

**AMENDED AND RESTATED BYLAWS
OF
MONTEREY COUNTY HOUSING, INC.
A California Nonprofit Public Benefit Corporation**

**ARTICLE I
PURPOSE**

The mission of Monterey County Housing, Inc. is to develop, maintain and promote quality housing that is affordable for all residents of Monterey County and to strengthen families by supporting sustainable and economically diverse neighborhoods,

**ARTICLE II
OFFICES**

Section 1. Principal Office. The principal office for the transaction of business for the Corporation shall be 123 Rico Street, Salinas, California. The Board of Directors may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary/Treasurer on these Bylaws opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices. The Corporation may also have offices at such other places as the Board of Directors may from time to time designate, or as the business of the Corporation may require.

**ARTICLE III
BOARD OF DIRECTORS**

Section 1. Powers. Subject to any limitations in the Articles of Incorporation or these Bylaws and to any provision of the California Corporations Code, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by, or under the direction of the Board of Directors.

Section 2. Number and Qualification of Directors. The authorized number of Directors shall be seven (7) until changed by amendment of the Articles of Incorporation or by a Bylaw duly adopted by a unanimous vote of the Board of Directors of the Corporation amending this section.

Two (2) of said seven (7) Directors shall be appointed by the Board of Commissioners of the Housing Authority of the County of Monterey (“the Housing Authority Directors”).

The remainder of said seven (7) Directors shall be persons interested and/or active in providing housing for low-income persons in the County of Monterey, meeting one or more of the following parameters:

- a) a resident whose household meets the low-income guide lines for the household’s family size

- as pursuant to the matrix published annually by HUD (“Community Directors”); or
- b) a resident of a low-income neighborhood as quantified by the most recent US Census figures (“Community Directors”), or
- c) elected representative of low-income neighborhood organizations, as defined in 24 CFR 92.2 (“Low-Income Representative Directors”).

Neither the Community Directors nor the Low-Income Representative Directors positions may be appointed by the Board of Commissioners of the Housing Authority of the County of Monterey.

Regardless of other mechanisms used in these bylaws for the selection of directors or the filling of board vacancies, at all times at least one third of the board of directors shall be composed persons who fit the following categories: (1) residents of low-income neighborhoods, (2) low-income community residents, or (3) elected representative of low-income neighborhood organizations. No more than one third of the board members, at any given time, shall be public officials or employees of local governments that provide it with funding.

Section 3. Terms of Office. Each Director shall hold office for a term of five (5) years, or less in the event of the death, resignation or removal of the Director. Directors may automatically succeed themselves for additional terms.

Section 4. Vacancies. A vacancy in the Board exists whenever any authorized position of Director is not then filled by a duly elected Director, whether such vacancy is caused by death, resignation, removal, change in the authorized number of Directors, or otherwise. If possible, all Directors shall hold office until their respective successors are selected.

Vacancies in the Housing Authority Director positions shall be filled by appointment by the Board of Commissioners of the Housing Authority of the County of Monterey. All other vacancies shall be filled by election by a majority of the Board, whether or not less than a quorum. In the community solicitation process, the Board will take steps it deems to be reasonably appropriate to inform residents of low-income neighborhoods, or other low-income community residents, of the vacancy, and will take whatever other action the Board deems reasonably appropriate to facilitate the election of a Low-Income Representative Director and/or Community Directors to fill the vacancy.

Section 5. Resignation and Removal. Any Director may resign at any time by giving written notice of such resignation to the Board of Directors. The Board of Directors may declare vacant the office of a Director who has been declared of unsound mind by an order of a court or who has been convicted of a felony or who has been absent without reasonable cause acceptable to the Board, from three (3) or more consecutive regular meetings.

Section 6. Ralph M. Brown Act. Each Director shall be given a copy of the Ralph M. Brown Act upon being elected to the Board.¹ The Ralph M. Brown Act shall apply to meetings of the Board, and any committee of the Board.² Meeting” includes any congregation of a majority of

¹ Government Code §54952.7.

² Government Code §54952(c)(1)(B).

the members of the Board at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the Board.³

Section 7. Place of Meeting. Meetings of the Board shall be held at any place within the County of Monterey that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the corporation. All meetings shall be conducted at a location which meets the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in the implementation thereof.⁴ “

Section 8. Meeting Attendance. All Board and committee meetings shall be open and public and all persons shall be permitted to attend any meeting of the Board or any committee, except as may otherwise be provided by these Bylaws, or by operation of applicable law.⁵ A member of the public shall not be required, as a condition to attendance, to register his or her name, to provide other information, to complete a questionnaire, or otherwise to fulfill any condition precedent to his or her attendance. If there is an attendance list, register, questionnaire, or other document, it shall clearly state that the signing, registering, or completion of the document is voluntary, and that all persons may attend the meeting regardless of whether a person signs, registers, or completes the document.⁶

Section 9. Record of Proceedings. Any person attending an open and public meeting of the Board shall have the right to record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding by the Board that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute a persistent disruption of the proceedings. Any tape or film record of an open and public meeting made for whatever purpose by or at the direction of the Board shall be subject to inspection pursuant to the California Public Records Act, but notwithstanding, may be erased or destroyed 30 days after the taping or recording. Any inspection of the video or tape recording shall be provided without charge on a video or tape player made available by the Board.⁷

Section 10. Annual and Regular Meetings. The annual meeting of the Board of Directors shall be held on the second Wednesday of the fifth month following close of calendar year at 123 Rico Street, Salinas, California, every year commencing with 1996. Such meeting will be held for the purpose of organization, election of officers and the transaction of business. No notice of this meeting need be given to the Directors, provided however that mailed notice at least one week prior to the date set for the meeting shall be given to any person who has filed a written request for such notice.⁸ The Board of Directors may provide for other regular meetings as scheduled from time to time by resolution. The Board of Directors is hereby granted full power and authority to change the date and time of regular meetings. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws. Written notice of the annual meeting and such other regular meetings shall be delivered personally or by telephone or telefax to each Director at least forty-eight (48) hours before the meeting, or sent to each Director by first-class mail, postage

³ Government Code §54952.2.

⁴ Government Code §54953.2.

⁵ Government Code §54953. See Government Code §54957.9 for Disorderly Conduct of General Public during meeting; Clearing of Room.

⁶ Government Code §54953.3.

⁷ Government Code §54953.5.

⁸ Government Code §54954.1.

prepaid, at least four (4) days before the meeting. Written notice of every regular meeting and agenda or a copy of all documents constituting the agenda packet shall be mailed at least one week prior to the date set for the meeting to any person who has filed a written request for that notice.⁹ If requested, the agenda packet shall be made available in appropriate alternative formats to persons with a disability as required by the Americans with Disabilities Act.¹⁰

(a) Agenda To Be Posted. At least 72 hours before a regular meeting the Board shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including the items to be discussed in closed session.¹¹ The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to the members of the public.¹² The Agenda shall provide an opportunity for members of the public to directly address the Board on any item of interest to the public, before or during the Board's consideration of such item that is within the subject matter jurisdiction of the Board.¹³

(b) Action on Other Matters. No action or discussion shall be undertaken by the Board on any item not appearing on the posted agenda, except that members of the Board may respond briefly to statements made or questions posed by persons present. In limited circumstances, the Board may take action on items of business not appearing on the agenda, but only if one of the following conditions exists:

- (1) Upon a determination by a majority vote of the Board that an emergency situation exists; or
- (2) Upon a determination by two-thirds vote of the Board that there is a need to take immediate action and that the need for action came to the attention of the Board after the agenda had been posted; or
- (3) The item presented for action was posted for a prior meeting of the Board which occurred not more than five calendar days prior to the date of the proposed action and the action item was continued to the meeting at which action is being taken.¹⁴

Section 11. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, or if he or she is absent or unable or refuses to act, by a majority of the members of the Board.¹⁵ Written notice of the time and place of all special meetings of the Board of Directors shall be delivered personally or by any other means and shall be received by each Director, and each local newspaper of general circulation, radio or television station requesting notice in writing at least twenty-four (24) hours before the meeting.¹⁶ Written notice of any special meeting which is set at least one week prior to the date set for the meeting shall be mailed

⁹ Government Code §54954.1.

¹⁰ Government Code §54954.1.

¹¹ Government Code §54954.5.

¹² Government Code §54954.2.

¹³ Government Code §54954.3.

¹⁴ Government Code §54954.2.

¹⁵ Government Code §54956.

¹⁶ Government Code §54956.

at least one week prior to the date set for the meeting to any person who has filed a written request for that notice.¹⁷ Every notice for a special meeting shall provide an opportunity for members of the public to directly address the Board concerning any item that has been described in the notice for the meeting before or during consideration for that item.¹⁸ The calling of the special meeting and the notice shall be posted at least twenty-four (24) hours prior to the special meeting in a location that is freely accessible to members of the public.¹⁹

Section 12. Emergency Meetings. In cases of an emergency, the Board may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement provided that each local newspaper of general circulation and radio or television station which has requested notice of special meetings is notified by telephone at least one hour prior to the emergency meeting. An emergency includes a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the Board. Notwithstanding the foregoing, in cases of a dire emergency situation, the Board may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement provided that each local newspaper of general circulation and radio or television station which has requested notice of special meetings is notified by telephone at or near the time that the members of the Board are notified of the emergency meeting. A dire emergency is a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring the Board to provide one-hour notice before holding an emergency meeting under this section may endanger the public health, safety, or both, as determined by the Board. The Board shall not meet in closed session at a meeting called pursuant to this section.²⁰

Section 13. Waiver of Notice. Notice of the meeting need not be given to any Director who signs a waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 14. Continued Meeting and Notice of Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting 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. A copy of the order of adjournment or order of continuance shall be conspicuously posted on or near the door of the meeting location within twenty-four (24) hours after the time of the adjournment, except that if the hearing is continued to a time less than twenty-four (24) hours after the time specified in the order or notice of hearing, the copy of the order or notice of continuance shall be posted immediately.²¹ When a regular or adjourned regular meeting is adjourned, the resulting adjourned regular meeting is a regular meeting for all purposes.²²

¹⁷ Government Code §54954.1.

¹⁸ Government Code §54954.3.

¹⁹ Government Code §54956.

²⁰ Government Code §54956.5.

²¹ Government Code §§54955, 54955.1.

²² Government Code §54955.

Section 15. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly called, noticed and held at which a quorum is present shall be regarded as the act of the Board of Directors unless action by a greater proportion is required by the California Nonprofit Public Benefit Corporation Law.

Section 16. Action at Meeting. Every act or decision done or 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. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 17. Disclosure of Items to be Discussed in Closed Session. Prior to holding any closed session, the Board shall disclose, in an open meeting, the item or items to be discussed in the closed session. The disclosure may take the form of a reference to the item or items as said items are listed by number or letter on the agenda. In the closed session, the Board may consider only those matters covered in the statement. After any closed session, the Board shall reconvene into open session prior to adjournment and shall make any disclosures required by Government Code Section 54957.1, or any successor section of action, taken in the closed session.²³

Section 18. Fees and Compensation. Directors shall not receive any compensation for their services as Directors, nor shall they serve the Corporation in any other capacity, except as an agent, employee or otherwise, and receiving compensation therefor. The Corporation may reimburse the Directors for actual expenses incurred on behalf of the Corporation at the request of or with the authorization of the Board of Directors.

Section 19. Voting. Each Director of the corporation shall be entitled to one vote on each matter submitted to a vote.

Section 20. Low-Income Program Beneficiary Review. Beneficiaries of low-income programs will be invited to advise the corporation in all of its decisions regarding the design, siting, development and management of all HOME-assisted affordable housing projects.

Section 21. Liability of Directors. In accordance with the California Corporations Code, no Director of the Corporation shall be personally liable as such for the debts, liabilities or obligations of the Corporation.

ARTICLE IV OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Chief Financial Officer who shall hold the title of Treasurer. The Corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article IV. One (1) person may hold

²³ Government Code §54957.7.

two (2) or more offices (as in Secretary/Treasurer), except that neither the Secretary nor Treasurer may serve concurrently as the President or Chairman of the Board. (Corp. Code § 5213)

Section 2. Qualification, Election, and Term of Office. Any person may serve as an officer of this Corporation. The officers of this Corporation shall be elected annually by the Board of Directors, except as may be appointed in accordance with Section 3 of this Article IV. Each officer shall hold office for a term of one year until he or she resigns or is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

Section 3. Subordinate Officers. The Board of Directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board of Directors.

Section 4. Vacancies. Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the Board of Directors. In the event of a vacancy in any office such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy by election. Vacancies occurring in offices of subordinate officers appointed at the discretion of the Board may or may not be filled as the Board shall determine.

Section 5. Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Board of Directors, at any regular or special meeting. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the Corporation.

Section 6. Duties of President. The President shall be the Chairman of the Board. The President shall preside at all meetings of the Board of Directors. Except as otherwise expressly provided by law, by the Articles of Incorporation, or by these Bylaws, he or she shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board of Directors.

Section 7. Duties of Vice-President. In the absence of the President, or in the event of his or her inability or refusal to act, the Vice-President shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions on, the President. The Vice-President shall have other powers and perform such other duties as may be prescribed by law, by the Articles of Incorporation, or by these Bylaws, or as may be prescribed by the Board of Directors.

Section 8. Duties of Secretary. The Secretary shall:

- (a) Certify and keep, or cause to be certified and kept, at the principal office of the Corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date.
- (b) Keep, or cause to be kept, at the principal office of the Corporation or at such other place as the Board may determine, a book of minutes of all meetings of the

Directors, and, if applicable, meetings of committees of Directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the posting of the notice, the names of those present or represented at the meeting, and the proceedings thereof.

- (c) See that all notices are duly given and posted in accordance with the provisions of these Bylaws or as required by law.
- (d) Be custodian of the records.
- (e) Exhibit at all reasonable times to any Director of the Corporation, or to his or her agent or attorney, on request therefor, the Bylaws, and the minutes of the proceedings of the Directors of the Corporation.
- (f) In general, perform or cause to be performed all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of this Corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors. He or she shall execute such deeds, mortgages, bonds, contracts, checks, or other instruments, which from time to time may be authorized by the Board of Directors.

Section 9. Duties of Treasurer. The Treasurer shall, directly or indirectly through the Corporation's agent:

- (a) Exhibit at all reasonable times the books of account and financial records to any Director of the Corporation, or to his or her agent or attorney, on request therefor.
- (b) Render to the President and Directors, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the Corporation, the records and reports of which may be prepared and maintained by the Corporation's agent, the Housing Authority of the County of Monterey ("HACM"), provided that there is a Board approved contract in force which delegates to or engages HACM to conduct and oversee the financial operations of the Corporation.
- (c) Prepare, or cause to be prepared, and certify, or caused to be certified, the financial statements to be included in any required reports.
- (d) In general, perform or cause to be performed all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board of Directors.

Article V **COMMITTEES**

Section 1. Executive Committee. The Board of Directors may, by a majority vote of Directors then in office, designate two (2) or more of its members (who may also be serving as officers of this Corporation) to constitute an Executive Committee and delegate to such Committee any of the

powers and authority of the Board in the management of the business and affairs of the Corporation, except with respect to:

- (a) The filling of vacancies on the Board or on any committee which has the authority of the Board; or
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee; or
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws; or
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; or
- (e) The appointment of committees of the Board or the members thereof; or
- (f) The approval of any transaction to which this Corporation is a party and in which one or more of the Directors has a material financial interest, except as expressly provided in section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members 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. Finance Committee The Board of Directors may, by a majority vote of Directors then in office, designate two (2) or more of its members (who may also be serving as officers of this Corporation) to constitute a Finance Committee for the purpose of advising the Board on atypical financial matters.

Section 3. Personnel Committee The Board of Directors may, by a majority vote of Directors then in office, designate two (2) or more of its members (who may also be serving as officers of this Corporation) to constitute a Personnel Committee for the purpose of advising the Board on atypical personnel issues.

Section 4. Audit Committee. The Board of Directors shall, by a majority vote of Directors then in office designate and appoint individuals to the Audit Committee. The Audit Committee members may include members of the Corporation's Board of Directors or non-board members, provided that at least one member of the Corporation's Board of Directors shall serve on the Audit Committee. With the sole exception of reviewing IRS Form 990, the Audit Committee members shall not include any members of the staff of the Corporation including the president or chief executive officer and the treasurer or chief financial officer of the Corporation. Members of the Audit Committee shall not have a material financial interest in any entity doing business with the Corporation. Members of the Audit Committee shall serve for a term to be set by the Board of Directors. The Audit Committee shall keep regular minutes of its proceedings and cause them to be filed with the Corporate Records. The Audit Committee shall undertake the following designated tasks:

- (a) Advise the Board of Directors not later than three months before the end of each fiscal year if an independent audit is required by law or is otherwise appropriate for that fiscal year, and if appropriate, make recommendations to the Board regarding the retention and, when necessary, the termination of the certified public accountant or accountancy firm who shall serve as an independent auditor (“Independent Auditor”), and audit the Corporation’s annual financial statement; and
- (b) Negotiate compensation for services to be paid to the Independent Auditor on behalf of the Board of Directors; and
- (c) Confer with the Independent Auditor to the extent necessary to satisfy the members of the Audit Committee that the Corporation’s financial affairs are in order; and
- (d) Review and determine whether to accept the audit prepared by the Independent Auditor; and
- (e) Assure that any non-audit services performed by the Independent Auditor adhere to the standards for auditor independence set forth in the latest revision of the Government Auditing Standards, issued by the Comptroller General of the United States (the Yellow Book); and
- (f) Approve the performance of non-audit services by the Independent Auditor; and
- (g) Receive the audited financial statements from the Independent Auditor and assist the Board of Directors in making the audited financial statements and all notes associated therewith and prepared by the Independent Auditor available to the public for inspection during regular business hours at the principal office of the Corporation for a period of three (3) years after the receipt thereof.

Section 5. Other Committees. The Board may from time to time create by resolution such other advisory committees as the Board may deem appropriate. Advisory committees shall include at least one member of the Board, and may include emeritus directors, and/or non-Board members of the community who have been selected and appointed by the Board. Advisory committees shall act in an advisory capacity only to the Board and shall not take any action on behalf of the Board or Corporation.

Section 6. Meetings 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 Bylaws 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 meetings of committees may be fixed by resolution of the Board of Directors or by the committee. The time for special meetings of committees may also be fixed by the Board of Directors. 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 regulations are not inconsistent with the provisions of the Bylaws. Committees shall keep regular minutes of their proceedings and cause them to be filed with the Corporate Records.

**ARTICLE VI
MEMBERS**

This Corporation shall have no members. Pursuant to section 5310 of the California Nonprofit Public Benefit Corporation Law, any action which would otherwise, under law or the provisions of the Articles of Incorporation or Bylaws of this Corporation, require approval by a majority of all members or approval by the members, shall only require the approval of the Board of Directors and all rights and obligations of members designated which would otherwise vest under the California Nonprofit Public Benefit Corporation Law shall be exercised and fulfilled by the Directors of this Corporation.

**ARTICLE VII
CONFLICT OF INTEREST POLICY**

Section 1. Purpose. The purpose of the Conflict of Interest Policy (the “Policy”) is to protect the 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 might result in a possible excess benefit transaction. 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 or principal officer, 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(b) of this Article, a person who has a financial interest may have a conflict of interest only if the Board decides that a conflict of interest exists.

Section 3. 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 considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board Members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

(1) An interested person may make a presentation at the 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.

(2) The Chairperson of the Board shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(3) After exercising due diligence, the Board 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.

(4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board 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, the Board shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

(1) If the Board has reasonable cause to believe a director or principal officer has failed to disclose actual or possible conflicts of interest, it shall inform the director or principal officer of the basis for such belief and afford the director or principal officer an opportunity to explain the alleged failure to disclose.

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

Section 4. Records of Proceedings. The minutes of the Board 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 Board'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.

(a) A voting member of the Board or a principal officer who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

(b) No voting member of the Board or principal officer 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.

Section 6. Annual Statements. Each director or principal officer 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 subjects:

(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 Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE VIII

CORPORATE RECORDS, REPORTS AND SEAL

Section 1. Maintenance of Corporate Records. The Corporation shall keep at its principal office in the State of California:

- (a) Agendas and Minutes of all meetings of Directors and committees of the Board, 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 copy of the Corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the Directors 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. Director's Inspection Rights. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation.

Section 4. Public Records Act. The agendas of public meetings and any other writings, when distributed to all, or a majority of the Directors in connection with a matter subject to discussion or consideration at a public meeting are disclosable public records under the California Public Records Act and shall be made available upon request without delay, unless exempted from disclosure under the Public Records Act.²⁴

Section 5. Right to Copy and Make Extracts. Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection includes the right to copy and make extracts.

Section 6. Annual Report. The Board shall cause an annual report to be furnished not later than one hundred twenty (120) days after the close of the Corporation's fiscal year to all Directors of the Corporation, which report shall comply with section 6321 of the California Nonprofit Public

²⁴ Government Code §54957.5.

Benefit Corporation Law and in particular without limitation shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information required by Section 6 of this Article VII.

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

Section 7. Annual Statement of Specific Transactions. If deemed warranted by the Executive Director this Corporation shall mail or deliver to all Directors a statement within one hundred twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any transaction in which the Corporation was a party, and in which any Director or officer of the Corporation had a direct or indirect material financial interest (a mere common directorship does not constitute (per se) a material financial interest).

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practical, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

ARTICLE IX FISCAL YEAR

The fiscal year of the corporation shall end on June 30 of each year.

ARTICLE X AMENDMENT OF BYLAWS

Subject to any provision of the law applicable to the amendment of Bylaws of Nonprofit Public Benefit Corporations, these Bylaws, or any of them, may be altered, amended, or repealed and new Bylaws adopted by approval of the Board of Directors.

ARTICLE XI AMENDMENT OF ARTICLES

Amendment of the Articles of Incorporation may be adopted by the approval of the Board of Directors.

ARTICLE XII
PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

No Director, Officer, employee, or other person connected with this Corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided, however, that this provision shall not prevent payment to any such person or reasonable compensation for services performed for the Corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board of Directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the Corporation. On dissolution or winding up of the affairs of the Corporation, after all debts have been satisfied, all assets then remaining in the Corporation shall be distributed as required by the Articles of Incorporation of this Corporation and Article XIII of these Bylaws and not otherwise.

ARTICLE XIII
DISSOLUTION

The property of this Corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director or officer of this Corporation, or to the benefit of any private person. Upon the dissolution or winding up of the Corporation, its assets remaining after payment or provision for payment of all debts and liabilities of the Corporation shall be distributed for public purposes to HACM or to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public and charitable purposes and which has established and maintained its tax-exempt status under Section 501(c)(3) of the Code, or successor provision.

ARTICLE XIV
AGENTS AND REPRESENTATIVES

The Board of Directors may appoint such agents and representatives of the Corporation with such powers and to perform such acts or duties on behalf of the Corporation as the Board of Directors may see fit, so far as may be consistent with these Bylaws and to the extent authorized or permitted by law.

ARTICLE XV
CONTRACTS

The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, 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 render it liable for any purpose or for any amount.

ARTICLE XVI
VOTING UPON STOCK OF OTHER CORPORATIONS

Unless otherwise ordered by the Board of Directors, the President, or a Vice-President and the Secretary, or such other officers as the Board of Directors may select for the purpose, shall have full power and authority on behalf of the Corporation to vote either in person or by proxy at any meeting of stockholders of any corporation in which the Corporation may hold stock, and at any such meeting may possess and exercise all of the rights and powers incident to the ownership of such stock which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors may confer like powers upon any other person and may revoke any such powers as granted at its pleasure.

ARTICLE XVII
INVESTMENTS

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investments which a Director is or may hereafter be permitted by law to make or any similar restriction; provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction under section 5240 of the California Nonprofit Public Benefit Corporation Law or would result in the denial of the tax exemption under section 503 or section 504 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder as they now exist or as they may hereafter be amended, and under comparable provisions of state law.

ARTICLE XVIII
EXEMPT ACTIVITIES

Notwithstanding any other provision of these Bylaws, no Director, officer, employee or representative of the corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and California Revenue and Taxation Code section 23701d, as they now exist or as they may hereafter be amended.

ARTICLE XIX
INDEMNIFICATION

Section 1. Right of Indemnity. Each Director and Officer of the corporation, including all persons occupying such positions, shall be indemnified to the fullest extent permitted by California law against all expenses, judgments, fines, settlements and other accounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is defined in section 246(a) of the California Corporations Code, and including an action by or in the right of the Corporation. “Expenses” as used in this Bylaw shall have the meaning assigned to it in section 238(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request of the Board by any person seeking indemnification under section 5238(b) or section 238(c) of the California Corporations Code, the Board shall promptly determine under section 238(e) of the California Corporations Code whether the applicable standard of conduct set forth in section 238(b) or section 238(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 and 2 of this Article XVIII in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

ARTICLE XX

INSURANCE

The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees and other agents, against any liability asserted against or incurred by any officer, Director, employee or agent in such capacity or arising out of the officer's, Director's, employee's or agent's status as such.


CERTIFICATE OF PRESIDENT

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting President of MONTEREY COUNTY HOUSING, INC., a California nonprofit public benefit corporation; and

2. That the foregoing Bylaws, comprised of nineteen (19) pages, including this page, constitute the Bylaws of said Corporation as duly approved by the unanimous written consent of the Board of Directors of the Corporation dated June 9, 2016.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation on June 9, 2016.



Nancy Lloyd, President