

BYLAWS OF THE DIAMOND BUSINESS ASSOCIATION

ARTICLE I Recitals and Definitions

Section 1. Name of Corporation. The name of this Corporation shall be the Diamond Business Association and shall be referred to as the 'Corporation'.

Section 2. Corporation Is Nonprofit. This Corporation has been formed pursuant to the California Nonprofit Corporation Law as a public benefit corporation. The purpose of this Corporation is to engage in any lawful act or activity other than credit union business for which a corporation may be organized under such law.

Section 3. Specific Purpose. The purposes for which this Corporation is formed are to enhance the growth and development of the Diamond Business Improvement District (Diamond BID), as established by an ordinance first adopted by the San Diego City Council in February of 1996, and as may be amended from time to time by the City Council, as well as the surrounding community of Southeast San Diego, as an international marketplace; to create partnerships between business and property owners that promote economic revitalization and combat deterioration in the community served by the Diamond Business Association; and to administer business and property owner assessment districts under contract with the City of San Diego. Business improvements also include any other related activities which will directly improve the economic prosperity of business within Southeast San Diego. All activities shall be nonpartisan, nonsectarian and nondiscriminatory against any person by reason of race, color, national origin, religion, age, sex, sexual orientation, marital status, genetic characteristics, or physical or mental disability.

ARTICLE II Principal Office

Section 1. Principal Office. The principal office for the Corporation shall be in Southeast San Diego and within the boundaries of the Diamond BID, or other location in the County of San Diego as may from time to time be designated by the Board of Directors.

ARTICLE III Membership

Section 1. Members. Members of the Corporation shall be business owners holding a current City of San Diego business tax certificate, and paying the Diamond BID assessment through the City of San Diego Treasurer's office. Newly opened businesses shall immediately qualify as Members upon securing a valid business tax certificate from the City of San Diego listing a place of business within the Diamond BID, except where these Bylaws provide for qualification by date-of-record.

Section 2. Associate Members. Associate Membership shall be open to those persons, including corporations or other associations, or their expressed representatives or delegates, making application for membership and interested in supporting the purpose of the Diamond Business Association. All applicants for Associate Membership shall complete an application in the form prescribed by the Board, which will be referred to a Membership Committee. All applications will be presented to the Board of Directors for approval by a majority vote.

- A. Applications of Associate Members must be renewed each year, upon the Membership Committees' review and approval by the Board of Directors. Diamond Business Association reserves the right to refuse memberships to any business or individual.
- B. Any Associate Member may resign from membership in the Diamond Business Association, upon giving written notice to the Secretary of the Corporation. Members who resign shall not be entitled to any refund of any dues therefore paid.
- C. All annual membership fees and donations are non-refundable. Any expulsion, suspension, or termination of a Member or Associate for cause shall be approved by two-thirds (2/3) vote of the Board of Directors, and shall be in accordance with the California Nonprofit Public Benefit Corporation Law.

ARTICLE IV Delegates

Section 1. Delegates. Each Member or Associate may be represented by a Delegate upon written notification from the Member or Associate to the Board of Directors. Each Delegate shall represent only one Member or Associate.

Section 2. Alternate Delegates. Each Member or Associate may adopt procedures to select a first and second Alternate Delegate, as defined herein, to represent the Member or Associate.

ARTICLE V Meetings of Members

Section 1. Annual Meetings. The annual meeting of Members shall be held in San Diego, California on a date and time determined by the Board of Directors.

Section 2. Special Meetings. Special meetings may be called at any time by a majority vote of the Board of Directors, or by one third (1/3) of the current Membership.

Section 3. Notice. Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be hand delivered or sent by first class mail, charges prepaid, not less than 10 nor more than 90 days before the date of the meeting to each such Member who is entitled to vote. The notice shall state the place, date, and time of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted, in accordance with the California Nonprofit Public Benefit Corporation Law.

Section 4. Voting. Each Member shall cast only one vote on any matter submitted to a vote. There shall be no cumulative or proxy voting. If a quorum is present, the affirmative vote of the majority of the Members present shall be the act of the Corporation. All voting rights shall be in accordance with the California Nonprofit Public Benefit Corporation Law.

Section 5. Action Without Meeting. Any action required or permitted to be taken by the Members may be taken without a meeting in accordance with the California Nonprofit Public Benefit Corporation Law.

ARTICLE VI Board of Directors

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

Section 2. Number and Qualifications of Directors. The Corporation shall have a minimum of seven and a maximum of thirteen Directors. A minimum of two-thirds (2/3) of the Directors shall be business owners (or their delegates) as provided in Article III of these Bylaws. No more than three Associate Members shall serve on the Board at any one time.

Section 3. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, at San Diego, California, or at such other times as may be authorized by the Board of Directors.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called at any time by the President or Vice President or shall be called by the President or Vice President upon written application of a majority of all Directors or a majority of all members. The purpose of the special meeting shall be stated in the notice of such meeting, which shall also designate the time and place thereof. Such notice shall be sent by first class mail not less than four days before the meeting, or forty-eight (48) hours in advance of such meeting, if delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means.

Section 5. Quorum. A majority of the authorized number of Directors present shall constitute a quorum for the transaction of business.

Section 6. Voting. 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 regarded as the act of the Board of Directors.

Section 7. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting in accordance with the California Nonprofit Public Benefit Corporation Law.

Section 8. Term. Directors shall hold office for two years and their terms shall be staggered at one-year intervals, with one-half the number of Directors elected at the annual meeting of the Members. No Director shall serve more than two consecutive terms.

Section 9. Vacancies. Vacancies on the Board shall exist on the death, resignation or removal of any Director. The vacancy can then be filled with the appointment of a qualified Member, subject to approval by a majority vote of the Board of Directors, for the remainder of the term of the Director replaced. When filling a vacancy, directors shall make every effort to have a diverse Board of Directors, representing a variety of skills, and shall aim for geographic representation of the businesses in the Diamond BID.

Section 10. Removal of Directors. The Board of Directors shall have the power and authority to remove Directors for cause by a two-thirds (2/3) if he or she is adjudicated to be within the purview of Section 7221 (relating to mental competency, conviction of a felony, or conduct affecting a charitable trust) or has breached any duty under Sections 7230 through 7238 (relating to the standards of conduct of directors) of the California Nonprofit Corporation Law. The Board of Directors also shall have the power and authority to remove a Director for cause if he or she fails to attend five (5) meetings in any 12-month period, or three (3) consecutive meetings of the Board of Directors, unless excused for good cause, which meetings have been noticed in accordance with California Law.

Section 11. Conflict of Interest. Intent is to comply with California Corporations Code, Sections 7230 through 7238, all applicable laws concerning 501 © (6) non-profit corporations, and additionally take all necessary steps to avoid even the appearance of a conflict of interest situation, such that if a Director has a direct, personal financial interest arising from a specific Board action under consideration: 1) he/she must so disclose in advance of any discussion on the matter, 2) physically remove him/herself from the meeting table, and 3) abstain from any Board vote on the specific matter. Further, in order to implement the Corporation's Conflict of Interest Policy, all Board members, along with staff and non-Member committee members, shall acknowledge their understanding of this policy by signing the appropriate form.

ARTICLE VII Election of Directors

Section 1. Intent: Intent is through an open participatory process on the part of the eligible business membership to elect Directors who will hold two year terms commencing in July of the year elected. Further, intent is to stagger the terms, such that one-half of the Directors would be elected annually.

Section 2. Election Calendar:

A. Each March, the Board will review the election process with respect to the number of seats which will become vacant as of June 30th. Consistent with Section 5513 of the California Corporations Code, this election will be conducted by written ballot available to all eligible business members ("Delegates"), with the results of the election to be ratified at the June Annual Meeting.

B. At the April Board Meeting, the President announces the appointment of a Nominations Committee.

C. After the April Board Meeting and before the May Board Meeting:

1) A list of holders of valid/fully paid Business Tax Certificates will be obtained as of April 30th, holders of which are eligible: to nominate candidates (including self-nominations), vote by written ballot, and vote at the Annual Meeting; and

2) The Secretary will notify Members of the election and make available nomination forms and other materials. Nomination forms must be returned to the office by the nearest business day corresponding to May 5th, by hand or with a post mark no later than the prior date.

D. At the May Board Meeting:

1) Secretary reports to Directors on all businesses eligible to vote by ballot and at the Annual Meeting, and, in conjunction with the Nominations Committee, reports to the Directors the results from the solicitation for nominations;

2) The Nominations Committee continues their report, such that additional nominations may be made, including from the floor, provided that such nominees are Members in good standing;

- 3) The Directors vote to close nominations, adopt a slate of candidates, and order preparation of a written ballot; and
- 4) The Directors appoint an Election Committee, to include the Secretary and an outside Inspector of Elections providing for his/her compensation, if any.

E. After the May Board Meeting and before June Regular and Annual Meeting:

- 1) The Secretary and the Nominations Committee, jointly, will notify all eligible business members that the election will be conducted by written ballot at the June Annual Meeting, which will be held in conjunction with the regular June Board Meeting. This notification will contain a notice of the date of the Annual Meeting, a listing of all candidates for election to the Board of Directors, and other proposals, if any, to be submitted to the Membership.

F. At the June Regular Board Meeting and Annual Meeting, held separately in conjunction with each other:

1. After the Directors have concluded the regular June Board Meeting, the Annual Meeting will be convened.
2. At the Annual Meeting, the Members will be presented a written ballot that incorporates a listing of the eligible candidates for election to the Board of Directors, and the number of seats on the Board to be filled. Voting will be conducted by secret ballot. Members must be present to vote personally, and not by proxy.
3. The Election Committee will conduct the election, and report to the Annual Meeting the results the candidates to be elected to the Board of Directors. The Membership will ratify the results from the election, and elect Directors for two year terms commencing the following July 1st.
4. Additionally, at the Annual Meeting, Officers for the new Fiscal Year commencing July 1st will be elected, as well as other matters.

ARTICLE VIII Committees

Section 1. Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office, designate one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board of Directors

ARTICLE IX Officers

Section 1. Officers. The executive officers of this Corporation shall be a President, a Vice-President, a Secretary, and a Treasurer. All officers must be Directors of the Corporation.

Section 2. Election. Officers shall be elected by the Board of Directors at each annual meeting of the Members and shall hold office until the next annual meeting or until they no longer represent their respective Members.

Section 3. Vacancies. A vacancy in any office may be filled by a majority vote of the Board of Directors. Each officer so elected shall hold office until the next annual election of officers or until he or she is no longer eligible to serve.

Section 4. President. Subject to the control of the Board of Directors, the President shall have general supervision, direction, and control of the business and affairs of the Corporation. The President shall preside at all meetings of the members and Directors, and shall have the powers and duties as may be prescribed from time to time by the Board of Directors. The President shall, each year, submit to the membership a report on the accomplishments of the past year and the objectives for the next year.

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

Section 6. Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board of Directors, and of the members, shall keep the seal of the Corporation, shall affix the same to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, and shall supervise the keeping of the minute books in the principal office of the Corporation, which shall include these Bylaws. The Secretary shall keep a record of attendance and shall maintain the Corporation's membership roster. All

such corporate records and documents shall be reproduced by the Secretary and distributed to the Board of Directors prior to each regular, special, or annual meeting.

Section 7. Treasurer. The Chief Financial Officer, who shall be referred to as the Treasurer, shall be responsible for general supervision of the financial affairs of the Corporation, shall make regular financial reports to the Board of Directors and to the membership, and shall perform such other duties as may be prescribed from time to time by the Board of Directors.

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

ARTICLE X Miscellaneous

Section 1. Rules and Regulations. The Board of Directors shall have the power to make reasonable rules and regulations not inconsistent with these Bylaws.

Section 2. No Personal Interest. No Member or Associate, as defined, shall have any personal, proprietary, or beneficial interest in the property of the Corporation, either during its corporate existence or after the termination thereof by dissolution or otherwise. In the event of dissolution, disposal of Corporation's property and assets remaining after paying or adequately providing for the debts and obligations of the Corporation shall be subject to specific terms, if any, as may be set forth in particular government or donor contracts.

Section 3. Amendment. These Bylaws may be repealed or amended or new Bylaws adopted by a two-thirds (2/3) vote of Board of Directors, or at the Annual Meeting, in accordance with the California Nonprofit Public Benefit Corporation Law.

Section 4. Proceedings. All meetings shall be conducted in accordance with the most recently revised edition of Robert's Rules of Order.

Section 5. Public Meetings. All meetings shall be public except those meetings devoted to confidential matters, such as litigation or personnel, which shall be conducted in executive session.

Section 6. Public Comment. A time will be set aside during each meeting for limited public comment, at the discretion of the Board of Directors.

ARTICLE XI Indemnification

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

CERTIFICATION OF ADOPTION OF BY LAWS

Adopted by Founding Members Board of Directors, November 17, 2011

Amended by Board of Directors, October 9, 2013