligations of membership, through a designated representative. Each Member that is an organization shall designate its representative in writing executed by an authorized officer of the organization and deliver the notification to the Membership Department, which shall be retained with the membership records of the Corporation. A Member may change its designated representative at any time

and from time to time by delivering a subsequent written designation of representative to the Secretary of the Corporation.

Section 3.5. **Termination of Membership.** Each Member's membership in the Corporation shall continue until terminated upon the earliest to occur of: (i) termination pursuant to the provisions of Section 3.5.A; (ii) delivery by such Member of written resignation to the membership department of the Corporation; or (iii) (a) in the case of a Member that is an individual, the death of such Member or (b) in the case of a Member that is other than an individual, the dissolution, winding up, liquidation, reorganization or other termination of such Member. No such termination shall relieve the applicable Member of any accrued but unpaid obligations of such Member to the Corporation.

A. **Basis of Termination.** The Management Team shall have the right to suspend or terminate any Member's membership, for any reason, in its sole and complete discretion. The "Management Team" shall be comprised of no less than three members of the Corporation's management selected by the CEO of the Corporation. Any Member terminated or suspended by the Management Team shall have the right to appeal such decision to the Executive Committee. The decision by the Board shall be final and binding.

A Member's membership shall automatically terminate upon the occurrence of any of the following events or conditions:

(i) *Expiration.* If a membership is issued for a specified period of time, such membership shall terminate automatically upon the expiration of such period of time, unless the Member elects to renew such Member's membership.

(ii) *Nonpayment of Dues.* If any Member fails to pay the necessary dues, fees or assessments, the defaulting Member's membership shall terminate automatically upon the thirty-first day after delivery of written notice of such failure; provided, however, that such Member's membership shall not terminate if such Member pays the entire amount of delinquent dues or fees before the expiration of such thirty-day period.

ARTICLE IV CHAPTERS AND CHAPTER OFFICERS

Section 4.1. **Chapters.** The Corporation shall be organized into regional chapters (each such regional chapter, a "*Chapter*"). The formation and termination of Chapters, and the geographic scope of each Chapter, shall be determined by the Board of Directors, from time to time in its sole and complete discretion. Chapters are organizational units of the Corporation and do not exist independently of the Corporation. Members of a Chapter and Chapter Officers (defined herein) shall function in compliance with the terms set forth in the Articles of Incorporation, these Bylaws, the policies established by the Board of Directors from time to time, and the decisions of the Board and its authorized committees, agents and representatives.

ARTICLE V DIRECTORS

Section 5.1. **Powers.** The Corporation shall have powers conferred by the laws of the State of California upon corporations organized under the Act, subject to the restrictions set forth in the Articles and in these Bylaws. All powers and activities of the Corporation shall be exercised and managed by the Board of Directors directly or, if delegated, under the ultimate direction of the Board.

Section 5.2. **Number of Directors; Qualifications.** The number of directors (each a “*Director*”) shall be not less than three (3) nor more than twenty (20). The number of Directors may be increased or decreased from time to time by resolution of the Board of Directors, but no decrease shall have the effect of shortening the term of any incumbent Director. Directors need not be residents of the State of California.

Section 5.3. **Limitations on Interested Persons.** At all times, not more than forty-nine percent (49%) of the Directors of the Corporation may be “interested persons.” An interested person means either:

(i) any person currently being compensated by the Corporation for services rendered to the Corporation within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise; or

(ii) any parent, 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 5.4. **Election of Directors; Term.** Except for the CEO who shall serve as an *ex officio* nonvoting Director, each Director shall be elected by the Board. The CEO shall be entitled to receive notice of and to attend all meetings of the Board of Directors but, except as expressly provided herein, shall not be entitled to vote on matters before the Board of Directors. The CEO shall vote to elect the Directors and shall have a tie-breaking vote such that if he or she exercises such vote the matter will be approved or authorized.

The terms of the elected Directors shall be staggered, so as to not all expire at the same time, to the extent and as determined by the Board of Directors. The term of office for elected Directors shall be three (3) years, commencing on the date of such Director’s appointment and until their successor has been elected and qualified, or until their earlier resignation, death, or removal from office. Notwithstanding any contrary provision of these Bylaws, no Director may serve more than two (2) consecutive terms, provided that the term of any Director who serves as Vice Chair during his or her second consecutive term as an elected Director shall be extended one or two years, as necessary, to allow such Vice Chair to serve as Chair. In the event any Director does serve two (2) consecutive terms, such Director may not thereafter be appointed as a Director until the first regular meeting of the Board of Directors that occurs after one (1) year has passed from the expiration of his or her second (2nd) consecutive term.

Section 5.5. **Vacancies.** A vacancy shall be deemed to exist on the Board in the event that the actual number of Directors is less than the authorized number for any reason. Vacancies may be filled by the Board, for the unexpired portion of the term of such vacant directorship or until a new election is held pursuant to Section 5.4.

Section 5.6. **Resignation and Removal.** Any Director may resign as a Director by delivery of a written resignation to the Chair or the Secretary. Resignations shall be effective upon receipt of such written resignation by the Chair or the Secretary, unless a later effective date is specified in the resignation. Any director may be removed, with or without cause, at any time by a majority of the directors then in office.

Section 5.7. **Meetings of the Board of Directors.** Meetings of the Board of Directors, regular or special, may be held either in or outside of the State of California.

Section 5.8. **Annual and Other Regular Meetings.** An annual meeting of the Board of Directors may be held at such date, time, and place as shall be fixed by notice from the Chair. Other regular

meetings of the Board may be held at such time and place as the Chair or the Board may fix from time to time by resolution.

Section 5.9. **Special Meetings.** Special meetings of the Board of Directors may be called by the Chair or by any two Directors.

Section 5.10. **Notice.** Notice of all meetings of the Board of Directors shall state the date, place, and time of the meeting and shall be given to each Director at least four days before any such meeting if given by first-class mail or seventy-two hours before any such meeting if given personally or by Electronic Transmission.

Section 5.11. **Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the Directors not present provides a waiver of notice, a consent to holding the meeting, or an approval of the minutes in writing. 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 the lack of adequate notice before the meeting or at its commencement.

Section 5.12. **Quorum; Action by the Board of Directors.** A majority of the total number of Directors then in office shall constitute a quorum, provided that in no event shall the required quorum be less than one-fifth of the Directors or two directors, whichever is larger. Every act or decision made by a majority of the Directors present at a meeting at which a quorum is present is the act of the Board, unless a greater or different number is required by the Act, the Articles of Incorporation, or these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors; provided, however, that no action may be approved without the vote of at least a majority of the number of Directors required for a quorum.

Section 5.13. **Action Without a Meeting.** Any action required or permitted to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all members of the Board. Such written consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as the unanimous vote of such Directors.

Section 5.14. **Telephone and Electronic Meetings.** Subject to the provisions required or permitted by the Act and these Bylaws for notice of meetings, Directors may participate in a meeting by means of conference telephone, electronic video screen communication, or Electronic Transmission by and to the Corporation. Participation in a meeting through use of conference telephone or electronic video screen communication constitutes presence in person at that meeting as long as all Directors participating in the meeting are able to hear one another. Participation in a meeting through use of Electronic Transmission by and to the Corporation, other than conference telephone and electronic video screen communication constitutes presence in person at that meeting if: (A) each participant can communicate with all of the other participants concurrently; and (B) each participant 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 5.15. **Standard of Care.**

A. **General.** A Director shall perform the duties of a director, including duties as a member of any Board Committee (herein defined) on which such Director may serve, in good faith, with ordinary care, in a manner such Director believes to be in the best interest of the Corporation.

B. Reliance of Certain Information. In performing the duties of a director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(i) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent as to the matters presented;

(ii) counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

(iii) a Board Committee upon which the Director does not serve, as to matters within such committee's designated authority, provided that the Director believes such committee merits confidence;

so long as in any such case, the Director acts in good faith after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

C. Investments. Except with respect to assets held for use or used directly in carrying out the Corporation's purposes, the Board shall avoid speculation in investing, reinvesting, purchasing or acquiring, exchanging, selling, and managing the Corporation's investments, looking instead to the permanent disposition of the funds, considering the probable income as well as the probable safety of the Corporation's capital. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to the Corporation.

Section 5.16. Inspection. 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.

Section 5.17. Director Compensation. No Director shall receive compensation from the Corporation for services as a Director; provided, however, that the Board may authorize the advance or reimbursement to a Director of actual reasonable expenses incurred in carrying out his or her duties as a Director, such as for attending meetings of the Board and Board Committees. Notwithstanding the foregoing, nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE VI COMMITTEES

Section 6.1. Board Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office, create any number of committees (the "**Board Committees**"). Each Board Committee shall consist of two or more Directors, and only of Directors. Each appointee to any Board Committee shall serve at the pleasure of the Board. Appointments to any Board Committee shall be by a majority vote of the Directors then in office. Board Committees may be given all the authority of the Board, except for the powers to:

- A. elect Directors or remove Directors without cause;
- B. fill vacancies on the Board of Directors or on any Board Committee;
- C. fix compensation of the Directors for serving on the Board or on any Board Committee;
- D. amend or repeal these Bylaws or adopt new Bylaws;
- E. adopt amendments to the Articles;

- F. amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- G. create any other Board Committees or appoint the members of any Board Committees;
- H. expend Corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected;
- I. with respect to any assets held in charitable trust, approve of any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233 of the California Corporations Code; or
- J. approve any merger, reorganization, voluntary dissolution, or disposition of substantially all of the assets of the Corporation.

Section 6.2. **Advisory Committees.** The Board of Directors may establish one or more advisory committees to the Board (the “*Advisory Committees*”). The members of any Advisory Committee may consist of Directors or non-directors and may be appointed as the Board determines. Advisory Committees shall not exercise the authority of the Board to make decisions on behalf of the Corporation. Advisory Committees shall have the power to make recommendations to the Board or any Board Committee and to implement Board or Board Committee decisions and policies under the supervision and control of the Board or any Board Committee.

Section 6.3. **Executive Committee.** The Executive Committee is a Board Committee that shall consist of the Chair, Vice Chair, Secretary, and Treasurer, and such other directors designed by the Board from time-to-time. The Executive Committee shall exercise delegated management authority of the Corporation, and shall, subject to the direction and oversight of the Board, have the right to exercise all of the powers and authority of the Board in the intervals between meetings of the Board, except those powers and authority specifically reserved by the Board or not permitted to be delegated by the Board to a committee under the Act.

Section 6.4. **Audit Committee.** The Audit Committee is a Board Committee whose members shall be subject to the following limitations: (A) members of the Finance Committee shall constitute less than one-half of the membership of the Audit Committee; (B) the chair of the Audit Committee may not be a member of the Finance Committee, if any; (C) the Audit Committee may not include any officer of the Corporation, including, without limitation, the Chair, the CEO, the Treasurer or the chief financial officer, if any; (D) the Audit Committee may not include any person who has a material financial interest in any entity doing business with the Corporation; and (E) Audit Committee members may not receive any compensation for their service.

Section 6.5. **Finance Committee.** The Finance Committee shall be a Board Committee. The chairperson of the Finance Committee shall be the Treasurer. The Finance Committee shall (A) oversee the financial operations of the Corporation, (B) review the details of the budget of the Corporation for recommendation to the Board, (C) oversee the Investment portfolio; and (D) advise, report and recommend action to the Board on other matters pertaining to the finances of the Corporation.

Section 6.6. **Governance Committee.** The Governance Committee shall be a Board Committee. The Governance Committee shall determine the qualifications necessary to be nominated for director of the Corporation, develop a list of candidates for election of the Board of Directors and Officers, and recommend those nominees to the Board of Directors. The Governance Committee shall follow such policies and procedures as are determined by the Board of Directors from time to time.

Section 6.7. **Meetings.**

A. Meetings of Board Committees. Meetings and actions of Board Committees shall be governed by and held and taken in accordance with the provisions of Article V of these Bylaws concerning meetings and actions of the Board of Directors, with such changes in the content of those Bylaws as are necessary to substitute the Board Committee and its members for the Board of Directors and its members. Minutes shall be kept of each meeting of any Board Committee and shall be filed with the corporate records.

B. Meetings of Advisory Committees. Subject to the authority of the Board of Directors, Advisory Committees may determine their own meeting rules and whether minutes shall be kept.

Section 6.8. Governance of Committees. The Board of Directors may adopt rules for the governance of any Board Committee or Advisory Committee not inconsistent with the provisions of these Bylaws.

ARTICLE VII OFFICERS

Section 7.1. Officers. The officers of the Corporation shall be a Chair, a Vice Chair, a Secretary and a Treasurer. The Corporation may also have, at the discretion of the Board, a CEO and such other officers as may be appointed by the Board of Directors. Any number of offices may be held by the same person other than the offices of Chair and Secretary or Chair and Treasurer. All officers shall be Directors.

Section 7.2. Election. The incumbent Vice Chair shall become the next Chair, if approved by the Board of Directors. If the Vice Chair is not approved by the Board of Directors, the Board shall appoint the Chair. The remaining officers of the Corporation shall be nominated by a member of the Board of Directors, or a committee of the Board, and elected by a majority of the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment, or until a successor shall have been regularly elected.

Section 7.3. Term. The Chair and Vice Chair shall serve for a term of two (2) years. Each remaining officer shall serve for a term of one (1) year.

Section 7.4. Removal. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, with or without cause, by the Board of Directors.

Section 7.5. Resignation. Any officer may resign at any time by delivering written notice to the Chair or the Secretary. Any resignation shall take effect on receipt of that notice by any other officer than the person resigning or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 7.6. Vacancies. A vacancy in any office for any reason shall be filled in the same manner as these Bylaws provide for election to that office.

Section 7.7. Chair. The Chair shall, subject to control of the Board, generally supervise, direct and control the business and other officers of the Corporation. The Chair shall preside at all meetings of the Board of Directors. The Chair shall have the general powers and duties of management usually vested in the office of Chair of the Corporation and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7.8. Vice Chair. The Vice Chair shall, in the absence of the Chair, carry out the

duties of the Chair and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7.9. **Secretary.** The Secretary shall supervise the keeping of a full and complete record of the proceedings of the Board of Directors and its committees, shall supervise the giving of such notices as may be proper or necessary, shall supervise the keeping of the minute books of the Corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7.10. **Treasurer.** The Treasurer shall supervise the charge and custody of all funds of the Corporation, the deposit of such funds in the manner prescribed by the Board of Directors, and the keeping and maintaining of adequate and correct accounts of the Corporation's properties and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

Section 7.11. **CEO.** The person acting as CEO shall be an *ex officio* nonvoting member of the Board of Directors. The CEO shall, subject to control of the Board and the Chair: (A) be responsible for the general management of the affairs of the Corporation; (B) see that all orders and resolutions of the Board of Directors and any committee thereof are carried into effect; (C) perform all duties customarily performed by persons occupying the office of chief executive officer; and (D) have and exercise such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or any committee thereof or the Chair.

ARTICLE VIII CERTAIN TRANSACTIONS

Section 8.1. **Loans.** Except as permitted by Section 5236 of the California Nonprofit Public Benefit Corporation Law, the Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; provided, however, that the Corporation may advance money to a Director or officer of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such Director or officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

ARTICLE IX LIABILITY AND INDEMNIFICATION

Section 9.1. **Limitation of Liability.** To the maximum extent that limitation on the liability of Directors, Officers, and any Agent of the Corporation is permitted by the Act, no Director, Officer, or agent of the Corporation shall have any liability to the Corporation for money damages. This limitation on liability applies to events occurring at the time a person serves as a Director, Officer, or agent whether or not such person is a Director, Officer, or agent at the time of any proceeding in which liability is asserted. No amendment or repeal of this Section, or the adoption of any provision of the Corporation's Articles of Incorporation inconsistent with this Section, shall apply to or affect in any respect the liability of any Director, Officer, or agent with respect to any alleged act or omission which occurred prior to such amendment, repeal, or adoption.

Section 9.2. **Indemnification.** To the maximum extent permitted by the Act, the Corporation shall indemnify its currently acting and its former Directors and Officers against any and all liabilities and expenses incurred in connection with their services in such capacities, and may indemnify its employees and agents and persons who serve or have served, at the Corporation's request as a director, officer, partner, employee, or agent of another corporation, partnership, joint venture, or other enterprise. The Corporation shall also advance expenses to its Directors, Officers, and other indemnified persons, if

any, and may, by Bylaw, resolution, or agreement, make further provision for indemnification of Directors, Officers, employees, and agents. No amendment or repeal of this Section, or the adoption of any provision of the Corporation's Articles of Incorporation inconsistent with this Section, shall apply to or affect in any respect the indemnification of any Director or Officer with respect to any alleged act or omission which occurred prior to such amendment, repeal, or adoption.

Section 9.3 **Insurance.** To the maximum extent permitted by the Act, the Corporation shall have the right to purchase and maintain insurance on behalf of its Directors, Officers, employees, and other agents, against any liability asserted against or incurred by any Director, Officer, employee, or agent in such capacity or arising out such Director's, Officer's, employee's, agent's status as such.

ARTICLE X ELECTRONIC TRANSMISSION

Section 10.1. **Electronic Transmissions.** “*Electronic Transmission*” means a communication delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the Corporation, (B) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof, or (C) other means of electronic communication, such as e-mail, which the Corporation has approved from time to time for receiving such communication.

ARTICLE XI MISCELLANEOUS

Section 11.1. **Fiscal Year.** The fiscal year of the Corporation shall be as determined by resolution of the Board of Directors.

Section 11.2. **Annual Reports to Directors.** The Board shall furnish or cause to be furnished an annual written report to all directors of the Corporation containing the following information:

- A. the assets and liabilities, including the trust funds of the Corporation, as of the end of the fiscal year;
- B. the principal changes in assets and liabilities, 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;
- D. the expenses or disbursements of the Corporation, for both general and restricted purposes, for the fiscal year; and
- E. any transaction during the previous fiscal year involving more than \$50,000 between the Corporation (or its parent or subsidiaries, if any) and any of its directors or officers (or the directors or officers of its parent or subsidiaries, if any) or any holder of more than ten percent of the voting power of the Corporation or its parent or subsidiaries, if any, or any of a number of such transactions in which the same person had a direct or indirect material financial interest, and which transactions in the aggregate involved more than \$50,000, as well as the amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any director or officer of the Corporation. For each transaction, the report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to the

Corporation, the nature of such person's interest in the transaction and, where practicable, the value of such interest.

The foregoing 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. The report and any accompanying material may be sent by Electronic Transmission.

Section 11.3. **Amendments**. These Bylaws may be amended by the affirmative vote of majority of the Directors present at any duly constituted meeting at which a quorum is present.