

**BY-LAWS**  
**OF**  
**THE BUTTE COUNTY HUMANE SOCIETY, INC.**

A California Non-Profit Public Benefit Corporation

**ARTICLE 1**

NAME

The name of this corporation shall be Butte County Humane Society, Inc.

**ARTICLE 2**

OFFICES

**Section 1.**

PRINCIPLE OFFICE

The principle office for the transaction of business of the corporation (principal executive office) is located at 2579 Fair Street, Chico, Butte County, California. The directors may change the principle executive office from one location to another.

**Section 2.**

OTHER OFFICES

The Board of Directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

**ARTICLE 3**

OBJECTIVES AND PURPOSES

The objectives and purposes of the corporation shall be:

- A. The prevention of cruelty to animals by all proper means;
- B. The enforcement of the laws of the State of California, Butte County, and the City of Chico for the prevention of cruelty;
- C. The inculcation of humane principles and education;
- D. To have and exercise all rights and powers conferred on non-profit benefit corporations under the laws of the State of California: provided, however, that this corporation shall

not, except to an insubstantial degree, engage in activities or exercise any powers that are not in furtherance of the objectives and purposes of this corporation; and

E. To operate a kennel in a humane way for the protection of animals in Butte County.

#### **ARTICLE 4**

##### **NON-PARTISAN ACTIVITIES**

This corporation has been formed under the California Non-Profit Public Benefit Corporation Law for the public purposes described above, and shall be non-profit and non-partisan. No substantial part of activities of the corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

#### **ARTICLE 5**

##### **DEDICATION OF ASSETS**

The properties and assets of this non-profit public benefit corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of this corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any member or director of this corporation. On liquidation or dissolution, all properties, assets and obligations shall be distributed and paid over to an organization dedicated to charitable purposes, provided that the organization continues to be dedicated to the exempt purposes as specified in Internal Revenue Code 501c (3).

#### **ARTICLE 6**

##### **MEMBERSHIP**

**Section 1.**

**QUALIFICATIONS**

Any person who is interested in the objectives and purposes for which this corporation has been formed and who has expressed a desire to support the programs of the corporation in furtherance thereof, may become a member of the corporation, and further upon payment of the annual dues required for membership in the class of membership to which said member has been accepted, which annual dues shall be fixed from time to time by the Board of Directors.

**Section 2.**

**ANNUAL DUES**

Except as hereinafter provided, each member in good standing must pay, within the time and on the conditions set by the Board of Directors, the annual dues in amounts to be fixed from time to time by the Board of Directors. The annual dues shall be equal for all members of each class, but the Board of Directors may set different annual dues for each class.

Notwithstanding the forgoing, honorary members shall be those persons elected to said class of membership by the Board of Directors in recognition of their past services and/or contributions to the objectives and purposes for which the corporation is formed. Honorary members may be elected by the Board of Directors without limit as to the number thereof and shall be exempt from payment of dues.

**Section 3.**

**CLASSES OF MEMBERSHIP**

There shall be nine (9) classes of membership, as follows:

Corporate Member	\$2500
Sustainer	\$1000

Benefactor	\$500
Patron	\$250
Supporter	\$120
Sponsor	\$60
Member	\$30
Senior	\$15
Student	\$15

The voting rights of the respective classes of membership shall be set forth in Article 7, Section 6.

**Section 4.**

**TERMINATION OF MEMBERSHIP**

- A. Causes of Termination. The membership of any regular member shall terminate upon occurrence of any of the following events:
1. The resignation of the member;
  2. The failure of a member to renew her or his membership for the following year by paying annual dues within the time set forth by the Board of Directors;
  3. The occurrence of any event which renders such member ineligible for membership, provided that termination for such shall take effect only upon expiration of the period (not to exceed one year) for which such member's current membership runs; or
  4. The determination by the Board of Directors or a committee designated to make such determination that the member has failed in a material and serious degree to observe the rules of conduct of the corporation, or has engaged in conduct materially and seriously prejudicial to the interests of the corporation.

B. Procedure for Expulsion. Following the determination that a member should be expelled, the following procedure shall be implemented:

1. A notice shall be sent by prepaid, first-class or registered mail to the most recent address of the member as shown on the corporation's records, setting forth the expulsion and the reasons therefore. Such notice shall be sent at least fifty (50) days before the proposed date of expulsion;
2. A member being expelled shall be given an opportunity to be heard, either orally or in writing, at a hearing to be held not fewer than five (5) days before the effective date of the proposed expulsion. The hearing will be held by the full Board in closed session. The notice to the member of her or his proposed expulsion shall state the date, time and place of the hearing on her or his proposed expulsion;
3. Following the hearing, the Board of Directors will decide whether or not the member should, in fact, be expelled, suspended, or sanctioned in some other way. The decision of the board shall be final; and
4. Any person expelled from the corporation shall receive a refund of annual dues already paid. The refund shall be prorated to return only the unaccrued balance remaining for the period of dues payment.

#### **Section 5.**

#### TRANSFER OF MEMBERSHIP

No member may transfer for value a membership or any right arising from it. All rights of membership cease on the member's death.

#### **ARTICLE 7**

#### MEETING OF MEMBERS

**Section 1.**

PLACE OF MEETING

Meetings of the membership shall be held any place within or outside the State of California designated by the Board of Directors.

**Section 2.**

ANNUAL MEETING

The annual meeting of members shall be held on the last Thursday of July of each year, unless the Board of Directors fixes another date and so notifies the members as provided in Article 7, Section 4. If the scheduled date falls upon a legal holiday, the meeting shall be held the next business day.

**Section 3.**

SPECIAL MEETINGS

The Board of Directors may call special meetings of members.

**Section 4.**

NOTICE OF MEETINGS OF THE MEMBERS

- A. General Notice Contents. All notices of meetings of members shall be sent or otherwise given in accordance with subsection B of Article 7, Section 4 not less than ten (10) or more than ninety (90) days before the date of this meeting. The notice shall specify the place, date, and hour of the meeting and, (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted; or (2) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the members.

- B. Manner of Giving Notice. Notice of any meeting of the members shall be given either personally or by first-class mail, or other written communication, charges prepaid, addressed to each member either at the address of that member appearing on the books of the corporation or the address given by the member to the corporation for purpose of notice.
- C. Affidavit of Mailing Notice. An affidavit of mailing or other means of giving any notice of any meeting of the members may be executed by the secretary, assistant secretary, or any transfer agent of the corporation giving notice, and if so executed, shall be filed and maintained in the minute book of the corporation.

#### **Section 5.**

#### **QUORUM**

- A. Percentage Required. Ten Percent (10%) of the members entitled to vote shall constitute a quorum for the transaction of business at a meeting of the members; provided, however, that the only matters that may be voted upon at any regular meeting actually attended by less than one-third (1/3) of the members entitled to vote thereat are matters notice of the general nature of which was given pursuant to Article 7, Section 4.
- B. Loss of Quorum. The members present at a duly called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

#### **Section 6.**

#### **VOTING**

- A. Eligibility to Vote. Persons entitled to vote at any meeting of members shall be members of the following classes of membership only: Sustainer, Benefactor, Patron, Supporter, Sponsor, Member, Senior, and Student. Notwithstanding the forgoing, on a disposition of all or substantially all of the assets of the corporation, on a merger or dissolution of the corporation, or on changes to the Articles of Incorporation or By-Laws of the corporation.
- B. Manner of Casting Vote. Voting may be by voice or by ballot, provided that any electing of Directors must be by ballot.

**ARTICLE 8**

**DIRECTORS**

**Section 1.**

**POWERS**

- A. General Corporate Powers. Subject to the provisions of the California Non-Profit Corporations Laws and any limitations in the Articles of Incorporation and these by-laws relating to the action required to be approved by the members. 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.
- B. Specific Powers. Without prejudice to these general powers, and subject to the same limitations, the directors shall have the power to:
  - 1. Select and remove all officers, agents, and employees of the corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these By-Laws, and fix their compensation;

2. Change the principle executive office or the principle business office in the State of California from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or outside the state of California; and designate any place within or outside the State of California for the holding of any members' meetings or meetings including annual meetings;
3. Adopt, make and use a corporate seal; prescribe the forms of membership certificates; and alter the form of the seal and certificate;
4. Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered by the corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation's, and other evidences of debt securities;
5. To manage in such a manner as they may deem best all funds and property, real and personal, received and acquired by the corporation, and to distribute, loan or dispense the same and/or the income and profits there from; and
6. To amend, appeal or adopt by-laws as necessary.

## **Section 2.**

### NUMBER AND QUALIFICATIONS OF DIRECTORS

The authorized number of directors shall be fifteen (15), all of whom shall be members of the corporation.

## **Section 3.**

### APPOINTMENT OF DIRECTORS

- A. Including the Nominating Committee. The chairman of the board or the president, if there is no chairman, shall appoint a committee of members to select qualified persons for appointment to the Board of Directors. The nomination committee shall make its report at least thirty days before the date of the election.
- B. Appointment and Term of Office of Directors. The Board of Directors shall appoint the said persons selected by the nominating committee as directors at its annual meeting.
- C. Board members are elected for a three (3) year term, with an additional three (3) year re-elected term, determined by the board. Each director, appointed to fill a vacancy shall hold office until expiration of the term for which appointed and until a successor has been elected and qualified.

#### **Section 4.**

#### VACANCIES

In the event of a vacancy on the Board of Directors through death, resignation or otherwise, the majority of the remaining directors shall have the power to appoint a new director to fill the vacancy.

#### **Section 5.**

#### MEETINGS OF THE BOARD OF DIRECTORS

- A. Meetings. Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the Board shall be held at the location that has been designated in the notice of the meeting, or, if not stated in the notice, or if there is no notice, at the principal executive offices of the corporation.

Notwithstanding the above provisions of this Section 5.A., a regular special meeting of the Board of Directors may be held at any place consented to in verbal consent by all of the board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

- B. Annual Meeting. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, appointment of directors, election of officers, appointment of committee chairs, and the transaction of other business. Notice of this meeting shall not be required.
- C. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice.
- D. Special Meetings. The chairman of the board or the president may call special meetings of the Board of Directors for any purpose at any time. Notice of the time and place of special meetings shall be given to each director by one of the following methods:
  - 1. By personal delivery or written notice;
  - 2. By first-class mail, postage paid;
  - 3. By telephone communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or
  - 4. All such notice shall be given or sent to the director's address or telephone number shown on the records of the corporation. The notice shall state that time and place of the meetings. However, it need not specify the purpose of the

meeting or place of the meeting if it is to be held at the principal executive office of the corporation.

E. Executive Committee. Executive meeting to be held once a month on a date agreed upon by the committee and set by the president.

F. Committee Meeting. Committee meeting to be set by committee chair.

G. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except as to adjourn, in which case a majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. 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, subject to the provisions of the California Non-Profit Corporations Laws, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting.

H. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting may not be given unless the meeting is adjourned for more than twenty-four hours, in which case personal notice of the time and place shall be given for the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

- I. Action without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the board, individually or collectively, consent in verbal agreement. Such action by verbal consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such verbal consent or consents shall be filed with the minutes of the proceedings of the board.

**Section 6.**

**FEEES AND COMPENSATION OF DIRECTORS**

Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by resolution of the Board of Directors to be just and reasonable.

**Section 7.**

**ATTENDANCE**

The absence of any director from three (3) consecutive meetings of the board whether annual, regular and/or special, shall result in said director's expulsion as a director.

**ARTICLE 9**

**COMMITTEES**

**Section 1.**

**EXECUTIVE COMMITTEE**

The Executive Committee shall consist of the President, Vice President, Financial Officer and one Board member to be appointed by the President. The Executive Committee takes any emergency action that is required on behalf of Butte Humane Society. All action is to be approved at the next board meeting. The Executive Committee reviews and approves agenda items for board meetings.

## **Section 2.**

### COMMITTEE OF DIRECTORS

The president may appoint a committee made up of directors or other interested parties to do the following:

- A. Take any final action on matters which, under the Non-Profit Corporations Law of the State of California, also requires board approval;
- B. Two or more directors are needed to serve at the pleasure of the board. Any appointed committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except that no committee, regardless of board resolution, may make any compensation to the directors for serving on the board or any committee.

## **Section 3.**

### MEETINGS AND ACTION OF COMMITTEES

Meetings and action of committees shall be governed by, and taken in accordance with the provisions of Article 8, Section 5 of these By-Laws, concerning meetings of directors, with such changes in the context of those By-Laws as a Board of Directors. Except that the time for the regular meetings of committee may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of the committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of committee not inconsistent with the provisions of these By-Laws.

## **ARTICLE 10**

### **Section 1.**

#### **OFFICERS**

The officers of the corporation shall be a president, a vice president, a chief financial officer/secretary. The corporation may also have, at the discretion of the Board of Directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant chief financial officers, and such other officers as may be appointed in accordance with the provision of Section 3 of this Article 10. The same person may hold any number of offices, except that neither the secretary nor the chief financial officer may serve concurrently as either the president or chairman of the board.

### **Section 2.**

#### **ELECTION OF OFFICERS**

The officers of the corporation, except those appointed in accordance with the provisions of Section 3 of this Article 10, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

### **Section 3.**

#### **REMOVAL OF OFFICERS**

Subject to the rights, if any, of an officer under any contract of employment, the Board of Directors, at a regular or special meeting of the board, may remove any officer, with or without cause.

### **Section 4.**

#### **RESIGNATION OF OFFICERS**

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

### **Section 5.**

#### VACANCIES IN OFFICE

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled only in the manner prescribed in these By-Laws for regular appointments to that office.

### **Section 6.**

#### RESPONSIBILITIES OF OFFICERS

- A. President. Subject to such supervisory powers as may be given by the Board of Directors to the chairman of the board if any, the president shall, subject to the control of the board of Directors, generally supervise, direct and control the business and the officers of the corporation. The president shall preside at all meetings of the members and, in the absence of the chairman of the board, or if there is none, at all meetings of the Board of Directors. The president shall have such other powers and duties as may be prescribed by the Board of Directors or in the By-Laws.
- B. Vice-President. In the absence or disability of the president, the vice-presidents, if any, in order or their rank as fixed by the Board of Directors, or, if not ranked, the vice-president designated by the Board of Directors, 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 upon the president. The vice-presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the chairman of the board.

C. Secretary/Financial Officer. The secretary/financial officer shall attend to the following:

1. Book of minutes. The secretary shall keep or cause to be kept, at the principle executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of the directors, committee of directors, and members, with the time and place of holding, whether regular or special, and if special, how authorized, and the notice given, and the names of those present at such meeting, the number of members present or represented at members' meetings, and the proceedings of such meetings.
2. Membership records. The secretary shall keep or cause to be kept at the principle executive office, as determined by resolution of the board of Directors, a record of the corporation members, showing the names of all members, their addresses, and the class of membership held by each.
3. Notices, seals and other duties. The secretary shall give, or cause to be given, notice of all meetings of members and the Board of Directors required by the By-Laws to be given. The secretary shall keep the seal of the corporation in safe custody. The secretary shall have other powers and perform such other duties as may be prescribed by the board of Directors.
4. Books of account. The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of account of the properties and business transactions of the corporation, including accounts of its

assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily kept, including financial statements. The books of account shall be open to inspection by any director at all reasonable times.

5. Deposit and disbursement of money and valuables. The chief financial officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors; shall disburse the funds of the corporation as may be ordered by the Board of Directors; shall render to the president and directors whenever they request it, an account of all of transactions as chief financial officer and of the financial condition of the corporation; and shall have other powers and perform such other duties as may be prescribed by the board of Directors or the By-Laws.
- D. Chairman of the Board. If such an officer be elected, the chairman of the board shall preside at meetings of the board of directors and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by the By-Laws. If there is no president, the chairman of the board shall, in addition, be the chief executive officer of the corporation and shall have the powers and duties described in paragraph A (above).

## **ARTICLE 11**

### **STANDING ADVISORY BOARD**

- A. Purpose. The Standing Advisory Board is an ongoing collection of individuals who bring unique knowledge and skills that complement the knowledge and skills of the formal board members in order to more effectively govern the organization.

- B. Guidelines for membership. Advisory Board members are appointed by the Board of Directors at the discretion of the formal board.
- C. Duties. The Advisory Board does not have formal authority to govern the organization, that is, the advisory cannot issue directives that must be followed. Rather, the Advisory Board serves to make recommendations and/or provide key information, services and/or materials to the formal board of directors.
- D. Duration of Term. Advisory Board members shall serve at the discretion of the formal board. Resignation from the Advisory Board must be in writing and received by the Secretary or President.

## **ARTICLE 12**

### INDEMNIFICATION OF DIRECTORS, OFFICERS,

### EMPLOYEES AND OTHER AGENTS

#### **Section 1.**

#### DEFINITIONS

For the purposes of the Article, the following definitions shall apply:

- A. “Agent” shall mean any person who is or was a director officer, employee or other agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of this corporation or of another enterprise at the request of the predecessor corporation.
- B. “Proceeding” shall mean any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative or investigative.

C. "Expenses" shall include, without limitation, all attorney's fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason of the position or relationship as agent, and all attorney's fees, costs and other expenses incurred in establishing a right to indemnification under this Article.

## **Section 2.**

### **SUCCESSFUL DEFENSE BY AGENT**

To the extent that an agent of this corporation has been successful on the merits in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against the agent, then the provisions of Section 3 through Section 5 shall determine whether the agent is entitled to indemnification.

## **Section 3.**

### **ACTIONS BROUGHT BY PERSONS OTHER THAN THE CORPORATION**

Subject to the required findings to be made pursuant to section 5 below, this corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceedings other than an action brought by, or on behalf of, this corporation, or by an officer, director or person granted related status by the Attorney General on the ground that the defendant director was or is engaging in self-dealing within the meaning of California Corporations Code 5233, or the Attorney General or person granted related status by the Attorney General fro any breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of this corporation, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceedings.

#### **Section 4.**

##### **ACTION BROUGHT BY OR ON BEHALF OF THE CORPORATION**

- A. Claims Settled Out of Court. If any agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of this corporation, with or without court approval, the agent shall receive no indemnification for either amounts paid pursuant to the terms of the settlement or other disposition or for any expenses incurred in defending against the proceeding, unless it is settled with the approval of the Attorney General.
- B. Claims and Suits Awarded Against Agent. This corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action brought by or on behalf of this corporation by reason on the fact that the person is or was an agent of this corporation, for all expenses actually and reasonably incurred in connection with the defense of that action, provided that both of the following are met: (i) the determination of good faith conduct required by Section 5 below, must be made in the manner provided for in that Section; and (ii) upon application, the court in which the action was brought must determine that, in view of all the circumstances of the case, the agent should be entitled to indemnity for the expenses incurred. If the agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

#### **Section 5.**

##### **DETERMINATION OF AGENT'S GOOD FAITH CONDUCT**

The indemnification granted to agent in Section 3 and 4 (above) is conditioned in the following:

- A. Required Standard of Conduct. The agent seeking reimbursement must be found, in the manner provided below, to have acted in good faith, in a manner the agent believed to be in the best interest of this corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use in similar circumstances. Determination of any proceedings by judgment, order, settlement, conviction or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which the person reasonably believed to be in the best interest of this corporation or that the person had reasonable cause to believe that the conduct was unlawful. In the proceeding, the person must have had no reasonable cause to believe that the person's conduct was unlawful.
- B. Manner of Determining Good Faith Conduct. Determination that the agent did act in a manner complying with paragraph A above, shall be made by (i) the Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or (ii) the members by an affirmative vote of the majority of the members represented in voting at duly held meeting of members at which a quorum is present; or (iii) the court in which the proceeding is or was pending. Such determination may be made on application brought by this corporation or the agent or the attorney or other person rendering a defense to the agent, whether or not the application by the agent, attorney or person is opposed by the corporation.

## **Section 6.**

### LIMITATIONS

No indemnification or advance shall be paid under this Article, except as provided in Sections 2 or 5 A B (iii), in any circumstances when it appears:

- A. That the indemnification or advance would be inconsistent with a provision of the Articles, as resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- B. That the indemnification would be inconsistent with any condition expressly imposed by the court in approving a settlement.

**Section 7.**

ADVANCE OF EXPENSES

Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding and receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

**Section 8.**

CONTRACTUAL RIGHTS OF NON-DIRECTORS AND NON-OFFICERS

Nothing contained in this Article shall affect any right to indemnification to which persons other than the directors and officers of this corporation may be entitled by contract or otherwise.

**Section 9.**

INSURANCE

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation against liability other than for violating provisions against self-dealing asserted against or incurred by the agent in such a capacity or

rising out of the agent status of such, whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this Section.

### **ARTICLE 13**

#### **AMENDMENT**

##### **Section 1.**

#### **AMENDMENT BY DIRECTORS**

The board of directors may adopt, amend or repeal by-laws unless to do such would materially and adversely affect the rights of members to voting and transfer.