

BYLAWS
OF
HEALTH CARE EXECUTIVES
OF SOUTHERN CALIFORNIA,
a California Nonprofit Mutual Benefit Corporation

ARTICLE I

NAME

The name of this corporation is **HEALTH CARE EXECUTIVES OF SOUTHERN CALIFORNIA** (the “Corporation”).

Source: Advising California Nonprofit Corporations §3.134 (Cal CEB 1984)

§6.119 BYLAWS OF MUTUAL BENEFIT CORPORATION: PRINCIPAL OFFICE

ARTICLE II

OFFICES OF THE CORPORATION

SECTION 2.01. Office. The principal office for the transaction of the activities, affairs, and business of the Corporation (“principal office”) is located at 6633 Telephone Road, Suite 210, Ventura, California 93003. The Board of Directors (the “Board”) may change the principal office from one location to another. Any change of 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.

Source: Advising California Nonprofit Corporations §3.135 (Cal CEB 1984)

§6.120 BYLAWS OF MUTUAL BENEFIT CORPORATION: OTHER OFFICES

SECTION 2.02. Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

Source: Advising California Nonprofit Corporations §3.136 (Cal CEB 1984)

§6.121 BYLAWS OF MUTUAL BENEFIT CORPORATION: GENERAL PURPOSES

ARTICLE III

PURPOSE

The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the California nonprofit mutual benefit corporation law. Such purposes for which the Corporation is formed are within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986. More specifically, the purposes of the Corporation is to increase the knowledge and professional competency of its members by providing a rich variety of educational opportunities; to enhance their career growth and satisfaction by providing opportunities and stimulus for networking and sharing; and to contribute to the health industry as a whole through the development and promotion of its future leaders and to support the mission and objectives of the American College of Healthcare Executives at the local level.

Source: Advising California Nonprofit Corporations §3.138 (Cal CEB 1984)

Comment: Tax considerations may affect the statement of purposes. See discussion in Advising Nonprofit Corps §3.8.

§6.124 BYLAWS OF MUTUAL BENEFIT CORPORATION: MEMBERS
(CORPORATION WITHOUT MEMBERS)

ARTICLE IV

MEMBERS

Source: Advising California Nonprofit Corporations §3.140 (Cal CEB 1984)

Comment: The Corporation need not have members. Corp C §7310(a). For discussion of whether to have members and the effect of having no members, see Advising Nonprofit Corps §§6.1-6.7. If there is no provision for members in the articles or bylaws, the Corporation has no members (Corp C §7310(a)); it is preferable, however, to state whether there are to be members. If the Corporation is not to have members, the other bylaws should be modified or omitted as appropriate.

§6.125 BYLAWS OF MUTUAL BENEFIT CORPORATION:
QUALIFICATIONS AND
RIGHTS OF MEMBERSHIP

SECTION 4.01. Classes and Qualifications. The Corporation shall have three (3) classes of members, designated Active, Student, and Honorary Life. Any person dedicated to the purposes of the Corporation and otherwise meeting the qualifications for each class of membership, including any requirement for approval by a membership committee, shall be eligible for membership on

approval of the membership application by the Board and the payment of such dues and fees as the Board may fix from time to time.

The qualifications for each classification are as follows:

(a) An Active Member shall be limited to any person who is dedicated to a career in the field of health care, and meets the following criteria:

(i) is a chief executive/administrative officer or an assistant-level executive/administrative officer of a hospital (or a group of hospitals), medical group, or other health care organization; or

(ii) has a master's degree from a graduate program in hospital or health services administration or equivalent and holds a full-time management position in an organization providing health services; or

(iii) is an executive of either a hospital association or an agency providing services to direct health care delivery organizations (including, but not limited to, health facilities, planning agencies, health care consultants and fiscal intermediaries); or

is a faculty member of an accredited graduate program in hospital and health services administration; and

is a member of the American College of Healthcare Executives.

(b) A Student Member shall be limited to any person who is not otherwise eligible as an Active Member and is enrolled as a student in a master's degree program or doctoral program in the area of hospital, health services, business, or public administration or equivalent as defined by policy, is living or working in the geographical area served by the Corporation, and is a student member of ACHE and pays annual membership dues.

An Honorary Life Member is conferred on the outgoing immediate Past President and may be conferred upon any person in recognition of outstanding service to the Corporation and/or the health care field upon majority vote of the Board,

(d) An Affiliate Member is an individual who has made a significant contribution to HCE but is not a current member of the American College of Healthcare Executives.

SECTION 4.02. Voting Members. All classes of members shall have the right to vote, as set forth in these Bylaws, on the election of directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation. In addition, those members shall have all rights afforded members under the California Nonprofit Mutual Benefit Corporation Law. If the Corporation is dissolved, the distribution of all assets, shall be made to an organization qualified under §501(c)(6) that substantially, but not exclusively, promotes the increase of knowledge and professional competency of its members by providing a rich variety of educational opportunities, enhances career growth and satisfaction by providing opportunities and stimulus for networking and sharing, and contributes to the health industry as a whole through the development and promotion of its future leaders.

SECTION 4.03. Dues, Fees, and Assessments. No additional dues shall be assessed for membership in HCE other than those assessed for membership in ACHE.

SECTION 4.04. Good Standing. Those members who have paid the required dues, in accordance with ACHE requirements and these Bylaws and who are not suspended shall be members in good standing.

SECTION 4.05. Termination and Suspension of Membership.

(a) **Causes of Termination.** A membership shall terminate on occurrence of any of the following events:

(i) Resignation of a member, on reasonable notice to the Corporation;

(ii) Expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the Board;

(iii) Failure of a member to pay dues, fees, or assessments as set by the Board within thirty (30) days after they become due and payable, providing the Board has not granted an extension to pay said dues, fees or assessments; or

(iv) Expulsion of the member under Section 4.05(c) of these Bylaws, based on the good faith determination by the Board, or a committee or person authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct of the Corporation, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the Corporation.

Source: Advising California Nonprofit Corporations §3.146 (Cal CEB 1984)

§6.131 BYLAWS OF MUTUAL BENEFIT CORPORATION: SUSPENSION OF MEMBERSHIP

(b) *Suspension of Membership.* A member may be suspended, under Section 4.05(c) of these Bylaws, based on the good faith determination by the Board, or a committee or person authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the Corporation's rules of conduct, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the Corporation. A person whose membership is suspended shall not be a member during the period of suspension.

Source: Advising California Nonprofit Corporations §3.147 (Cal CEB 1984)

§6.132 BYLAWS OF MUTUAL BENEFIT CORPORATION: PROCEDURE FOR EXPULSION OR SUSPENSION

(c) *Procedure for Expulsion or Suspension.* If grounds appear to exist for expulsion or suspension of a member under Sections 4.05(a) and (b) of these Bylaws, the procedure set forth below shall be followed:

(i) The member shall be given fifteen (15) days' prior notice of the proposed expulsion or suspension and the reasons therefor. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be sent by first-class or registered mail to the member's last address as shown on the Corporation's records.

(ii) The member shall be given an opportunity to be heard, either orally or in writing, at least five (5) days before the effective date of the proposed expulsion. The hearing shall be held, or the written statement considered, by the Board or by a committee or person authorized by the Board to determine whether the expulsion or suspension should take place.

(iii) The Board, committee, or person shall decide whether or not the member should be expelled, suspended, or sanctioned in some other way. The decision of the Board, committee, or person shall be final.

(iv) Any action challenging an expulsion, suspension, or termination of membership, including a claim alleging defective notice, must be commenced within one (1) year after the date of the expulsion, suspension, or termination.

Source: Advising California Nonprofit Corporations §3.148 (Cal CEB 1984)

§6.133 BYLAWS OF MUTUAL BENEFIT CORPORATION: TRANSFER OF MEMBERSHIPS

SECTION 4.06. *Transfer of Memberships.* A membership, or any right arising from membership, may not be transferred to another person or entity without the express written authorization of the Board.

SECTION 4.07. *Death of a Member.* Subject to Section 8.04 of these Bylaws, all rights of membership cease on the member's death or dissolution.

Source: Advising California Nonprofit Corporations §3.149 (Cal CEB 1984)

§6.134 BYLAWS OF MUTUAL BENEFIT CORPORATION: MEETINGS OF

MEMBERS

ARTICLE V

MEETINGS OF MEMBERS

SECTION 5.01. *Place of Meeting.* Meetings of the members shall be held at any place within or outside California designated by the Board or by written consent of all persons entitled to vote at the meeting, given before or after the meeting. In the absence of any such designation, members' meetings shall be held at the Corporation's principal office.

SECTION 5.02. *Annual Meeting.* An annual members' meeting shall be held during the fourth quarter of each calendar year, the specific date and time to be determined by the Board of Directors and unless the Board fixes another date or time and so notifies members as provided in Sections 5.04(c) and (d) of these Bylaws. If the scheduled date falls on a legal holiday, the meeting shall be held the next full business day. At this meeting, directors shall be elected and any other proper business may be transacted, subject to Sections 5.04(b) and 5.05(a) of these Bylaws. At this meeting, members shall be notified of the election results for the Board of Directors and any other proper business which may be transacted, subject to Sections 5.04(b) and 5.05(a) of these Bylaws.

§6.136 BYLAWS OF MUTUAL BENEFIT CORPORATION: SPECIAL MEETINGS--

PERSONS WHO MAY CALL

SECTION 5.03. *Special Meetings.*

(a) *Persons Authorized To Call.* A special meeting of the members for any lawful purpose may be called at any time by the Board or the chair of the Board, if any, or by the president, or five percent (5%) or more of the members.

Source: Advising California Nonprofit Corporations §3.152 (Cal CEB 1984)

§6.137 BYLAWS OF MUTUAL BENEFIT CORPORATION: SPECIAL MEETINGS--

CALLING

(b) *Calling Meetings.* A special meeting called by any person (other than the Board) entitled to call a meeting shall be called by written request, specifying the general nature of the

business proposed to be transacted, and submitted to the chair of the Board, if any, or the president or any vice president or the secretary of the Corporation. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote, in accordance with Section 5.04 of these Bylaws, stating that a meeting will be held at a specified time and date fixed by the Board, provided, however, that the meeting date shall be at least 35 but no more than 90 days after receipt of the request. If the notice is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board.

Source: Advising California Nonprofit Corporations §3.153 (Cal CEB 1984)

§6.138 BYLAWS OF MUTUAL BENEFIT CORPORATION: PROPER BUSINESS
OF SPECIAL MEETING

(c) Proper Business of Special Meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

SECTION 5.04. Notice Requirements for Members' Meetings.

(a) General Notice Requirements. Whenever members are required or permitted to take any action at a meeting, written notice of the meeting shall be given, in accordance with Section 5.04(c) of these Bylaws, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting and (i) for a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (ii) for the annual meeting, those matters that the Board, at the time notice is given, intends to present for action by the members, but [Insert only if quorum is less than one third of voting power]

except as provided in Section 5.05(a) of these Bylaws, [Continue] any proper matter may be presented at the meeting. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

Source: Advising California Nonprofit Corporations §3.155 (Cal CEB 1984)

§6.140 BYLAWS OF MUTUAL BENEFIT CORPORATION:

NOTICE OF
CERTAIN AGENDA ITEMS

(b) Notice of Certain Agenda Items. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:

- (i) Removing a director without cause;
- (ii) Filling vacancies on the Board;
- (iii) Amending the Articles of Incorporation of the Corporation (the “Articles”);
- (iv) Approving a contract or transaction between the Corporation and one or more directors, or between the Corporation and any entity in which a director has a material financial interest;
- (v) Electing to wind up and dissolve the corporation; or
- (vi) Approving a plan of distribution of assets, other than money, not in accordance with liquidation rights of any class or classes as specified in the Articles or these Bylaws, when the Corporation is in the process of winding up.

Source: Advising California Nonprofit Corporations §3.156 (Cal CEB 1984)
§6.141 BYLAWS OF MUTUAL BENEFIT CORPORATION: MANNER OF GIVING NOTICE

(c) Manner of Giving Notice. Notice of any meeting of members shall be in writing and shall be given at least ten (10) but no more than one hundred twenty (120) days before the meeting date. The notice shall be given either personally or by first-class, registered, or certified mail, or by other means of written communication, including email, and shall be addressed to each member entitled to vote, at the address of that member appearing on the books of the Corporation or at the address given by the member

to the Corporation for purposes of notice. If no address appears on the corporation's books and no address has been so given, notice shall be deemed to have been given if either (i) notice is sent to that member by first-class mail or telegraphic or other written communication to the Corporation's principal office or (ii) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

Source: Advising California Nonprofit Corporations §3.157 (Cal CEB 1984)
§6.142 BYLAWS OF MUTUAL BENEFIT CORPORATION: AFFIDAVIT OF MAILING NOTICE

(d) *Affidavit of Mailing Notice.* An affidavit of the mailing of any notice of any members' meeting, or of the giving of such notice by other means, may be executed by the secretary, assistant secretary, or any transfer agent of the Corporation, and if so executed, shall be filed and maintained in the Corporation's minute book.

SECTION 5.05. *Quorum.*

(a) *Percentage Required.* Thirty-three and one-third percent (33-1/3%) of the voting power shall constitute a quorum for the transaction of business at any meeting of members [Insert if quorum is less than one third of voting power], provided, however, that, if any regular or annual meeting is actually attended in person or by proxy by less than one-quarter (1/4) of the voting power, the only matters that may be voted on are those of which notice of their general nature was given under the first and second sentences of Section 5.04(a) of these Bylaws.

(b) *Loss of Quorum.* Subject to Section 5.05(a) of these Bylaws, the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

Source: Advising California Nonprofit Corporations §3.160 (Cal CEB 1984)
§6.145 BYLAWS OF MUTUAL BENEFIT CORPORATION: ADJOURNMENT AND NOTICE OF ADJOURNED MEETING

SECTION 5.06. Adjournment and Notice of Adjourned Meeting. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members represented at the meeting, either in person or by proxy. No meeting may be adjourned for more than forty-five (45) days. When a members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. If after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

SECTION 5.07. Voting.

(a) **Eligibility to Vote.** All classes of members shall have the right to vote providing said members are in good standing.

(b) **Manner of Casting Votes.** Voting may be by voice or ballot, except that any election of directors must be by ballot if demanded by any member at the meeting before the voting begins. Source: Advising California Nonprofit Corporations §3.163 (Cal CEB 1984)

§6.148 BYLAWS OF MUTUAL BENEFIT CORPORATION: VOTING

(c) **Voting.** Each member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the members.

(d) **Approval by Majority Vote.** If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be the act of the members, unless the vote of a greater number or voting by classes is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles.

SECTION 5.08 Waiver of Notice or Consent.

(a) **Written Waiver or Consent.** The transactions of any members' meeting, however called or noticed and wherever held,

shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present either in person or by proxy, and (ii) either before or after the meeting, each member entitled to vote, who is not present in person or by proxy, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes. The waiver of notice, consent, or approval need not specify either the business to be transacted or the purpose of any meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 5.04(b), the waiver of notice, consent, or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes.

(b) Waiver by Attendance. A member's attendance at a meeting shall also constitute a waiver of notice of and presence at that meeting, unless the member objects at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Source: Advising California Nonprofit Corporations §3.167 (Cal CEB 1984)

§6.152 BYLAWS OF MUTUAL BENEFIT CORPORATION: ACTION BY UNANIMOUS WRITTEN CONSENT

ARTICLE VI

ACTION WITHOUT A MEETING

SECTION 6.01. Action by Unanimous Written Consent. Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the members. The action by written consent shall have the same force and effect as the unanimous vote of the members. Source: Advising California Nonprofit Corporations §3.168 (Cal CEB

1984)

§6.153 BYLAWS OF MUTUAL BENEFIT CORPORATION: ACTION BY
WRITTEN
BALLOT WITHOUT A MEETING

SECTION 6.02. Action by Written Ballot without a Meeting. Any action, except election of directors, that may be taken at any meeting of members may be taken without a meeting by complying with the following:

Source: Advising California Nonprofit Corporations §3.164 (Cal CEB 1984)

§6.154 BYLAWS OF MUTUAL BENEFIT CORPORATION: SOLICITATION
OF
WRITTEN BALLOTS

(a) Solicitation of Written Ballots. The Corporation shall distribute one written ballot to each member entitled to vote on the matter. Such ballots shall be mailed or delivered in the manner required by Section 5.04(c) of these Bylaws. All solicitations of votes by written ballot shall (i) indicate the number of responses needed to meet the quorum requirement, (ii) with respect to ballots other than for election of directors, state the percentage of approvals necessary to pass the measure or measures, and (iii) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (iv) set forth the proposed action, (v) provide the members an opportunity to specify approval or disapproval of each proposal, and (vi) provide a reasonable time in which to return the ballot to the Corporation. If the Corporation has one hundred (100) or more members, any written ballot distributed to ten (10) or more members shall provide, subject to reasonable specified conditions, that if the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification.

[If corporation does not have cumulative voting, continue]

In any election of directors, a written ballot that a member marks “withhold,” or otherwise marks in a manner indicating that authority to vote is withheld, shall not be voted either for or against the election of a director.

Source: Advising California Nonprofit Corporations §3.170 (Cal CEB 1984)

§6.155 BYLAWS OF MUTUAL BENEFIT CORPORATION:

VOTES AND APPROVALS
REQUIRED

(b) Number of Votes and Approvals Required. Approval by written ballot shall be valid only when (i) the number of votes cast by ballot (including those ballots that are marked “withhold” or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot without a meeting.

Source: Advising California Nonprofit Corporations §3.171 (Cal CEB 1984)
§6.156 BYLAWS OF MUTUAL BENEFIT CORPORATION: NO BALLOT
REVOCATION

(c) Revocation. A written ballot may not be revoked.

Source: Advising California Nonprofit Corporations §3.172 (Cal CEB 1984)
§6.157 BYLAWS OF MUTUAL BENEFIT CORPORATION: FILING OF
BALLOTS

(d) Filing. All written ballots shall be filed with the secretary of the Corporation and maintained in the corporate records for at least three (3) years.

Source: Advising California Nonprofit Corporations §3.173 (Cal CEB 1984)
§6.158 BYLAWS OF MUTUAL BENEFIT CORPORATION: RECORD
DATE--
DETERMINED BY BOARD

ARTICLE VII

**RECORD DATE FOR NOTICE, VOTING,
WRITTEN BALLOTS, AND OTHER ACTIONS**

SECTION 7.01. Determined by Board. For purposes of determining the members entitled to notice of any meeting, vote at any meeting, vote by written ballot, or exercise any rights with respect to any lawful action, the Board may fix, in advance, a record date. The record date so fixed

(a) for notice of a meeting shall not be more than ninety

(90) or less than ten (10) days before the date of the meeting;

(b) for voting at a meeting shall not be more than sixty (60) days before the date of the meeting;

(c) for voting by written ballot shall not be more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(d) for any other action shall not be more than sixty (60) days before that action.

SECTION 7.02. Record Date for Notice or Voting. If not otherwise fixed by the Board, the record date for determining members entitled (a) to receive notice of a meeting of members shall be the business day next preceding the day on which notice is given or, if notice is waived, the business day next preceding the day on which the meeting is held, and (b) to vote at the meeting shall be the day on which the meeting is held.

Source: Advising California Nonprofit Corporations §3.175 (Cal CEB 1984)

§6.160 BYLAWS OF MUTUAL BENEFIT CORPORATION: RECORD DATE FOR ACTION

BY WRITTEN BALLOT

SECTION 7.03. Record Date for Action by Written Ballot. If not otherwise fixed by the Board, the record date for determining members entitled to vote by written ballot shall be the day on which the first written ballot is mailed or solicited. Source: Advising California Nonprofit Corporations §3.176 (Cal CEB 1984)

§6.161 BYLAWS OF MUTUAL BENEFIT CORPORATION: RECORD DATE FOR

OTHER ACTIONS

SECTION 7.04. Record Date for Other Actions. If not otherwise fixed by the Board, the record date for determining members entitled to exercise any rights with respect to any other lawful action shall be the date on which the Board adopts the resolution relating to that action, or the 60th day before the date of that action, whichever is later.

SECTION 7.05. Members of Record. For purposes of Sections 7.01-7.04, a person holding a membership at the close of business on the record

date shall be a member of record.

Source: Advising California Nonprofit Corporations §3.178 (Cal CEB 1984)

§6.163 BYLAWS OF MUTUAL BENEFIT CORPORATION: PROXIES
ARTICLE VIII

PROXIES

SECTION 8.01. Right of Members. Each person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy, signed by the person and filed with the secretary of the Corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or the member's attorney-in-fact. Source: Advising California Nonprofit Corporations §3.179 (Cal CEB 1984)

§6.164 BYLAWS OF MUTUAL BENEFIT CORPORATION: FORM OF
SOLICITED PROXIES

SECTION 8.02. Form of Solicited Proxies. If the Corporation has one hundred (100) or more members, any form of proxy distributed to ten (10) or more members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of related matters and shall provide, subject to reasonable specified conditions, that, when the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification. In any election of directors, any form of proxy that a member marks "withhold," or marks otherwise in a manner indicating that the authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director.

Source: Advising California Nonprofit Corporations §3.180 (Cal CEB 1984)

§6.165 BYLAWS OF MUTUAL BENEFIT CORPORATION: SUBJECT OF
PROXY

SECTION 8.03. Requirement that General Nature of Subject of Proxy Be Stated. Any revocable proxy covering matters for which a vote of the members is required, including amendments to the Articles; amendments to the Articles or these Bylaws changing proxy rights; removal of directors without cause; filling vacancies on the Board; the sale, lease, exchange, conveyance, transfer, or other disposition of all or substantially all of the corporate assets unless the transaction is in the usual and regular course of the Corporation's activities; the principal terms of a merger or the amendment of a merger agreement; the election

to dissolve the Corporation; contracts or transactions between the Corporation and one or more directors or between the Corporation and an entity in which a director has a material financial interest; or a plan of distribution of assets other than money to members when the Corporation is in the process of winding up, when the distribution is not in accordance with liquidation rights of any class or classes, shall not be valid unless the proxy sets forth the general nature of the matter to be voted on.

SECTION 8.04. Revocability. A validly executed proxy that does not state that it is irrevocable shall continue in full force and effect until (a) revoked by the member executing it before the vote is cast under that proxy, (i) by a writing delivered to the Corporation stating that the proxy is revoked, (ii) by a subsequent proxy executed by that member and presented to the meeting, or (iii) as to any meeting, by the member's personal attendance and voting at the meeting, or (b) written notice of the death or incapacity of the maker of the proxy is received by the Corporation before the vote under the proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of a proxy shall be three (3) years from the date of execution. The revocability of a proxy that states on its face that is irrevocable shall be governed by Section 7613 of the California Corporations Code.

Source: Advising California Nonprofit Corporations §3.182 (Cal CEB 1984)
§6.167 BYLAWS OF MUTUAL BENEFIT CORPORATION: ELECTION OF
DIRECTORS--NOMINATION

ARTICLE IX

ELECTION OF DIRECTORS

SECTION 9.01. Nomination. The chair of the Board, or the president if there is no chair, shall appoint a committee to select qualified candidates for election to the Board at least one hundred twenty (120) days before the date of any election of directors. Only individuals who are members in good standing of ACHE are eligible for nomination to the HCE Board of Directors. This nominating committee, shall make its report at least thirty (30) days before the date of the election, and the secretary shall forward to each member, with the notice of meeting required by Section 5.04 of these Bylaws, a list of all candidates nominated by committee under this Section.

Source: Advising California Nonprofit Corporations §3.183 (Cal CEB 1984)
Form 6.167-2 (Nominations by Members--Corporations With 500 to
4999 Members)

If the Corporation has five hundred (500) or more, but fewer than five thousand (5,000), members, members representing two percent (2%) of the voting power may nominate candidates for directors by a petition, signed by those members within eleven (11) months preceding the next time directors are to be elected, and delivered to an officer of the Corporation. On timely receipt of a petition signed by the required number of members, the secretary shall cause the names of the candidates named on it to be placed on the ballot along with the names of those candidates named by the nominating committee.

SECTION 9.02. Nominations from the Floor. If there is a meeting of members to elect directors, any member present at the meeting in person or by proxy may place names in nomination.

SECTION 9.03. Solicitation of Votes. The Board shall formulate procedures that allow a reasonable opportunity for a nominee to communicate to members the nominee's qualifications and reasons for the nominee's candidacy, a reasonable opportunity for all nominees to solicit votes, and a reasonable opportunity for all members to choose among the nominees.

SECTION 9.04. Use of Corporate Funds to Support Nominee. Without Board authorization, no corporate funds may be expended to support a nominee for director after more people have been nominated for director than can be elected.

Source: Advising California Nonprofit Corporations §3.188 (Cal CEB 1984)
§6.171 BYLAWS OF MUTUAL BENEFIT CORPORATION: GENERAL
POWERS
OF DIRECTORS

ARTICLE X

DIRECTORS

SECTION 10.01. Powers. Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and any other applicable laws, and subject to any limitations in the Articles and these Bylaws regarding actions that require the approval of the members, the Corporation's activities and affairs shall be managed, and all corporate power shall be exercised, by or under the Board's direction.

Source: Advising California Nonprofit Corporations §3.189 (Cal CEB 1984)
§6.172 BYLAWS OF MUTUAL BENEFIT CORPORATION: SPECIFIC

POWERS OF
DIRECTORS

SECTION 10.02. Specific Powers. Without prejudice to the general powers set forth in Section 10.01 of these Bylaws, but subject to the same limitations, the directors shall have the power to:

(a) Appoint and remove at the pleasure of the Board all the Corporation's officers, agents, and employees; prescribe powers and duties for them that are consistent with the law, the Articles, and these Bylaws; and fix their compensation and require from them security for faithful performance of their duties.

(b) Change the principal office or the principal business office in California from one location to another; cause the Corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities within or outside California; and designate any place within or outside California for holding any meeting of members.

(c) Adopt and use a corporate seal; prescribe the forms of membership certificates consistent with the provisions of Section 7313 of the California Corporations Code; and alter the forms of the seal and certificates.

(d) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation, and other evidences of debt and securities.

SECTION 10.03. Number and Qualification of Directors. Source: Advising California Nonprofit Corporations §3.191 (Cal CEB 1984) Form 6.173-2 (Variable Number of Directors)

The Board shall consist of at least five (5) but no more than nineteen (19) directors until changed by amendment to these Bylaws. The exact number of directors shall be fixed, within those limits, by a resolution adopted by the Board. The qualifications for directors are that each director shall be an active member in good standing for a period of no less than one (1) year.

SECTION 10.04. Election, Designation, and Term of Office. All

directors shall be elected at each annual meeting of members to hold office until the next annual meeting; however, if any such directors are not elected at any annual meeting, they may be elected at any special members' meeting held for that purpose or by written ballot. Each such director, including a director elected to fill a vacancy or elected at a special members' meeting or by written ballot, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

Source: Advising California Nonprofit Corporations §3.192 (Cal CEB 1984)
Form 6.174-2 (Designated Directors)

All directors shall be designated by name. Each such director shall hold office for one (1) years and until a successor has been designated and has qualified.

SECTION 10.05. Vacancies on Board.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (i) the death or resignation of any director; (ii) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, or, if the Corporation holds assets in charitable trust, has been found by a final order or judgment of any court to have breached a duty arising under Section 7238 of the California Corporations Code; (iii) the vote of the members or, if the Corporation has fewer than fifty (50) members, the vote of a majority of all members, to remove any director(s); [If designated directors are provided for, insert] provided, however, that a director who was designated as a director, rather than elected by the members, may be removed by the person or persons who designated that director and may not be removed without the written consent of that person or persons; (iv) the increase of the authorized number of directors; or (v) the failure of the members, at any meeting of members at which any director or directors is or are to be elected, to elect the number of directors required to be elected at that meeting.

(b) Resignations. Except as provided below, any director may resign by giving written notice to the chair of the Board, if any, or to the president or the secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's

resignation is effective at a later time, the Board may elect a successor to take office when the resignation becomes effective.

(c) Filling Vacancies. Except for vacancies created by removal of a director by the members, vacancies on the Board may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director. The members may fill any vacancy or vacancies not filled by the directors. Source: Advising California Nonprofit Corporations §3.195 (Cal CEB 1984)

§6.178 BYLAWS OF MUTUAL BENEFIT CORPORATION: NO VACANCY
ON
REDUCTION OF NUMBER OF DIRECTORS

(d) No Vacancy on Reduction in Number of Directors.
No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

**SECTION 10.06. §6.179 BYLAWS OF MUTUAL BENEFIT
CORPORATION: DIRECTORS'
MEETINGS--PLACE OF MEETINGS
Directors' Meetings.**

(a) Place of Meetings. Meetings of the Board shall be held at any place within or outside California that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the Corporation.
Source: Advising California Nonprofit Corporations §3.197 (Cal CEB 1984)

§6.180 BYLAWS OF MUTUAL BENEFIT CORPORATION: MEETINGS BY
TELEPHONE

(b) Meetings by Telephone. Any meeting may be held by conference telephone or similar communication equipment, as long as all directors participating in the meeting can hear one another. All such directors shall be deemed to be present in person at such a meeting.

(c) Annual Meeting. Immediately after each annual meeting of members, the Board shall hold a regular meeting for purposes of organization, election of officers, and the transaction of

other business. Notice of this meeting is not required. Source: Advising California Nonprofit Corporations §3.199 (Cal CEB 1984)

(d) Other Regular Meetings. Other regular meetings of the Board may be held without notice at such time and place as the Board may fix from time to time.

(e) Meeting Attendance. Directors are required to attend a minimum of 50% of Board meetings during their term of office. Directors shall notify the Board President if unable to attend a Board meeting. Directors who fail to attend at least 50% of Board meetings or who fail to attend three (3) consecutive Board meetings may be removed from office at the discretion of the Board.

SECTION 10.07. Directors' Special Meetings.

(a) Authority to Call. Special meetings of the Board for any purpose may be called at any time by the chair of the Board, if any, the president or any vice president, or the secretary or any two directors.

Source: Advising California Nonprofit Corporations §3.201 (Cal CEB 1984)

Comment: See Corp C §7211(a). This provision reflects the statutory language and may be changed by the bylaws.

§6.184 BYLAWS OF MUTUAL BENEFIT CORPORATION: NOTICE--
MANNER OF GIVING NOTICE

(b) Notice.

(i) Manner of Giving Notice. Notice of the time and place of special meetings shall be given to each director by one of the following methods: (A) by personal delivery of written notice; (B) by first-class mail, postage prepaid; (C) by telephone, either directly to the director or to a person at the director's office who would reasonably be expected to communicate that notice promptly to the director; or (D) by email. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Corporation.

Source: Advising California Nonprofit Corporations §3.202 (Cal CEB 1984)

§6.185 BYLAWS OF MUTUAL BENEFIT CORPORATION: NOTICE--
TIME REQUIREMENTS

(ii) *Time Requirements.* Notices sent by first-class mail shall be deposited in the United States mail at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or email shall be delivered, telephoned, or given to the telegraph company at least forty-eight (48) hours before the time set for the meeting.

(iii) *Notice Contents.* The notice shall state the time of the meeting, and the place if the place is other than the principal office of the Corporation. It need not specify the purpose of the meeting.

SECTION 10.08. Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn. Every action taken or decision made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be the act of the Board, subject to the more stringent provisions of the California Nonprofit Mutual Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions between the Corporation and one or more directors or between the Corporation and any entity in which a director has a material financial interest, (b) creation of and appointments to committees of the Board, and (c) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

SECTION 10.09. Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to him or her. Source: Advising California Nonprofit Corporations §3.206 (Cal CEB 1984)

§6.189 BYLAWS OF MUTUAL BENEFIT CORPORATION: ADJOURNMENT

SECTION 10.10. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Source: Advising California Nonprofit Corporations §3.207 (Cal CEB 1984)

§6.190 BYLAWS OF MUTUAL BENEFIT CORPORATION: NOTICE OF
ADJOURNED MEETING

SECTION 10.11. Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

SECTION 10.12. Action Without a Meeting. Any action that the Board is required or permitted to take may be taken without a meeting if all members of the Board consent in writing to that action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

SECTION 10.13. Compensation and Reimbursement. Directors may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be determined by Board resolution to be just and reasonable as to the Corporation at the time the resolution is adopted.

SECTION 10.14. Committees.

(a) Committees of the Board. The Board, by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more committees, each consisting of one or more directors and persons who are not directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the directors then in office. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Board resolution, shall have all the authority of the Board except that no committee, regardless of Board resolution, may:

(i) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;

(ii) Fill vacancies on the Board or on any committee that has the authority of the Board;

(iii) Fix compensation of the directors for serving on the Board or on any committee;

(iv) Amend or repeal these Bylaws or adopt new bylaws;

(v) Amend or repeal any Board resolution that by its express terms is not so amendable or repealable;

(vi) Create any other committees of the Board or appoint the members of committees of the Board;

(vii) Expend corporate funds to support a nominee for director after more people have been nominated for director than can be elected; or

(viii) With respect to any assets held in charitable trust, approve any contract or transaction between the Corporation and one or more of its directors or between the Corporation and an entity in which one or more of its directors has or have a material financial interest, subject to the special approval provisions of Section 5233(d)(3) of the California Corporations Code.

Source: Advising California Nonprofit Corporations §3.211 (Cal CEB 1984)

(b) Meetings and Actions of Committees. Meetings and actions of committees of the Board shall be governed by, held, and taken in accordance with, the provisions of these Bylaws concerning meetings and other Board actions except that the time for regular

meetings of such committees and calling of special meetings of such committees may be determined either by Board resolution, or, if there is none, by resolution of the committee. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the government of any committee that are consistent with these Bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

(c) Particular Board and Advisory Committees. These Bylaws may establish particular committees including, but not limited to, a budget committee, a program committee, a bylaw committee, a nominating committee, a membership activities committee, and an executive committee. The Board cannot, however, delegate the powers listed in California Corporations Code Section 7212(a)(1)-(8) to any committee.

If any committee is to have any non-director committee members, it is not a committee of the Board, and it should be clearly labeled an “advisory committee.” Unless these Bylaws provide otherwise, the Board may delegate management of the Corporation’s activities to an advisory committee (*California Corporations Code* §§7210, 7212) to the same extent that those powers could be delegated to anyone under California Corporations Code Section 7210. If the committee does not exercise the authority of the Board, Sections 10.14(a) and (b) need not apply to it.

ARTICLE XI

OFFICERS

SECTION 11.01. Officers of the Corporation. The officers of the Corporation shall be a president, president elect, a secretary, and a chief financial officer. The Corporation may also have, at the Board’s discretion, a chair of the Board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with Section 11.03 of these Bylaws. Any number of offices may be held by the same person. All officers and other elected members of the Board of Directors shall be members in good standing of the American College of Healthcare Executives.

SECTION 11.02. Election of Officers. The officers of the Corporation,

except those appointed under Section 11.03 of these Bylaws, shall be chosen annually by the Board and shall serve for a term of one (1) year. Officers may serve successive terms at the pleasure of the Board.

Source: Advising California Nonprofit Corporations §3.215 (Cal CEB 1984)

§6.198 BYLAWS OF MUTUAL BENEFIT CORPORATION: OTHER OFFICERS

SECTION 11.03. Other Officers. The Board may appoint and may authorize the chair of the Board, the president, or other officer to appoint any other officers that the Corporation may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in these Bylaws or determined by the Board.

Source: Advising California Nonprofit Corporations §3.216 (Cal CEB 1984)

§6.199 BYLAWS OF MUTUAL BENEFIT CORPORATION: REMOVAL OF OFFICERS

SECTION 11.04. Removal of Officers. Without prejudice to any rights of an officer under any contract of employment, an officer may be removed with or without cause by the Board, and also, if the officer was not chosen by the Board, by any officer on whom the Board may confer that power of removal.

Source: Advising California Nonprofit Corporations §3.217 (Cal CEB 1984)

§6.200 BYLAWS OF MUTUAL BENEFIT CORPORATION: RESIGNATION OF OFFICERS

SECTION 11.05. Resignation of Officers. Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Source: Advising California Nonprofit Corporations §3.218 (Cal CEB 1984)

§6.201 BYLAWS OF MUTUAL BENEFIT CORPORATION: VACANCIES IN OFFICE

SECTION 11.06. Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

SECTION 11.07. Responsibilities of Officers.

(a) **Chair of the Board.** If a chair of the Board is elected, he or she shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no president, the chair of the Board shall also be the chief executive officer and shall have the powers and duties prescribed by these Bylaws for the president of the Corporation.

Source: Advising California Nonprofit Corporations §3.220 (Cal CEB 1984)
§6.203 BYLAWS OF MUTUAL BENEFIT CORPORATION: PRESIDENT

(b) **President.** Subject to such supervisory powers as the Board may give to the chair of the Board, if any, and subject to the control of the Board, the president shall be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers. The president shall preside at all members' meetings and, in the absence of the chair of the Board, or if there is none, at all Board meetings. The president shall have such other powers and duties as the Board or these Bylaws may prescribe.

(c) **President-Elect.** In the absence or disability of the president, the president-elect shall have all of the powers of, and be subject to, all restrictions on the president.

(d) **Vice Presidents.** In the absence or disability of the president and president-elect, the vice presidents, if any, in order of their rank as fixed by the Board or, if not ranked, a vice president designated by the Board shall perform all duties of the president. When so acting, a vice president shall have all powers of and be subject to all restrictions on the president. The vice presidents shall have such other powers and perform such other duties as the Board or these Bylaws may prescribe.

Source: Advising California Nonprofit Corporations §3.222 (Cal CEB 1984)
§6.205 BYLAWS OF MUTUAL BENEFIT CORPORATION: SECRETARY--
BOOK OF MINUTES

(e) **Secretary.**

(i) **Book of Minutes.** The secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and

actions of the Board, of committees of the Board, and of members' meetings. The minutes of meetings shall include the time and place of holding, whether the meeting was annual, regular, or special and, if special, how authorized, the notice given, the names of those present at Board and committee meetings, and the number of members present or represented at members' meetings. The secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles and these Bylaws, as amended to date. Source: Advising California Nonprofit Corporations §3.223 (Cal CEB 1984)

§6.206 BYLAWS OF MUTUAL BENEFIT CORPORATION: SECRETARY--
MEMBERSHIP RECORDS

(ii) Membership Records. The secretary shall keep or cause to be kept, at the Corporation's principal office or at a place determined by Board resolution, a record of the Corporation's members, showing each member's name, address, and class of membership.

Source: Advising California Nonprofit Corporations §3.224 (Cal CEB 1984)

§6.207 BYLAWS OF MUTUAL BENEFIT CORPORATION: SECRETARY--
OTHER DUTIES

(iii) Notices, Seal, and Other Duties. The secretary shall give, or cause to be given, notice of all meetings of members, of the Board, and of committees of the Board required by these Bylaws to be given. The secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board or these Bylaws may prescribe.

Source: Advising California Nonprofit Corporations §3.225 (Cal CEB 1984)

§6.208 BYLAWS OF MUTUAL BENEFIT CORPORATION: CHIEF
FINANCIAL
OFFICER--BOOKS OF ACCOUNT

(f) Chief Financial Officer.

(i) **Books of Account.** The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The chief financial officer shall send or cause to be given to the members and directors such financial statements and reports as are required by law, by these Bylaws, or by the Board to be given. The books of account shall be open to inspection by any director at all reasonable times.

Source: Advising California Nonprofit Corporations §3.226 (Cal CEB 1984)
§6.209 BYLAWS OF MUTUAL BENEFIT CORPORATION: CHIEF FINANCIAL OFFICER--DEPOSIT AND DISBURSEMENT OF MONEY

(ii) **Deposit and Disbursement of Money and Valuables.** The chief financial officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate, shall disburse the Corporation's funds as the Board may order, shall render to the president, chair of the Board, if any, and the Board, when requested, an account of all transactions as chief financial officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as the Board or these Bylaws may prescribe.

(iii) **Bond.** If required by the Board, the chief financial officer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the chief financial officer on his or her death, resignation, retirement, or removal from office.

Source: Advising California Nonprofit Corporations §3.228 (Cal CEB 1984)
§6.211 BYLAWS OF MUTUAL BENEFIT CORPORATION: INDEMNIFICATION

ARTICLE XII

INDEMNIFICATION

SECTION 12.01. Right of Indemnity. To the fullest extent permitted by law, the Corporation shall indemnify its directors, officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section. “Expenses,” as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Source: Advising California Nonprofit Corporations §3.229 (Cal CEB 1984)

§6.212 BYLAWS OF MUTUAL BENEFIT CORPORATION: APPROVAL OF INDEMNITY

SECTION 12.02. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or 7237(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the Board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237(e) whether the applicable standard of conduct set forth in Section 7237(b) or 7237(c) has been met and, if so, the members present at the meeting in person or by proxy shall authorize indemnification.

SECTION 12.03. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 12.02 and 12.93 of these Bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Source: Advising California Nonprofit Corporations §3.231 (Cal CEB 1984)

Comment: See Corp C §7237. If the Corporation will not have a continuing relationship with an attorney, the detailed indemnification requirements in Corp C §7237 should be set forth, rather than merely referred to, in the bylaws. For discussion, see Advising Nonprofit Corps §§5.65-5.70.

§6.214 BYLAWS OF MUTUAL BENEFIT CORPORATION: INSURANCE

ARTICLE XIII

INSURANCE

The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's, or agent's status as such.

Source: Advising California Nonprofit Corporations §3.232 (Cal CEB 1984)

§6.215 BYLAWS OF MUTUAL BENEFIT CORPORATION: RECORDS AND REPORTS

ARTICLE XIV

RECORDS AND REPORTS

SECTION 14.01. Maintenance of Corporate Records. The Corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Written minutes of the proceedings of its members, the Board, and committees of the Board; and
- (c) A record of each member's name, address, and class of membership.

SECTION 14.02. Members' Inspection Rights.

(a) ***Membership Records.*** Subject to Division 2, Part 3, Chapter 13, Article 3 (commencing at Section 8330) of the California Corporations Code and unless the Corporation provides a reasonable alternative as provided below, any member may do either or both of the following for a purpose reasonably related to the

member's interest as a member:

(i) Inspect and copy the records of members' names, addresses, and voting rights during usual business hours on five (5) days' prior written demand on the Corporation, which demand must state the purpose for which the inspection rights are requested; or/and

(ii) Obtain from the secretary of the Corporation, on written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of members who are entitled to vote for the election of directors as of the most recent record date for which that list has been compiled, or as of the date, after the date of demand, specified by the member. The demand shall state the purpose for which the list is requested. The secretary shall make this list available to the member on or before the later of ten (10) days after (A) the demand is received or (B) the date specified in the demand as the date as of which the list is to be compiled.

The Corporation may, within ten (10) business days after receiving a demand under this Section, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons that the proposed alternative does not meet the proper purpose of the demand.

If the Corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member, or if it provides a reasonable alternative under this Section, it may deny the member access to the membership list.

Any inspection and copying under this Section may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. Any right of inspection extends to the records of any subsidiary of the

Corporation.

(b) Accounting Records and Minutes. On written demand on the Corporation, any member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the members, the board, and committees of the board at any reasonable time for a purpose reasonably related to the member's interest as a member. Any such inspection and copying may be made in person or by the member's agent or attorney. Any right of inspection extends to the records of any subsidiary of the Corporation.

SECTION 14.03. Maintenance and Inspection of Articles and these Bylaws. The Corporation shall keep at its principal office, or if its principal office is not in California, at its principal business office in this state, the original or a copy of the Articles and these Bylaws, as amended to date, which shall be open to inspection by the members at all reasonable times during office hours. If the principal office of the Corporation is outside California and the Corporation has no principal business office in this state, the secretary shall, on the written request of any member, furnish to that member a copy of the Articles and these Bylaws as amended to date.

SECTION 14.04. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

SECTION 14.05. Annual Report.

(a) An annual report shall be prepared within one hundred twenty (120) days after the end of the Corporation's fiscal year. That report shall contain the following information in appropriate detail:

(i) A balance sheet as of the end of the fiscal year, and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report on them by independent accountants, or, if there is no such report, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the books

and records of the Corporation.

(ii) A statement of the place where the names and addresses of current members are located.

(iii) Any information that is required by Section 14.06.

(b) The Corporation shall notify each member annually of the member's right to receive a financial report under this Section. Except as provided in subsection (c) of this Bylaw, on written request by a member, the board shall promptly cause the most recent annual report to be sent to the requesting member.

(c) This Section shall not apply if the Corporation receives less than Ten Thousand Dollars (\$10,000.00) in gross revenues or receipts during the fiscal year.

SECTION 14.06. Annual Statement of Certain Transactions and Indemnifications. As part of the annual report to all members, or as a separate document if no annual report is issued, the Corporation shall annually prepare and mail or deliver to its members and furnish to its directors a statement of any transaction or indemnification of the following kinds within one hundred twenty (120) days after the end of the Corporation's fiscal year:

(a) Unless approved by members under Section 7233(a) of the California Corporations Code, any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than Fifty Thousand Dollars (\$50,000.00) or was one of a number of such transactions with the same person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000.00), and (iii) 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):

(i) Any director or officer of the Corporation, its parent, or its subsidiary; or

(ii) Any holder of more than ten percent (10%) of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

(b) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than Ten Thousand Dollars (\$10,000.00) paid during the fiscal year to any officer or director of the Corporation under Sections 12.01-12.03 of these Bylaws, unless the loan, guaranty, indemnification, or advance has already been approved by the members under Section 5034 of the California Corporations Code, or the loan or guaranty is not subject to the provisions of subdivision (a)2.(A) of Section 7235 of that Code.

Source: Advising California Nonprofit Corporations §3.239 (Cal CEB 1984)

§6.222 BYLAWS OF MUTUAL BENEFIT CORPORATION:
CONSTRUCTION AND
DEFINITIONS

ARTICLE XV

CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural and the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

Source: Advising California Nonprofit Corporations §3.240 (Cal CEB 1984)

§6.223 BYLAWS OF MUTUAL BENEFIT CORPORATION: AMENDMENTS
BY THE

Board--MEMBERSHIP RIGHTS

ARTICLE XVI

AMENDMENTS

SECTION 16.01. Amendment by Board.

(a) Membership Rights Limitation. Subject to the rights of members under Sections 16.01(d) and 16.02 of these Bylaws, the board may adopt, amend, or repeal these Bylaws unless the action would:

- (i) Materially and adversely affect the members' rights as to voting, dissolution, redemption, or transfer;
- (ii) Increase or decrease the number of members authorized in total or for any class;
- (iii) Effect an exchange, reclassification, or cancellation of all or part of the memberships; or
- (iv) Authorize a new class of membership.

(b) Changes to Number of Directors. Once members have been admitted to the Corporation, the board may not, without the approval of the members, specify or change any bylaw provision that would:

- (i) Fix or change the authorized number of directors;
- (ii) Fix or change the minimum or maximum number of directors; or
- (iii) Change from a fixed number of directors to a variable number of directors or vice versa.

Source: Advising California Nonprofit Corporations §3.242 (Cal CEB 1984)
§6.225 BYLAWS OF MUTUAL BENEFIT CORPORATION: AMENDMENTS
BY

BOARD--HIGH VOTE REQUIREMENT

High Vote Requirement. If any provision of these Bylaws requires the vote of a larger proportion of the Board than otherwise required by law, such provision may not be altered, amended, or repealed except by that greater vote. Source: Advising California

Nonprofit Corporations §3.243 (Cal CEB 1984)

§6.226 BYLAWS OF MUTUAL BENEFIT CORPORATION: AMENDMENTS
BY
BOARD--MEMBERS' APPROVAL REQUIRED

(d) *Members' Approval Required.* Without the approval of the members, the Board may not adopt, amend, or repeal any bylaw that would:

- (i) Increase or extend the terms of directors;
- (ii) Allow any director to hold office by designation or selection rather than by election by a member or members;
- (iii) Increase the quorum for members' meetings;
- (iv) Repeal, restrict, create, expand, or otherwise change proxy rights; or
- (v) Authorize cumulative voting.

Review of Chapter Bylaws.

Prior to enactment or modification, Chapter Bylaws will be reviewed and approved by ACHE in accordance with existing policies and procedures to assure compliance with the Chapter Agreement. ACHE and the Chapter shall maintain a record of all revisions to the Bylaws, including effective dates.

SECTION 16.02. Amendment by Members. New bylaws may be adopted or these Bylaws may be amended or repealed subject to Section 16.01.e by approval of the members, provided, however, that any such adoption, amendment, or repeal also requires approval by the members of a class if that action would:

- (a) Materially and adversely affect the rights, privileges, preferences, restrictions, or conditions of that class as to voting, dissolution, redemption, or transfer in a manner different than the action affects another class;

(b) Materially and adversely affect that class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions, or conditions of another class;

(c) Increase or decrease the number of memberships authorized for that class;

(d) Increase the number of memberships authorized for another class;

(e) Effect an exchange, reclassification, or cancellation of all or part of the memberships of that class; or

(f) Authorize a new class of memberships.

[If bylaws provide for designation of directors, add]

Any provision of these Bylaws that requires the vote of a larger proportion of the members than otherwise is required by law may not be altered, amended, or repealed except by vote of that greater number. No amendment may extend a director's term beyond that for which the director was elected.

Any provision of these Bylaws providing for the designation or selection, rather than election, of any director or directors may be adopted, amended, or repealed only by approval of the members, subject to the consent of the person or persons entitled to designate or select any such directors.

Source: Advising California Nonprofit Corporations §3.245 (Cal CEB 1984)

§6.228 BYLAWS OF MUTUAL BENEFIT CORPORATION: CERTIFICATE OF

SECRETARY

CERTIFICATE OF SECRETARY

I, Daniel F. Fahey, certify that I am the duly elected President of Health Care Executives of Southern California, a California nonprofit mutual benefit corporation, that the above Bylaws, consisting of thirty one (31) pages, are the bylaws of the Corporation as modified from the original bylaws adopted December 10th 1998, subsequently modified by the Board on February 17th, 2004, and are hereby amended by vote of the membership.

Executed on December 12, 2007 at San Bernardino, California.

President

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Add: an independent chapter of the American College of Healthcare Executives and a distinct, separate entity from ACHE.

Add: So long as the Chapter remains a Chapter of the ACHE, the Chapter shall operate in accordance with the ACHE Chapter agreement.

Change to Emeritus

Delete “graduate program” and insert “University”

Delete “Honorary Life” and add Emeritus

Add: past service

Provided that member is currently a member of ACHE or qualifies for the Emeritus status per ACHE guidelines.

Delete entire category - it does not comply with ACHE

Delete all reference to Affiliate Membership since this is no longer relevant and inconsistent with ACHE requirements

Add: or is exempt from said dues by ACHE regulations.

AND NOTIFICATION OF ELECTION OF OFFICERS AND DIRECTORS

DELETE

Add

Add: The Nominating Committee shall include the ACHE Regent who is a Chapter member as an ex-officio, voting member.

Add: Any Regent of ACHE who is a member of the Chapter shall be an ex-officio, voting member of the Board of Directors.

Change to: Prior the annual meeting.

Add: unless a candidate for the office has not yet been identified.

Delete “qualified” and add: and has been duly elected in accordance with Article IV Section 6.02 or at a duly called meeting of the Board of Directors.

Add: or upon ratification of the vote of the membership for the new Board, the Board may hold a regular meeting

Delete Board and insert Membership.

Delete entire sentence.

This section will be changed based on the date the Bylaws are adopted by the membership.