

**FIRST AMENDMENT TO BYLAWS  
OF  
CAPITAL VALLEY CONFERENCE**

**ARTICLE I  
NAME, PURPOSES AND GENERAL POLICY**

**Section 1.** Name and Purposes. The name of this corporation is Capital Valley Conference (the “Conference”).

**Section 2.** General Purpose. The Conference is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

**Section 3.** Specific Purpose. The specific and primary purpose of the Conference is to serve as an organization through which member high schools in the Sac-Joaquin Section of the San Juan Unified School District, Natomas School District, Roseville Joint High School District and the Yuba City Unified School District, and member charter schools and private schools may foster high school athletics through uniform interscholastic competition; (b) enforce policies and regulations that protect the health of high school athletes; (c) enforce rules and regulations that govern interscholastic athletic activities; and (d) promote educational athletic programs for high school athletes and personnel involved in athletics. The Conference shall also engage in such other activities in furtherance of its specific purposes, as directed by the Conference’s Board of Directors (the “Board”).

**Section 4.** Limitations. The Conference is organized exclusively for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), or the corresponding provisions of any future United States Internal Revenue Law. Notwithstanding any other provision of these Bylaws, the Conference shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Conference, and the Conference shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provisions of any future United States Internal Revenue Law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code or the corresponding provisions of any future United States Internal Revenue Law.

**Section 5.** Private Benefit. All of the Conference’s property is irrevocably dedicated to charitable purposes. No part of the net earnings of the Conference shall inure to the benefit of any of its Directors, or any other person or individual.

**ARTICLE II**  
**OFFICES**

**Section 1.** Offices. The principal office for the transaction of the business, activities and affairs of the Conference is located in Fair Oaks, California. The Board may change the principal office from one location to another. Branch or subordinate offices may be established at any time by the Board at any place or places.

**ARTICLE III**  
**BOARD OF DIRECTORS**

**Section 1.** Conflicts of Interest.

(a) No Director or Officer of the Conference nor any other corporation, firm, association, or other entity in which one or more of the Conference's Directors or Officers are directors or officers, respectively, or have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with the Conference, unless (i) the material facts regarding that Director's or Officer's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board prior to the Board's consideration of such contract or transaction; (ii) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the votes of the interested Director or Officer; (iii) before authorizing or approving the transaction, the Board considers and in good faith decides after reasonable investigation that the Conference could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (iv) the Conference for its own benefit enters into the transaction, which is fair and reasonable to the Conference at the time the transaction is entered into.

This Section does not apply to a transaction that is part of a charitable program of the Conference if it (i) is approved or authorized by the Conference in good faith and without unjustified favoritism, and (ii) results in a benefit to one or more Directors or Officers or their families because they are in the class of persons intended to be benefited by the educational or charitable program of the Conference.

(b) The Conference shall not lend any money or property to, or guarantee the obligations of, any Director or officer without the approval of the California Attorney General; provided, however, that the Conference may advance money to a Director or officer of the Conference for expenses reasonably anticipated to be incurred in the performance of his or her duties if that Director or Officer would be entitled to reimbursement for such expenses by the Conference.

(c) The Conference shall not enter into a contract or transaction in which a non-Director designated employee (e.g., a key employee) directly or indirectly has a material financial interest unless all of the requirements in the Conference's Conflict of Interest Code have been fulfilled.

**Section 2.** Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Conference.

**Section 3.** Insurance for Corporate Agents. The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Conference (including a Director, officer, employee or other agent of the Conference) 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 Conference 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.

**Section 4.** Restriction of Interested Persons as Directors. No more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. An "interested person" is (a) any person compensated by the Conference for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, subject to Section 1 of this Article III, any violation of this Section shall not affect the validity or enforceability of transactions entered into by the Conference.

#### **ARTICLE IV** **COMMITTEES**

**Section 1.** Executive Committees. The Board may, by a majority vote of the Directors, designate two (2) or more Directors (who may also be serving as officers of the Conference) to constitute an Executive Committee and delegate to such Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the Conference, except with respect to:

- (a) The filling of vacancies on the Board or on any committee which has the authority of the Board.
- (b) The fixing of compensation of the Directors for serving on the Board or on any committee.
- (c) The amendment or repeal of the 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.

The Board may appoint, in the same manner, one or more Directors as alternate members of the Executive Committee, who may replace any absent member at any meeting of the Executive Committee. By a majority vote of the Directors then in office, the Board may at any time revoke or modify any or all of the authority so delegated to the Executive Committee,

increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the Board. The Executive Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

**Section 2.** Audit Committee. Whenever the Conference is required by applicable law to have an independent audit, or at any time the Conference voluntarily chooses to do so, the Conference shall have an audit committee consisting of at least two (2) Directors, and may include nonvoting advisors. Directors who are employees or Officers of the Conference or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Conference (other than for service as director) may not serve on the audit committee. The President and Treasurer, if also Directors, may serve on the audit committee only if such persons are volunteers and are not compensated by the Conference. The audit committee shall perform the duties and adhere to the guidelines set forth in the Conference's audit committee charter as amended from time to time by the Board. Such duties include, but are not limited to:

- (a) Assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary;
  - (b) Negotiating the auditor's compensation;
  - (c) Conferring with the auditor regarding the Conference's financial affairs;
- and
- (d) Reviewing and accepting or rejecting the audit.

Members of the audit committee shall not receive compensation for their service on the audit committee in excess of that provided to Directors for their service on the Board. If the Conference has a finance committee, a majority of the members of the audit committee may not concurrently serve as members of the finance committee, and the chair of the audit committee may not serve on the finance committee.

**Section 3.** Compensation Committee. Whenever the Conference compensates its President or Treasurer, the Conference shall have a compensation committee consisting of at least two (2) Directors and no one who is not a Director. Directors who are also employees of the Conference may not serve on the compensation committee. Pursuant to Government Code Section 12586(g) and the applicable provisions of federal law, the compensation committee shall review the compensation of the President, Vice-President, Treasurer, and such other officers of the Conference the compensation committee determines appropriate, upon said officers being hired, when the term of their employment is renewed or extended, and whenever a modification in compensation is proposed (unless the modification applies to substantially all of the employees of the Conference). The review shall include an evaluation of the performance of the officers and an analysis of appropriate comparability data. Based on its review, the compensation committee shall recommend just and reasonable compensation amounts for the officers to the Board. At the request of the President or the Board, the compensation committee shall review any issue involving staff compensation and benefits, including but not limited to housing, health, and retirement plans.

**Section 4.** Advisory Committee. The members of any advisory committee may consist of Directors or nondirectors. Advisory committees may not exercise the authority of the Board to make decisions on behalf of the Conference, but shall be limited to making recommendations to the Board or the Board's authorized representatives and to implementing Board decisions and policies. The advisory committees shall be subject to the supervision and control of the Board.

**Section 5.** Investment Committee. When applicable, the Conference shall have an investment committee comprised of not less than two (2) Directors. The investment committee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the institution. Individual investments shall be considered as part of an overall investment strategy. The committee shall consider present and future financial requirements, expected total return, general economic conditions, appropriate levels of risk, appropriate levels of income, growth and long-term net appreciation, and the probable safety of the funds. The committee may retain professional money managers, and shall develop an investment policy that shall be reconsidered at least annually, in light of the changing needs of the Conference, economic conditions, and any other factors that may affect the Conference's tolerance of risk and need for income. The committee may recommend the retention of property contributed by a donor (whether or not it produces income), and a donor's request should be a factor in making the determination of whether to sell a particular asset contributed by a donor.

**Section 6.** Meetings and Action of Committees. Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be fixed by resolution of the Board or by the committee. The time for special meetings of committees may also be fixed by the Board. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws. Any expenditure of the Conference funds by a committee shall require prior approval of the Board.

## **ARTICLE V** **CORPORATE RECORDS**

**Section 1.** Maintenance of Corporate Records. The Conference shall keep at its principal office in the State of 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; and

(c) A copy of the Conference's Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours.

**Section 2.** 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 Conference. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law pertaining to access to books, records, and documents.

## **ARTICLE VI** **INDEMNIFICATION**

**Section 1.** Indemnification. The Conference shall, to the maximum extent permitted under the Nonprofit Public Benefit Corporations Law and general California Corporation Law, as now or hereafter in effect, indemnify each person who is or was a Director, Officer, employee or other person described in Section 5238(a) of the California Nonprofit Public Benefit Corporation Law against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising against any one or more of them, based on their conduct, or by reason of the fact that any one or more of them is or was a Director, Officer, employee or other person described in said Section 5238(a) of the California Nonprofit Public Benefit Corporation Law. "Proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative or investigative; and "expenses" includes without limitation attorney's fees and any expenses of establishing a right to receive indemnification from the Sac-Joaquin Section of California Interscholastic Federation.

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Nonprofit Public Benefit Corporation Law, the Board shall promptly decide under Section 5238(e) of the California Nonprofit Public Benefit Corporation Law whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) of the California Nonprofit Public Benefit Corporation Law has been met and, if so, the Board shall authorized indemnification.

## **ARTICLE VII** **GIFTS TO THE CONFERENCE**

**Section 1.** Approval of Gifts. The Board reserves the right to approve the receipt as a gift of any real property, or of any other property which requires the Conference to assume or satisfy any underlying loan secured by the property, or any monetary gifts which are restricted by the donor in a fashion which could place a continuing obligation on the Conference.

**Section 2.** Generally. The Conference is authorized to accept and administer gifts made to the Conference by donors who name or otherwise identify the Conference in the instrument of gift or transfer. Gifts shall vest in the Conference upon receipt and acceptance by it (whether signified by an Officer, employee or agent of the Conference). "Gift" includes the transfer of

money or other property of any kind, real, personal or mixed, or any interest in property, and whether made by delivery, grant, conveyance, payment, devise, bequest, or any other method of transfer.

**Section 3.** Terms of Gifts. Each donor by making a gift to the Conference accepts and agrees to all the terms of the Articles of Incorporation and these Bylaws and provides that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification or restrictions or conditions for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Conference, each as from time to time amended.

**Section 4.** Powers of Board. Notwithstanding any provision of these Bylaws or in any instrument of gift or transfer creating or adding to a fund of the Conference, the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes if, in the judgment and discretion of the Board, the purposes, objectives, restrictions or conditions specified in any donation become incapable or not reasonably susceptible of fulfillment, or are not in the best interest of advancing the charitable purposes of the Conference.

## **ARTICLE VIII** **WINDING UP AND DISSOLUTION**

**Section 1.** Irrevocable Charitable Dedication. The property of the Conference is irrevocably dedicated to charitable purposes. Upon the winding up and dissolution of the Conference, its assets remaining after payment or adequate provision for payments of all debts and obligations of the Conference shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable and educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Code, as the Board may select. In any event, no assets shall be distributed to any organization if any part of the net earnings of such organization inures to the benefit of any private person or individual, or if a substantial part of the activities of such organization is the carrying on of propaganda or otherwise attempting to influence legislation, or if the organization participates in, or intervenes in any political campaign on behalf of or opposed to any candidate for public office, or if the organization carries on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provisions of any future United States Internal Revenue Law, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code or the corresponding provisions of any future United States Internal Revenue Law.