

**Bylaws of**  
**SCHOLARSHIP FOUNDATION OF SANTA BARBARA**  
A California Nonprofit Public Benefit Corporation

**I. NAME**

The name of this corporation is Scholarship Foundation of Santa Barbara.

**II. OFFICE OF THE CORPORATION**

**A. Principal Office**

The principal office for the transaction of the activities and affairs of the corporation is located at 2253 Las Positas Road, in the City of Santa Barbara, Santa Barbara County, California. The Board of Directors (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.

**B. Other Offices**

The Board may at any time establish branch or subordinate offices at any place where the corporation is qualified to conduct its activities.

**III. PURPOSES**

**A. General Purposes**

The corporation is organized exclusively for public charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue law. Its general purpose is to collect and administer funds for scholarship grants and loans and stimulate the use of existing scholarships.

**B. Specific Purposes**

The specific purposes of this corporation are to provide student aid awards and advising services to Santa Barbara County students in pursuit of college, graduate, and vocational education, and to students who qualify under exceptions to these criteria as accepted by the Board

**IV. MEMBERS**

The members of the corporation shall be the current directors.

## V. DIRECTORS

### A. Powers

Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable law, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

### B. Number and qualifications of Directors

The authorized number of directors shall be forty (40).

### C. Nomination, Election and Term of Office

Candidates for the Board of Directors shall be nominated by the Governance Committee, as set forth in these Bylaws. Each director shall serve a term which expires on June 30 of the third year following the year in which he or she is elected.

### D. Vacancies on the Board

#### 1. Events Causing Vacancy

A vacancy or vacancies on the Board shall exist on the occurrence of any of the following: (a) the death or resignation of any director; (b) the removal of a director with or without cause in accordance with California Corporations Code Section 5222, if such removal is approved by a majority of the Directors then holding office; or (c) the increase of the authorized number of directors.

#### 2. Resignations

Except as provided below, any director may resign by giving written notice 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 as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly elected director.

#### 3. Filling Vacancies

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.

#### 4. No Vacancy on Reduction of 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.

### E. Directors' Meetings

#### 1. Place of Meetings

Meetings of the Board shall be held at any place within or without California that has been designated by resolution of the Board or in the notice of meeting or, if not so designated, at the principal office of the corporation.

#### 2. 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.

### 3. Annual Meeting

The Board shall hold a regular annual meeting for purposes of organization, election of officers, and transaction of other business. Unless otherwise provided by the Board, the annual meeting shall be the Board's regular meeting occurring in the month of June. Notice of this meeting is not required.

### 4. 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.

### 5. Special Meetings

#### a. Authority to Call

Special meetings of the Board for any purpose may be called at any time by the president or any vice president, or any five (5) directors.

#### b. Notice

##### (1) 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; (d) by telegram, charges prepaid; (e) by e-mail; or (f) by fax. All such notices shall be given or sent to the director's address, telephone, e-mail, or fax number as shown on the records of the corporation.

##### (2) Time Requirements

Notices sent by first-class mail shall be deposited in the United States mail at least four days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph, shall be delivered, telephoned, or given to the telegraph company at least 48 hours before the time set for the meeting.

##### (3) 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.

### 6. Quorum

One-third 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 Public Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the Board (as defined herein), and (d) 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.

## 7. 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.

## 8. Adjournment

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

## 9. 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 24 hours. If the original meeting is adjourned for more than 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.

## F. 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 the action; provided, however, that the consent of any director who has a material financial interest in a transaction to which the corporation is a party and who is an “interested director” as defined in section 5233 of the California Corporations Code shall not be required for approval of that transaction. 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.

## G. Reimbursement

Directors and members of committees may receive such reimbursement of expenses as the Board may determine by resolution to be just and reasonable to the corporation at the time that the resolution is adopted. Other than such reimbursement, directors and committee members shall serve without compensation.

# VI. COMMITTEES

## A. Committees of the Board

The Committees of the Board shall be as follows:

### 1. Executive Committee

The Executive Committee shall be composed of the current officers of the Corporation, the immediate past president of the Corporation, the chair of the Governance Committee, and two at-large members. The Executive Committee shall conduct any necessary corporate business between regular Board meetings, except that — regardless of Board resolution — it shall have no power to:

- a. Fill vacancies on the Board or on any Committee of the Board;
- b. Amend or repeal Bylaws or adopt new Bylaws;

- c. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- d. Create any other Committees of the Board or appoint the members of the Committees of the Board;
- e. Expend corporate funds to support a nominee for director after more people have been nominated for director than can be elected; or
- f. Approve any contract or transaction to which the corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Section 5244(d) (3) of the California Corporations Code.

## 2. Governance Committee

The Governance Committee shall consist of two or more directors appointed by a majority of the directors then in office to serve at the pleasure of the Board. It shall seek, evaluate, and present to the Board candidates for the position of director. Each year, at the regular meeting of the Board prior to its annual meeting, the Governance Committee shall present to the Board a slate of candidates to fill the positions of those directors whose terms are expiring and a brief resume of their qualifications. As vacancies on the Board occur between annual meetings, the Governance Committee shall present to the Board candidates to fill the unexpired terms.

The Governance Committee shall also seek, evaluate, and present to the Board candidates to serve as elected officers of the Corporation and as the two at-large members of the Executive Committee. Each year, at the regular meeting of the Board prior to its annual meeting, the Governance Committee shall present a slate of candidates to fill such elective officer positions. As vacancies in elective officer positions occur between annual meetings, the Governance Committee shall present to the Board candidates to fill the unexpired terms.

## 3. Audit Committee

The Audit Committee shall consist of a minimum of three (3) members who have financial management experience, a majority of whom shall be voting members of the Foundation. The Board shall appoint the Committee members, including the Chairman. The Audit Committee may not include any member of the staff. The composition of the Audit Committee may include members of the Finance Committee; however, the Chairman of the Audit Committee may not be a member of the Finance Committee. Members of the Finance Committee may not constitute a majority of the members of the Audit Committee. The Audit Committee oversees the quality and integrity of the internal control system, financial reporting process, external audit functions, and regulatory compliance.

## 4.. Other Committees of the Board

The Board, by resolution adopted by a majority of the directors then in office, may create one or more Committees of the Board, each consisting of two or more 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 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 such committee, regardless of Board resolution, shall have any greater authority than that allowed to the Executive Committee, as described above.

## C. Meetings and Action 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 the 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, provided they are consistent with these Bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

## VII. OFFICERS

### A. Officers of the Corporation

The officers of the corporation shall be the president, three vice presidents, a secretary, and a treasurer. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as president. Only members of the Board of Directors shall be qualified to hold office.

### B. Election of Officers

The officers of the corporation shall be elected annually by the Board and shall serve at the pleasure of the Board.

### C. Other Officers

The Board may appoint, or may authorize the president, or other officers, to appoint, any other officers that the corporation may require. Each officer so appointed shall have such title, hold office for such period, have such authority, and perform such duties as are determined by the Board.

### D. Removal of Officers

Any 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.

### E. 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.

### F. 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.

### G. Responsibilities of Officers

#### 1. President

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 Board meetings and meetings of the Executive committee. The president shall have such other powers and duties as the Board or the Bylaws may prescribe.

#### 2. Vice Presidents

a. Vice President, Administration:

The Vice President, Administration, shall, in the absence of the president, perform the duties and exercise the powers of the president. He or she shall be in charge of other administrative functions, including personnel and volunteer recruitment, as directed by the president, and shall perform such other duties as the Board describes.

b. Vice President, Development:

The Vice President, Development, shall be responsible for long range planning and development, public relations, and other related matters subject to the direction of the president. He or she shall perform such other duties as the Board prescribes.

c. Vice President, Student Programs

The Vice President, Student Programs, shall be responsible for dealing with scholarship grants and loans, subject to the direction of the president. He or she shall perform such other duties as the Board prescribes.

3. Secretary

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. The minutes of the meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, and the names of those present at Board and committee meetings. The secretary shall keep or cause to be kept, at the principal office in California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The secretary shall give, or cause to be given, notice of meetings of the Board when 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 the Bylaws may prescribe.

4. Treasurer

The Treasurer 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 Treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall be open to inspection by any director at any reasonable time.

## VIII. INDEMNIFICATION

### A. Right of Indemnity

To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amount actually and reasonably incurred by them in connection with any "proceedings", 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 this Section. "Expenses", as used in this Bylaw, shall have the same meaning as in Section 5238(a) of the California Corporations Code.

### B. Approval of Indemnity

On written request to the Board by a person seeking indemnification under section 5238(b) or Section 5238(c) of the California Code, the Board shall promptly determine under Section 5238(e) of the

California Corporations Code (requiring a majority vote of a quorum consisting of directors who are not parties to the proceeding) whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board shall authorize indemnification.

#### C. 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 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.

### **IX. INSURANCE**

The corporation shall have the right to purchase and maintain insurance to the fullest 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.

### **X. RECORDS AND REPORTS**

#### A. Maintenance of Corporate Records

The corporation shall keep:

1. The original or a copy of its Articles of Incorporation and Bylaws as amended to date;
2. Adequate and correct books and records of account; and
3. Written minutes of the proceedings of the Board.

#### B. 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, and physical properties. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy or make extracts of documents.

#### C. Annual Report

The Board shall cause an annual report to be sent to the directors within 120 days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

1. The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
2. The principal changes in assets and liabilities, including trust funds;
3. The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes;
4. The expenses or disbursements of the corporation for both general and restricted purposes; and
5. Any other information required by these Bylaws.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

#### D. Annual Statements of Certain Transactions and Indemnification

As part of the annual report, or as a separate document if no annual report is issued, the corporation shall annually, within 120 days after the end of the corporation's fiscal year, furnish to each director a statement of any transaction or indemnification of the following kind:

1. Any transaction (i) in which the corporation was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000, or was one of a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either of the following:

a. Any director or officer of the corporation, (but mere common directorship shall not be considered such an interest); or

b. Any holder of more than 10 percent of the voting power of the corporation.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relation to the corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner only the interest of the partnership need be stated.

2. Any indemnification or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the corporation under these Bylaws.

### **XI. 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, the plural includes the singular, and the term "person" includes both legal entity and a natural person.

### **XII. AMENDMENTS**

These Bylaws may be amended by a two-thirds (2/3) vote of the members of the Board present at a regular or properly called special meeting of the Board at which a quorum is present; provided that written notice of the proposed changes to the Bylaws was given to all Board members at least 3 days prior to said meeting.

Approved/Adopted/Resolution

SFSB Board Meeting 6/23/93

Amended/SFSB Board Meeting/8/27/97

Amended/SFSB Board Meeting/4/25/01

Amended/SFSB Board Meeting/2/23/05

Amended/SFSB Board Meeting/6/27/07

Amended/SFSB Board Meeting/6/24/09