

Bylaws

Section 13: Advisors. The Board may designate individuals to serve as advisors to the Board. Advisors will receive notice of meetings in the same manner as Directors, but will not be considered Directors for any purpose including voting. Advisors shall serve for such terms as determined by the Board and may be removed by the Board at any time.

Section 14: Contracts with Directors. A mere common Directorship does not constitute a material financial interest within the meaning of this Section. No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any domestic or foreign corporation, firm or association in which one or more of the Corporation's Directors has a material financial interest, is either void or voidable because such Director or Directors or such other corporation, business corporation, firm or association are parties or because such Director or Directors are present at the meeting of the Board or a Committee thereof which authorizes, approves or ratifies the contract or transaction if:

- A. The material facts as to the transaction and as to such Director's interest are fully disclosed or known to the Board of Directors and such contract or transaction is approved by the Board of Directors in good faith, with any membership owned by any interested Director not being entitled to vote thereon;
- B. The material facts as to the transaction and as to such Director's interest are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the interested Director or Directors and the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified; or
- C. As to contracts or transactions not approved as provided in A or B above, the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was just and reasonable as to the Corporation at the time it was authorized, approved, or ratified.

ARTICLE VI MEETINGS

within
120 days
from
fiscal
year



Section 1: Annual Meeting. The annual meeting of the Corporation shall be held in March. At the annual meeting, Directors and officers shall be elected and other business may be transacted, subject to the provisions of these Bylaws. Notice of the annual meeting shall be posted at least seventy-two (72) hours prior to the meeting in a publicly accessible location and on the Corporation's website, if any, in accordance with the requirements of the Ralph M. Brown Act. Each notice shall state the general business to be transacted, and the day, time and place of the meeting.

Section 2: Board of Directors Regular Meetings. The Board shall meet quarterly on dates agreed upon by the Board. Notice of regular meetings shall be posted at least seventy-two (72) hours prior to the meeting in a publicly accessible location, and on the Corporation's website, if any, in accordance with the requirements of the Ralph M. Brown Act. Each such notice shall state the general business to be transacted, and the day, time and place of the meeting. Business may be transacted at any regular meeting of the Board in accordance with the requirements of the Ralph M. Brown Act.

Section 3: Board of Directors Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board or any three Directors. Notice of special meetings shall be given to each Director stating the time, place, and business to be discussed at least twenty-four (24) hours before the time of the meeting specified in the notice. Notice shall be delivered to the Board personally or by any other means pursuant to Government Code §54956. Notice shall also be posted at least twenty-four hours prior to the meeting in a publicly accessible location, and on the Corporation's website, if any, in accordance with the requirements of the Ralph M. Brown Act.

Section 4: Notice of Meetings. Notice of all meetings will be given in accordance with the provisions of the Ralph M. Brown Act, Government Code §54950 et. seq. The noticing provisions in these Bylaws shall be subject to any amendments of the Ralph M. Brown Act.

Section 5: Place of Meetings. All meetings of the Corporation shall be held at such location in the MHTBID as may be determined by the Board.

Section 6: Telephonic Appearance. Teleconferencing, as authorized by §54953 of the Ralph M. Brown Act may be used for all purposes in connection with meetings. All votes taken during a teleconferenced meeting shall be by roll call. If teleconferencing is used, the Board shall post the agenda at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the Board. Each teleconference location shall be identified in the notice and agenda of the meeting, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the Board shall participate from locations within the boundaries of MHTBID. The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to §54954.3 at each teleconference location.

Section 7: Quorum. At any meeting of the Board, a majority of the Directors of the Board, including a super majority of the Directors of the Board representing lodging businesses, shall constitute a quorum. If less than a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present. There shall be no voting by proxies or voting by absentia.

at least two (2)



ARTICLE VII OFFICERS

Section 1: Offices Held. The officers of the Corporation shall be a Chairperson, a Secretary, a Treasurer, and such other officers as the Board may from time to time designate. All officers shall be Directors. Any number of offices may be held by the same person.

Section 2: Election of Officers. The officers of this Corporation shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights of any officer under any employment contract.

Section 3: Term. All officers shall be elected for a term of one (1) year or until their successors are elected and qualified. A Director may serve no more than two (2) consecutive terms in any one officer position.

inspect the physical properties of the Corporation. 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 books, records, and documents of every kind.

Section 3: Articles and Bylaws. This Corporation shall keep, at its principal office, the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date, that shall be open to inspection by Directors at all reasonable times during office hours.

Section 4: Annual Reports. The Treasurer of the Corporation shall prepare and submit, or cause to be prepared and submitted, the following annual reports. The Treasurer shall keep, or cause to be kept, copies of all annual reports with the Corporation's records. The two reports may be combined into one all-inclusive document.

- (X)
- A. MHTBID Annual Report. The MHTBID annual report will be prepared and submitted in accordance with the provisions of Streets and Highways Code §36650 and the MHTBID Management District Plan. The MHTBID Management District Plan requires that the annual report be submitted within ~~ninety (90)~~ ¹²⁰ days of the MHTBID's anniversary (March 1). Fiscal year.
 - B. VMH Annual Report. The VMH annual report shall be prepared within 120 days after the end of the Corporation's fiscal year. This section shall not apply if the Corporation receives less than \$10,000 in gross revenues or receipts during the fiscal year. The report shall contain the following information in appropriate detail:
 1. A balance sheet as of the end of the fiscal year, an income statement, and statement of cashflows for the fiscal year, accompanied by an independent accountant's report, or if none, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the Corporation's books and records;
 2. A statement of the place where the names and addresses of current Directors are located; and
 3. Any other information required by these Bylaws or the Board.

Section 5: Annual Statement. As part of the annual report, or as a separate document if no annual report is issued, the Corporation shall annually prepare and mail, deliver or send by electronic transmission to its Directors a statement of any transaction or indemnification of the kinds in subparagraph B below within 120 days after the end of the Corporation's fiscal year.

- A. The statement shall include:
 1. A brief description of the transaction;
 2. The names of interested persons involved and their relationship to the Corporation;
 3. The nature of interested persons in the transaction;
 4. The amount of the interested persons' interest, except that in a partnership in which such person is a partner, only the partnership interest need be stated.
- B. Transactions included in the statement shall be those transactions:
 1. To which the Corporation or its subsidiary was a party;
 2. Which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000; and
 3. In which either of the following interested persons had a direct or indirect material financial interest (a mere common Directorship is not a material financial interest):

Section 2: Non-Voting Members. The Corporation's Board of Directors may, in its discretion, admit individuals to one or more classes of non-voting members; the class or classes shall have such rights and obligations as the Board finds appropriate.

ARTICLE V DIRECTORS

Section 1: Number. The Corporation shall have at least nine (9) Directors. Each Director shall have one vote. A reduction in the number of Directors shall not result in any Director's being removed before his or her term of office expires.

Section 2: Tenure. Each Director of the Corporation shall serve for a term of two (2) years.

Section 3: Initial Appointment. The initial members of the Board of Directors shall be appointed by the incorporator of the Corporation. The initial Directors shall serve for staggered terms of one (1) or two (2) years. At the first duly constituted meeting of the Board of Directors, the initial Board members shall draw lots to determine their individual terms.

Section 4: Criteria. Among the nine (9) Directors:

- A. Four (4) directors shall be owners or approved managers of lodging businesses paying the Morgan Hill Tourism Business Improvement District (MHTBID) assessment; and
- B. Two (2) directors shall be City of Morgan Hill staff members representing Community Services and Economic Development and shall be appointed by the Morgan Hill City Council; and
- C. One (1) director shall represent a winery located in the Morgan Hill region, be in good standing with the Wineries Association of Santa Clara County; and
- D. One (1) director shall be a representative of an entity associated with sports recreation tourism involved in Morgan Hill; and
- E. One (1) director shall be a representative of the community at large with an interest in tourism.



Section 5: Annual Election. Election of Directors shall take place at the ^{February}~~annual~~ meeting of the Corporation. Directors shall be elected by the Board.

Section 6: Powers. Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation law, the provisions of the MHTBID Management District Plan, and any other applicable laws, and subject to any limitations of the Articles of Incorporation and these Bylaws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised by, or under the direction of, the Board.

Section 7: Specific Powers. Without prejudice to the general powers set forth in Article V, Section 6 of these Bylaws, but subject to the same limitations, the Board shall have the power to do the following:

- A. Appoint and remove, at the pleasure of the Board, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the


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