

BYLAWS
OF
COMMUNITY CENTER OF PALOMAR MOUNTAIN, INC.
A California Nonprofit Public Benefit Corporation

ARTICLE I
NAME

Section 1. Name. The name of this organization is the "COMMUNITY CENTER OF PALOMAR MOUNTAIN, INC."

Section 1.2 Activities. All activities of this organization shall be performed in the name of the COMMUNITY CENTER OF PALOMAR MOUNTAIN, INC.

ARTICLE II
OFFICES

Section 2.1 Principal Office. The principal office for the transaction of the business of the corporation is fixed and located at 21840 East Grade Road, PO Box ~~21~~, Palomar Mountain, California, County of San Diego, State of California. The Board of Directors (hereinafter sometimes referred to as 'the Board') is hereby granted full power and authority to change the said principal office from one location to another within the said county. 192

Section 2.2 Other Offices. Branch or subordinate offices may at any time be established by the Board at any place or places where the corporation is qualified to do business.

ARTICLE III
PURPOSE AND OBJECTIVES

Section 3.1 Purpose. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law and for charitable purposes.

Section 3.2 Objectives. The objectives of this corporation are to provide for the construction, management, and operation of a building to be used for a place for meetings, library, social events, emergency refuge, recreation, and other activities related to the common good and general welfare of the community of Palomar Mountain as described and identified in Appendix A.

ARTICLE IV AUTHORITY, LIMITATIONS AND DEDICATION OF ASSETS

Section 4.1 Authority. The corporation was initially formed to respond to the needs of the two pre-existing 501(c) organizations [Palomar Mountain Volunteer Fire Department ("PMVFD") and the Palomar Mountain Planning Organization ("PMPO")] and the community in general to have a facility to be used for functions, e.g. meetings, library, social events, emergency refuge, recreation and other activities related to the common good and general welfare of the community.

Section 4.2 Limitations. The purposes for which this corporation is organized are exclusively charitable within the meaning of Section 501(c) of the Internal Revenue Code of 1986. Notwithstanding any earlier provisions of the Articles or these Bylaws, the corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c) of the Internal Revenue Code of 1936 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

This corporation shall be non-partisan, non-sectarian, and shall not discriminate against any person or persons on account of race, sex, creed or national origin. The corporation recognizes that its principle thrust is that of the social welfare of the community; that it has no regulatory function in the public or governmental sector other than the management and operation of its planned facilities, nor do its decisions have a binding effect in the private sector.

Section 4.3 Geographical Boundaries. The geographical boundaries for what is referred to as the Palomar Mountain Community shall be as determined from time to time by the corporation's Board and appended hereto as Appendix "A."

Section 4.4 Dedication of Assets. This corporation is not established nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized solely for nonprofit purposes stated in Article III herein.

Section 4.5 Dissolution. This corporation shall be dissolved and its affairs wound up when no general membership or planning board meeting shall have been held in a 12-month period. On the dissolution or winding up of this corporation, its assets remaining after payment of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c) of the Internal Revenue Code. Under such a situation, the Palomar Mountain Volunteer Fire Department (PMVFD), first, and the Palomar Mountain Planning Organization (PMPO), second, if still in existence and so qualified, shall take precedence.

ARTICLE V MEMBERSHIP

Section 5.1 Membership and Voting Rights.

(a) Membership:

(i) All owners of property within the boundaries of Palomar Mountain as set forth in Appendix A. shall be eligible for membership in the corporation upon application and payment of such dues as are defined from time to time by the Board of Directors.

(ii) Persons who contribute to the general welfare of, and are non-property owners and non-residents in, the community of Palomar Mountain, may apply to the Board for membership, and upon acceptance and payment of any required dues, will have the same status as property owners.

(b) Voting Rights: An owners of improved property, a resident upon Palomar Mountain and/or a business operating on Palomar Mountain shall each be entitled to one vote. No voting member may qualify in more than one category for purposes of such voting. All voters and holders of proxies therefor must be 18 years of age or older.

Section 5.2 Any indecision concerning eligibility or voting at general membership or board meetings shall be resolved by the Chairperson of such meeting, the Board, or by appropriate sub-committee thereof.

Section 5.3 Any petitions to the corporation executed by eligible voters shall be dated by each voter/signatory and shall also include the voter's means of qualification defined at Sections 5.1 (a) and (b).

ARTICLE VI MEMBERSHIP MEETINGS AND ACTION

Section 6.1 Place of Meeting. All meetings of the voting members shall be held either at the principal office of the corporation or at any place within or without the State of California, which may be designated by the Board pursuant to the authority hereinafter granted to the said Board, or by the written consent of the members, given either before or after the meeting and filed with the Secretary of the Corporation.

Section 6.2 Annual General Meetings and Election of the Board of Directors. The annual general meetings of the voting members of the corporation shall be held on the second Saturday following the anniversary date of incorporation at 2:00 p.m. or as otherwise determined by the Board. Unless elected by written ballot pursuant to Section 6.7, the annual general meeting shall have as the principal item on its agenda the election of members to serve on the Board. The Board shall designate a slate of candidates for election, and

nominations shall also be taken from the floor at the annual meeting. Nominations and election policies are set forth in Section 7.3 hereinafter.

Section 6.3 Special Public Meetings Special public meetings of the voting members, for any lawful purpose, may be called at any time by the Board or by Written request of twenty percent of the eligible voters. Upon request in writing by eligible voting members entitled to call a special meeting of the members, stating the business to be transacted at the special meeting, mailed to the principal office of the corporation, or delivered to the Chairperson, Vice Chairperson or Secretary, it shall be the duty of the Board to cause notice to be given within twenty (20) days from receipt of such a request, to the members of the meeting scheduled and to be held not less than thirty-five (35) days nor more than ninety (90) days after the receipt of such a request.

Section 6.4 Notice of Meetings. A notice of each annual meeting, written ballot for election of the Board or otherwise, if any, and special meetings shall be given by the Chairperson, or, in case of his or her failure or refusal, by any other officer or any Board member, shall specify time place, time, day and hour of the meeting or the date on which the ballot shall be returned, if applicable; in the case of an annual meeting at which the Board shall be elected, shall specify time names of all those who are candidates for election of the Board at the time the notice is given, and in the case of special meetings, the nature of the business to be transacted thereat Such notice shall be given in writing to the members of the corporation. Such notice shall be given either personally or by sending a copy thereof by first-class mail, postage prepaid, to each member's address appearing on the books of the corporation, at least ten (10) days but no more than ninety (90) days prior to the date fixed for such meeting. Further, for those members whose addresses are not on the books of the corporation, such notice shall be given either personally or as follows

(a) Property Owners: By sending a copy of such notice by first-class mail, postage prepaid, to each person listed by the San Diego County Assessor as owning real property on Palomar Mountain.

(b) Residents: Personally or by sending a copy of such notice by first-class mail, postage prepaid, to each general delivery address in the Palomar Mountain area.

(c) Business Persons and Users: Personally or by posting a copy of such notice on the Palomar Mountain Community Bulletin Board.

Section 6.5 Adjourned Meetings. Any meeting of the members, either annual or special, may be adjourned from time to time by the vote of the members present, but in the absence of a quorum no other business may be transacted at any such meeting. No meeting may be adjourned for more than forty-five (45) days. It shall not be necessary to give any such notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by an announcement at the meeting at which such adjournment is taken. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to the members.

Section 6.6 Quorum. The presence in person or by proxy of twenty (20) voting members at any meeting shall constitute a quorum for the transaction of business.

Section 6.7 Action Without Meeting by Written Ballot. Any action, which may be taken at any general or special meeting of members, may be taken without a meeting if the corporation distributes a written ballot to the members entitled to vote on the matter. Such ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the corporation. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds 20% of the eligible members, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Ballots shall be distributed to the members in accordance with Section 6.4 thereof, and, in any election of the Board members by written ballot, the ballot shall name the candidates for the Board, and shall provide a space entitled "withhold" in which the members may indicate that the authority to vote for the election of the Board members is withheld. All ballots distributed in accordance with this Section 6.7 shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of the Board members, shall state the percentage of approvals necessary to pass the measure submitted. All written ballots distributed in accordance with this Section 6.7 shall specify the time by which the ballot must be received in order to be counted.

Section 6.8 Waivers, Consents and Approvals. The transactions of any meeting of members, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present, either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote but not present in person or by proxy signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 6.9 Voluntary Contributions. The Board may from time to time call for voluntary contributions at a public meeting, or find other means for raising money for the purposes of this corporation. There shall be no legal liability on the part of any person to pay such sums.

Section 6.10 Copies of Minutes. Any person may receive copies of the minutes of the Board and public meetings, and the notice of public meetings, by paying a fee of Ten Dollars (\$10.00) for any part of the last six (6) months. Self-addressed and pre-stamped envelopes must also be furnished. The year shall commence with the month these Bylaws are adopted.

ARTICLE VII
BOARD OF DIRECTORS

Section 7.1 Powers. Subject to the limitations of the Articles of Incorporation, of the Bylaws, and of the Nonprofit Public Benefit Corporation Law of the State of California as to action to be authorized or approved by members, and subject to the duties of the Board as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board. Without limiting the foregoing, the Board shall have the power to levy dues and assessments, to select and remove all officers, agents, employees and contractors, and to fix reasonable compensation therefore, to authorize and empower officers or agents to enter into contracts and other commitments on behalf of the corporation, and to appoint and delegate responsibilities and authority to committees, officers and agents. Without relinquishing its ultimate authority to manage and conduct the affairs of the corporation, the Board of Directors is hereby expressly authorized to:

- (a) to determine this corporation's objectives and formulate plans designed to meet them;
- (b) to establish policies for administering the affairs of this corporation;
- (c) to adopt and control the operating budget and financial plan of this corporation and assure the conduct of the financial affairs on a responsible basis in accordance with established policies;
- (d) to control, manage, and maintain the property of this corporation, borrow money for corporate purposes, and to cause to be executed and delivered thereon, in the corporate name, promissory notes, bonds, debentures, deeds of trust, indebtedness, and security therefore;
- (e) to sell any property (real, personal, or mixed) owned by this corporation at any time upon such terms as deemed advisable, at public or private sale, for cash or upon credit;
- (f) to retain sums received by this corporation un-invested, when in the discretion of the Board of Directors, such sums cannot be invested advantageously;
- (g) to retain all or any part of any securities or property acquired by this corporation in whatever manner, and to reinvest any funds held by the corporation, according to the judgment of the Board of Directors;
- (h) to invest funds received by this corporation in such stocks, bonds, mortgages, loans, secured or unsecured, or other investments as the Board of Directors shall deem advisable;

- (i) to appoint such committees as it deems necessary and to prescribe powers and duties for them; and
- (j) to select and remove officers of this corporation and prescribe powers and duties for them.

Section 7.2 Number of Board Members. The authorized number of members on the Board shall consist of an odd number of members, which shall be no less than three (3) and no more than fifteen (15) until changed by amendment of the Articles of Incorporation or by a bylaw amending this section duly adopted by the affirmative vote of the members of the corporation at a duly held meeting at which a quorum is present or by written ballot in accordance with Section 6.7. The exact number shall be fixed from time to time within the limits specified in this Section, by a resolution of the Board. Subject to the foregoing provision for changing the number of Board members, the exact number of Board members of the corporation is hereby fixed at five (5).

Section 7.3 Nominations and Election. Membership on the Board shall be open to any individual Resident, Property Owner, or Business Person, as hereinbefore described in Section 5.1, interested in contributing time and effort to achieve the purposes of this organization. Nominations for Board membership shall be taken from eligible voters at the properly noticed general meeting and may include one or more individuals who have in oral or written form indicated a willingness to stand for election and serve to the Chairperson or one or more Board members.

The Board shall be elected at each annual or special meeting of the members, or by written ballot in accordance with Section 6.7. Eligible voters present shall vote a secret ballot for members of the Board, according to whatever methods are from time to time established by the Board or a designated subcommittee thereof, with a simple majority being required to pass measures or elect members unless otherwise required herein. The members receiving the greatest number of votes shall serve as Board members.

Section 7.4 Term of Office. After the initial board foundation of five (5) members, such membership shall be staggered with members being elected annually, two (2) for three (3) year terms. For the second and third years of the corporation's existence, the seats to be vacated shall be chosen by the lot drawing method. The first drawing of lots and the first election of the two (2) members shall be drawn on year after the adoption of these Bylaws. Lots may be interchangeable among Board members prior to election. Thereafter, the annual election of Board members shall simply elect members to fill the seats of those Board members whose three (3) year terms have expired. All Board members shall hold office until their respective successors are elected. There shall be no prohibition on re-election of a Board member following the completion of that Board member's term of office.

Section 7.5 Alternate Board Member. In instances where requested by a candidate for Board membership, one Alternate person may run in conjunction with a candidate for the Board. When a Board member and an Alternate are together elected at a general public meeting, the primary member shall be responsible for informed participation on the Board, but may allow his or her Alternate to attend and vote in his or her place. However, no Board

member having an Alternate elected by the general membership may be represented by his or her Alternate on more than two consecutive meetings, regular or special. At the third meeting, regular or special, if the Board member is not present, irrespective of whether or not the Alternate is present, the Alternate shall not be allowed either vote or attendance credit for such a meeting. Board members may not vote at Board meetings by proxy, nor shall there be permitted telephonic voting. The Board shall have the discretion to determine whether an absence shall be "excused".

Section 7.6 Vacancies. Vacancies in the Board may be filled at the next general meeting, and the vacancy to be filled must be a part of the agenda. Between annual general meetings or special public meetings called for the election of members of the Board, any vacancy in the Board, including vacancies resulting from an increase in the authorized number of Board members, which have not been filled by the public at a general assembly meeting, and including vacancies resulting from the resignation, vacation or removal of Board members which are not filled at the general or public meetings at which such removal has been effected, such vacancies may be filled by the vote of the majority of the Board members then in office, or by the sole remaining Board member, although less than a quorum exists, or by written ballot in accordance with Section 6.7.

Section 7.7 Recalling Members of the Board. Any member may be recalled by a majority vote at a special meeting called for that purpose. Such meeting must be initiated by a petition signed by thirty percent (30%) of the eligible voters. The petition must be completed in any thirty (30) day period with dated signatures thereon. The special meeting must be called within thirty (30) days after the petition is submitted to the Board. Recall shall be accomplished by a majority vote of those eligible voters present at the special meeting. Any vacancies resulting from a recall may be filled an election held at the meeting. Only two (2) members may be recalled in any ninety (90) day period.

Section 7.8 Place of Meeting. All meetings of the Board may be held at any place within or without the state, which has been designated from time to time by resolution of the Board or by the written consent of all of the Board members. In the absence of such designation, meetings shall be held at the principal office of the corporation.

Section 7.9 Organization Meetings. Immediately following the annual meeting of the members, the count of written ballots for the election of Board members or any special meeting of the members at which Board members shall have been elected, if any, and not less than annually, the Board shall hold a regular meeting for the purpose of organizing the Board, the election of officers and the transaction of such business as may come before the meeting. Pending such organization meeting, all officers of the corporation shall hold over, except any officer required by law or these Bylaws to be a Board member and who does not qualify as a board member. A Board member elected at such meeting of the members, if any, shall forthwith become a member of the Board for purposes of such organization. In the event such an organization meeting shall not be held immediately following such a meeting of the members, it shall thereafter be held at the next regular meeting, or after a special meeting.

Section 7.10 Other Regular Meetings. The Board shall hold regular public meetings quarterly at a time and place set by the Board, annually. The Board shall conduct such business and take such action in open or closed session as it may determine to be necessary to accomplish the purposes of this corporation. Every act or decision taken by a majority of the Board present at a meeting duly called and held shall be considered an act or decision of the Board. Any interested person may attend any regular meeting of the Board, but will not be allowed the privilege of making, seconding or voting on motions. Such persons may participate in discussions at the discretion of the presiding Chairperson of the meeting.

Section 7.11 Special Meetings. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson, or if he or she is absent, by the Vice Chairperson or by the Secretary upon the written request by three (3) or more Board members. Written notice of the time and place of any special Board meeting shall be given to each Board member as hereinafter set forth in Section 7.12. Additional agenda items and purposes for the meeting may be added to the noticed purpose statement by a majority of the quorum of Board members present.

Section 7.12 Notice of Meetings. Notice of the time and place of each meeting of the Board not fixed by an express provision of the Bylaws shall be given to each Board member not less than forty-eight (48) hours before the date of the meeting if given personally or by telephone or e-mail and not less than four (4) days before the date of the meeting if given by first-class mail.

Section 7.13 Consent to Meetings. The transactions of the Board at any meeting however called and noticed or whenever 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 Board member 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 Board member. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 7.14 Action Without Meeting. Any action required or permitted to be taken by the Board 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 Board members. 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 action was taken by unanimous written consent of the Board without a meeting, and that the Articles of Incorporation and Bylaws authorize the board to so act. For the purpose of this section only, "all members of the Board" shall not include any "Interested Board Member" as defined in Section 7.21.

Section 7.15 Telephonic Meetings. Members of the Board may participate in a meeting through the use of conference telephone or similar communications equipment, so

long as all members participating in such meeting can hear one another. Participation in a meeting through the use of telephone or similar communications equipment shall constitute presence in person at such meeting.

Section 7.16 Quorum. Three (3) members of the Board shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Board members present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board unless a greater number be required by law or by the Articles of Incorporation.

Section 7.17 Adjournment. A majority of the Board members present, whether or not a quorum is present, may adjourn any Board meeting to meet again at another time or place. In the event a meeting of the Board 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 Board members who were not present at the time of the adjournment.

Section 7.18 Fees and Compensation. Board members shall not be compensated for serving on the Board. Board members and members of committees may receive such reimbursement for expenses as may be fixed or determined by prior resolution of the Board; provided, that such compensation shall be reasonable and shall be comparable to compensation paid by unaffiliated entities for alike position. Nothing herein shall be considered to preclude any Board member from serving the corporation in any other capacity, including as an officer, agent, employee or otherwise, and receiving compensation therefore.

Section 7.19 Non-Liability of Board Members and Certain Officers.

(a) Volunteer Board Members. 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 Board member or volunteer Chairperson, Vice Chairperson, Secretary or Treasurer of this corporation caused by the Board member's or officer's negligent act or omission in the performance of that person's duties as a Board member or officer, if all the following conditions are met:

- (i) The act or omission was within the scope of the Board member's or officer's duties;
- (ii) The act or omission was performed in good faith;
- (iii) The act or omission was not reckless, wanton, intentional, or grossly negligent;
- (iv) The corporation has complied with the requirements of subsection (b) below.

This limitation on the personal liability of a volunteer Board member or officer does not limit the liability of the corporation for any damages caused by acts or omissions of a volunteer Board member or volunteer officer, nor does it eliminate the liability of a Board member or officer provided in Section 5233 or 5247 of the Nonprofit Public Benefit Corporation Law of the State of California in any action or proceeding brought by the Attorney General.

(b) Requirement to Obtain Liability Insurance. In order to obtain the full benefit of the limitation of liability set forth in subsection (a) above, the corporation and the Board members 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 Board member's and officer's liability policy.

Section 7.20 Indemnity for Litigation. The corporation shall have and 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 Board member, 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 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 7.21 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 Board members 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 Board member as a member of the Board; 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 7.21 shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 7.22 Standard of Conduct. Pursuant to 5231 of the Nonprofit Public Benefit Corporation Law of the State of California, a Board member shall perform the duties of a member of the Board, including duties as a member of any committee of the Board upon which the Board member may serve, in good faith, in a manner such Board member believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a member of the Board, a Board member 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 Board member believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the Board member believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the Board member does not serve, as to matters within its designate authority, which committee the Board member believes to merit confidence. Provided, that in any such case, the Board member 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.

Section 7.23 Self-Dealing Transactions. Pursuant to Section 5233 and except as provided in Section 5233 of the Nonprofit Public Benefit Corporation Law of the State of California, the corporation shall not be a party to a transaction in which one or more of its Board members has a material financial interest ("Interested Board Member") unless:

(a) Approval by Attorney General. The Attorney General, or the court in an action which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated: or

(b) Approval by Board. Prior to entering into the transaction, after full disclosure to the Board of all material facts as to the proposed transaction and the Interested Board Member's interest and investigation and report to the Board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the Board members then in office (without including the vote of the Interested Board Member):

(i) Resolves and finds that (1) the transaction is in the corporation's best interests and for the corporation's own benefit, (2) the transaction is fair and reasonable as to the corporation, and (3) after reasonable investigation under the circumstances as to alternatives, the corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and

(ii) Approves the entire transaction: or

(c) Interim Approval by Authorized Committee or Person. If it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, and, prior to entering into said transaction, a committee or person authorized by the Board approves the transaction in a manner consistent with the procedure set forth in subsection (b) of this section; and the Board, after determining in good faith that the corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the majority of the Board members then in office, without counting the vote of the Interested Board Member. However, the Interested Board Member may be counted in determining the presence of a quorum at a meeting of the Board, which authorizes, approves or ratifies a contract or transaction.

ARTICLE VIII OFFICERS

Section 8.1 Officers. The officers of this corporation shall be a Chairperson, Vice Chairperson, Secretary, Treasurer, and such other officers as the Board may appoint.

Section 8.2 Election. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 8.3 or 8.6 hereinafter, shall be chosen annually by the Board, and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 8.3 Subordinate Officers. The Board may appoint and may empower the Chairperson to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board may from time to time determine.

Section 8.4 Removal and Resignation. Subject to the limitations set forth in this Section, any officer may be removed, either with or without cause, by the Board at any regular or special meeting thereof, or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board. Notwithstanding the foregoing, the Chairperson may be removed only upon the approval of the Board of the members of the corporation.

Any officer may resign at any time by giving written notice to the Board, or to the Chairperson, or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.5 Vacancies. A vacancy in any office, except for the Chairperson, because of death, resignation, removal, disqualification, or any other cause, shall be filled by the Board.

Section 8.6 Chairperson. The Chairperson shall be the principal officer of the Board and shall have general supervision, direction and control of the business and affairs of the corporation. The Chairperson shall preside at all meetings of the members and Board, shall serve as an ex officio member of all committees, and shall have such other powers and duties as may be prescribed from time to time by the Board.

Section 8.7 Vice Chairperson. The Vice Chairperson shall serve as the Chief Operating Officer of the corporation and shall be responsible for running the day-to-day operations and activities of the corporation. In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties of the Chairperson and in so acting shall have all the powers of the Chairperson. The Vice Chairperson shall have such other powers and duties as may be prescribed from time to time by the Board.

Section 8.8 Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board, shall keep the seal of the corporation and affix it 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, shall supervise the keeping of records of the corporation, shall deliver the annual statement required by Section 10.6 to the members, and shall have such other powers and duties as may be prescribed from time to time by the Board, shall prepare the minutes of general and Board meetings and maintain attendance records, which shall include the names of all Board members present at each meeting and a current list of Board members which shall be made available upon request.

Section 8.9 Treasurer. The Treasurer shall receive and safely keep all funds of the corporation and deposit them with such depositories as may be designated by the Board. He or she shall disburse the funds of the corporation as may be ordered by the Board, shall render to the Chairperson and Board members, whenever they request it, an account of all his or her transactions as Treasurer, and of the financial condition of the corporation, shall serve as chairman of a committee identified in Section 9.1 as appointed by the Board, and shall have such other powers and duties as may be prescribed from time to time by the Board. All checks or orders for the payment of money issued in the name of the corporation shall be signed by such officers and in such a manner as shall from time to time be determined by a resolution of the Board. In the absence of such determinations by the Board, such instruments shall be signed by the Treasurer and the chairperson or Vice Chairperson.

Section 8.10 Amendment. The officers of the corporation and the duties specified thereunder in this Article VIII may not be changed except by the amendment of these Bylaws in accordance with Article XI.

ARTICLE IX COMMITTEES

Section 9.1 Appointment of Committees. The Board may appoint an Executive Committee and such other committees, as the Board from time to time deems necessary or appropriate to conduct business and further the objectives of this corporation. The appointment by the Board of an Executive Committee and any other committee having the authority of the Board shall be by resolution adopted by a majority of Board members then in office. The Executive Committee and any other committee having authority of the Board shall consist of two (2) or more members of the Board or other eligible voters.

Section 9.2 Powers and Authority of Committees. The Board may delegate to the Executive Committee any other committee having the authority of the Board, any of the powers and authority of the Board in the management of the business and affairs of the corporation, except the following:

- (a) The approval of any action for which the Nonprofit Public Benefit Corporation Law of the State of California also requires the approval of members of a corporation, in which event the approval of the Board shall be required, if there is no member, and the approval of the member shall be required if there is then a member.

(b) The filling of vacancies on the Board or in any committee, which has the authority of the Board.

(c) The fixing of compensation of the Board members for serving on the Board or on any committee.

(d) The amendment or repeal of Bylaws or the adoption of new Bylaws.

(e) The amendment or repeal of any resolution of the Board that by its express terms is not so amendable or repealable.

(f) The appointment of committees of the Board or the members thereof.

(g) The expenditure of corporate funds to support a nominee for Board membership after there are more people nominated for Board members than can be elected.

(h) The approval of any self-dealing transaction except as permitted in Section 7.23 of these Bylaws.

ARTICLE X MISCELLANEOUS

Section 10.1 Fiscal Year. The fiscal year of the corporation shall end on the last day of December of each year.

Section 10.2 Inspection of Corporate Records. The books of account and minutes of the proceedings of members and Board, and of any Executive Committee or other committees of the Board, shall be open to inspection at any reasonable time upon the written demand of the members. Such inspection may be made in person or by an agent or attorney, and shall include the right to make photocopies and extracts.

Section 10.3 Representation of Shares of Other Corporations. The Chairperson or any Vice Chairperson and the Secretary or any Assistant Secretary of the corporation are authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted to said officers may be exercised by such officers in person or by other persons authorized to do so by proxy duly executed by such officers.

Section 10.4 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the corporation and any and all securities owned by or held by the corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board.

Section 10.5 Execution of Contracts. The Board, except as in the Bylaws otherwise provided, may authorize any officer, or officers, agent, or agents, to enter into any contract or

execute any contract (including the administrative and management services agreement referenced in Section 7.1) or execute any instrument in the name of and on behalf of the corporation and such authority may be general or confirmed to specific instances and unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount. Provided, that pursuant to Section 5214 of the Nonprofit Public Benefit Corporation Law of the State of California, any such contract or instrument between the corporation and any third person, when signed by the Chairperson or any Vice Chairperson and the Secretary-Treasurer or any Assistant Secretary-Treasurer of the corporation, shall be valid and binding upon the corporation in the absence of actual knowledge on the part of said third person that the signing officers had no authority to execute the same.

Section 10.6 Annual Report—When Required. As long as the corporation has more than 500 members or \$10,000 in assets at any time during the year, the Board shall cause an annual report to be sent to the members not later than one hundred twenty (120) days after the close of the corporation's fiscal year. Such reports shall contain in appropriate detail the following:

- (a) The assets and liabilities, including 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 revenues or receipts of the corporations, 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, during the fiscal year.
- (e) Any information required by Section 10.7 of these Bylaws.

Section 10.7 Annual Statement of Certain Transactions and Indemnifications. Pursuant to Section 6322 of the Nonprofit Public Benefit Corporation Law of the State of California, the Board shall cause an annual statement of certain transactions and indemnifications to be sent to its members and to the Board members not later than one hundred twenty (120) days after the close of the fiscal year. If the corporation issues an annual report to the members, this requirement shall be satisfied by including the required information, as set forth below in said annual report. Such annual statement shall describe:

- (a) The amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year of the corporation to any officer or Board member of the corporation; provided, that no such report need be made in the case of indemnification approved by the members; and

(b) Any “covered transaction” (defined below) during the previous fiscal year of the corporation involving (1) more than Fifty thousand Dollars (\$50,000) or, (2) which was one of a number of “covered transactions” in which the same “interested person” (defined below) had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000). The statement shall describe the names of any “interested persons” involved in such covered transactions, including such “interested person’s” relationship to the transaction, and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which the “interested person” is only a partner, only the interest of the partnership need be stated. For the purposes of this section, a “covered transaction” is a transaction in which the corporation, or its parent or subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

(i) Any Board member or officer of the corporation, or its parent or subsidiary; or

(ii) Any holder of more than ten percent (10%) of the voting power of the corporation, or of its parent or subsidiary.

For the purpose of this section, any person described in either subparagraph (i) or (ii) above is an “interested person.”

Section 10.8 Corporate Loans, Guarantees and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any Board member or officer, or member upon the security of its membership in the corporation, except as is expressly allowed under the Nonprofit Public Benefit Corporation Law of the State of California Section 5236.

Section 10.9 Public Inspection and Disclosure. The corporation shall have available for public inspection at its principal office a copy of its three most recent annual exempt organization information returns and a copy of its application for recognition of exemption. In addition, in the event that the corporation provides services or information to the public for a fee, and such services or information are available from the federal government free of charge or for a nominal cost, such availability shall be conspicuously disclosed in an easily recognizable format in any solicitation or offer by the corporation.

Section 10.10 Political Activities. The corporation shall refrain from any intervention in any political campaign on behalf of, or in opposition to, a candidate. The corporation shall not make any political expenditure or lobbying expenditure, which will result in the loss of, or otherwise adversely affect, its status as a tax-exempt organization under the Internal Revenue Code of 1986, as amended.

ARTICLE XI
EFFECTIVE DATE AND AMENDMENTS

Section 11.1 Effective Date. These Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective immediately upon their adoption unless the Board or members of the corporation is adopting them provide that they are go become effective at a later date.

Section 11.2 Amendments. These Bylaws may be amended or repealed and new Bylaws adopted by the vote of the majority of the members of the Board then in office upon proper notice, unless the action would materially and adversely affect the rights of the members of the corporation as to voting or transfer; except that Bylaws affecting the following may be adopted, amended or repealed only by the members of the corporation by an affirmative vote, or by written ballot pursuant to Section 6.7:

- (a) A Bylaw specifying or changing a fixed number of Board members;
- (b) A Bylaw changing from a fixed to a variable Board or vice versa;
- (c) A Bylaw increasing the term of office of Board members;
- (d) A Bylaw increasing the quorum of members;
- (e) A Bylaw repealing, restricting, creating or expanding proxy rights; and
- (f) A Bylaw repealing or amending Section 8.11.

ARTICLE XII
PARLIAMENTARY REFERENCE

Section 12.1 Robert's Rules of Order. Robert's Rules of Order (revised) shall govern this corporation in all cases in which they are applicable and not inconsistent with these Bylaws.


CERTIFICATE OF SECRETARY

I certify that:

1. I am the Secretary of COMMUNITY CENTER OF PALOMAR MOUNTAIN, INC.

2. The attached Bylaws are the Bylaws of the corporation approved by the Board of Directors at a meeting held on May 29, 2004.

Executed effective May 27, 2004.


Terri Bailey
Secretary

APPENDIX A

The community of Palomar Mountain shall be defined as those properties located to the north of State Highway 76 (excluding land designated as The La Jolla Indian Reservation) between State Highway 6 (otherwise referred to as South Grade Road), and State Highway 7 (otherwise referred to as East Grade Road) and accessed from those roads. It shall also include properties accessed from Nate Harrison Grade outside the boundaries of the Pauma Indian Reservation. All properties are within San Diego County and The Cleveland National Forest.