



BOARD OF DIRECTORS AGENDA REPORT

MEETING DATE: **DECEMBER 15, 2022** ITEM: **8C**

SUBJECT: **Presentation of Amended Heroes Hall Foundation By-Laws and Vote on Whether or Not to Approve**

DATE: December 9, 2022

FROM: Michel Richards, CEO

PRESENTATION BY: Michel Richards, CEO

Action Item

BACKGROUND

The current MOU between the District and the Heroes Hall Veterans Foundation is set to expire on December 31, 2022. The Foundation sent a letter to then Chair La Belle on October 20, 2022 expressing its desire to simplify its relationship with the District by moving forward independently. During the meeting, attorney Caplan explained that specific entries in the Foundation's by-laws connecting the District to the Foundation would need to be amended and approved by the District Board of Directors.

Staff worked with legal counsel to identify and amend the following items in the Foundation by-laws:

- Principal office location
- Definition of District in the purpose statement
- Elimination of the requirement for District Board of Directors to approve the appointment of new members to the Foundation Board of Directors
- Elimination of the requirement for District Board members to serve on the Foundation Board
- Elimination of the requirement for the District Board of Directors to approve amendments to the Foundation by-laws

The Heroes Hall Veterans Foundation By-Laws document is attached with amendments indicated.

RECOMMENDATION

Approve the amendments to the Heroes Hall Veterans Foundation By-Laws as presented.

BYLAWS
of
HEROES HALL VETERANS FOUNDATION
A California Nonprofit Public Benefit Corporation

ARTICLE 1
NAME, OFFICE AND PURPOSE

Section 1.1. Name. The name of this Corporation is and shall be **HEROES HALL VETERANS FOUNDATION** (hereinafter, the "Corporation").

Section 1.2. Principal Office. The principal office of the Corporation shall be located at 88 Fair Drive, Costa Mesa, CA 92626. The principal office and additional offices may be located in such other places as may be determined from time to time by the Board of Directors of the Corporation (hereinafter, the "Board").

Section 1.3. Purpose.

(a) The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), by conducting or supporting activities for the benefit, or to carry out the purposes, of the 32nd District Agricultural Association, an institution of the State of California, a governmental unit of the State of California (the "Association"), a government unit of the State of California, including, but not limited to, raising funds for and assisting in the financing of the veterans memorialthe operation of, Heroes Hall, a project facility owned and operated byof the Association. If the Association ceases to be described in Internal Revenue Code Section 509(a)(1) and as a "governmental unit" under Internal Revenue Code Section 170(b)(1)(A)(v) and (c)(1), the Corporation shall be operated exclusively for the benefit, or to carry out the purposes, of one or more other governmental units as shall be selected by the Board of Directors of the Corporation.

(b) Solely for the above purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of California upon nonprofit corporations, including, without limitation thereon, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same for the above purposes. The sale of assets received as gifts, devises, bequests or contributions shall constitute a proper use or application under the preceding sentence.

ARTICLE 2

NONPARTISAN ACTIVITIES

Section 2.1. No Partisan Activities. This Corporation has been formed under the Nonprofit Public Benefit Corporation Law for the purposes described in Section 1.3 above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

Section 2.2. No Activities Not in Furtherance of Exempt Purposes. The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Section 1.3 above.

ARTICLE 3

DEDICATION OF ASSETS

Section 3.1. Dedication of Assets. The property of this Corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any director or officer thereof or to the benefit of any private person.

Section 3.2. Assets Distributed on Liquidation. Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed exclusively for charitable purposes to Association, to be held or distributed by the Association for charitable purposes. If the Association is not then in existence, the assets of the Corporation shall be distributed to one or more organizations which are then described in Internal Revenue Code Sections 501(c)(3) and 509(a)(1) or (a)(2) and whose charitable purposes are substantially similar to those of the Corporation, as determined by the Board of Directors of the Corporation. Any of such assets not so distributed shall be distributed by the Superior Court in the county in which the principal office of the Corporation is then located, exclusively for the aforesaid purposes of the Corporation to such organization(s) as are described in Internal Revenue Code Sections 501(c)(3) and 509(a)(1) or (a)(2) as said Court shall determine.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. General Powers. Subject to the limitations of these Bylaws, the Articles of Incorporation of the Corporation, and the laws of the State of California, the affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

Section 4.2. Number and Tenure.

(a) The Corporation shall have a minimum of five (5) and a maximum of fifteen (15) directors, all of whom shall be appointed by ~~Association~~~~the Corporation~~. ~~Two (2) such directors shall be members of the board of directors of the Association.~~ A copy of the Articles of Incorporation and Bylaws of the Corporation, and any amendments thereto, shall be delivered to each new director of the Corporation upon taking office.

(b) Each director of the Corporation shall serve for a two (2) year term, and shall hold office until the annual meeting of the Board held at the expiration of such term or until a successor shall have been elected. A director may serve for consecutive terms without limitation.

Section 4.3. Vacancies.

(a) Events Causing Vacancy. A vacancy or vacancies shall be deemed to exist on the Board on the occurrence of any of the following: (i) the death, resignation, or removal 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 has been found by final order or judgment of any court to have breached a duty under the California Nonprofit Public Benefit Corporation Law; or (iii) the increase of the authorized number of directors.

(b) Resignations. Any director may resign, which resignation shall be effective on giving written notice to the President, the Secretary, or the Board of the Corporation, unless the notice specifies a later time for the resignation to become effective. If the resignation of a director is effective at a future time, a successor may be appointed by Association to take office as of the date when the resignation becomes effective. The Board may accept a resignation prior to filling that vacancy with a successor. No director may resign where the Corporation would then be left without a duly appointed director or directors in charge of its affairs, except upon notice to the California Attorney General.

(c) Removal. Any director may be removed, with or without cause, by ~~Association~~~~the Corporation~~.

(d) Filling Vacancies. Any vacancy occurring on the Board shall be filled by ~~the individual appointed by Association~~~~the Corporation~~. A director appointed to fill a vacancy shall hold office for the unexpired term of his or her predecessor in office or until his or her earlier death, resignation or removal from office.

Section 4.4. Place of Meetings. Meetings of the Board shall be held at the principal office of the Corporation unless otherwise provided by the Board or at such place within California that has been designated from time to time by resolution of the Board. In the absence of such designation, any meeting not held at the principal office shall be valid only if held on the written consent of all directors, given either before or after the meeting and filed with the Secretary of the Corporation or after all directors have been given written notice of the meeting as hereinafter provided for special meetings of the Board.

Section 4.5. **Regular Meetings.** Regular meetings of the Board shall be held at least once a year, at any place designated from time to time by resolution of the Board.

Section 4.6. **Special Meetings.** Special meetings of the Board may be called by or at the request of the President, the Secretary or any two (2) directors. Unless approved by the President for an alternative location, the place of special meetings will be the principal office of the Corporation.

Section 4.7. **Notice of Meetings.** Annual and regular meetings of the Board may be held without notice. Subject to waiver of notice as provided in Section 4.8 of these Bylaws, 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; or (e) by electronic mail. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Corporation. Notices sent by first-class mail shall be deposited in the United States mails at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph or electronic mail shall be delivered, telephoned, or given to the telegraph company at least forty eight (48) hours before the time set for the meeting. Notice of meetings not herein dispensed with shall state the day and hour of the meeting, and the place if the place is other than the principal office of the Corporation. Notice need not specify the purpose of the meeting.

Section 4.8. **Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that, either before or after the meeting, each director not present 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.

Section 4.9. **Quorum.**

(a) A majority of the directors holding office at any point in time shall constitute a quorum. Unless otherwise provided herein, the directors may continue to transact business during a meeting at which a quorum is initially present, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting. No business shall be considered by the Board at any meeting at which a quorum is not present, and the only motion which may be entertained at such meeting is a motion to adjourn.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. 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 4.10. **Manner of Acting**. Action by the Board shall be by a majority of the directors present at a meeting duly held at which a quorum is present unless a greater number is required by these Bylaws or otherwise required by law.

Section 4.11. **Action Without a Meeting**. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board, individually or collectively, shall consent in writing in advance to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 4.12. **Participation in Meetings by Means of Other Than Physical Attendance**. Any meeting of the Board, regular or special, may be held by:

- (a) conference telephone or electronic video screen communication, so long as all directors participating in such meeting can hear one another; or
- (b) electronic transmission by and to the Corporation (other than conference telephone and electronic video screen communication) so long as both of the following apply:
 - (i) all directors participating in such meeting can communicate with one another concurrently; and
 - (ii) each director participating in such meeting is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken.

Section 4.13. **Compensation**. Directors shall not receive compensation for their services as members of the Board. Nothing herein shall be construed to preclude any director from receiving reimbursement for reasonable expenses, as may be fixed or determined by resolution of the Board.

Section 4.14. **Loans to Directors and Officers**. The Corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer.

Section 4.15. **No Interest in Assets**. No director shall possess any property right in or to the property of the Corporation. In the event the Corporation owns or holds any property upon its dissolution and winding up, after paying or adequately providing for its debts and obligations, the directors shall dispose of the remaining property in accordance with the provisions of the Articles of Incorporation of the Corporation and these Bylaws.

Section 4.16. **Non-Liability of Directors**. Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

Section 4.17. **Restrictions on Directors**.

- (a) Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be interested persons as defined in Section 5227 of the California Nonprofit Public Benefit Corporation Law.
- (b) Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be disqualified persons as defined in Code Section 4946; provided, however, a person shall not be considered a disqualified person solely by virtue of serving as a foundation manager, as defined in Code Section 4946(b).

ARTICLE 5 OFFICERS

Section 5.1. Officers. The officers of the Corporation shall be a President, a Secretary, a Treasurer, and such other officers as may be elected to offices created by the Board. Officers shall have powers and duties as specified herein and as may be additionally prescribed by the Board. One person may hold two or more offices, except neither the Secretary nor the Treasurer may serve concurrently as the President, and no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two or more officers. The Board (or a committee of the Board) shall review the compensation, including benefits, if any, of the President or Chief Executive Officer and Treasurer or Chief Financial Officer, as applicable, as and when required by state or federal law.

Section 5.2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of any officer shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. New offices may be created and filled, and vacancies may be filled, at any meeting of the Board. Each officer shall hold office until a successor shall have been elected, unless otherwise removed.

Section 5.3. Removal. Subject to the rights, if any, of an officer under any contract of employment, any officer elected or appointed by the Board may be removed by the Board, with or without cause, whenever in its judgment the best interests of the Corporation would be served thereby.

Section 5.4. Resignation. Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 5.5. President. The President shall, if present, preside at all meetings of the Corporation. The President shall have general supervision, direction and control of the business of the Corporation. The President shall exercise and perform such other powers and duties as the Board may assign from time to time.

Section 5.6. Secretary. The Secretary shall be responsible for the mailing of notices and for the proper recording of proceedings of meetings of the Corporation. The Secretary shall maintain all official records of the Corporation. The Secretary shall automatically become Treasurer if there is a vacancy in that office, if the Treasurer is unable to perform his or her duties, or if the Corporation has not elected a new Treasurer.

Section 5.7. Treasurer.

(a) The Treasurer shall be responsible for the Corporation's funds and financial records. The Treasurer shall collect and report, or supervise collection and reporting, of all income and expenditures, shall establish proper accounting procedures for the handling of the Corporation's funds, and shall be responsible for the keeping of the funds in such banks as approved by the Board, and shall keep and maintain adequate and correct accounts of the Corporation's properties and business transactions. The Treasurer shall report on the financial condition of the Corporation at meetings of the Board and at other times when called upon by the President.

(b) At the end of each fiscal year, the Treasurer shall prepare, or cause to be prepared, an annual report which shall, if required by the Board, be reviewed by a certified public accountant. At the expiration of the Treasurer's term of office, or upon removal, the Treasurer shall immediately deliver over to the person designated by the President all books, money and other property in his or her charge.

(c) The Treasurer shall prepare and file, or cause to be prepared and filed, income tax and other returns required by State and Federal authorities.

ARTICLE 6 COMMITTEES

Section 6.1. Board Committees. The Board may create an executive committee and such other Board committees as from time to time may be required. Each committee shall consist of at least two (2) members, all of whom shall be directors of the Corporation.

Section 6.2. Delegation of Authority to Board Committees. The Board may delegate to any committees which consist solely of directors any of the authority of the Board, other than that reserved to the Board under California Corporations Code Section 5212.

Section 6.3. Advisory Committees. The Board may establish one or more advisory committees to the Board. The members of any advisory committee may consist of directors and non-directors and may be appointed as the Board determines. Advisory committees may not exercise the authority of the Board to make decisions on behalf of the Corporation, but shall be restricted to making recommendations to the Board or Board committees, and implementing Board or Board committee decisions and policies under the supervision and control of the Board or Board committee.

Section 6.4. [Audit Committee](#). The Board shall establish an audit committee, either as a Board committee or an advisory committee, as and when required by Government Code Section 12586(e).

Section 6.5. [Meetings and Action of Committees](#). Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees and the calling of special meetings of committees may be set either by resolution of the Board or, if none, by resolution of the committee. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws. Each committee created by the Board shall serve at the pleasure of the Board, and shall be subject to the control and direction of the Board. Each such committee shall act by not less than a majority of the whole authorized number of its members.

ARTICLE 7

[INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHER CORPORATE AGENTS](#)

Section 7.1. [Indemnification Permitted](#). The Corporation, to the extent allowed by applicable state and federal law, shall 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 position with or relationships to the Corporation, including, without limitation, all reasonable attorneys' fees, costs and other expenses incurred in establishing a right to indemnification under this Article 7.

Section 7.2. [Purchase of Insurance](#). The Corporation, to the extent permitted by applicable state and federal law, may purchase and maintain directors' and officers' liability insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation (domestic or foreign, nonprofit or for profit), partnership, joint venture, trust or other enterprise.

ARTICLE 8

[MISCELLANEOUS PROVISIONS](#)

Section 8.1. [Maintenance of Corporate Records](#). The Corporation shall keep at the principal office of the Corporation:

(a) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;

(b) Written minutes of the proceedings of its Board and committees of the Board; and

(c) A copy of the Corporation's Articles of Incorporation and these Bylaws as amended to date, which shall be open to inspection by the directors at all reasonable times during office hours.

Section 8.2. Inspection Rights. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation. The inspection may be made in person or by an attorney or agent of the director. The right of inspection includes the right to copy and make extracts of documents. Any right of inspection extends to the records of any subsidiary of the Corporation.

Section 8.3. Annual Statement of Specific Transactions to Directors. The Corporation shall mail or deliver to all directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or any transaction in which the Corporation was a party, and in which any director or officer of the Corporation (a mere common directorship shall not be considered a material financial interest) had a direct or indirect material financial interest.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than FIFTY THOUSAND DOLLARS (\$50,000) or which was one of a number of transactions with the same person involving, in the aggregate, more than FIFTY THOUSAND DOLLARS (\$50,000).

Similarly, the statement need only be provided with respect to indemnification or advances aggregating more than TEN THOUSAND DOLLARS (\$10,000) paid during the previous fiscal year to any director or officer.

Any statement required by this Section 8.3 shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practical, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

Section 8.4. Annual Report. The Corporation shall mail or deliver to all directors an annual report within one hundred and twenty (120) days after the close of its fiscal year which shall contain the following information for the fiscal year:

- (a) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds;
- (c) The revenue or receipts of the Corporation, both restricted and unrestricted to particular purposes; and
- (d) The expenses or disbursement of the Corporation for both general and specific purpose.

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.

ARTICLE 9
EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 9.1. Execution of Instruments. The Board, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 9.2. Checks and Notes. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board; provided that, any such instrument for an amount in excess of Ten Thousand Dollars (\$10,000) shall require the signatures of two (2) persons so authorized by the Board. The Board may, from time to time by resolution, change the monetary threshold above which said instruments require two (2) signatures.

Section 9.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 9.4. Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable purposes of the Corporation.

ARTICLE 10
CONSTRUCTION AND DEFINITIONS

Section 10.1. Construction. 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 a legal entity and a natural person.

ARTICLE 11
AMENDMENTS TO BYLAWS & ARTICLES OF INCORPORATION

Section 11.1. Approval of Amendments. New bylaws may be adopted, or these Bylaws or the Corporation's Articles of Incorporation may be amended or repealed, by an affirmative vote of a

majority of the Board.~~; provided that no amendment shall be valid without Association's prior written consent if such an amendment would have the effect of removing Association as the supported organization of the Corporation or eliminating or derogating in any way (a) Association's power to appoint or remove any director of the Corporation or (b) Association's right to receive assets of the Corporation upon its dissolution or winding up.~~

Section 11.2. Copy of Proposed Amendments to Association & Directors. A copy of the proposed amendment to the Bylaws or the Corporation's Articles of Incorporation or new bylaws shall be included in the notice of meeting given to each director at which the amendment(s) are to be considered, and a copy of the same shall be provided to Association prior to such meeting.

CERTIFICATE

I, Douglas La Belle, hereby certify:

That I am the duly elected and acting Secretary of HEROES HALL VETERANS FOUNDATION, a California nonprofit public benefit corporation; and

That the foregoing Bylaws, consisting of twelve (12) pages, including this one, constitute the Bylaws of said Corporation, as duly adopted by the Board of Directors by unanimous consent effective as of June 1, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2015.

Douglas La Belle, Secretary

**BYLAWS
OF
HEROES HALL VETERANS FOUNDATION**

A California Nonprofit Public Benefit Corporation

**Adopted by the Board of Directors
as of June 1, 2015**

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