



By-Laws

Revised by Board Vote April 11, 2012

ARTICLE I

Recitals and Definitions

Section 1. Name of Corporation. The name of this Corporation shall be the La Jolla Village Merchants Association and shall be referred to as the "Corporation."

Section 2. Corporation Is Not for profit. This Corporation has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law as a mutual benefit corporation. The purpose of this Corporation is to engage in any lawful act or activity other than credit union business for which a corporation may be organized under such law.

Section 3. Specific Purpose. The purposes for which this Corporation is formed is to support businesses within the village of La Jolla through beautification, marketing, special events, and advocacy; to create partnerships between business and property owners that promote economic revitalization and combat deterioration in the community; and to administer business and other special districts and programs. All activities shall be nonpartisan, nonsectarian, and nondiscriminatory against any person by reason of race, color, national origin, religion, age, sex, sexual orientation, marital status, genetic characteristics, or physical or mental disability.

ARTICLE II

Principal Office

Section 1. Principal Office. The principal office for the Corporation shall be in the Village of La Jolla and within the boundaries of the La Jolla Business Improvement District (LJBID), or other location in the County of San Diego as may from time to time be designated by the Board of Directors.

ARTICLE III

Membership

Section 1. Members. Members of the Corporation shall be (a) business owners paying the La Jolla BID assessment through the City of San Diego Treasurer's office. Newly opened businesses shall immediately qualify as Members upon securing a valid business tax certificate from the City of San Diego listing a place of business with the LJBID except where these by-laws provide for qualification by a date-of-record.

Section 2. Associates. Associate Members of the corporation shall be admitted under rules and with rights as determined from time to time by the Board of Directors; however, Associate Members shall have the right to vote but shall not have the right to sit as a Director. Such rules and rights shall be established and modified by a two thirds vote of the total number of directors authorized pursuant to Article VII Section 2

ARTICLE IV

Delegates

Section 1. Delegates. Each Member may authorize a Delegate to represent Member upon written notification from the Member to the Board of Directors. Each Delegate shall represent only one Member. Delegate shall have the same rights and privileges as the Member, until such time as the Member revokes the Delegate's authorization or Member asserts his/her membership rights. Any Delegate serving as a Director shall immediately forfeit his/her directorship upon revocation of authorization or assertion of right by Member. Appointment to fill vacancies created by Delegate forfeiture shall rest exclusively with the Board of Directors.

ARTICLE V

Meetings of Members

Section 1. Annual Members' Meetings. The annual meeting of Members shall be held on the second Wednesday of October of each year at La Jolla, California, in a publicly accessible venue within the boundaries of the LJBID or at such other times and places within La Jolla as may be authorized by the Board of Directors. Should it be determined that the annual meeting cannot take place due to a failure to satisfy the requirements for such a meeting as set forth in these bylaws, the Regular Board meeting will begin and take place at this time so long as the provisions set forth in Article VII, section 5 are met. If the requirements for an annual meeting are satisfied, once the annual meeting begins, the next Regular Board meeting will take place one week later.

Section 2. Special Members' Meetings. Special meetings may be called at any time by (a) the President, (b) a majority vote of the board of Directors, either in person or in writing, or (c) in writing by 100 Members of the Corporation.

Section 3. Notice. Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be hand delivered or sent by first class mail or by first class bulk mail, charges prepaid, not less than 10 nor more than 60 days before the date of the meeting to each Member. The notice shall state the place, date, and time of the meeting, and, the general nature of the business to be transacted, in accordance with the California Nonprofit Mutual Benefit Corporation Law, the Ralph M Brown Act, and other applicable statutes and regulations.

Section 4. Quorum. Fifty Members shall constitute a quorum for the transaction of business at a meeting of the Members. Once a quorum is reached business may continue to be conducted even if the withdrawal of Members leaves less than a quorum. However, the meeting shall be immediately adjourned if those Members present is less than 35.

Section 5. Voting. Each Member shall cast only one vote on any matter submitted to a vote. There shall be no cumulative, proxy, or absentee voting. If a quorum is present, the affirmative vote of the majority of the Members present shall be the act of the Corporation. All voting rights shall be in accordance with the California Nonprofit Mutual Benefit Corporation Law.

Section 6. Recordings of Members Meetings. The Corporation is not required to record Regular or Special meetings of the Members, either aurally or visually, but if recordings are made, they are subject to public request to inspect without charge. A cost recovery fee may be charged for copies of recordings.

Section 7. Action Without Meeting. Any action required or permitted to be taken by the Members may be taken without a meeting in accordance with the California Nonprofit Mutual Benefit Corporation Law including the Ralph M. Brown Act, and any other applicable statutes and regulations.

ARTICLE VI

Election of Directors

Section 1. Eligibility. All nominees shall be Members or Delegates of the Corporation as provided in Article III, Section 1 or Article IV, and Article VI Section 5.

Section 2. Nominating Procedures. Candidates for the Board of Directors shall be nominated by methods (a) and (b), and by (c) if voting for Directors is conducted at the annual meeting, as determined each June by the board of Directors:

(a) Nominating Committee. At the regular July meeting, the president shall appoint a nominating committee of at least three Members, and the Nominating Committee will be duly formed following two-thirds approval by the Directors present. The Nominating Committee shall seek nominees to the Board of Directors

(b) Self-Nomination by Mail. The Secretary shall mail to each Member as of the nomination date-of-record an election notice and nomination form at least 30 and no more than 60 days prior to the regular August meeting of the Board of Directors. The nomination notice shall indicate requirements for nomination, nomination procedures, and election process. Deadline for receipt of self-nomination forms is the end of the regularly scheduled August meeting of the Board of Directors. Self-nomination by mail forms may also be hand-delivered by the nominee only and deposited with the Secretary

of the Corporation prior to adjournment of the August meeting of the Board of Directors. All nominations by mail shall be accepted subject solely to verification that the nominee is a Member or Member's Delegate as of the nomination date-of-record.

(c) Nominations from the Floor. When voting for Directors is conducted at the annual meeting, Members shall have the opportunity to nominate themselves from the floor. Nominees from the floor must be Members as of the voting date-of-record and are subject to verification.

Section 3. Election Method. The Board of Directors shall determine each June how elections are to be conducted; either at the Annual Meeting or by mail ballot.

Section 4. Election Schedule. The president or his/her appointee shall create a nomination and election timeline for review and adoption by the Board of Directors at its June meeting. The adopted timeline is to be communicated to Members as required in Article V section 3. If nominations are conducted by mail, the schedule must allow Members at least 10 days to submit nominations plus mailing time of three days, prior to voting. If the election is conducted by mail ballot the schedule must allow Members at least 10 days to cast ballots plus mailing time of three days.

Section 5. Date-of-Record. The dates of record shall be the last dates to qualify as a Member in order to (a) be nominated as a Director, and (b) to vote in an election. Said date shall be the last day of the month preceding the nomination deadline or election date.

Section 6. Voting Method. Whichever election method is chosen, all voting shall be by written, secret ballot. There shall be no absentee, proxy, cumulative, or weighted voting.

Section 7. Voting Eligibility. Each Member as of the voting date-of-record shall be entitled to one ballot for each LJBID assessment paid through the City of San Diego's Treasurer's office, regardless of the amount of the assessment. Those eligible to vote may cast as many votes as there are vacancies to fill.

Section 8. Inspector of Elections. The Board of Directors shall appoint an inspector of elections. The inspector may be an uninterested party or may be a committee comprised of five (5) Members including three Directors, none of whom are candidates for election.

Section 9. Invalid Ballots. Ballots shall be deemed invalid if they contain (a) more votes than vacancies, (b) more than one vote per candidate, or (c) in the case of a mail-in ballot, are

returned in an envelope lacking sufficient information to verify the business has paid the La Jolla Business Improvement District assessment. Information should include business name, business address, and/or accurate City tax certificate number.

Section 10. Election Results. Whether by secret ballot at the Annual meeting or by secret mail ballots, ballots shall be opened and counted publicly at the Annual meeting. In the event of a mail ballot, the Board of Directors may schedule a special board meeting to immediately follow the scheduled Annual meeting in order to publicly open and count mail-ballots or do so at the board meeting that will immediately take place if the Annual meeting fails to take place in accordance with Article V, Section 1.

Section 11. Ties. In the event of a tie, where the number of candidates receiving the same number of votes exceeds the number of available seats, the Inspector of Elections shall conduct a lottery among the tied candidates to determine the winner.

Section 12. Certification and Challenges. The newly elected Directors may not be seated or take action until the election results are final. The election becomes final one week after announcing the validated election results if no written challenge has been filed with the Inspector of Elections.

The Inspector of Elections shall take custody of all election ballots. Any challenge to the election results must be made by a Member of the Corporation and filed with the Inspector of Elections in writing no later than 5 p.m. of the seventh day following the counting of the ballots, with the first day being the day following the counting of the ballots. If a challenge is made the Inspector of Elections shall review the challenge and determine the necessary action. If the Inspector is comprised of the five-person committee, this determination will be made by majority vote. If no challenge to the election results has been made within said time period the election shall be deemed certified and the ballots shall then be destroyed, or retained for a term as required by statute or contract.

ARTICLE VII

Board of Directors

Section 1. Powers. Subject to the provisions of the California Nonprofit Mutual Benefit Corporation Law and any limitations in the Articles and these By-laws relating to action required to be approved by the Members, the business and affairs of the Corporation shall be vested in and exercised by the Corporation's Board of Directors. The Board may delegate the management of the activities of the Corporation to any person or persons, committee, or entity provided that notwithstanding any such delegation and activities and affairs of the Corporation shall continue to be managed and all Corporate powers shall continue to be exercised under the ultimate direction of the Board.

Section 2. Number of Directors. The Corporation shall have 15 Directors unless there are vacancies, in which case Article VII Section 4 shall take precedence.

Section 3. Term. Directors shall hold office for a term of two years with 7 or 8 Director positions elected annually depending on the election cycle. No Director shall serve more than three consecutive elected terms or more than seven consecutive years. A termed-out Director shall be eligible to sit as a Director after a one-year break in service. Term begins immediately upon certification of election.

Section 4. Vacancies. A vacancy on the Board of Directors shall remain unfilled unless it causes the number of Directors to fall below 12. In that case, vacancies shall be filled by a majority vote of the Board of Directors only as necessary to have 12 directors. Appointee(s) shall serve until the next annual election at which time the position(s) shall be open to election following the rules outlined in Article VI.

Section 5. Regular Directors' Meetings. Regular meetings of the Board of Directors shall be held on the second Wednesday of each month, at La Jolla, California, in a publicly accessible venue within the boundaries of the LJBID or at such other times and places within La Jolla as may be authorized by the Board of Directors.

At least four days before a regular meeting of the Board of Directors, the agenda shall be posted on the Corporation's website, sent electronically to all who have requested notification, posted in a place within the LJBID freely accessible to the general public, and be offered to local newspapers. The agenda shall include:

- (a) the date, time, and place for the regular meeting;
- (b) a clear and accurate description of each agenda item. Descriptions may be brief – 20 words or less – unless the subject is complex;
- (c) the intended action at the meeting, for example, "Information Item," "Action Item," etc;
- (d) how a request for accessible accommodations may be made.

Section 6. Quorum. A majority of the authorized number of Directors present shall constitute a quorum for the transaction of business. No business shall be conducted without a quorum excepted as noted below.

Section 7. Loss of Quorum. The Directors present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, even when the withdrawal of Directors leaves less than a quorum. However, the meeting shall be immediately adjourned if those Directors present drops below 40% of the authorized number of Directors.

Section 8. Recordings of Directors Meetings. The Corporation is not required to record regular or special meetings of the Directors, either aurally or visually, but if recordings are made, they are subject to public request to inspect without charge. A cost recovery fee may be charged for copies of recordings.

Section 9. Special Directors' Meetings. Special meetings of the Board of Directors may be called at any time by (a) the President or (b) shall be called by the President upon written application of 25% of all Directors. The agenda for the special meeting shall conform to Article VII Section 5 a-d. At least 24 hours before the meeting's start time the agenda shall be (a) sent by personal delivery, either in writing or by telephone to each of the directors, and (b) posted on the Corporation's website.

Section 10. Voting. Every act or decision done or made by a majority of the Directors participating in the vote at a meeting duly held at which a quorum is present shall be regarded as the act of the board of Directors.

Sections 11. Absentee & Proxy Voting. There shall be no absentee and/or voting by proxy by Directors.

Section 12. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting in accordance with the California Nonprofit Mutual Benefit Corporation Law and the Ralph M. Brown Act.

Section 13. Removal of Directors. The Board of Directors shall have the power and authority to remove Directors by 2/3rds vote, for cause if he or she:

- (a) is adjudicated to be within the purview of Section 7221 (relating to mental competency, conviction of a felony, or conduct affecting a charitable trust)
- (b) has breached any duty under Sections 7230 through 7238 (relating to the standards of conduct of directors) of the California Nonprofit Mutual Benefit Corporation Law.
- (c) fails to attend four (4) meetings in any 12-month period or three (3) consecutive meetings of the Board of Directors, which meetings have been noticed in accordance with California Law, unless excused for good cause.
- (d) fails to join and adequately participate on one or more established committees.
- (e) fails to preserve order and decorum at two (2) meetings of the Board of Directors in any 12-month period.
- (f) upon 30 days notice, fails to be a Member.

If a Director is removed, notice of removal shall be sent to said Director by first class certified mail.

Section 14. Executive Director. The Executive Director of the La Jolla Village Merchants Association, if one is retained, shall be an ex-officio member of the Board of Directors without voting rights.

Section 15. Mandatory Brown Act Training. All Directors are required to attend mandatory Brown Act training within 120 days of becoming a Director.

ARTICLE VIII

Officers

Section 1. Officers. The executive officers of this Corporation shall be a President, a Vice-President, a Secretary, and a Treasurer. All officers must be Directors of the Corporation. No executive officer shall serve more than four consecutive terms in the same office.

Section 2. Election. Officers shall be elected by the Board of Directors at the first board meeting convened after the election results have been deemed final pursuant to Article VI Section 12. Officers' terms begin immediately upon election and the length of term shall be one year as long as they maintain their membership as describe in Article III Section 1.

Section 3. Vacancies. A vacancy in any office may be filled by a majority vote of the Board of Directors. Each officer so elected shall hold office until the next annual election of officers or until he as long as they maintain their membership as described in Article III Section 1.

Section 4. President. Subject to the control of the Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the Corporation. The President shall preside at all meetings of the Members and Directors, set agendas, and shall have the powers and duties as may be prescribed from time to time by the Board of Directors. The President shall, each year, submit to the membership a report on the accomplishments of the past year and the objectives for the next year. The President shall act as the official representative of the Corporation and is authorized to communicate positions taken by the Corporation. No one else may represent the views of the Corporation without express authorization by the Board.

Section 5. Vice President. In the absence or disability of the President, the Vice-President shall perform all duties of the President and, in so acting, shall have all the powers of the President. The Vice-President shall have such other powers and perform such others duties as may be prescribed from time to time by the Board of Directors.

Section 6. Secretary. The Secretary shall keep or cause to keep a full and complete record of the proceedings of the Board of Directors, and of the Members; shall keep the seal of the Corporation, shall affix the same to such papers and instruments as may be required in the regular course of business; shall make service of such notices as may be necessary or proper; and shall supervise the keeping of the minute books in the principal office of the Corporation, which shall include these By-laws. The Secretary shall maintain or cause to maintain a record of attendance and the Corporation's membership roster. Meeting minutes and agendas, and financial information provided by the Treasurer shall be reproduced by the Secretary or such staff as directed by the Secretary, and distributed to the Board of Directors at least 72 hours prior to each regular and annual meeting. Agendas will be reproduced and distributed as required under Article VII Sections 5 & 6. The Secretary shall cause to retain, for whichever period is greater, all Corporation records for a period of seven (7) years, or for a period as determined by statute or contract.

Section 7. Treasurer. The Treasurer shall be responsible for general supervision of the financial affairs of the Corporation, shall make monthly financial reports to the Board of Directors and to the membership at the Board's monthly meetings, and shall create an annual budget based on input from the Members and Directors. The Treasurer shall also perform such other duties as may be prescribed from time to time by the Board of Directors

Section 8. Compensation. No compensation or salary shall be paid to any officer of the Corporation.

ARTICLE IX

Committees

Section 1. Regular Committees. At the direction of the Executive Board, committees may be established and/or committee chairs appointed. Each committee formed shall be chaired by a Member or Members of the corporation who will at his/her discretion, schedule meetings as necessary. With the approval of the Board of Directors, membership on committees may include individuals who are not Members of the Corporation. Committees shall make recommendations to the Board of Directors, which may make further considerations and take possible action.

Section 2. Audit Committee. With the approval of the Board of Directors, the President shall annually appoint an Audit Committee composed of at least two members of the Board of Directors. Additionally, the Treasurer shall be a member of the Audit Committee serving in a non-voting, ex officio capacity only. Said committee shall monitor the work of the Treasurer, make quarterly reports to the Board of Directors, and oversee the annual audit.

Section 3. Community Joint Committees and Boards. The Board of Directors may, by resolution adopted by a majority of the Directors, make appointments to the Community Joint Committees and Boards. Appointments shall be Members pursuant to Article I Section 1. Appointments shall be for a one-year period and may be revoked at anytime by joint resolution of the Board of Directors. The Board of Directors may, by resolution adopted by a majority of the Directors (a) ratify the action of a joint committee or board, (b) adopt a different position on the matter, or (c) take no action as the Board deems necessary to advance the purpose of the Corporation and the benefit of the Members. In no case shall an action taken by a Community Joint Committee or Board be deemed the position of the Corporation unless such action is duly ratified by the Board. Each appointee to a Joint Committee or Board is required to attend an orientation training session administered by the City as part of individual member indemnification pursuant to Ordinance No. O-19883, and any future amendments thereto.

ARTICLE X

Miscellaneous

Section 1. Rules and Regulations. The Board of Directors shall have the power to make reasonable rules and regulations consistent with these By-laws.

Section 2. Financial Audits. There shall be an annual audit completed by a licensed Certified Public Accountant (CPA) no later than 120 days after the end of the Corporation's fiscal year, and as required by statute and contract.

Section 3. Amendment. These By-laws may be amended, or repealed and new By-laws adopted in accordance with the California Nonprofit Mutual Benefit Corporation Law by:

- (a) a two-thirds majority vote of the total number of allocated Board of Directors. Vacancies will be counted as voting "against" the proposed changes; or
- (b) 10% of all members of the Corporation.

Notice of proposed amendments shall be given to the Members at the regular meeting prior to the meeting where action will take place on the proposed By-law changes. In addition, notice shall also be posted on the Corporation's website and emailed to the entirety of the Corporation's membership email list. All notices must be distributed, posted, and published at least 25 days but no more than 60 days prior to the meeting where action will take place on the proposed By-law changes. Such notice shall specifically and clearly state the time, date, and place of the meeting, the proposed amendment(s) and the reason(s) for it (them). It shall also explain to Members how they may communicate to the Board of Directors on the proposed amendment(s).

Section 4. No Personal Interest. No Member, Delegate, or Associate, as defined, shall have any personal, proprietary, or beneficial interest in the property of the Corporation, either during its corporate existence or after the termination thereof by dissolution or otherwise. All of the Corporation's property and assets remaining after paying or adequately providing for the debts and obligations of the Corporation shall be conveyed, transferred, and assigned to the City of San

Diego with the request that the excess funds be devoted to the benefit of the small businesses within the Village of La Jolla.

Section 5. Proceedings. All meetings shall be conducted in accordance with the most recently revised edition of Robert's Rules of Order. If the By-laws are in disagreement with Robert's Rules of Order, the By-laws shall prevail.

Section 6. Public Meetings. All meetings shall be public as required under the Ralph M. Brown Act except those meetings devoted to confidential matters, such as litigation or personnel, which may be conducted in executive session.

Section 7. Public Access to Documents. Members of the public shall have access to all documents of the Corporation as required by statute and contract.

Section 8. Comment. Members and the public will be given the opportunity to comment on each agenda item as they are being discussed. For items not on the agenda, a general comment period will be placed on the agenda immediately following the call to order, roll call, and approval of minutes. Comments made during this general comment period are neither debatable nor actionable. The President may adopt time limits for comments to ensure operational efficiencies.

Section 9. Decorum. While the Board is in session, the members of the Board, the general membership and the public must preserve order and decorum, general guidelines of which are outlined as follows:

- (a) Each member shall cooperate with the presiding officer in preserving order and decorum, and no member should, by conversation or otherwise, delay or interrupt the proceedings of the meeting, nor disturb any member while speaking, or fail to abide by the orders of the Board or its President, except as specifically permitted by these bylaws.
- (b) Any person(s) making personal, defamatory or profane remarks or who willfully utters loud, threatening or abusive language or engages in any boisterous or disorderly conduct which disturbs or disrupts the orderly conduct of any meeting shall be called to order by the presiding officer. If such conduct continues, the presiding officer, at his discretion, may order such person removed from that meeting. Permission to continue may be granted by a majority vote of the Board.

ARTICLE XI

Indemnification

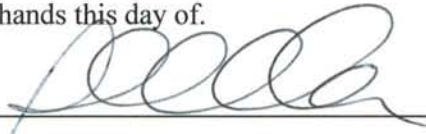
Section 1. Indemnification. The La Jolla Village Merchants Association shall indemnify, hold harmless, and defend its officers, directors, and employees from any and all claims, demands, liabilities, damages, losses, costs or expenses arising out of any act or omission in the performance of their duties herein described, except for willful misconduct by said officers, directors, and employees.

CERTIFICATION OF ADOPTION OF BY-LAWS

The undersigned hereby declares:

- (a) That we are the duly elected President and Secretary of the La Jolla Village Merchants Association;
- (b) That the foregoing By-laws were submitted to and ratified by the Directors at their meeting on

IN WITNESS WHEREOF, we have set our hands this day of.



President, La Jolla Village Merchants Association



Secretary, La Jolla Village Merchants Association