



BYLAWS OF THE LITTLE ITALY ASSOCIATION OF SAN DIEGO
A CALIFORNIA NON-PROFIT 501(c)(3) PUBLIC BENEFIT CORPORATION
Adopted Tuesday, October 6, 2026

ARTICLE 1
OFFICES

Section 1. Name

The name of this Corporation ("Corporation") is "Little Italy Association of San Diego" a California Nonprofit Public Benefit Corporation.

Section 2. Principal Office

The principal office of the Corporation for the transaction of its business is located in the Little Italy neighborhood in the City and County of San Diego, California, as defined by the map attached as "Exhibit A" and incorporated in these Bylaws by reference.

Section 3. Change of Address

The Board of Directors (the "Board") may change the Principal Office of the Corporation from one location to another within the City of San Diego. Any change of the location of the Principal Office shall be noted by the Secretary on these Bylaws opposite this Section or this Section may be amended to state the new location.

Section 4. Other Offices

The Corporation may also have offices at such other places, within the County of San Diego, where it is qualified to do business, as its business may require and as the Board may, from time-to-time, designate.

ARTICLE 2
PURPOSES

The primary objectives and purposes of this Corporation shall be:

- A) To bring about the revitalization of the District area.
- B) To bring about the investment of private and public capital within the District area for public benefit and charitable purposes.
- C) To bring about the increased provision of quality public improvements and educational, cultural, artistic, charitable, and social services within the District area for public benefit and charitable purposes.
- D) To bring about the increased economic well-being of businesses, employees, and residents within the District.

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- E) To promote improvement within the District through activities which contribute to the economic and neighborhood well-being of the District area.
- F) Upon the dissolution or winding-up of this Corporation, its assets remaining after payment, of all debts and liabilities of this Corporation, shall be distributed to a nonprofit fund, foundation, or Corporation which is organized and operated exclusively for charitable, educational and/or religious purposes and which has established its tax-exempt status under Internal Revenue Code section 501(c)(3).

ARTICLE 3 MEMBERSHIP

Section 1. No Members

This Corporation shall have no members, as that term is defined in Section 5056 of the California Nonprofit Corporation Law. Unless otherwise provided herein or in the California Nonprofit Corporation Law, any action which would otherwise require action or approval by a majority of all members shall require only approval of the Board of Directors. All rights which would otherwise vest in members shall vest in the Board of Directors. Nothing in these Bylaws shall be construed as limiting the right of the Corporation to refer to persons associated with it, who participate in any activities of the Corporation, as "members" even though such persons are not members, as defined in section 5056 of the California Corporations Code. Such persons shall be deemed to be affiliated persons with respect to the Corporation as that term is provided in section 5332(b) of the California Nonprofit Corporation Law, and no such reference shall constitute anyone a member of this Corporation or confer any legal rights on such persons with respect to the affairs of the Corporation.

ARTICLE 4 ELECTION OF DIRECTORS

Section 1. Nomination and Election

Not less than sixty (60) days before the date set forth for the Annual meeting of the Directors, the President shall appoint at least two (2) additional Directors to join him/her/they as the Nominating Task Force to solicit nominees for consideration for election as Directors. The slate of qualified nominees will be proposed and presented by the Task Force to the Board at its Annual meeting.

The Nominations Task Force shall provide nomination applications to all eligible business owners, property owners, residential tenants, community members and current Directors. Details on the nominations process and how to apply shall be mailed out at least thirty (30) days prior to the date set for the Annual meeting. A due date of at least ten (10) days prior to the Annual meeting date shall be stated as the deadline for submitting nominations to the Nominations Task Force.

At the Annual meeting the Directors may vote to accept some or all of the nominees submitted by the Nominations Task Force. The election of Directors shall comply with the allocation provided in "Number and Term" Section.

Nominations may not be made from the floor but only in accordance with the procedures set forth in this Section or such other procedures as may be determined by the Board. However,

the Board shall have the authority to appoint any Director, who meets the qualifications of the Board at any time during the year, based upon vacancies or openings on the Board. Between Annual meetings, the Organization Committee shall be the Committee authorized to review and approve new nominees to present to the Board for final consideration.

Section 2. Qualifications

A) Members of the District shall be eligible for nomination to the Board based upon active participation with the Corporation including its committees, task forces or otherwise, for a period of not less than six (6) months and support the policies and goals of the Corporation. In addition, nominees shall only be eligible for election to those positions for which they qualify as a property owner, current business license certificate holder, residential tenant or community-at-large member under Section 2.B of this Article.

The Organization Committee have the ability to waive the participation requirement for candidates they feel would serve as an asset to the Corporation and recommend nominees to the Board for consideration.

B) Eligibility shall be determined based on meeting one or more of the following criteria:

- 1) Full payment of all assessments due to the Little Italy Maintenance Assessment District (MAD) for the preceding and current fiscal years;
- 2) Full payment of all assessments due to the Little Italy Business Improvement District (BID) for the preceding and current fiscal years;
- 3) Residency within the boundaries of the Little Italy Maintenance Assessment District as a residential tenant. For purposes of this provision, a residential tenant is an individual who rents and occupies a residential property and is identified as the lessee or named party on the lease and responsible for the obligations of the lease; or
- 4) Appointment as a community member whom the Board determines would further the Corporation's mission, goals, and objectives as a public benefit corporation.

C) The nominee must agree with the "Purpose of the Corporation" Article.

D) The nominee must commit to attending Board meetings unless previously excused.

E) The nominee must commit to attend a minimum three (3) Committee meetings and participate in a minimum of one (1) maintenance walkthrough within a fiscal year.

ARTICLE 5 DIRECTORS

Section 1. Number and Term

The Corporation shall have a minimum of nine (9) and a maximum of thirty-five (35) Directors and collectively they shall be known as the Board of Directors. The exact number of Directors shall be fixed from time-to-time by resolution by the Board of Directors. Subject to the foregoing provisions for changing the number of Directors, the following seats shall be allocated to the Board of Directors:

- A) At least fifty-one percent (51%) of the Board seats in any given year shall be filled by property owners or authorized representatives of property owners who have fully paid all assessments due for the current fiscal year to the Little Italy Maintenance Assessment District (MAD). The fifty-one percent (51%) minimum requirement shall apply only during the annual nomination and election process. Property Owner Directors shall be elected in accordance with "Election of Directors" Article with staggered two (2)-year terms commencing on the date of their election and filling the seats of those Directors whose terms are expiring or vacant.
- B) The remaining Board seats shall be filled by Little Italy Business Improvement District (BID) member, Residential Tenants, or Community-at-Large members. Business Tax Certificate holders must have fully paid all assessments due for the current fiscal year to the Little Italy Business Improvement District (BID). Business Owner Directors shall be elected in accordance with "Election of Directors" Article with staggered two (2)-year terms commencing on the date of their election and filling the seats of those Directors whose terms are expiring or vacant. Community-at-Large Directors and Residential Tenant Directors shall be elected annually.
- C) A Board Member may request a non-Board Member to serve as their alternate at Board and committee meetings when the Board Member is unable to attend. Alternates must be approved by the Board of Directors prior to acting as alternates for primary Director. An alternate's attendance at a Board or committee meetings shall be credited to the attendance of the Board Member for purposes of satisfying the Board Member's attendance requirements and have the same voting rights as the primary Director. Alternates cannot attend meetings for primary Director more than three (3) times per fiscal year.

Section 2. Powers

- A) General Powers. Subject to the provisions of the California Nonprofit Corporation law, and any limitations in the Articles of Incorporation and Bylaws, 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.
- B) Specific Powers. Without prejudice to the general powers stated in sub-section A in this Section and subject to the same limitations, the Directors shall have the power to:
 - 1) Select and remove all officers, employees and agents of this Corporation, prescribe any powers and duties for the officers, employees and agents that are consistent with law, with the Articles of Incorporation, and with these Bylaws; and fix the compensation of the officers, employees and agents;
 - 2) Change the Principal Executive Office or the principal business office in the State of California from one location to another within the City and County of San Diego; Cause this 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 for the holding of any meeting, including annual meetings;

- 3) Borrow money and incur indebtedness on behalf of this Corporation and cause to be executed and delivered for corporate purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and securities;
- 4) Accept on behalf of this Corporation any contribution, gift, bequest or devise for general purposes or for any special purpose of this Corporation;
- 5) Contract for goods and/or services for this Corporation, subject to the limitations elsewhere provided in these Bylaws; Maintain and otherwise manage or cause to be managed, all other property acquired by this Corporation; Contract and pay maintenance, utilities, materials and supplies and services, relating to facilities; and employ personnel reasonably necessary for the operation of this Corporation, including lawyers and accountants where appropriate;
- 6) Enter into any contract or execute and deliver any instrument in the name of and on behalf of this Corporation, and such authority may be general or confined to a specific instance;
- 7) Adopt and publish rules and regulations governing the use of facilities of this Corporation, and establish penalties for the infraction thereof;
- 8) Conduct, manage and control the affairs and business of this Corporation;
- 9) Contract and pay for the expenses of this Corporation;
- 10) Prescribe such rules relating to the affairs and conduct of this Corporation as in the judgment of the Board, from time to time, may be found necessary or proper;
- 11) Pay taxes and special assessments which are or would become a lien on property of this Corporation;
- 12) Exercise all other powers granted to the Board by the Articles of Incorporation or these Bylaws or the laws of the State of California, including, without limitation, the California Nonprofit Corporation Law; and
- 13) Remove a Director from the Board for cause including non-compliance of Board policies, non-compliance of City, County, State or Federal contract requirements, failure of a Business or Property Director to pay assessments levied by the District in a timely manner, malfeasance, conflicts of interest or unauthorized use of the Corporation's funds and/or name for personal gain.

All checks, drafts or orders for the payment of debts, notes or other evidence of indebtedness issued in the name of this Corporation shall be signed by such officer or officers, agent or agents of this Corporation and in such manner as shall from time-to-time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and at least one other officer of the corporation.

Section 3. Duties

It shall be the duty of the Directors to:

- A) Perform any and all duties imposed upon the Directors, collectively or individually, by applicable law, the Articles of Incorporation of the Corporation, or these Bylaws.
- B) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and establish the compensation, if any, of all Officers, agents, and employees of the Corporation.
- C) Supervise the Officers, agents, and employees of the Corporation to ensure that their respective duties and responsibilities are properly performed.
- D) Attend meetings of the Board of Directors at such times and places as required by these Bylaws and as further outlined in the "Meetings" Article.
- E) Provide and maintain a current mailing address, email address, and direct telephone number with the Secretary of the Corporation. Notices of meetings mailed, emailed, or delivered in person to the address or contact information provided to the Corporation shall constitute valid notice to the Director.
- F) Attend a minimum of three (3) committee meetings and participate in a minimum of one (1) maintenance walkthrough during each fiscal year.
- G) Comply with the attendance requirements set forth in Subsection 5 of this Article. Missed meetings, whether due to excused or unexcused absences, shall be addressed in accordance with the "Vacancies and Removal" Section of this Article.

Section 4. Lifetime Legacy Member

The title of Lifetime Legacy Member can be given to any Board member or civic leader that has served the Association for 20 years or more. This title must be recommended by the Organization Committee and appointed by the Board. The title of Legacy Member is a lifetime honor and comes with two (2) complimentary tickets to all Little Italy Association hosted events.

- A) Active Board members that are given Legacy Member classification are permitted to vote at Board and committee meetings.
- B) Inactive Board members or civic leaders that are given the Legacy Member classification are not permitted to vote at Board or committee meetings.
- C) This honor is not transferable to an alternate Board member, family member, or community member.

In special circumstances, the Organization Committee and Board have the ability to waive the requirements for nominees they feel meet the spirit of the honor of Lifetime Legacy Member. The Board can then appoint the said nominee.

Section 5. Vacancies and Removal

Vacancies on the Board may result from the resignation, removal or death of a Director as provided in this Section, or by a duly enacted increase in the number of authorized Board members.

Any Board member with three (3) unexcused absences from regularly scheduled Board meetings within the fiscal year period shall be automatically removed from the Board without any formal action required to be taken by the Board. Any Board member who misses four (4) regular Board meeting within a fiscal year period, based on a mix of excused or unexcused, shall be automatically removed from the Board without any formal action required to be taken by the Board. If an exemption is requested by said Board member, the Organization Committee will send a recommendation to the Board for consideration. The Board has the ability to grant an exception to the above rule.

If an Alternate is present more than three (3) times at a meeting within a fiscal year, as a representative of the primary Director, that Board member and Alternate will be removed from the Board without any formal action required to be taken by the Board.

The Board of Directors may remove and declare vacant the seat of a Director who has been declared of unsound mind by a final order of court, or for whom a guardian or conservator of the person has been appointed by a court, or who has been convicted of a felony, or who has 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 Corporation Law.

Any Director may be removed from the Board without cause by the affirmative vote of Directors constituting at least two-thirds (2/3) of the total membership of the Board then in office. Written notice of the Board's intention to remove a Director from the Board shall be given fifteen (15) days prior to the date of the proposed removal vote. The notice shall identify the reasons for the proposed removal and shall provide an opportunity for the subject Director to appear and be heard, orally or in writing, not less than five (5) days before the removal vote. The notice shall be sent to the subject Director by first-class, certified mail or via email with confirmation of receipt. Any removal vote shall be by secret written ballot. Upon an affirmative vote of removal of a Director, the removed Director's seat shall be deemed vacant.

Any Director may resign effective upon giving written notice to the President or, the Secretary of this Corporation. The effective date of the resignation shall be the effective date stated in the notice of resignation, or if no date is specified in the notice, the resignation shall be effective on the date the notice of resignation is received by the President or the Secretary. Upon the effective date of the resignation, the resigned Director's seat shall be deemed vacant.

Vacancies on the Board may be filled at any time by the affirmative vote or written consent of a majority of the Directors then in office. Vacancies and new appointments to the Board shall be filled or recommended by a written recommendation of the Organization Committee. If the number of Directors, then in office is less than a quorum, the vacancy may be filled by (a) the unanimous written consent of all of the Directors then in office without a meeting, or b) the affirmative vote of a majority of the Directors then in office at a duly noticed regular or special meeting; or (c) a sole remaining Director. Persons filling a vacancy shall meet the qualifications provided in Section 2 of this Article 4. Any person filling a vacancy created by the death, removal or resignation of a Business Director shall meet the qualifications for a

Property Owner Director as provided in Section 2 of this Article 4. Any person filling a vacancy created by the resignation, removal or death of a Director shall meet the qualifications required of a Director as provided in Section 2 of this Article.

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

Section 8. Compensation

Directors shall serve without compensation for their service as Directors. However, a Director may be entitled to reasonable advancement or reimbursement of expenses incurred in the performance of their duties on behalf of the Corporation, subject to the requirements of Section 3 of this Article. Any such reimbursement must be authorized in advance by the Finance Committee or the President and the Treasurer of the Corporation.

A Director may not receive compensation for providing services to the Corporation in any capacity other than as a Director unless such compensation is reasonable, is for services actually rendered, and is permitted under applicable law and Article 18 of these Bylaws.

Section 9. Conflict of Interest (Restriction re: Interested Directors)

Notwithstanding any other provision of these Bylaws, not more than thirty percent (30%) of the persons serving on the Board may be interested persons. For purposes of this Section, "interested persons" means either:

- A) Any person currently being compensated by the Corporation for services rendered it within the previous twelve (12) months, whether as a full or part-time officer or other employee, independent contractor; or
- 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 any such interested person.

In any and all cases, a Board member who also happens to be an "interested person" shall not move, second or vote on any contract in which they have a financial interest.

Owning a real property or a business within the boundaries of the District does not render a Director an interested person.

Section 10. Non-Liability of Directors

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

Section 11. Indemnification of Directors

- A) Right of Indemnification. The Corporation shall indemnify any person who was or is a party to any threatened, pending or completed civil lawsuit or proceeding, whether administrative, or investigative, including all appeals (other than an action brought by or on behalf of the Corporation) by reason of the fact that that person is or was acting as a Director, officer, or employee of the Corporation. Indemnification shall be against all expenses, including without limitation, attorneys' fees, court costs, expert witness fees,

judgments, decrees, and fines actually paid by the person in settlement of any action, suit, or proceedings provided that the Board of Directors shall first have determined, in its sole judgment, that the person acted in good faith and in a manner that he or she reasonably believed to be in the best interests of the Corporation. The termination of any action, suit or proceeding by judgment, order, or settlement shall not of itself create a presumption that the person did not act in good faith.

- B) Gross Negligence or Misconduct. No indemnification shall be made for any claim, issue, or matter as to which the person is finally adjudged to be liable for gross negligence or intentional misconduct in the performance of his or her duties as director, officer, trustee, fiduciary or employee.
- C) Indemnity for Successful Defense. In spite of any limitations set forth in Subsections A and B of this Section, to the extent that any person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in those Sections, that person shall be indemnified against all expenses actually and reasonably paid by him or her, including, without limitation, attorneys' fees, court costs, and expert witness fees.
- D) Advancement of Expenses. Expenses incurred in defending a civil action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of the action, suit, or proceeding as authorized by the Board of Directors, on receipt by the Board of Directors of an undertaking by or on behalf of the director, officer, or employee involved to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Corporation as authorized in this Section.
- E) Indemnification Not Exclusive. The indemnification provided under this Section shall not be deemed to be exclusive or any other rights to which any person indemnified may be entitled under any regulation, agreement, vote of the stockholders or disinterested directors, or otherwise. The indemnification provided under this Section shall be deemed exclusive of any other power to indemnify or right to indemnification that the Corporation or any person referred to in this Section may have or acquire. Indemnification shall continue and inure to the benefit of the heirs, executors, and administrators of any person entitled to indemnification under this Section.
- F) Liability Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or designated agent of the Corporation against any liability asserted against and incurred by that person whether or not the Corporation would have the power to indemnify that person under the provisions of these Bylaws.

ARTICLE 6 DIRECTORS MEETINGS

Section 1. Meetings Subject to the Brown Act

All Regular, Annual, Special and Emergency Meetings of the Board of Directors are subject to the provisions of the Ralph M. Brown Act (Government Code Section 54950 *et seq.*) ("the Brown Act").

Section 2. Annual Meeting

An Annual Meeting of the Board of Directors is for the purpose of electing members of the Board of Directors and appointing officers of the Corporation. This process shall be held annually and set by the Board of Directors sixty (60) day said meeting, which should occur between June and September. The Annual Meeting shall be deemed a Regular Meeting for purposes of scheduling, noticing and posting of agendas.

Section 3. Regular Meetings

Regular Meetings of the Board of Directors shall be held at a time and place as set by resolution of the Board of Directors from time-to-time. The Board has the authority to alter the time and place of the Regular Meetings upon majority vote provided reasonable notification of such change is made in compliance with the Brown Act.

Section 4. Time and Place of Regular Meetings

Regular meetings of the Board of Directors shall be held at 8:30am on the first Tuesday of the month at designated location set by the Board of Directors within the City of San Diego. The Board of Directors has the authority to alter the time, day of the month, or location of the regular meeting with reasonable notification of such change is made in compliance with the Brown Act.

Section 5. Agendas for Regular Meetings

At least 72-hours prior to a regular meeting, the Secretary or management team representative shall post at a location freely available to the public, an agenda in compliance with the Brown Act containing a brief general description of each item to be considered at the meeting, including items to be discussed as well as items that may be acted upon by the Board. The Board or committees completed packet will be posted on the Little Italy website at the same time as required by the Board Act.

Section 6. Special Meetings

Other than an Emergency Meeting as hereinafter provided, any meeting of the Board of Directors held at a time or place, other than the time or place specified for Regular Meetings, is designated as a Special Meeting. Special Meetings of the Board of Directors may be called by the President or by a majority of the Board.

Section 7. Time and Place of Special Meetings

Special Meetings of the Board of Directors shall be held at the time and place within the City of San Diego designated by the person or persons calling the Special Meeting. In the absence of such designation, the meeting shall be held at a place and a time designated by the President within fifteen (15) days of receipt of the request for the Special Meeting.

Section 8. Notice of Special Meetings

In compliance with the Brown Act, notice of a Special Meeting shall be provided 24 hours in advance of the meeting to all of the Directors and to all media outlets who have requested notification. The notice also must be posted at least 24 hours prior to the meeting in a location freely accessible to the public and on the Little Italy website. The notice shall indicate that the meeting is being called as a Special Meeting, and shall state the time, place of the meeting within the City of San Diego, and business to be considered or transacted at the meeting. No other business shall be considered at the Special Meeting.

Section 9. Emergency Meetings

Emergency Meetings of the Board of Directors may be called only upon a determination by a majority of the Board that an emergency situation exists. For the purposes of this section, "emergency" is defined as a crippling disaster, mass destruction, terrorist activity work stoppage or other activity which poses an immediate peril to public health, safety, or both, as determined by a majority of the Board.

Section 10. Time and Place of Emergency Meetings

Emergency Meetings shall be held at a time and place designated by the President or another officer of the Corporation, if the President is incapacitated.

Section 11. Notice of Emergency Meetings

Upon a determination by a roll call vote of a majority of the Board that an emergency as defined in Section 9 of this Article exists, at least one hour's telephonic notice of the time, place and subject of the Emergency Meeting, shall be given to all members of the Board and to all media outlets that have requested pursuant to the Brown Act that they receive notice of any Special Meetings called. At the conclusion of the Emergency Meeting, the minutes of the meeting, a list of persons who the Board notified or attempted to notify, a copy of the rollcall vote, and any actions taken at the Emergency Meeting shall be posted for a minimum of ten (10) days in a public place as soon after the Emergency Meeting as possible.

Section 12. Adjourned Meetings

Notice of the time and place of holding an adjourned, postponed or continued meeting must 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 forty-eight (48) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meetings to Directors absent from the original meeting if the adjourned meeting is held more than forty-eight (48) hours from the time of the original meeting. So long as the time and place of the adjourned, postponed or continued meeting is publicly announced at the meeting adjourned, postponed or continued, no other notice of an adjourned, postponed or continued meeting need be given.

Section 13. Closed Sessions

The Board may conduct closed sessions regarding the following matters: a) the appointment, performance evaluation, discipline or dismissal of an employee; b) discussion with the Corporation's attorney regarding pending litigation or a significant exposure to litigation c) granting authority to the Corporation's negotiator concerning the price and terms of payment in connection with the purchase, sale, lease or exchange of real property by or for the Corporation; d) to meet and confer with the Corporation's labor negotiator concerning discussions with employee organizations and unrepresented employees regarding salaries and fringe benefits; and e) meetings with the Corporation's attorney, the chief of police, a security consultant or security operations manager, or their deputies, on matter posing a threat to the security of public buildings, or the public's right of access to essential public services or facilities. No person shall disclose information communicated in a closed session that is specifically related to the basis for the Board to meet in closed session ("confidential information"). Such closed sessions may be held as part of a regular meeting of the Board, or at a special meeting convened for the sole purpose of the closed session. All such closed sessions shall be conducted in accordance with the provisions of the Brown Act.

Section 14. Quorum for Meeting

A quorum shall consist of fifty percent (50%) plus one (1) of the sitting Board of Directors. Except as otherwise provided in these Bylaws or in the Articles of Incorporation of this Corporation, or by law, no business shall be considered by the Board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the Directors present at such meeting may adjourn from time-to-time until the time fixed for the next regular meeting of the Board. 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 or such greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this Corporation.

Section 15. Majority Action as a 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 Articles of Incorporation or Bylaws of this Corporation, or provisions of the California Nonprofit Corporation Law.

Section 16. Voting

Each Director shall have one (1) vote on each matter presented to the Board of Directors for action. No Director may vote by proxy, but the Director's pre-approved alternate may vote representing the primary Director.

Section 17. Action Without Meeting by Virtual or Written Ballot

Any action that may be taken at a regular or special meeting of the Board of Directors may be taken without a meeting by means of a virtual or written ballot, to the extent permitted by applicable law and these Bylaws.

If action is to be taken without a meeting, the Corporation shall distribute a virtual or written ballot to each Director entitled to vote on the matter. The ballot shall:

1. Describe the matter or topic under consideration;
2. State the proposed action;
3. Provide an opportunity for the Director to vote in favor of, against, or abstain from the proposed action; and
4. Specify a reasonable period within which the ballot must be submitted to the Corporation.

Approval of an action by virtual or written ballot shall be valid only if the number of votes received within the specified voting period equals or exceeds the quorum required for a meeting of the Board of Directors at which the action could be considered, and the number of affirmative votes equals or exceeds the number of votes that would be required to approve the action at a meeting at which the total number of votes cast is equal to the total number of ballots received.

All virtual and written votes be ratified at the next scheduled Board or committee meeting. Virtual or written ballots shall be retained with the corporate records and shall be maintained in accordance with applicable law and the Corporation's record-retention policies.

Section 18. Conduct of Meetings

Meetings of the Board of Directors shall be presided over by the President of the Board, or appointed Chairperson of the Board, or, in his/her/their absence, by the Vice President of the Corporation or, in the absence of each of these persons, by the Chief Executive Administrator 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/her/their absence, the presiding officer shall appoint another person or member of the management team 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 20. Telephonic Participation

Any Director or committee member may participate in Regular, Special or Emergency meetings by telephone conference, electronic video screen communication (i.e., Zoom, Teams, etc.), or similar communications equipment, so as long as all Directors, committee members, and members of the public, participating virtually, can hear and be heard by one another. Participating in the meeting by such means allows Directors and committee members to participate in the dialogue but does not count towards quorum and are not allowed to participate in vote.

Task Force meetings are not subject to the restrictions of this Section.

ARTICLE 7 OFFICERS

Section 1. Number of Officers

The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Chief Financial Officer, who shall be designated the Treasurer. The Corporation may also have, as determined by the Board, one or more Vice Presidents of "Said Title", 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 concurrently as the President.

At any given time, a majority of the Officers must be property owners within the Little Italy Maintenance Assessment District (MAD) and/or Business Tax Certificate holders within the Little Italy Business Improvement District (BID) or an approved representative of property or business owner. Residential Tenant and Community-at-Large Board Members may serve as Officers of the Board, but the Residential Tenant and Community-at-Large Officer seats may never exceed 40% of the total number of Officers.

Section 2. Qualification, Election, and Term of Office

- A) The President, Vice Presidents, Secretary and Chief Financial Officer/Treasurer shall be selected from the membership of the Board and shall be active Board members.
- B) Officers shall be nominated annually by the Board of Directors at the Annual Meeting in accordance with the Corporation's staggered officer election cycle. If an Officer position becomes vacant between Annual Meetings, nominations may be made and an election held at any regular or special meeting of the Board. Following the seating of newly elected or appointed Directors at the Annual Meeting, the nomination and election of Officers shall be the first order of business of the newly constituted Board.
 - 1) If more than one nominee is accepted for an Officer position, each nominee shall be provided an opportunity to present brief remarks or prepared speaking points to the Board at the following Board meeting regarding their qualifications, experience, and interest in serving in the position.
 - 2) Following the presentations, the Secretary, or another non-conflicted Officer designated by the President, together with a member of the Corporation's management team, shall distribute secret ballots to all Directors entitled to vote. The ballots shall be collected and tallied by the designated Officer and a member of the management team. The results shall be announced to the Board, and the nominee receiving a majority of the votes cast shall be elected to the Officer position.
 - 3) If no nominee receives a majority of the votes cast, the two nominees receiving the highest number of votes shall proceed to a second round of voting. If necessary, additional rounds of voting shall be conducted until one nominee receives a majority of the votes cast.
- C) Officers shall be elected for two (2) year terms and shall be voted in a staggered manner in the following schedule:
 - 1) President and Treasurer: Even Years (i.e., 2026, 2028, etc.)
 - 2) Vice President(s) and Secretary: Odd Years (i.e. 2027, 2029, etc.)
- D) Property Owner and Business Owner Director Officer positions shall be elected to two (2) year terms. Each Officer shall serve for the full term for which they were elected and shall continue to serve until their successor is elected and qualified, or until their earlier resignation, removal, disqualification, or other termination of service.
- E) Residential Tenant and Community-at-Large Director Officer positions shall be elected annually and shall serve one (1) year terms. Each Officer shall continue to serve until their successor is elected and qualified, or until their earlier resignation, removal, disqualification, or other termination of service.

Section 3. Duties of Officers

- A) 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 and staff. 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. He/She/They shall preside at all meetings of the Board of Directors. 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.

- B) Vice President. In the absence of the President, or in the event of his/her/their inability or refusal to act, the 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 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.
- C) Vice President of Heritage Affairs. The Vice President of Heritage Affairs duties include helping to preserve the heritage of Little Italy while representing the Corporation at ancillary events and act as lead and advisor on heritage initiatives.
- D) Secretary. The Secretary shall perform the following duties or delegate them to the Chief Executive Administrator or a member of the management team:
 - 1) Certify and keep at the office of the Corporation the original or a copy of these Bylaws as amended or otherwise altered to date.
 - 2) Keep at the 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, 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) Keep at the principal office of the Corporation a membership book containing the name and address of each and any of the Directors and committee members, and, in the case where any membership has been terminated, he/she/they shall record such fact in the membership book together with the date on which such membership ceased.
 - 6) Exhibit at all reasonable times to any director of the Corporation or to any owner of real property within the boundaries of the District, or to the duly appointed and authorized representative of such director or owner, upon request therefore, the Bylaws, and the minutes of the proceedings of the directors of the Corporation.

- 7) 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.
- E) Chief Financial Officer (Treasurer). Subject to the provisions of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Treasurer shall perform the following duties or delegate them to the Chief Executive Administrator or a member of the management team:
- 1) The Treasurer of the Board is required to serve as Chair of the Finance Committee.
 - 2) 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 or delegate such responsibilities to staff.
 - 3) Receive, and give receipt for, monies due and payable to the Corporation from any source whatsoever.
 - 4) 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.
 - 5) 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.
 - 6) Exhibit at all reasonable times the books of account and financial records to any director of the Corporation, or to any owner of real property within the boundaries of the District, or to the duly appointed and authorized representative of such director or owner, upon request, therefore.
 - 7) Render to the President and Directors, whenever requested, an account of any or all of his/her/their transactions as Treasurer and of the financial condition of the Corporation.
 - 8) Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.
 - 9) 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. Compensation

No director or officer of the Corporation shall receive compensation or salary for their service on the Board of Directors or as an officer unless otherwise outlined in "Compensation" Section of Article 5.

ARTICLE 8 COMMITTEES

Section 1. Organization Committee

The President, the Vice President(s), the Secretary and the Treasurer shall constitute an Organization Committee. The Board of Directors shall delegate to the Organization Committee such 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 of Directors.
- B) Appointing a new Board members and alternates or the filling of vacant Board seats.
- 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 retractable.
- 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 Corporation Law.
- G) The Organization Committee shall conduct an annual performance review, with feedback from the general public, of the Managing Administrator's contract and present it to the Finance Committee and the Board of Directors.
- H) The Organization Committee has the authorization to approve expenditures or financing in a not to exceed amount and frequency that is set at the annual budget approval meeting of the Board of Directors.

By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the powers or authority so delegated to the Organization Committee, increase or decrease the membership of the Organization Committee by not more than two (2) members of the Board of Directors, and fill vacancies on the Organization Committee from the members of the Board. The Organization Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board of Directors from time to time as the Board may require.

Section 2. Finance Committee

A standing Finance Committee shall be established and shall have such financial oversight and decision-making authority as may be delegated to it by the Board of Directors. The Finance Committee shall consist of Directors appointed by the Board; provided, however, that the number of Directors appointed to the Finance Committee shall not exceed fifty percent (50%) of the total number of Directors then in office.

The Finance Committee may perform the following duties and exercise the following authority, or may delegate certain responsibilities to the Chief Executive Administrator or designated management team member while retaining oversight and responsibility for reviewing their performance:

- A) Regularly review the Corporation's various budgets, including budgets associated with City contracts and other public and private contracts.
- B) Review and approve service contracts entered into by the Corporation, subject to any limitations or requirements established by the Board.
- C) Review and approve supplemental service contracts with private property owners within Little Italy.
- D) Develop and evaluate budget scenarios and recommendations for presentation to the Board for approval, implementation, and execution by the Chief Executive Administrator or designated management team member.
- E) Oversee the Corporation's contract with the District Management Firm and make recommendations to the Board regarding any annual supplemental compensation to be paid to the District Management Firm.
- F) Review and approve grants and other programs that provide funding for special projects and initiatives within Little Italy, subject to any limitations established by the Board or applicable law.
- G) Work with the Chief Executive Administrator or designated management team member to develop and evaluate new programs, initiatives, and revenue-generating opportunities for the Corporation.
- H) Perform such other financial management duties as may be assigned or approved by the Board, including oversight of tax returns, audits, financial reviews, and financial reports submitted to the City and County of San Diego.
- I) Review and approve the acquisition of equipment, materials, and other goods or assets necessary to support the Corporation's operations and achieve its goals, subject to any spending limits established by the Board.
- J) Review and approve investments of Corporation funds in accordance with the Investment Policy adopted by the Board.
- K) Review and approve the repayment, restructuring, or refinancing of Corporation debt, subject to any limitations or requirements established by the Board.
- L) The Finance Committee has the authorization to approve expenditures or financing in a not to exceed amount and frequency that is set at the annual budget approval meeting of the Board of Directors.

Section 2. Standing Committees and Task Forces

The Corporation shall have such standing committees as may from time-to-time be designated by resolution of the Board of Directors. Task forces can be designated by a resolution of the Board of Directors or a committee Chair. Task forces traditionally will report finds to committee before presented to the Board of Directors. Members of standing committees and task forces shall be appointed by the Board and/or the committee Chair. Committees and task forces shall be advisory bodies to the Board of Directors and may consist of persons who are not also members of the Board (i.e., non-seated stakeholders), and in no event shall the membership of standing committees and task forces include members of the Board of Directors constituting a quorum of the Board of Directors. These additional committees and task forces shall act in an advisory capacity to the Board.

Section 3. Meetings and Actions of Committees

- A) Organization Committee, Finance Committee, and Standing Committees. Meetings and actions of the Organization Committee, Finance Committee, and any standing committees that may be created by the Board of Directors, shall be governed by, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act in the same manner as meetings of the Board of Directors as provided in Article 6 of these Bylaws. The time for meetings of the Organization Committee, Finance Committee and standing committees may be fixed by the Board of Directors, or the committee chair.
- B) Task Forces. Meetings and actions of Task Forces are not subject to the public meeting notice requirements of the Ralph M. Brown Act and may be noticed, held and conducted in accordance with rules and regulations promulgated by the Board of Directors, provided that such rules and regulations are not inconsistent with the provisions of these Bylaws.

ARTICLE 9 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 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, to pledge its credit or to render it liable monetary for any purpose or in any amount.

Section 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 at least two (2) of the Officers of the Corporation or the Chief Executive Administrator and/or a member of the management team that has been selected by the Finance Committee and approved by the Board of Directors. The Chief Executive Administrator or the Board-approved member of the management team are not authorized to sign checks payable to the District Management Firm or any of the Firm's employees.

Section 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 4. Gifts

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this Corporation.

ARTICLE 10 REPORTS

Section 1. Annual Report

Within one-hundred and fifty (150) days after the end of the fiscal year, the Corporation shall submit an "Annual Report" to the City and the Corporation stakeholders. The Annual Report will summarize the prior year's financial activities and include at the minimum, assets and liabilities of the Corporation as of the end of the fiscal year; principal changes in assets and liabilities including trust funds during the fiscal year; the revenue or receipts of the of the Corporation, both restricted and unrestricted for the fiscal year; expense or disbursements of the Corporation, for both general and restricted funds to be included in the Annual Statement of Specific Transactions to the stakeholders.

Section 2. Annual Work Plan and Budget

The Corporation's CEA and/or designated management team member shall work with the City each fiscal year, in accordance with the timeline established by the City, to prepare and submit an Annual Work Plan and Budget for the upcoming fiscal year for which assessments are to be levied and collected by the City and the County.

Section 3. Audit or Review

Annually, the Corporation shall prepare an audit or financial review that documents the disposition, commitment and line-item expenditures of all District revenues received during the previous fiscal year. The Corporation shall have an audit or review conducted in accordance with GAGAS within one-hundred fifty (150) days after the end of the applicable Fiscal Year or Fiscal Years.

Section 4. Assessment Data

The Corporation shall maintain a complete database for each property owner and business tax certificate assessed within the District, containing the following information:

- A) Legal Property Owner Name or Business Tax Certificate Holder Name
- B) Street Address
- C) Name and Address of Owner(s) of Record
- D) Amount of the MAD and BID Assessment Levied
- E) MAD and BID Assessment Status

If a MAD assessee, BID assessee or a member of the public is interested in securing a copy of this list, a request can be made to the City's Economic Development Department.

ARTICLE 11 CORPORATE RECORDS AND SEAL

Section 1. Maintenance of Corporate Records

The Corporation shall maintain the following corporate records which shall be maintained at the office of the Corporation. Except for records specifically exempted by law, such records shall be available for public review, and posted on the corporation's website, consistent with the provisions the Ralph M. Brown Act:

- A) Minutes of all meetings of Directors, standing committees of the Board and all meetings of members, indicating the time and place of holding such meetings, whether regular or special, 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 record of its stakeholders, if any, indicating their names and addresses.
- D) A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date.
- E) All tax filings with the Internal Revenue Services and all appropriate and applicable offices with the state of California.

Section 2. Corporate Seal

The Board of Directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

Section 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 4. Public's Inspection Rights

- A) The City, and owners of businesses or properties located within the boundaries of the District, and their duly appointed authorized representatives, shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind not otherwise exempted by law from public inspection.
- B) For all purposes of these Bylaws, the term "duly appointed authorized representative" shall mean a person who presents to the Secretary or the Chief Executive Administrator of the Corporation a written document identifying the owner of real business or property located within the boundaries of the District, the identity of the real business or property within the District owned by the owner, the identity of the representative being appointed, and the scope of the representative's authorization.

ARTICLE 12 FISCAL YEAR

The Corporation operates on a fiscal year that begins on the July 1st and end on June 30th of each year.

ARTICLE 13 INSURANCE

The Board of Directors shall 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 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 Corporation Law.

ARTICLE 14 AMENDMENT OF BYLAWS

Section 1. Amendment of Bylaws

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 as follows:

- A) Subject to the power of members, if any, to change or repeal these Bylaws under Section 5150 of the Corporations Code, by approval of the Board of Directors unless the Bylaw amendment would materially and adversely affect the rights of members, if any, as to voting or transfer, provided, however, if this Corporation has admitted any members, then a Bylaw specifying or changing the fixed number of directors of the Corporation, the maximum or minimum number of directors, or changing from a fixed to variable board or vice versa, may not be adopted, amended, or repealed except as provided in Paragraph B of this SECTION; or
- B) By approval of the majority action of the sitting Board of Directors.

The Organization Committee shall review the Corporation's Bylaws annually and recommend any proposed amendments to the Board of Directors. If no amendments are deemed necessary, the Organization Committee shall recommend that the existing Bylaws remain unchanged.

ARTICLE 15 AMENDMENT OF BYLAWS

Section 1. Amendment of Articles Before Admission of Members

Before any members have been admitted to the Corporation, any amendment of the Articles of Incorporation may be adopted by approval of the Board.

Section 2. Amendment of Articles After Admission of Members

After members, if any, have been admitted to the Corporation, amendment of the Articles of Incorporation may be adopted by the approval of the Board and by the approval of the members of this Corporation.

Section 3. Certain Amendment

Notwithstanding the above sections of this Article, this Corporation shall not amend its Articles of Incorporation to alter any statement which appears in the original Articles of Incorporation of the names and addresses of the first Directors of this Corporation nor the name and address of its initial agent, except to correct an error in such statement or to delete either statement after the Corporation has filed a "Statement by a Domestic Non-Profit Corporation" pursuant to Section 6210 of the California Nonprofit Corporation Law.

ARTICLE 16

PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS

Section 1. Prohibition Against Sharing Corporate Profits and Assets

No member, Director, Officer, employee, or other person connected with this Corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the Corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these Bylaws and is fixed by resolution of the Board; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the Corporation. All members, if any, of the Corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the Corporation, whether voluntarily or involuntarily, the assets of the Corporation, after all debts have been satisfied, shall be distributed as required by the Articles of Incorporation of this Corporation and not otherwise.

ARTICLE 17

PROHIBITED TRANSACTIONS

Section 1. Loans

Except as permitted by Section 5236 of the Code, the Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer; provided, however, that the Corporation may advance money to a Director or officer of the Corporation or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

Section 2. Self-Dealing Transactions

Except as provided in Section 3, below, the Board shall not approve or permit the Corporation to engage in any self-dealing transaction. A self-dealing transaction is a transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, unless the transaction is described in Section 5233(b) of the California Corporations Code. Any Board member who provides a service or product to the Board must recuse themselves from discussion as well as moving, seconding or voting on that particular issue in which they may have a financial interest.

Section 3. Approval

This Corporation may engage in a self-dealing transaction if the transaction is approved by a court or by the Attorney General. This Corporation also may engage in a self-dealing transaction if the Board determines, before the transaction, that (1) the Corporation is entering into the transaction for its own benefit; (2) the transaction is fair and reasonable to the Corporation at the time; and (3) after reasonable investigation, the Board determines that it could not have obtained a more advantageous arrangement with reasonable effort under the circumstances. Such determinations must be made by the Board in good faith, with knowledge of the material facts concerning the transaction and the interest of the Director or Directors in the transaction, and by a vote of a majority of the Directors then in office, without counting the vote of the interested Director or Directors.

ARTICLE 18 CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES

Section 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 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 Director 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, or
 - 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 3, Subsection B, a person who has a financial interest may have a conflict of interest only if the appropriate governing Board or committee decides that a conflict of interest exists.

Section 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 governing 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 governing 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.
 - 1) An interested person may make a presentation at the governing Board or committee meeting, but after the presentation, he/she/they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - 2) The chairperson of the governing Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - 3) After exercising due diligence, the governing 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.
 - 4) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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 governing Board or committee has reasonable cause to believe a Director or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the individual 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 governing 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.

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

Section 4. Records of Board and Committee Proceedings

The minutes of meetings of the governing Board and all committees with Board delegated powers 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 governing 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 5. Compensation Approval Policies

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 governing 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 as well as the preceding paragraphs of this section of this article, 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.
 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 Finance 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.
 4. Actual written offers from similar institutions competing for the services of the person who is the subject of 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).
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 sixty (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.

Section 6. Statements

Each Director, principal Officer, and member of a committee with governing Board-delegated powers shall sign a statement upon election that affirms such person:

- A) Has received a copy of the conflicts of interest policy,
- B) Has read and understands the policy,
- C) Has agreed to comply with the policy, and
- D) Understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.

- B) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing Board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 19 BOARD POLICIES

Section 1. Whistle Blower Policy

The Corporation encourages directors, officers, employees, volunteers, and contractors to report suspected misconduct, unethical behavior, violations of law or policy, fraud, misuse of resources, conflicts of interest, unsafe practices, harassment, discrimination, abuse, or gross mismanagement. Reports should be made in writing to the Chief Executive Administrator, Board President, or a member of the Organization Committee. Allegations involving the Chief Executive Administrator or a Board Member should be directed to the Board President or an independent Board Member. Reports may be submitted anonymously, although anonymity may limit the Corporation's ability to conduct a thorough investigation.

The Corporation prohibits retaliation against any individual who makes a good-faith report and will take appropriate disciplinary action against anyone who retaliates or knowingly submits a false or malicious report. Reports and related investigations will be kept confidential to the extent reasonably possible, consistent with conducting an appropriate investigation. All reports will be promptly acknowledged, investigated, documented, and addressed, with legal counsel or outside experts engaged when appropriate. Individuals making reports must have a good-faith and reasonable basis for believing misconduct has occurred. The policy shall be provided to directors, officers, employees, and volunteers and made available upon request to contractors and vendors.

Section 2. Commitment to Diversity, Inclusivity, and Anti-Harassment Policy

All Board Members are required to complete annual Diversity, Inclusion, and Anti-Harassment Training, as required by the Corporation's applicable contract with the City of San Diego, and are expected to conduct themselves in accordance with the Corporation's related policies.

The Corporation is committed to maintaining an environment free from discrimination and unlawful harassment. Discriminatory or harassing conduct, including conduct based on gender, race, ethnicity, age, religion, sexual orientation, or any other legally protected characteristic, is prohibited. Sexual harassment and other forms of misconduct that demean, intimidate, or undermine the integrity of Board or Member relationships will not be tolerated. Any Member who experiences or becomes aware of discrimination or unlawful harassment should promptly report the matter to the Corporation's designated legal counsel, Chief Executive Administrator, or a member of the Organization Committee. Complaints may be made orally or in writing and should include relevant details, the individuals involved, and any known witnesses. Where appropriate, the complaint may be referred to independent third-party investigators for a thorough and objective investigation.

If an investigation determines that a violation of the Corporation's policies or applicable City contract requirements has occurred, the Board may take appropriate corrective or disciplinary action, including removal of a Board member, by a simple majority vote where authorized. The Corporation prohibits retaliation against any individual who makes a good-faith complaint and will not tolerate retaliation by Board members, leadership, employees, or other representatives of the Corporation.

Section 3. Document Retention Policy

The Corporation established guidelines for retaining and securely disposing of Corporation records in compliance with applicable laws, regulations, and nonprofit best practices. It applies to all employees, Board members, contractors, and volunteers who manage or maintain organizational records.

Unless a longer period is required by law or due to litigation, audits, or other special circumstances, corporate documents and records shall generally be retained for seven (7) years, payroll and employment records for three (3) years, and maintenance and landscaping records for two (2) years. Records that have reached the end of their required retention period and are no longer needed shall be securely destroyed, including shredding physical records and permanently deleting electronic records.

Document destruction must be immediately suspended when litigation, an audit, investigation, or other legal matter is pending or reasonably anticipated, and shall remain suspended until the matter is resolved and clearance is provided. The Chief Executive Administrator, or designee, is responsible for implementing and enforcing the policy, monitoring retention requirements, and overseeing document destruction. The policy shall be periodically reviewed and may be amended by the Board as necessary to remain compliant with applicable laws and organizational needs.

Section 4. Confidentiality Policy

Board members, contractors and volunteers shall maintain the confidentiality of the Corporation's confidential, proprietary, and non-public information, except as disclosure is required or permitted by the Brown Act or applicable law. Confidential information may not be used or disclosed to any unauthorized person or entity during or after a Board member's, contractor's, or volunteer's service with the Corporation.

Confidential information may be shared when reasonably necessary with authorized Board members, staff, accountants, auditors, insurance carriers, attorneys, or other professional advisors who have a legitimate need to receive such information. Nothing in this policy prohibits a Member from disclosing information when required by law, regulation, or a lawful court order.

Section 5. Investment Policy

The Investment Policy establishes guidelines for managing the Corporation's investment assets, with the objectives of maximizing returns while minimizing risk and expenses through prudent, diversified investing. The Board of Directors retains ultimate responsibility for the Corporation's investments and may delegate investment oversight to the Finance Committee or establish a temporary Investment Task Force to provide recommendations and report to the Board. The Board may also retain qualified investment managers, consultants, and custodians.

The Board or designated committee is responsible for establishing investment objectives, risk tolerance, asset allocations, selecting and evaluating investment professionals, monitoring performance and compliance, and making changes when necessary.

All investments must be made solely for the benefit of the Corporation, comply with applicable laws and this policy, and be reviewed annually. Investments should be appropriately diversified, and any investment not expressly permitted by the policy requires Board approval. Investment managers must acknowledge their fiduciary responsibilities, follow the policy, provide regular performance and portfolio reports, communicate significant changes, and manage investments at reasonable cost.

Permitted investments include cash and cash equivalents, marketable equity and fixed-income securities, and real estate loans meeting established credit and lending requirements. Prohibited investments include derivatives, high-risk or below-investment-grade securities, commodities, precious metals, cryptocurrencies, margin transactions, short sales, options, warrants, leverage, life insurance contracts, and other speculative or non-negotiable investments. The Corporation shall maintain reasonable diversification, with limits on investments in individual companies and sectors, and each investment must be identifiable and available for review.

The target asset allocation is forty percent (40%) cash and cash equivalents, fifteen percent (15%) fixed income, fifteen percent (15%) domestic large-cap equities, fifteen percent (15%) domestic small/mid-cap equities, and fifteen percent (15%) real estate loans, with established minimum and maximum ranges for each category. Allocation shall consider market conditions, risk, liquidity needs, economic factors, and the Corporation's projected assets and liabilities. The portfolio shall be rebalanced at least semi-annually or more frequently when necessary. Investment performance shall be measured at least quarterly on a net-of-fees basis, with results evaluated against applicable benchmarks and inflation objectives and reviewed over a three (3) to five (5) year period to account for market fluctuations.

ARTICLE 20 LITTLE ITALY COMMUNITY DEFINED

Section 1. Definition

The "Little Italy community" includes those property owners paying into the Little Italy Maintenance Assessment District (MAD), the Business Tax Certificate holders paying into the Little Italy Business Improvement District (BID) or community members who reside in, work within or aid in the revitalization and maintenance of Little Italy whose boundaries are defined at all of the parcels south of W. Laurel Street, east of Pacific Highway, north of W. Ash Street (MAD) or W. A Street (BID), and west of Interstate-5 and Front Street.

Section 2. Exhibit A Map

A map is attached to these Bylaws as its last page.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the currently elected and acting Secretary of Little Italy Association of San Diego, a California Non-profit Public Benefit Corporation, and the above Bylaws, consisting of 33 pages, are the Bylaws of the Corporation as adopted at a meeting of the Board held on Tuesday, October 6, 2026.

Dated: 10/6/2026

Executed in San Diego, California



Annette Casemero, Secretary

EXHIBIT A: LITTLE ITALY COMMUNITY

