

**Bylaws Of
STONEWALL CITIZENS' PATROL**

**Article 1
Principle Offices**

Section 1. Change of Address

The principle offices of the Corporation for the transaction of business shall be in the County of San Diego, State of California

Address: P.O. Box 632795
San Diego, CA 92163

Dated: August 2, 2019

**Article 2
Nonprofit Purposes**

Section 1. IRC Section 501(c) (3) Purposes

This corporation is organized exclusively for one or more of the purposes as specified in Section 501 (c) (3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501 (c) (3) of the Internal Revenue Code.

Section 2. Mission Statement

It is our mission to the San Diego community, businesses, and visitors to provide professional and ethical volunteer citizens patrol with excellent customer service building a safer quality of life. The primary method used to deter crime will be to provide high visibility community safety patrols in our neighborhoods and at events.

Section 3. Vision Statement

We connect with the community through:

Patrol – Help law enforcement fight crime by serving as the extra set of ‘eyes and ears’
Educate – Provide safety and crime prevention education to the community
Raise Awareness – Increase awareness of street crime within our community

Section 4. Core Values

Patrol – adhering to high values and principle
Awareness – to know our community’s needs

Teamwork – leverage our diverse backgrounds to achieve the mission of Stonewall Citizens’ Patrol

Respect – practice patience and assume good intention

Observant – see something, say something

Leadership – adhere to the mission and vision of Stonewall Citizens’ Patrol

Article 3 Definitions

Section 1.

As used within these bylaws, the following terms have the following definitions:

- a) Board of Directors – shall mean the governing Board of the Corporation.
- b) Corporation – shall mean Stonewall Citizens’ Board.
- c) Directors – shall mean those individuals serving on the Board of Directors.
- d) Officers – shall mean the Directors who serve in the positions of President, Vice President, Secretary, Treasurer, and such other officers as the Board of Directors may appoint.
- e) Member – As defined by Standing Rules and/or Patrol Handbook

Article 4 Membership

Any action which would otherwise require approval by a majority of all Members or approval by the Members shall require only approval by the Board of Directors. All rights which would otherwise vest in the Members shall vest in the Board of Directors.

Article 5 Board Structure

Section 1.

The Board of Directors shall be the governing body of the Corporation and shall be responsible for the day to day management and operation of the Corporation, through appointed and/or hired staff.

Section 2.

The Board of Directors shall consist of a minimum of three (3) and a maximum of nine (9) individuals, which are individually and collectively known as the Directors. The exact number of Directors shall be fixed, within those limits, by a resolution adopted by the Board of Directors.

Section 3.

All Directors are entitled to one vote on each issue presented to the Board of Directors for action.

Article 6 Directors

Section 1. Election and Term of Office

- a) With the exception of the Director of Membership, Members of the Board of Directors shall be selected by a majority vote of the Board of Directors.
- b) The Director of Membership is the only Member of the Board of Directors elected directly by the Stonewall Citizens' Patrol Membership. (The definition of "Member" is defined in the Standing Rules and/or handbook). The Director of Membership shall be elected Biennial (July/August) by Stonewall Citizens' Patrol Members.
- c) Unless removed sooner by resignation, removal, or otherwise, Members of the Board of Directors will serve a two-year term, which may be renewable for two additional two-year terms. Board Members must then resign for at least one (1) year before being reconsidered for Board Membership.
- d) Board Members may be installed at any time. The term of office of any Board Member not installed in January shall be calculated in the following manner: The first year of the term of office of any Board Member installed before June 30 shall run from January 1 of the year in which the Board Member is elected. The first year of the term of office of any Board Member installed after June 30 shall run from January 1 of the following year.
- e) Directors shall not miss more than one (1) regular, scheduled Board meeting during any twelve (12) month period. If a Director misses more than one (1) such meeting during any twelve (12) month period, the Board of Directors may act against such Director, including but not limited to removal of such Director from the Board of Directors.

Section 2. Vacancies

Vacancies in the Board of Directors shall be filled by action of the Board of Directors, except for vacancies in the office of Director of Membership, which shall be filled by vote of the Stonewall Citizens' Patrol Membership. A vacancy or vacancies shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the authorized number of Directors be increased without election of the additional Directors so provided for, or in case of the failure at any time to elect the full number of authorized Directors.

Section 3. Resignation

Any Director may resign by giving written notice to the President or Secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. No Directors may resign when the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

Section 4. Standard of Conduct

Pursuant to Section 5231 of the California Non-Profit Corporation Law, a Director shall perform the duties of a Director, including duties as a Member of any committee of the Board upon which the Director may serve, in good faith, in a manner which the Director believes to be in the best interests of Stonewall Citizens' Patrol and with such care, including reasonable inquiry as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall rely on information, opinions, reports, or statements, including financial statements and other financial data.

Section 5. Removal

Any Director may be removed, with or without cause, by the vote of the majority of the Members of the entire Board of Directors at a special meeting called for that purpose, or at a regular meeting. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires. A Director will be removed from the Board if he/she has been declared of unsound mind by an order of the court or convicted of a felony or has been found by the court to have breached a duty under Sections 5230 of the California Non-Profit Corporation Law.

Article 7

Compensation, Non-Liability and Indemnification

Section 1. Compensation

Board Members shall serve in their capacity as Board Members without benefit of compensation or other forms of consideration, except that a reasonable fee may be paid to Directors for attending irregular, special meetings, and events of the Board. In addition, they shall be allowed reasonable advancement or reimbursement of expense incurred in the performance of their duties.

Section 2. Nonliability of Volunteer Directors

Pursuant to Section 5239 of the Nonprofit Public Benefit Corporation Law of the State of California, there shall be no personal liability to a third party on the part of a volunteer Director or volunteer President, Vice-President, Secretary, Treasurer or other Officer of this Corporation caused by the Director's or Officer's negligent act or omission in the performance of that person's duties as a Director or Officer, if all the following conditions are met:

- a) The act or omission was within the scope of the Director's or Officer's duties;
- b) The act or omission was performed in good faith;
- c) The act or omission was not reckless, wanton, intentional, or grossly negligent;
- d) The Corporation has complied with the requirements of section 3 below.

This limitation on the personal liability of a volunteer Director or Officer does not limit the liability of the Corporation for any damages caused by acts or omissions of a volunteer Director or volunteer Officer, nor does it eliminate the liability of a Director or Officer provided in Section 5233 or 5237 of the Nonprofit Public Benefit Corporation Law of the State of California in any action or proceeding brought by the Attorney General.

Section 3. Requirement to Obtain Liability Insurance

In order to obtain the full benefit of the limitation of liability set forth in section 2 above, the Corporation and the Directors shall make all reasonable efforts in good faith to obtain liability insurance in the form of a general liability policy for the Corporation or a Director's and Officer's liability policy.

Section 4. Indemnity for Litigation

The Corporation hereby agrees to exercise the power to 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 a Director, Officer, employee, or other agent (as defined in Section 5238 of the Nonprofit Public Benefit Corporation Law of the State of California) of the Corporation, to the full extent allowed under the provisions of said Section 5238 relating to the power of a Corporation to indemnify any such person. The amount of such indemnity shall be so much as the Board of Directors determines and finds to be reasonable, or, if required by said Section 5238, the amount of such indemnity shall be so much as the court determines and finds to be reasonable.

Section 5. Interested Persons

Pursuant to Section 5227 of the Nonprofit Public Benefit Corporation Law of the State of California, no more than forty-nine percent (49%) of the Directors serving on the Board may be "Interested Persons." For the purposes of this section, "Interested Persons" means either (i) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. The provisions of this Section shall not affect the validity or enforceability of any transaction entered by the Corporation.

Article 8 Board Meetings

Section 1. Regular Meetings

Regular Meetings or activities shall be held at such times as are deemed appropriate by the Board; however, at least four (4) regularly scheduled meetings of the Board of Directors shall be held each year.

- a) The date, time, and location of the regular meetings of the Board of Directors shall be determined by the Board of Directors.
- b) Regular meetings of the Board of Directors are open to all Stonewall Citizens' Patrol Members. Stonewall Citizens' Patrol Members may participate and provide input on any subject(s) of their choosing during the public comment section of the Board meeting.

Section 2. Special Meetings

Special Meetings of the Board of Directors may be called at any time by the President or by a number of Officers equal to a quorum of the Board of Directors.

- a) Notice of the time and place of each meeting of the Board of Directors not fixed by an express provision of the Bylaws or by a standing Resolution of the Board of Directors shall be given to each Director not less than forty-eight (48) hours before the date of the meeting if given personally or by telephone or electronic mail and not less than four (4) days before the date of the meeting if given by first-class mail.
- b) No business other than published agenda items will be discussed or acted upon at the meeting.

Section 3. Quorum and Notices

- a) Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn. In the case where, by resolution, the authorized number of Directors is established, a majority of the number of Directors authorized by resolution shall constitute a quorum for the transaction of business, except to adjourn. In the case where, owing to death, incapacity, or resignation, the number of Directors then serving is less than a majority of the authorized number of Directors, then the majority of the Directors then serving shall constitute a quorum for the transaction of business, except to adjourn.

Every action taken or decision made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions related to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (b) approval of certain transactions between Corporations having common Directorships, (c) creation of and appointments to Committees of the Board, and (d) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the

withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

- b) Notice of regular and special meetings of the Board of Directors and of any other official activities of the Board shall be published on the official Stonewall Citizens' Patrol and Events calendar.
- c) Cancellation of Meeting. Board meetings can be cancelled by a majority of the vote of the Executive Committee.
- d) Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at another time or place. In the event a meeting of the Board of Directors is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 4. Consent to Meetings

The transactions of the Board of Directors at any meeting however called and noticed or wherever held, shall be as valid as though done at a meeting duly held after call and notice if a quorum be present and if either before or after the meeting each Director not present signs a written waiver of notice, or a consent to the holding of such meeting or approval of the minutes thereof, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. Action Without Meeting

Any action required or permitted to be taken by the Board of Directors under any provision of the Nonprofit Public Benefit Corporation Law of the State of California may be taken without a meeting if all Members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed under any provision of the Nonprofit Public Benefit Corporation Law of the State of California which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting, and that the Bylaws authorize the Directors to so act.

Section 6. Standard of Conduct

Pursuant to Section 5231 of the California Nonprofit Public Benefit Corporation Law, a Director shall perform the duties of a Director, including duties as a Member of any Committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. 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:

- a) One or more Officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;
- b) Counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- c) A Committee of the Board upon which the Director does not serve, as to matters within its designated authority, which Committee the Director believes to merit confidence.

In any such case, the Director shall be entitled to so rely if the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Section 7. Telephonic and Electronic Communication Meetings

Members of the Board may participate in a meeting through use of conference telephone, electronic video screen communication, or another communications equipment. Participation in a meeting pursuant to this Section 7 constitutes presence in person at that meeting if all the following apply:

- a) Each Member participating in the meeting can communicate with all the other Members concurrently;
- b) Each Member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation; and;
- c) The Corporation adopts and implements some means of verifying both of the following:
 - i) A person communicating by telephone, electronic video screen, or other communications equipment is a Director entitled to participate in the Board meeting; and
 - ii) All statements, questions, actions, or votes were made by that Director and not by another person not permitted to participate as a Director.

Article 9 Committees

Section 1. Executive Committee

The Board of Directors may, by a majority vote of its Directors, designate an Executive

Committee consisting of the four (4) Members delegating to such committee the powers and authority of the Board in the management of the business and affairs of the corporation, to the extent permitted, and, except as may otherwise be provided, by provisions of law.

By a majority vote of its Directors, the Board may at any time revoke or modify any or all of the executive committee authority so delegated, increase or decrease but not below two (2) the number of the Members of the Executive Committee, and fill vacancies on the Executive Committee from the Directors of the Board. The executive committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

Section 2. Other Committees

The corporation shall have such other committees as may from time to time be designated by the President or the Board of Directors. These committees may consist of persons who are not also Members of the Board and shall act in an advisory capacity to the Board.

Section 3. Meetings and Action of Committees

Meetings and action of committees shall be governed by, noticed, held, and taken in accordance with the provisions of these bylaws concerning meetings of the Board of Directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its Members for the Board of Directors and its Members, except that the time for regular and special meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The Board of Directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulation are not inconsistent with the provisions of these bylaws.

Article 10 Officers

Section 1. Officers

The officers of this Corporation shall include a President, Vice President, Secretary, Treasurer, and such other officers as the Board of Directors may appoint. When the duties do not conflict, one person, other than the President, may hold more than one of these offices.

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

powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

- c) Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board of Directors and the Executive Committee, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the records of the Corporation, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.
- d) Treasurer. The Treasurer shall be responsible for all funds of the Corporation. Such funds shall be paid out by approval of the President, or Treasurer, or by such officers as may be designated by the Board of Directors as authorized to sign. The Treasurer shall work with the Executive Director in the development of fiscal policies and practices to assure a true and accurate account of all receipts and expenditures, and in general, shall perform all the duties incident to the office of Treasurer or chief financial officer and such other duties as may from time to time be assigned by the Board of Directors.

The Treasurer shall be responsible for and instruct the Executive Director and/or financial staff to prepare the annual budget and he/she shall submit it to the Board of Directors for consideration and adoption. In addition to the usual duties of the Treasurer, the Treasurer shall monitor the staff's execution of the annual budget as adopted by the Board of Directors and provide quarterly financial reports to the Board of Directors.

Staff duties shall include:

- a) Handling of all funds of the Corporation within the framework of the adopted budget;
- b) Regular deposit of all monies and other valuables to the credit of the Corporation with such depositories as may be designated by the Board;
- c) Disbursement of funds by the Corporation as may be ordered by the Board in the event of necessary budget changes;
- d) Providing proper financial data for the preparation of the annual budget;
- e) Presentation of financial reports to the Board at each regular meeting and at any other request.

The Treasurer shall also review and approve all financial reports prepared by staff for outside agencies as well as internal reports. Upon request, the Treasurer shall render to the Board of Directors, the President, and the Executive Committee an accounting of all financial transactions of the Corporation.

The Treasurer shall furnish satisfactory insurance, the premium to be paid by the Corporation. The Treasurer shall have such other powers and perform such other

duties as may be prescribed from time to time by the Board of Directors, the Executive Committee, or the By-Laws.

Section 2. Executive Director

The President will appoint a qualified Member of the corporation to be the Executive Director. As determined by the President, they perform some or all duties necessary to operate, manage, and lead in the daily operations of the corporation by control, by delegated authority of the President, and in by support of the Board of Directors as required by law, by the Articles of Incorporation, or by these bylaws, or which may be prescribed from time to time by the Board of Directors.

Unless otherwise directed by the President or Board of Directors, the Executive Director shall supervise all staff positions within the corporation.

Render to any Director, whenever requested, an account of any or all their transactions as Executive Director.

In general, perform all duties assigned to the office of Executive Director and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws, or which may be assigned to them from time to time by the Board of Directors.

Section 3. Election and Term of Office

The officers of the Corporation shall be elected Biennial (July/August) by the Board of Directors. Vacancies or new offices created may be filled for the unexpired portion of the term and they may be filled at any meeting of the Board of Directors.

- a) Each officer shall hold office for a term of two (2) years unless the officer shall resign, be removed, or become ineligible to continue to serve in such capacity.
- b) Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified by the notice.

Article 11

Corporate Records, Reports, and Seal Section

Section 1. Maintenance of Corporate Records

The corporation shall keep at its principal office:

- a. Minutes of all meetings of Directors, committees of the Board, and, if this corporation has Members, of all meetings of Members, indicating the time and place of holding such meetings, whether regular or special, how called, the

- notice given, and the names of those present and the proceedings thereof:
- b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;
 - c. A record of its Members, if any, indicating their names and addresses and, if applicable, the class of Membership held by each Member and the termination date of any Membership;
 - d. A copy of the corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the Members, if any, of the corporation at all reasonable times during office hours.

Section 2. 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.

Section 3. Directors' Inspection Rights

Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of any kind and to inspect the physical properties of the corporation, and shall have such other rights to inspect the books, records, and properties of this corporation as may be required under the articles of incorporation, other provisions of these bylaws, and provisions of law.

Section 4. Members Inspection Rights

If this corporation has any Members, then each and every Member shall have the following inspection rights, for a purpose reasonable related to such person's interest as a Member:

- a. To inspect and copy the record of all Members' names, addresses, and voting rights, at reasonable times, upon written demand on the secretary of the corporation, which demand shall state the purpose for which the inspection rights are requested.
- b. To obtain from the secretary of the corporation, upon written demand on, and payment of a reasonable charge to, the secretary of the corporation, a list of the names, addresses, and voting rights of those Members entitled to vote for the election of Directors as of the most recent record date for which the list has been compiled or as of the date specified by the Member subsequent to the date of demand. The demand shall state the purpose for which the list is requested. The Membership list shall be made available within a reasonable time after the demand is received by the secretary of the corporation of after the date specified therein as of which the list is to be compiled.
- c. To inspect at any reasonable time the books, records, or minutes of proceedings

of the Members or of the Board of committees of the Board, upon written demand on the secretary of the corporation by the Member, for a purpose reasonable related to such person's interests as a Member.

Members shall have such other rights to inspect the books, records, and properties of this corporation as may be required under the articles of incorporation, other provisions of these bylaws, and provisions of law.

Section 5. Right to Copy and Make Extracts

Any agent or attorney may make in person an inspection under the provisions of this article and the right to inspection shall include the right to copy and make extracts.

Section 6. Periodic Report

The Board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the Members, if any, of this corporation, to be so prepared and delivered within the time limits set by law.

Article 12

IRC 501 (c)(3) Tax Exemption Provisions Section

Limitations on Activities

No substantial part of the activities of this corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these bylaws, this corporation shall not carry on activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 2. Prohibition Against Private Inurement

No part of the net earnings of this corporation shall inure to the benefit of, or be distributable to, its Members, Directors or trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this corporation.

Section 3. Distribution of Assets

Upon the dissolution of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation, shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or shall be distributed to the federal government, or to a state or local government, for a public purpose. Such distribution shall be made in accordance with all applicable provisions of the laws of this state.

Section 4. Private Foundation Requirements and Restrictions

In any taxable year in which this corporation is a private foundation as described in Section 509(a) of the Internal Revenue Code, the corporation 1) shall distribute its income for said period at such time and manner as not to subject it to tax under Section 4942 of the Internal Revenue Code; 2) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code; 3) shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; 4) shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code; and 5) shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

Article 13

Conflict of Interest and Compensation Approval Polices

Section 1. Purpose of Conflict of Interest Policy

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(a) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions

- a. **Interested person.** Any Director, principal officer, Member of a committee with governing Board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4938-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.
- b. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the corporation has a transaction or arrangement;
2. A compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement; or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing Board or committee decides that a conflict of interest exist.

Section 3. Conflict of Interest Avoidance Procedures

- a. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and Members of committees with governing Board delegated powers considering the proposed transaction or arrangement.
- b. **Determining Whether a Conflict of Interest Exist.** After disclosure of the financial interest and all materials facts, and after any discussion with the interested person, he/she shall leave the governing Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee Members shall decide if a conflict of interest exists.
- c. **Procedures for Addressing the Conflict of Interest.** An interested person may make a presentation at the governing Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing Board or committee shall determine whether the corporation can obtain with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would

not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

- d. **Violations of the Conflicts of Interest Policy.** If the governing Board or committee has reasonable cause to believe a Member has failed to disclose actual or possible conflicts of interest, it shall inform the Member of the basis for such belief and afford the Member an opportunity to explain the alleged failure to disclose.

If, after hearing the Member's response and after making further investigation as warranted by the circumstances, the governing Board or committee determines the Member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Board and Board Committee Proceedings

The minutes of meetings of the governing Board and all committees with Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation Approval Policies

A voting Member of the governing Board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that Member's compensation.

A voting Member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that Member's compensation.

No voting Member of the governing Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for Directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the Board or a duly constituted compensation committee of the Board shall also comply with the following additional requirements and procedures:

- a. The terms of compensation shall be approved by the Board or compensation committee prior to the first payment of compensation;
- b. All Members of the Board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each Board Member or committee Member approving a compensation arrangement between this organization and a “disqualified person” (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
 1. Is not the person who is the subject of the compensation arrangement, or a family Member of such person;
 2. Is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement;
 3. Does not receive compensation or other payments subject to approval by the person who is the subject of the compensation arrangement;
 4. Has no material financial interest affected by the compensation arrangement; and
 5. Does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the Board or committee Member.
- c. The Board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
 1. Compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions.

“Similarly situated” organizations are those of a similar size, purpose, and with similar resources;

2. The availability of similar services in the geographic area of this organization;
3. Current compensation surveys compiled by independent firms;
4. Actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement;

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the Board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

- d. The terms of the compensation and the basis for approving them shall be recorded in written minutes of the meeting of the Board or compensation committee that approved the compensation. Such documentation shall include:
 1. The terms of the compensation arrangement and the date it was approved;
 2. The Members of the Board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each Board or committee Member;
 3. The comparability data obtained and relied upon and how the data was obtained;
 4. If the Board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the Board or committee shall record in the minutes of the meeting the basis for its determination.
 5. If the Board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the Board or committee meeting;
 6. Any actions taken with respect to determining if a Board or committee Member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the Member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a Member, the Member with the conflict of interest was to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement);

7. The minutes of Board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next Board or committee meeting or 60 days after the final actions of the Board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the Board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next Board or committee meeting following final action on the arrangement by the Board or committee.

Section 6. Annual Statements

Each Director, principal officer, and Member of a committee with governing Board-delegated powers shall annually sign a statement, which affirms such person:

- a. Has received a copy of the conflicts of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and
- d. Understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subject:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing Board of its responsibility for ensuring periodic reviews are conducted.

Article 14
Construction and Terms

If there is any conflict between the provisions of these bylaws and the articles of incorporation of this corporation, the provisions of the articles of incorporation shall govern.

Should any of the provisions or portions of these bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these bylaws shall be unaffected by such holding.

All references in these bylaws to the articles of incorporation shall be to the articles of incorporation, articles of organization, certificate of incorporation, organizational charter, corporate charter, or other founding document of this corporation filed with an office of this state and used to establish the legal existence of this corporation.

All references in these bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986 as amended from time to time, or to corresponding provisions of any future federal tax code.

Article 15
Amendments

Section 1.

These By-Laws may be amended or repealed by the vote of at least two-thirds of the Board of Directors present at any meeting at which a quorum is present, provided written notice of intention to amend the By-Laws has been given to Members of the Board of Directors at least two weeks before the meeting.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am presently elected and acting Secretary of Stonewall Citizens' Patrol, a California nonprofit, and the above bylaws are the By-Laws of this Corporation, as amended and adopted at a meeting of the Board of Directors, held on July 21, 2019.

Dated: _____August 7, 2019_____

_____//Signed// Copy on File_____

Jessica Mier
Secretary
Stonewall Citizens' Patrol