

DRAFT 3-22-07

**BYLAWS
of the
PLEASANTON COMMUNITY OF CHARACTER COLLABORATIVE
A California Public Benefit Corporation**

ARTICLE 1. OFFICE

SECTION 1.1. PRINCIPAL OFFICE

The principal office of the corporation for the transaction of its business is located at 480 St. John Street, Suite 150, Pleasanton, California 94566. The board of directors may change the principal office from one location to another in Pleasanton, California, by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

_____ Dated: _____

_____ Dated: _____

ARTICLE 2. PURPOSES, POLICIES AND AFFILIATIONS

SECTION 2.1. PURPOSES

The primary purposes of this corporation shall be creating a community culture that is built on values, goodwill and community-accepted character traits by inspiring, motivating and recognizing individuals and organizations. This corporation will provide training, events, resources, activities and partnerships that will advance such purposes. The purposes of this corporation are promoted through an educational program directed towards parents, teachers, school administrators, business and community leaders and the general public. Such educational programs shall be developed through conferences, committees, projects and programs. Activities in furtherance of these purposes shall be governed and qualified by the basic policies set forth below.

SECTION 2.2. BASIC POLICIES

The following are the basic policies of the corporation:

- (a) the corporation shall be noncommercial, nonsectarian and nonpartisan;
- (b) the corporation shall be operated on a non-discriminatory basis without

regard to sex, race, color, religious background, national origin or ancestry;

(c) the organization shall work with schools, businesses, organization and individuals within the Pleasanton community to educate, motivate and recognize individuals, families and organizations who take responsibility for their choices, who made a difference in the world around them and model the accepted community of character traits; and

(d) no part of the net earnings of the corporation shall inure to the benefit of, or be distributed to its directors, officers or other private persons except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered as provided in Article 9, in furtherance of the purposes set forth in Section 2.1., above.

SECTION 2.3. AFFILIATIONS

The corporation is not a membership corporation. However, schools, communities, businesses, service organizations and all other public and private entities which adopt Community of Character will be called “Affiliates” to the extent that they wish to be affiliated with the corporation. Affiliation with the corporation entitles individuals and groups access to training materials, resources and assistance in implementing Community of Character. Affiliates have the right to be notified in advance of any fees associated with acquiring goods and services from the corporation.

ARTICLE 3. DIRECTORS

SECTION 3.1. NUMBER AND COMPOSITION

The corporation shall have nine to eleven directors, with the exact number fixed, within the limits specified, by a vote of the majority of the board of directors, and collectively they shall be known as the board of directors. The number may be changed by amendment of this bylaw, or by repeal of this bylaw and adoption of a new bylaw, as provided in these bylaws.

The members of the board of directors shall consist of one person affiliated with each of the following: (i) Pleasanton Chamber of Commerce; (ii) City of Pleasanton; and (iii) Pleasanton Unified School District; as well as six to eight persons who are at-large community leaders.

SECTION 3.2. POWERS

Subject to the provisions of the California Nonprofit Public Benefit Corporation law and any limitations in the articles of incorporation and bylaws relating to action required or permitted to be taken, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.

SECTION 3.3. DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this corporation, or by these bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the corporation;
- (c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these bylaws;
- (e) Register their addresses with the secretary of the corporation and notices of meetings mailed or emailed to them at such addresses shall be valid notices thereof.

SECTION 3.4. TERMS OF OFFICE

Each director shall hold office for a term of three (3) years until the subsequent annual meeting for election of the board of directors as specified in these bylaws, and until his or her successor is elected and qualifies. Notwithstanding the foregoing, upon initial incorporation, three directors shall hold office for a term of one (1) year, three other directors shall hold office for a term of two (2) years, and the remaining three to five directors shall hold office for a term of three (3) years; with the board of directors determining which directors will serve in these staggered terms. There shall be no limit on the number of terms a director may serve.

SECTION 3.5. COMPENSATION

Directors shall serve without compensation. However, they shall be allowed reasonable advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3.3 of this Article. Any other payments to directors shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Article 9 of these bylaws.

SECTION 3.6. PLACE OF MEETINGS

Meetings shall be held at 777 Peters Avenue, Pleasanton, California, unless otherwise provided by the board. In the absence of such designation, any meeting not held at 777 Peters Avenue, Pleasanton, California, shall be valid only if held on oral consent of all

directors present given either before or after the meeting, or after all board members have been given written notice of the meeting as hereinafter provided for special meetings of the board.

Any meeting, regular or special, may be held by conference telephone, electronic video screen communication, or other communications equipment. Participation in a meeting through use of conference telephone constitutes presence in person at that meeting so long as all directors participating in the meeting are able to hear one another.

SECTION 3.7. REGULAR AND ANNUAL MEETINGS

Regular meetings of directors shall be held quarterly, on dates and at times agreed upon by the majority of directors at the annual meeting.

At the annual meeting of directors held in May, on a date agreed upon in advance, the directors shall be elected by the board of directors in accordance with this section. Each director shall: (i) cast one vote for each of the required affiliation director positions, as set forth in Section 3.2, to be filled; and (2) cast one vote for each of the at-large director positions to be filled. Voting may be by ballot or oral vote. The candidate receiving the highest number of votes for each required affiliation director position shall be elected, and the candidate(s) receiving the highest number of votes up to the number of at-large director position(s) to be elected shall be elected.

SECTION 3.8. SPECIAL MEETINGS

Special meetings of the board of directors may be called by the chairperson of the board, the president, the vice president, the secretary, or by any two directors, and such meetings shall be held at the place designated by the person or persons calling the meeting, and in the absence of such designation, at 777 Peters Avenue, Pleasanton, CA.

SECTION 3.9. NOTICE OF MEETINGS

Regular meetings of the board may be held without notice. Special meetings of the board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone or email. If sent by mail or email, the notice shall be deemed to be delivered on its deposit in the mails or on its being sent by email. Such notices shall be addressed to each director at his or her address as shown on the books of the corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

SECTION 3.10. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS

The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 3.11. QUORUM FOR MEETINGS

A quorum shall consist of a majority of the authorized and seated number of directors. Except as otherwise provided in these bylaws, or by law, no business shall be considered by the board at any meeting at which a quorum is not present, except as provided herein, and the only motion which the chair shall entertain at such meeting is a motion to adjourn.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting.

SECTION 3.12. MAJORITY ACTION AS BOARD ACTION

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 is the act of the board of directors, unless the bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233), and indemnification of directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the board.

SECTION 3.13. CONDUCT OF MEETINGS

Meetings of the board of directors shall be presided over by the chairperson of the board, or, if no such person has been so designated or, in his or her absence, the president of the corporation or, in his or her absence, by the vice president of the corporation or, in the absence of each of these persons, by a chairperson chosen by a majority of the directors present at the meeting. The secretary of the corporation shall act as secretary of all

meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Meetings shall be governed by Roberts Rules of Order as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

SECTION 3.14. ACTION BY UNANIMOUS WRITTEN CONSENT WITHOUT MEETING

Any action required or permitted to be taken by the board of directors under any provision of law may be taken without a meeting, if all members of the board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all members of the board" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law. 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 the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the board of directors without a meeting and that the bylaws of this corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority.

SECTION 3.15. VACANCIES

Vacancies on the board of directors shall exist: (1) on the death, resignation, or removal of any director; and (2) whenever the number of authorized directors is increased. The board of directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law.

Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

Vacancies on the board may be filled by approval of the board or, if the number of directors then in office is less than a quorum, by: (1) the unanimous written consent of the directors then in office; (2) the affirmative vote of a majority of the directors then in

office at a meeting held pursuant to notice or waivers of notice complying with this Article of these bylaws; or (3) a sole remaining director.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the board of directors or until his or her death, resignation, or removal from office.

SECTION 3.16. NONLIABILITY OF DIRECTORS

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

SECTION 3.17. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

To the extent that a person who is, or was, a director, officer, employee, or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue, or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

SECTION 3.18. INSURANCE FOR CORPORATE AGENTS

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee, or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

ARTICLE 4. OFFICERS

SECTION 4.1. NUMBER OF OFFICERS

The officers of the corporation shall be a president, a secretary, a chief financial officer who shall be designated the treasurer, and an executive vice president. The corporation may also have, as determined by the board of directors, a chairperson of the board, one or more additional vice presidents, assistant secretaries, assistant treasurers, or other officers. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president or chairperson of the board.

SECTION 4.2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as an officer of this corporation. Officers shall be elected by the board of directors, at any time, and each officer shall hold office until he or she resigns, is removed, or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

SECTION 4.3. 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 4.4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the board of directors, at any time. 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 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 4.4 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 4.5. 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 other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

SECTION 4.6. DUTIES OF PRESIDENT

The president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office 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 prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, he or she shall preside at all meetings of the board of directors. If applicable, the president shall preside at all meetings of the board. 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 4.7. DUTIES OF EXECUTIVE VICE PRESIDENT

In the absence of the president, or in the event of his or her inability or refusal to act, the executive 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 executive 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 4.8. DUTIES OF SECRETARY

The secretary shall:

1. Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date.
2. Keep 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 names of those present or represented at the meeting, and the proceedings thereof.
3. See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.
4. Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these bylaws.
5. Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefore, the bylaws and the minutes of the proceedings of the directors of the corporation.

6. In general, perform 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.

SECTION 4.9. DUTIES OF TREASURER

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the treasurer shall:

1. Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.
2. Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.
3. Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the board of directors, taking proper vouchers for such disbursements.
4. Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.
5. 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 therefore.
6. 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.
7. Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
8. In general, perform 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.

SECTION 4.10. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution of the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this corporation. All officer salaries shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Article 9 of these bylaws.

ARTICLE 5. COMMITTEES

SECTION 5.1. COMMITTEES OF THE BOARD

The board of directors may, by a majority vote of directors, establish such other committees, which shall consist of two or more directors, as may from time to time be designated by resolution of the board of directors. Such other committees may also include persons who are not also members of the board. The board may 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 approval of any action which, under law or the provisions of these bylaws, requires the approval of the majority of the board.
- (b) The filling of vacancies on the board or on any committee that has the authority of the board.
- (c) The amendment or repeal of bylaws or the adoption of new bylaws.
- (d) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable.
- (e) The appointment of committees of the board or the members thereof.
- (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.

The board may at any time revoke or modify any or all of the authority so delegated to a committee, increase or decrease but not below two (2) the number of directors serving on a committee, and fill vacancies therein from the members of the board.

ARTICLE 6. EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS

SECTION 6.1. EXECUTION OF INSTRUMENTS

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation 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 specific instances. Unless so authorized, 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 monetarily for any purpose or in any amount.

SECTION 6.2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the president of the corporation.

SECTION 6.3. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

SECTION 6.4. GIFTS

The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the purposes of this corporation.

ARTICLE 7. CORPORATE RECORDS, REPORTS, AND SEAL

SECTION 7.1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office in Pleasanton, California:

- (a) 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 of the corporation at all reasonable times during office hours.

SECTION 7.2. 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 7.3. DIRECTORS' INSPECTION RIGHTS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation.

SECTION 7.4. ANNUAL REPORT

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation, which report 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 7 of this Article.

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.

ARTICLE 8. FISCAL YEAR

SECTION 8.1. FISCAL YEAR OF THE CORPORATION

The fiscal year of the corporation shall begin on June 1st and end on May 30th in each year.

ARTICLE 9. CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

SECTION 9.1. PURPOSE OF CONFLICT OF INTEREST POLICY

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess

benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

SECTION 9.2. DEFINITIONS

(a) Interested Person - Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest = A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (1) an ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (2) a compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

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

A financial interest is not necessarily a conflict of interest. Under Section 9.3(b), below, a person who has a financial interest may have a conflict of interest only if the board or committee decides that a conflict of interest exists.

SECTION 9.3. CONFLICT OF INTEREST AVOIDANCE PROCEDURES

(a) Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with board delegated powers 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 board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

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

After exercising due diligence, the board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

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

(d) Violations of the Conflicts of Interest Policy.

If the board or committee has reasonable cause to believe that a board or committee member has failed to disclose actual or possible conflicts of interest, it shall inform such member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

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

SECTION 9.4. RECORDS OF BOARD AND COMMITTEE PROCEEDINGS

The minutes of meetings of the board and all committees with board delegated powers involving conflict of interest and compensation approval issues 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 or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

SECTION 9.5. COMPENSATION APPROVAL POLICIES

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

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

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

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this Article 9, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

(a) the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.

(b) all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation

arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):

1. is not the person who is the subject of compensation arrangement, or a family member of such person;
2. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement
3. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement
4. has no material financial interest affected by the compensation arrangement; and
5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(c) the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources;
2. the availability of similar services in the geographic area of this organization;
3. current compensation surveys compiled by independent firms; or
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

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

(d) the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved;
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
3. the comparability data obtained and relied upon and how the data was obtained;
4. if the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination;
5. if the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting;
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement); and
7. the minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

ARTICLE 10. AMENDMENT OF BYLAWS

SECTION 10.1. AMENDMENT

Subject to any provision of law applicable to the amendment of bylaws of public benefit nonprofit corporations, these bylaws, or any of them, may be altered, amended, or repealed and new bylaws adopted by approval of the board of directors.

WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS

We, the undersigned, are all of the persons named as the initial directors in the articles of incorporation of Pleasanton Community of Character Collaborative / Partnership, a California nonprofit corporation, and, pursuant to the authority granted to the directors by these bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing bylaws, consisting of _____ pages, as the bylaws of this corporation.

Dated: _____

Joanne Gunson, Director

Ellen Pensky McGraw, Director

Ron Sutton, Director

CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the bylaws of the corporation named in the title thereto and that such bylaws were duly adopted by the board of directors of said corporation on the date set forth below.

Dated: _____

_____, Secretary