

BYLAWS OF SACRAMENTO BUILDERS' EXCHANGE, INC.
A California Nonprofit Mutual Benefit Corporation

ARTICLE I. NAME

The name of this Corporation shall be SACRAMENTO BUILDERS' EXCHANGE, INC.

ARTICLE II. OFFICES

A. PRINCIPAL OFFICE

The principal office for the transaction of the business of the Corporation ("principal executive office") is located at Sacramento County, California. The directors may change the principal office from one location to another. Any change of this location shall be noted by the Secretary on these bylaws opposite this section, or this section may be amended to state the new location.

B. OTHER OFFICES

The board of directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

C. FISCAL YEAR

The fiscal year of this Corporation shall be January 1 through December 31.

ARTICLE III. OBJECTIVES AND PURPOSES

The objectives of this Corporation shall be: to assist in promoting, laws and regulations which benefit both the construction industry and the public; to foster and maintain high standards of quality, ethics and fair dealing by and between all persons engaged in the construction industry; to enhance public awareness of the economic value and public benefit of the construction industry; to establish and maintain liaison among members of the Corporation for purposes of information, education, and mutual benefits, and to cooperate with all segments of the construction industry in common goals for the betterment of the industry.

ARTICLE IV. DEDICATION OF ASSETS

The properties and assets of this nonprofit Corporation are dedicated to the objectives and purposes of the Corporation. No part of the net earnings, properties or assets of this Corporation shall inure to the benefit of any private person or individual, or any member or director of this Corporation, except on liquidation or dissolution.

ARTICLE V. MEMBERSHIP

A. QUALIFICATIONS

Any Corporation, partnership or sole proprietorship of good repute involved in any substantial capacity in the construction industry, dedicated to the purposes of this Corporation and meeting the additional criteria set forth in Section B hereof for admission to a class of membership shall be eligible for membership upon acceptance by the board of directors of an application for membership, payment of such entrance fee and such dues as may from time to time be fixed by the board of directors and compliance with such other requirements and procedures as the board of directors may establish.

The Exchange will not discriminate against any applicant for membership on the basis of race, creed, color, national origin, religion or sex.

B. CLASSES OF MEMBERSHIP

The membership of the Corporation shall consist of the following classes:

- I. **General Member.** Any Corporation, partnership or sole proprietorship of good repute, engaged in any business connected with the building industry in the State of California may be a General Member of this Exchange upon the terms and conditions prescribed by these bylaws. Any sole proprietorship, partnership or Corporation acting in the capacity of a contractor shall have, and maintain, a valid contractor's license issued by the California State Contractors License Board. Contractors, suppliers, manufacturer's representatives, or others wishing to use the Plan Room facilities, electronic distribution of plans, job information or other restricted information, and associated privileges will be classified as a General Member.
- II. **Professional Member.** Any Corporation, partnership or sole proprietorship of good repute actively engaged in the practice of architecture, engineering, building design, banking, mortgaging, insurance, bonding, real estate or other industry-related services may be a Professional Member of this Exchange upon the terms and conditions prescribed by these bylaws, and such members shall have all of the rights and privileges of Members with the exception of use of the Plan Room facilities, electronic distribution of plans, job information or other restricted information, and privileges.
- III. **Student Membership.** Any student attending a college or trade school in a field of study related to the construction industry may be a Member of this Exchange, but will not be entitled to vote, hold office in the Corporation, nor have access to use of the Plan Room facilities, electronic distribution of plans, job information or other restricted information and privileges. Student Members shall not be entitled to share in the distribution of the properties and assets of the Corporation on dissolution. Student Members shall have access to all Exchange functions equal to other member categories.
- IV. **Honorary Member.** Honorary membership may be conferred by the board of directors of the Corporation upon deserving individuals or firms. An Honorary Member shall not be entitled to vote, hold office in the Corporation, nor have any other rights or privileges of membership, except as expressly determined by the board of directors. Honorary Members shall not be entitled to share in the distribution of the properties and assets of the Corporation on dissolution.

C. DUES, FEES AND CHARGES

Each member must pay, in the amount, within the time and on the conditions set by a two-thirds (2/3) majority of the board of directors, dues and fees in amount to be fixed from time to time by the board of directors. All dues, fees and/or charges shall be considered delinquent when unpaid more than 30 days after the due date of invoice and may be collected by any appropriate action at law, whether or not such delinquency results in termination of membership pursuant to Section D of this Article. Dues and fees shall be equal in amount for all members of each class, but may vary by class.

D. SUSPENSION OF SERVICES, TERMINATION OF MEMBERSHIP AND EXPULSION

- I. **Suspension of Services.** Members, whose account balance for dues, office rents, or

miscellaneous charges is delinquent for 45 days or more after billing, shall be notified in writing that all of their exchange privileges and services are suspended until their account is brought current.

II. **Termination of Services.** Membership in the Exchange may be terminated upon occurrence of any of the following events:

- a. Resignation of a member.
- b. Death of an individual member or dissolution of a partnership, Corporation or joint venture.
- c. Any member whose account balance for dues, office rents or miscellaneous charges, is delinquent for 60 days or more, shall be terminated. Any member who wishes to rejoin the Exchange after being terminated for delinquency shall submit a new application for membership.

III. **Expulsion.** The board of directors may expel any member who they determine has materially and seriously violated the provisions of these bylaws or has engaged in conduct materially and seriously prejudicial to the interests of the Corporation, including any act, or failure to act, which results in suspension, revocation, nullification or loss of a member's state contractors' license or bond, by proceeding as follows:

- a. A notice shall be sent by prepaid, first class or registered mail to a member proposed to be expelled, setting forth the reasons for the proposed expulsion. Such notice shall be sent at least 15 days prior to the effective date of such action. The member shall be given an opportunity to be heard either orally or in writing at a hearing to be held not less than 5 days prior to the date of the proposed action. The hearing will be before a special committee of not less than three (3) directors appointed by the Exchange President. Notice to the member of the proposed action shall state the date, time and place of such hearing.
- b. Following the hearing, the committee shall decide whether or not the member should be expelled and the committee's decision shall be final. Any member expelled from the Corporation shall be entitled to a refund of any unearned dues.

ARTICLE VI. MEETINGS OF MEMBERS

A. PLACE OF MEETING

Meetings of the membership shall be held at any place within or outside the State of California designated by the board of directors. In the absence of any such designation, members' meetings shall be held at the principal executive office of the Corporation.

B. ANNUAL MEETING

The annual meeting of members shall be held on the second Thursday of December of each year, unless that day is a legal holiday, in which case the annual meeting shall be held on the next business day thereafter. The board of directors may fix another date for the annual meeting provided it so notifies the members as provided in Section D of this Article VI.

C. SPECIAL MEETINGS

- I. **Authorized persons who may call.** A special meeting of the general membership may be called at any time by any of the following: the board of directors, the President, or five percent (5%) or more of the members.
- II. **Calling meetings by members.** If a special meeting is called by members other than the President, the request shall be submitted by such members in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by (a) by first-class mail, postage paid, (b) by telephone communication (c) facsimile or (d) by electronic communication to the Secretary of the Corporation. The request shall cause notice to be promptly given to the members entitled to vote, in accordance with the provisions of Sections D and E of this Article VI, that a meeting will be held, and the date of the meeting, which time shall not be less than thirty-five (35), nor more than ninety (90), days following the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the persons requesting the meeting may give the notice. Nothing contained in this subsection shall be construed as limiting, fixing or affecting the time when a meeting of members may be held when such meeting is called by action of the board of directors.

D. NOTICE OF MEMBERS' MEETING

- I. **General notice contents.** All notices of meetings of members shall be sent or otherwise given in accordance with Section C of this Article VI not less than ten (10), nor more than ninety (90), days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, and no other business may in that case be transacted, or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving notice, intends to present for action by the members.
- II. **Notice of certain agenda items.** If action is proposed to be taken at any meeting for approval of any of the following proposals, the notice shall also state the general nature of such proposal. Member action of such items is invalid unless the notice or any written waiver of such notice states the general nature of such proposal (s):
 - a. Proposal to remove a director without cause (does not apply to ex-officio members of the board);
 - b. Proposal to amend the Articles of Incorporation;
 - c. Proposal to dissolve the Corporation;
 - d. Proposal to approve a contract or transaction in which a director has a material financial interest;
 - e. Proposal to approve a plan of distribution of assets other than cash in liquidation where the Corporation has more than one class of membership outstanding.
- III. **Manner of giving notices.** Notice of any meeting of members shall be given according to the manner prescribed in Article VI, Section C, addressed to the members either at their respective address appearing on the books of the Corporation or at such other address, physical or electronic, as may have been given by a member to the Corporation for the purpose of notice. If no such address appears on the Corporation's books and no other has

been given, notice shall be deemed to have been given if sent to that member by first-class mail to the Corporation's principal executive office. Notice shall be deemed to have been given at the time when deposited in the mail or electronically transmitted.

E. QUORUM

- I. **Percentage required.** Five percent (5%) of the voting members, present in person or by proxy, shall constitute a quorum for the transaction of business at a meeting of the members.
- II. **Loss of quorum.** The members present at a duly-called or duly held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

F. ADJOURNED MEETING

Any members' meeting, annual or special, 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. But in the absence of a quorum no other business may be transacted at that meeting, except as provided in this Article. If the adjournment is for more than forty-five (45) days, or if the date of the adjourned meeting is changed after adjournment, notice of the date thereof shall be given as in the case of a special meeting.

G. VOTING

- I. **Eligibility to vote.** Only Members and Professional Members shall be entitled to vote at any meeting of the membership.
- II. **Manner of casting votes.** Voting may be by voice or ballot, provided that any election of directors must be by ballot if demanded by any member before the voting begins.

H. ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Any action which may be taken at any annual or special meeting of members may be taken without a meeting and without prior notice, if written ballots are received from a number of members at least equal to the quorum applicable to a meeting of members. All such ballots shall be filed with the secretary of the Corporation and maintained in the corporate records. All solicitations of ballots shall indicate the time by which the ballot must be returned to be counted.

I. PROXIES

Every 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.

J. VOTING OF CLASSES

Each General Member and Professional Member shall be entitled to cast one vote on all matters submitted to a vote of the members.

ARTICLE VII. ELECTION AND DESIGNATION OF DIRECTORS

A. COMPOSITION OF BOARD OF DIRECTORS

- I. **Board of Directors.** The board of directors of the Corporation shall be comprised of fifteen (15) directors elected by the voting members and the Immediate Past President of the Corporation. At all times, there shall be at least one (1) member of the board of directors representing the following groups: General Contractor, Professional Member, an Architect and/or Professional Engineer, a Mechanical Subcontractor, Electrical Subcontractor and Supplier/Material Provider. The following provisions of this Article apply only to those directors elected by the members of this Corporation.

B. NOMINATIONS AND SOLICITATIONS FOR VOTES

- I. **Nominating Committee.** At least forty-five (45) days before each annual meeting, the Nominating Committee, to be comprised of a current first year board members, a current second year board member, a current third year board member, the President-Elect of SBE, Inc. and the Chairman of the Construction Industry Education Foundation Board of Trustees (the "Nominating Committee") shall nominate a minimum of five (5) qualified candidates for election to the board of directors for the ensuing three (3) year term. The Nominating Committee shall make its report not less than forty-five (45) days before the date of such election, and, not less than twenty (20) days before the date of such election, the board of directors shall forward to each voting member, with the notice of meeting required by Article VI, Section D, a ballot containing the names of all candidates nominated. All ballots must be returned by the members to the Secretary of the Corporation in the manner prescribed by the meeting notice by the time called for in the notice of the annual meeting.
- II. **Nominations by Members.** Members representing ten percent (10%) or more of the voting power may nominate candidates for directorships by submitting a nominating petition signed by at least ten percent (10%) of the voting power at any time prior to the thirtieth (30th) day preceding such election. Upon timely receipt of such petition, the Secretary shall cause the name(s) of the candidate(s) named thereon to be placed on the ballot, along with the names of those candidates nominated by the Nominating Committee. At any meeting to elect directors, any member present at the meeting, in person or by proxy, and entitled to vote, may place names in nomination.
- III. **Election of Directors.** At the appropriate time during the annual meeting, the President will appoint three (3) members who are present at said meeting to collect and tally the ballots of the election of five (5) directors for the ensuing three (3) year term. The three (3) members so appointed shall report the results of the balloting to the President, and the five (5) individuals receiving the highest number of votes shall be declared elected. The directors so elected shall hold office until their successors shall have been duly elected and qualified.

ARTICLE VIII. DIRECTORS

A. POWERS

The Board of Directors shall have general supervision and control of the business and affairs of the Exchange and shall make all rules and regulations not inconsistent with the law or with these bylaws for the operation, control and management of the business and the guidance of the officers, employees and agents of the Exchange.

B. NUMBER AND QUALIFICATIONS OF DIRECTORS

The authorized number of directors shall be in normal circumstances fifteen (15) and up to sixteen (16) in the event that the Immediate Past President has termed off the Board of Directors. Directors need not be residents of the State of California. Only General Members or Professional Members of the Corporation shall be eligible to hold office as directors.

C. ELECTION AND TERM OF OFFICE OF DIRECTORS

Directors who are elected by the members shall be elected at each annual meeting to hold office for a term of three (3) years; however, if any annual meeting is not held or such directors are not elected at any annual meeting, they may be elected at any special members' meeting held for that purpose.

- I. A director may not serve more than two (2) consecutive three (3) year terms; however, if an individual is elected by the board of directors to fill out an unexpired term of a director who resigns or is removed from office or is deceased, he may be elected to a third full three (3) year term provided that the total number of consecutive years to be served would not exceed seven (7) years. Each director, including a director elected to fill a vacancy of elected at a special members' meeting shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. The Immediate Past President who is to serve on the board of directors, as provided in Section A of Article VII of these bylaws, shall take office at each annual meeting of the board of directors and hold office until the next annual meeting of the board of directors and until his successor is designated and takes office.

D. VACANCIES

- I. **Events causing vacancy.** A vacancy or vacancies on the board of directors shall be deemed to exist upon the occurrence of the following:
 - a. death, resignation, or removal of any director;
 - b. the declaration by resolution of the board of directors of a vacancy of the office of a director who
 - i. has been absent from three (3) meetings of the board of directors during any given one (1) year period, or
 - ii. has been declared of unsound mind or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under Sections 7230 and following of the California Nonprofit Corporation Law; (iii) the failure of the members, at any meeting of members at which they are to elect a director or directors, to elect all of the directors to be elected at such meeting; or (iv) the increase of the authorized number of directors.
- II. **Resignations.** A director may resign, which resignation shall be effective upon giving written notice to the President, the Secretary or the board of directors, unless the notice specifies a later time for such resignation to become effective. If the resignation of a director is effective at a future time, the board of directors may elect a successor to take office when the resignation becomes effective.
- III. **Filling of vacancies.** Any vacancy on the board of directors shall be filled by a person appointed by the President, subject to approval by the remaining members of the board of directors.

E. PLACE OF DIRECTORS' MEETINGS

Regular meetings of the board of directors may be held at any place within or outside the State of California which has been designated from time to time by resolution of the board. In the absence of such designation, regular meetings shall be held at the principal executive office of the Corporation. Special meetings of the board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the Corporation. Notwithstanding the above provisions of this Section E, a regular or special meeting of the board of directors may be held at any place consented to in writing by all the board members, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting.

F. ELECTION OF OFFICERS

A meeting of the board of directors shall be held on the second Thursday of January of each year for the purposes of organization, election of officers and the transaction of other business. Notice of this meeting shall not be required.

G. OTHER REGULAR MEETINGS

Other regular meetings of the board of directors shall be held without call on the second Thursday of each month; at 4:00 p.m., at the Corporation's principal place of business, unless the board fixes another time and place and so notifies each board member. Such regular meetings may be held without notice, provided the board of director's fixes the date thereof by majority vote at least 30 days before the meeting is to be held. Otherwise, notice of the meeting shall be given as in the case of special meetings.

H. SPECIAL DIRECTORS' MEETINGS

- I. **Authority to call.** Special meetings of the board of directors for any purpose or purposes may be called at any time by the President or Vice President or the Secretary or any two directors.
- II. **Notice.**
 - a. **Manner of giving.** Notice of the time and place of special meetings shall be given to each director by one of the following methods: (a) by first-class mail, postage paid, (b) by telephone communication (c) facsimile or (d) by electronic communication, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director. All such notices shall be given or sent to the director's address or telephone number as it is shown on the records of the Corporation.
 - b. **Time requirements.** Notices sent by first-class mail shall be deposited into the United States mail at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, facsimile or electronic communication shall be delivered or telephoned at least forty-eight (48) hours before the time set for the meeting.
 - c. **Notice contents.** The notice shall state the date, time and place of the meeting. However, it need not specify the purpose of the meeting, or the place of the meeting, if it is to be held at the principal executive office of the Corporation.

I. VOTING

Each director shall have one vote, which may not be delegated to another or exercised by proxy.

J. QUORUM

Fifty percent (50%) of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section L of this Article VIII. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of the California Nonprofit Corporation law, especially those provisions relating to:

- I. approval of contracts or transactions in which a director has a direct or indirect material financial interest
- II. appointment of committees and,
- III. indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

K. WAIVER OF NOTICE

The transaction of any meeting of the board of directors, however called and noticed or 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, and
- II. if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

L. ADJOURNMENT

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

M. NOTICE OF ADJOURNMENT

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty four (24) hours, in which case personal notice of the 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.

N. ACTION WITHOUT MEETING

Any action required or permitted to be taken by the board of directors may be taken without a meeting, if ALL members of the board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consents shall be filed with the minutes of the proceedings of the board.

O. FEES AND COMPENSATION OF DIRECTORS

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

ARTICLE IX. COMMITTEES

A. COMMITTEES OF DIRECTORS

The board of directors may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board.

B. ADVISORY COMMITTEES

The President, subject to approval by the board of directors, may from time to time establish other advisory committees for various corporate purposes. Such committees may undertake investigations, make recommendations and carry out such other duties as may be assigned to them. They shall be comprised of such persons, and shall meet at such times and upon such notice, as shall be determined by the person or group which creates the committee. However, only a committee of directors established by the board of directors pursuant to Section A hereof shall have the power of a committee as set forth in Section A of this Article. As used in these bylaws, the term "committee" refers to such a committee of directors, not an advisory committee.

C. STANDING COMMITTEES

- I. **Executive Committee.** The Executive Committee shall be composed of the President, President-Elect, Vice President, Secretary, Chief Financial Officer, Immediate Past President and any other Directors designated by the President. The Chief Executive Officer shall serve as an ex-officio member of the Executive Committee, without voting power. The Executive Committee shall advise and assist the directors in the general management and operation of the business and affairs of the Corporation. The Executive Committee shall meet at such date and time as agreed upon by said committee.
- II. **Finance Committee.** The Finance Committee shall be comprised of the President, President-Elect, Vice President, Secretary, Chief Financial Officer, and the Immediate Past President. The Chief Executive Officer shall serve as an ex-officio member of the Finance Committee, without voting power. Said Committee shall examine all books and accounts of the Exchange and see that they are properly completed and audited at least annually by a Certified Accountant.
- III. **Nominating Committee.** The Nominating Committee shall be comprised of a current first year board member, a current second year board member, a current third year board member, President-Elect of SBE, Inc. and the current Chairman of the Construction Industry Education Foundation Board of Trustees. The Chief Executive Officer shall serve as an ex-officio member of the Nominating Committee, without voting power. The Nominating Committee shall be charged with those duties set forth in Article VII, Section B of these bylaws.
- IV. **Membership Committee.** The Membership Committee shall be appointed by the President, subject to approval by the Executive Committee and shall be responsible for maintaining the membership records of the Corporation, submitting membership applications, as received, to the board of directors for approval, from time to time making recommendations for admission to membership in the Corporation and such other duties as may be deemed appropriate by the board of directors.
- V. The President shall appoint, subject to approval by the Executive Committee, such other

committees as he/she may deem necessary or advisable for the sound operation of the Exchange.

D. MEETINGS AND ACTIONS OF COMMITTEES

Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article VIII of these bylaws, concerning meetings of directors, with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the board of directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE X. OFFICERS

A. OFFICERS

The officers of the Corporation shall be a President, an Immediate Past President, a President-Elect, a Vice President, a Secretary, a Treasurer, and a Chief Executive Officer.

B. ELECTION OF OFFICERS

The officers of the Corporation, except the Chief Executive Officer, shall be elected by the board of directors in accordance with Article VIII Section F and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Officers shall be elected by secret ballot of the directors and the individual receiving the highest number of votes cast for a given office shall be declared elected to such office.

C. QUALIFICATIONS OF OFFICERS

- I. With the exception of the Chief Executive Officer, who is employed by and serves at the will and pleasure of the Board, only directors who have served one (1) or more years on the board shall be eligible for election as an officer of the Corporation except in the case where only directors in their first year are available.
- II. All officers may be bonded as required by Section F (II)(a) of this Article X.

D. REMOVAL OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by vote of a two-thirds majority of the board of directors at any regular or special meeting of the board, or, except in the case of an officer chosen by the board of directors, by an officer upon whom such power of removal may be conferred by the board of directors.

E. VACANCIES IN OFFICES

A vacancy will be deemed to exist in any office upon the death, resignation, removal or disqualification of the incumbent. Vacancies may be filled for the balance of the term by majority vote of the board of directors if a person qualified under Section C of this Article X is available to serve. If no such person is available, the board of directors may, by vote of a two-thirds majority, fill the vacancy with any other member of this Corporation.

F. RESPONSIBILITIES OF OFFICERS

I. **Specific responsibilities.** The specific responsibilities of the officers shall be as follows:

- a. **President.** The President shall, subject to the control of the board of directors, generally supervise, direct and control the business and the officers of the Corporation. He/She shall preside at all meetings of the members, the board of directors and all committees not otherwise provided for by the authority which creates such committee. He/She shall have such other powers and duties as may be prescribed by the board of directors or the bylaws.
- b. **Immediate Past President.** The Immediate Past President shall serve as a member of the board of directors and of the Executive, Finance and Nominating Committees for the one (1) year period immediately following his/her term as President of the Corporation.
- c. **President-Elect.** In the absence or disability of the President, the President-Elect shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The President-Elect shall have such other powers and perform such other duties as from time to time may be prescribed for him/her, respectively, by the board of directors.
- d. **Vice President.** In the absence or disability of the President and President-Elect, 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 upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him/her, respectively, by the board of directors.
- e. **Chief Executive Officer.** The Chief Executive Officer of the Corporation shall supervise and manage the day-to-day business affairs of the Exchange. He/She shall serve as an officer of the Corporation and an ex-officio member of all Exchange Committees without voting power. Any drafts on or removal of funds from the Corporation's special petty checking account shall require the signature of either the Chief Executive Officer or his/her duly appointed assistant and no other person or persons shall be deemed authorized to withdraw funds there from for any purpose.
- f. **Secretary**
 - i. **Book of minutes.** The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors and members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of members present or represented at members' meetings, and the proceedings of such meetings.
 - ii. **Membership records.** The Secretary shall keep or cause to be kept, at

the principal executive office, as determined by resolution of the board of directors, record of the corporate members, showing the names of all members, their addresses, and the class of membership held by each. The Secretary shall be assisted in this duty by the members of the Membership Committee.

iii. **Notices, seal and other duties.** The Secretary shall give, or cause to be given, notice of all meetings of the members and of the board of directors required by the bylaws to be given. He shall keep the seal of the Corporation in safe custody. He shall have such other powers and perform such other duties as may be prescribed by the board of directors or the bylaws.

g. **Chief Financial Officer.** The Chief Financial Officer (Treasurer) shall cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and other matters customarily included in financial statements.

The books of account shall be open to inspection by any director or member at all reasonable times

II. **General duties.** The general duties and requirements of the officers shall be as follows:

a. **Bond.** Each of the officers of this Corporation may 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 his office and for restoration to the Corporation of all its books, papers, vouchers, money and other property of every kind in his/her possession or under his/her control on his/her death, resignation, retirement or removal from office.

b. **Authorized signatures on bank accounts.** Subject to the provisions of subsection (1) (e) of Section F of this Article X, any checks or drafts to be drawn on the banking accounts of this Corporation shall require the signature of at least two (2) of its officers.

ARTICLE XI. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

The Corporation shall, to the extent allowed by applicable state and federal laws, indemnify and hold harmless its officers, directors, agents and employees from and against any and all claims, actions, proceedings, whether threatened, pending or completed, brought by reason of their respective positions with or relationships to the Corporation, including, with limitation, all reasonable attorney fees, costs and other expenses incurred in establishing a right to indemnification under this Article XI.

ARTICLE XII. RECORDS AND REPORTS

A. INSPECTION RIGHTS

Any member of the Corporation may, for non-commercial purposes only, inspect and copy the records

of members' names, addresses and voting rights during usual business hours upon five (5) days prior written demand on the Corporation, which demand shall state the purpose for which the inspection rights are requested. Members shall have such additional or other inspection rights as are provided by applicable provisions of the California Corporations Code. Any inspection and copying under this Section A may be made in person or by an agent or attorney of the member and the right of inspection includes the right to copy and make extracts.

B. INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary Corporations. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

C. ANNUAL REPORT TO SHAREHOLDERS

The Corporation shall publish in its bulletin a notice of the members' right to receive a financial report containing the information set forth below in this Section C. Upon receipt of written request from a member, the board of directors shall promptly cause a copy of the most recent annual report to be sent to the requesting member. An annual report shall be prepared not more than 120 days after the close of the Corporation's fiscal year, and 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.
- II. A statement of the place where the names and addresses of the current members may be found.
- III. Any information required by Section 8322 of the California Corporations Code, regarding transactions with interested persons and indemnification of such persons.

ARTICLE XIII. AMENDMENTS

A. AMENDMENT BY MEMBERS

- I. New bylaws may be adopted or these bylaws may be amended or repealed by approval of the members, or their proxies, or by written consent of these persons, provided, however, that such adoption, amendment or repeal also requires approval by the members of a class if such action would:
- II. 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 such action affects another class;
- III. Materially and adversely affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or by changing the rights, privileges, preferences, restrictions or conditions of another class;
- IV. Effect an exchange, reclassification or cancellation of all or part of the memberships of such class; or
- V. Authorize a new class of membership.

B. AMENDMENT BY DIRECTORS

Subject to the right of members under Section A of Article XIII, the board of directors may amend the bylaws if the action would not:

- I. Materially and adversely affect the rights of members as to voting, dissolution or redemption;
- II. Effect an exchange, reclassification or cancellation of all or part of the membership;
- III. Authorize a new class of membership; or
- IV. Change the minimum or maximum authorized number of directors.
- V. The directors may adopt or amend a bylaw fixing the exact number of directors within those limits set by Article VIII, Section B hereof.

ARTICLE XIV, WINDING UP AND DISSOLUTION

A. ELECTION TO DISSOLVE

- I. This Corporation may voluntarily elect to wind up and dissolve, provided that said election is made pursuant to the affirmative vote of not less than eighty percent (80%) of the voting members of the Corporation; said election shall be either by resolution so adopted at a meeting held for such purpose or by written consent duly filed with the Corporation at its principal office for the transaction of business.
- II. Upon the Corporation's election to wind up and dissolve, the officers and directors of this Corporation, from the assets of the Corporation, shall pay, or adequately provide for the payment of, all known debts of the Corporation, setting aside a reasonable reserve fund for the payment of estimated expenses, taxes, unascertained and/or contingent liabilities and the expenses and costs of winding up, distribution and dissolution and, further, in the name of and on behalf of the Corporation, shall take any and all actions deemed necessary, proper or advisable in implementing and effecting the plan of distribution set forth in Section B of this Article and implementing and consummating the winding up and dissolution of this Corporation, including, without limitation, the execution and delivery of such deeds, bills of sale, assignments and other instruments of transfer as may be deemed necessary or proper for the payment, or provision for payment, of the debts and liabilities of the Corporation and the execution and filing of the certificate of election to wind up and dissolve and the certificate of dissolution required by, and in accordance with Section 1901 and 1905, respectively, of the California Corporations Code; provided, however, that pursuant to Section 1901 of the California Corporations Code, said certificate of election to wind up and dissolve may be executed and filed by one or more members of the Corporation authorized to do so by Members holding not less than eighty percent (80%) of the voting power of this Corporation.

B. PLAN OF DISTRIBUTION OF ASSETS

- I. After payment or adequate provision for payment of all of the known debts and liabilities of the Corporation, and after the establishment of the reserve fund provided for in Section A, subsection (b) of this Article, the corporate assets remaining on hand shall be distributed to the Members of record, as follows:

- a. Each of the Members of the Corporation shall be entitled to a fractional interest in the assets of the Corporation, which interest shall be based upon such member's length of dues-paying membership in the Corporation. In determining said fractional interest, "distributive units" shall be assigned to each of said members according to the following formula:

<u>Number of Years of Membership</u>	<u>Number of Distributive Units</u>
0 – 2 Years	0 Units
2 – 5 Years, both inclusive	1 Unit
6 – 10 Years, both inclusive	2 Units
Additional increments of 5 full years membership	1 Additional Unit

The total value of the assets of the Corporation remaining as set forth in Section B, subsection (a) of this Article, shall be divided by the total number of distributive units, as determined in accordance with subsection (a)(i), above, and the assets distributed to the Members, as their respective interests may appear.

At such time as the board of directors of this Corporation determines that all debts and liabilities of the Corporation have been paid or adequately provided for and that there exists no further need for the reserve fund hereinabove provided for, the balance remaining in said reserve fund, if any, shall be distributed in accordance with the formula set forth in Section B, subsections (I) (a) and (I) (b) of this Article.

- b. Distribution of the aforementioned assets pursuant to the plan of distribution hereinabove set forth shall be subject to the following conditions and restrictions:

That all members of the Corporation properly endorse and surrender the certificate or certificates, if any, evidencing their respective memberships in the Corporation; and

That such distribution shall be in complete satisfaction of the rights of each member of this Corporation upon distribution and liquidation of assets.

ARTICLE XV. POLITICAL ACTION COMMITTEE

A political action committee of this Corporation is hereby established and said committee shall be governed by the following bylaws:

A. NAME

The name of this committee is the Sacramento Builders' Exchange Political Action Committee (hereinafter referred to as "SBEPAC").

B. PRINCIPAL OFFICE

The principal office for the transaction of the business of SBEPAC is located at Sacramento County, California.

C. ORGANIZATION

SBEPAC is a voluntary, nonprofit, unincorporated political action committee. SBEPAC is and shall remain independent of any political party, candidate or political organization.

D. THE PURPOSES OF SBEPAC

- I. To engage in such activities as may be deemed by the Trustees of SBEPAC to contribute to the protection, preservation and furtherance of good government and the fostering of a political environment which will strengthen the private enterprise system, in general, and construction industry associations and their members, in particular;
- II. To encourage construction industry associations, their members and others to understand the nature and actions of their government and to inform them as to the records and viewpoints of local officeholders and candidates for elective and appointive office;
- III. To assist those in the construction industry, their associates, personnel and others in organizing themselves for more effective political action and for carrying out their other civic responsibilities;
- IV. To encourage maximum participation in political affairs of organizations having concerns common to the construction industry;
- V. To support and work in the election and/or appointment of qualified candidates and individuals to city, county and state political offices, boards, commissions and committees;
- VI. To support or oppose legislative matters of concern to the construction industry;
- VII. To support activities of other organizations which, in turn, support the goals and objectives of the construction industry; and
- VIII. To raise funds for the support of foregoing objectives.

E. ACTIVITIES

Activities may include candidate and ballot-measure contributions, voter registration and get-out-the-vote drives, and other activities which promote the purposes of SBEPAC as described in Section D.

F. GOVERNING

In carrying out the foregoing, SBEPAC shall be governed by, and shall operate strictly within the limits of, California law and such regulations as are issued by the California State Fair Political Practices Commission.

G. MEMBERSHIP

The membership shall consist of the officers and Trustees of SBEPAC, together with those persons, natural and/or legal, whose voluntary contributions to SBEPAC during any given calendar year are accepted by the board of Trustees of SBEPAC. The amount or value of contributions required to qualify one for membership shall be as is from time to time established by the board of directors of the Exchange after consideration of the recommendations of the board of Trustees of SBEPAC.

H. OFFICERS AND TRUSTEES

- I. The management, direction and supervision of the activities of SBEPAC shall be vested in up to sixteen (16) Trustees, a majority of whom shall be directors of Sacramento Builders' Exchange, Inc. (herein referred to as the "Exchange") at the time of their appointment as Trustees. Trustees shall serve without compensation.
- II. The Trustees of SBEPAC shall be appointed by the President of the Exchange, subject to approval by its board of directors. With the exception of Trustees appointed to fill vacancies on the board of Trustees in accordance with Section E of this Article, Trustees shall serve for a term of three (3) fiscal years.

- III. Subject to the provisions of Section H of this Article, the Trustees shall elect such officers and arrange for such management as they may deem necessary to carry out the purpose of SBEPAC.
- IV. The Trustees of SBEPAC may resign at any time by giving written notice of such resignation to the Chairman of SBEPAC. Trustees may be removed from office by a majority vote of the board of directors of the Exchange.
- V. The President of the Exchange, subject to approval by its board of directors, shall appoint a replacement to fill any vacancy on the board of Trustees and such appointee shall serve out the unexpired term of the vacating trustee.
- VI. The Trustees may act by written consent, mail ballot, conference telephone call, facsimile, electronic communication, or by a vote at a meeting, if a quorum is present. A majority of Trustees shall constitute a quorum for the transaction of business.
- VII. Subject to approval by the board of directors of the Exchange, the SBEPAC Trustees, by majority vote, may designate political candidates and campaigns on ballot measures to receive contributions.
- VIII. The officers of this Committee shall be a Chairman, a Vice-Chairman and a Secretary/Treasurer, who together shall constitute the Executive Committee of SBEPAC. The President of the Exchange, with the confirmation and approval of the board of directors of the Exchange shall determine who shall act as Chairman of SBEPAC. The other officers shall be elected by the Trustees from their own numbers. The duties of the officers shall be such as are usually attached to their respective offices and such further duties as may be designated from time to time by the board of Trustees.

I. OPERATIONS

- I. There shall be at least one (1) annual meeting of SBEPAC Trustees, to be held in January of each year. Other meetings may be called by the Chairman of SBEPAC or by any two Trustees.
- II. SBEPAC shall have such subcommittees as the board of Trustees determines are necessary and desirable for carrying out its purposes and objectives. The Chairman and members of such subcommittees shall be appointed by the Chairman of the board of Trustees. All actions of such subcommittees shall be subject to the approval of the board of Trustees.
- III. SBEPAC at all times shall keep accurate minutes and complete books and records of account. The accounts of SBEPAC shall be audited yearly by such person or firm as shall be designated by the Chairman of the Committee and approved by the board of directors of the Exchange. Following such audit, a report to SBEPAC contributors will be made, setting forth the total amount of contributions received the names of the campaigns and/or candidates given donations and the amounts contributed to each.
- IV. The fiscal year of SBEPAC shall be the same as that of the Exchange.
- V. The funds of SBEPAC shall be deposited to the credit of the SBE PAC in such banks or other depositories as are approved and authorized by the board of directors of the Exchange. SBEPAC, in its discretion, may establish a special account for operation purposes.

- VI. These bylaws may be amended by a two-thirds (2/3) vote of the Trustees, subject to approval by the board of directors of the Exchange.
- VII. SBEPAC may be dissolved at any time by a majority vote of the board of directors of the Exchange. Upon dissolution, all surplus funds shall be deposited with, or for the account of, the Exchange, becoming funds of the Exchange.

As Amended April 14, 2016:

Board President

Board Secretary