

BYLAWS OF CALPACE

A California Nonprofit Mutual Benefit Corporation

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ARTICLE 1. NAME -PURPOSES -PRINCIPAL OFFICE

Section 1.1 Name.

The name of this corporation shall be CalPACE.

Section 1.2 Purposes.

The purposes of CalPACE are to further the interests and coordinate the efforts of its Members, as defined in Article 2 of these Bylaws, as set forth in the Articles of incorporation. The functions of CalPACE shall be: (a) to promote expansion of comprehensive health care services to the frail elderly in the State of California through the Program of All-Inclusive Care for the Elderly ("PACE"); (b) to support, maintain, safeguard and promote the PACE model of care through education and advocacy; and (c) to promote quality health care services to the elderly in the State of California.

Section 1.3 Principal Office.

The principal office of CalPACE for the transaction of its business shall be located at such place as the Board of Directors may fix within the State of California. The Board of Directors is hereby granted full power and authority to change the principal office of CalPACE from one location to another in California.

ARTICLE 2. MEMBERS

Section 2.1 Classification and Qualification of Members.

CalPACE shall have two (2) classes of Members: PACE Members and Associate Members (collectively, the "Members"). The Board of Directors may designate and define additional categories of membership within each class and each category shall have such rights and privileges as the Board of Directors may determine; provided however that no category of Associate Members shall have voting rights.

Section 2.2 Admission to Membership

(a) A PACE Member shall be limited to an organization that (i) has been designated by the State of California Department of Health Services (or any successor agency) as a Program of All-Inclusive Care for the Elderly pursuant to Sections 14591 et seq. of the California Welfare and Institutions Code ("PACE Organization"); (ii) operates its PACE Organization in the State of California; (iii) is a member of the National PACE Association and (iv) meets such additional qualifications as may be established by the Board of Directors.

(b) An Associate Member may include but shall not be limited to the following:

- (1) An organization that has submitted an application to the U.S. Department of Health & Human Services and State of California Department of Health Services (or any successor agency) for designation as a PACE Organization and is also a member of the National PACE Association; upon designation as a PACE Organization, the organization shall be eligible to apply as a PACE Member;
- (2) A PACE Technical Assistance Provider operating in California;
- (3) A nonprofit organization that supports the mission of PACE;
- (4) A specialist in education or research relating to aging and/or disability;
- (5) Any other appropriate categories or individuals as approved by the Board of Directors.

(c) Except for the initial PACE Members, new PACE Members and Associate Members may be admitted for membership only on the approval of the Board of Directors of an application submitted in such form and in such manner as shall be prescribed by the Board of Directors, and on payment of the membership dues as specified in Section 2.4 of these Bylaws. The initial PACE Members shall be admitted for membership by the initial Board of Directors, and shall pay membership dues upon adoption by the Board of Directors of the dues payable by the PACE Members. The Board of Directors may delegate any or all of the duties connected with the admission of Members to a committee or committees, as the Board of Directors shall appoint.

Section 2.3 Power of Members

- (a) PACE Members shall have the following rights and privileges:
 - (1) The right to appoint the PACE Member's Chief Executive Officer to serve on the Board of Directors;
 - (2) The right to vote on any matter submitted to a vote of the PACE Members;
 - (3) The right to appoint at least one (1) director to serve on each standing or working committee established by the Board of Directors and a representative to all ad hoc committees; and
 - (4) In addition to the rights under Section 2.7 of these Bylaws, the right to access and inspect official publications and other documents distributed by CalPACE, as established by the Board of Directors.
- (b) Associate Members shall have the rights and privileges as determined by the Board of Directors, which rights and privileges shall not include voting rights.

Section 2.4 Dues.

The dues payable by the Members shall be in such amounts as shall be determined from

time to time by resolution of the Board of Directors, which may fix the criteria and set different dues for different classes or categories of membership, if such exist.

Section 2.5 Number of Members.

There shall be no limit on the number of Members CalPACE may admit.

Section 2.6 Membership Book.

CalPACE shall keep, in written form, a record of its Members setting forth their respective names and addresses and if applicable, the class and category of membership held by each. The record shall be kept at the principal office of CalPACE and shall be subject to the rights of inspection required by law as set forth in Section 2.7 of these Bylaws.

Section 2.7 Inspection Rights of Members.

(a) **Membership Records.** Subject to all of the provisions of Section 8330 of the California Corporations Code, any PACE Member may inspect and copy the record of the Members' names, addresses, and voting rights at reasonable times, on five (5) business days' prior written demand to CalPACE for a purpose reasonably related to the PACE Member interest as a PACE Member. The demand shall state the purpose for which inspection rights are requested. Associate Members shall have inspection rights as may be established by the Board of Directors.

(b) **Accounting Records and Minutes.** Any PACE Member may inspect the accounting books and records and minutes of proceedings of the Members, the Board of Directors, and committees of the Board of Directors on written demand made on CalPACE at any reasonable time for a purpose reasonably related to that PACE Member's interest as a Member. The demand shall state the purpose for which inspection rights are requested. Associate Members shall have inspection rights as may be established by the Board of Directors.

(c) **Maintenance and Inspection of Articles and Bylaws.** CalPACE shall keep at its principal office the original or a copy of the Articles of Incorporation and any bylaws, as amended to date, which shall be open to inspection by the Members at all reasonable times during office hours.

Section 2.8 Nonliability of Members.

A Member shall not, solely because of such membership, be personally liable for the debts, obligations, or liabilities of CalPACE.

Section 2.9 Transferability of Memberships.

Neither the membership in CalPACE nor any rights in the membership may be transferred for value or otherwise.

Section 2.10 Termination of Membership.

(a) **Automatic Termination.** The membership and all rights of membership shall automatically terminate on the occurrence of any of the following causes:

- (i) The voluntary resignation of a Member with notice as prescribed by Section 2.10(b) of these Bylaws;
- (ii) Upon the expiration of a membership issued for a period of time;
- (iii) If a PACE Member, the termination or loss of PACE Program designation;
or
- (iv) The dissolution of a Member that is a corporation, limited liability company or a partnership.

(b) **Resignation by Giving Notice.** The membership of any Member shall terminate effective the date of the next Board of Directors' meeting after receipt of the Member's written request for termination; the written request shall be delivered to the Chair, Chief Financial Officer, Secretary or Chief Executive of CalPACE personally or deposited in United States mail, postage prepaid. A resigning Member shall be liable for all dues and assessments pro-rated as of the effective date of resignation.

(9) **Termination for Cause after Hearing.** The membership and all rights of membership may be terminated by the Board of Directors upon good cause, other than as specified in Section 2.10(a) of these Bylaws, as determined by the Board of Directors, if the termination procedures of Section 2.10(d) of these Bylaws are followed. Good cause shall include, but shall not be limited to, the nonpayment of dues or assessments within ninety (90) days after they have become due, or a Member's failure to meet the qualifications for membership in the Member's class of membership pursuant to Section 2.1 of these Bylaws.

(d) **Termination Procedures.** Before a Member may be terminated pursuant to Section 2.10(c) of these Bylaws, CalPACE shall send the Member fifteen (15) days' prior written notice of the termination stating the reasons therefore and provide a timely opportunity for the Member to be heard on the matter of the termination. The notice shall be given personally to such Member or sent by any method calculated to provide actual notice. If notice is by mail it shall be sent by first-class mail to the last address of such Member as shown on the records of CalPACE. The opportunity to be heard may, at the election of such Member, be oral or in writing and shall occur not less than five (5) days before the effective date of the termination before the Board of Directors or a committee appointed by the Board of Directors. The hearing shall be presided over by the Chair or the Chief Financial Officer of CalPACE.

- (i) Read the charges against the subject Member;
- (ii) Require that the charges be verified by the testimony of the person or persons making them;

- (iii) Hear any other witnesses against the subject Member;
- (iv) Allow the subject Member to cross-examine each witness following the testimony of that witness;
- (v) Allow the subject Member to make a statement in its own behalf;
- (vi) Allow the subject Member to call witnesses in its own behalf; and
- (vii) Allow the members of the Board of Directors or the committee conducting the hearing to question the witnesses after the subject Member has questioned them or the Member has waived such questioning.

The Board of Directors or the committee conducting the hearing shall conduct the hearing in good faith and in a fair and reasonable manner. If a committee of the Board of Directors conducts the hearing, the committee shall make a recommendation to the Board of Directors at its next meeting. A two-thirds (2/3rds) majority vote of the Directors present and voting at a meeting of the Board of Directors shall be necessary to terminate a PACE Member; a majority vote of the Directors present and voting at a meeting of the Board of Directors shall be necessary to terminate an Associate Member. A Member who is terminated for any reason may only be readmitted upon a majority vote of the Directors present and voting at a meeting of the Board of Directors.

(e) **Effect of Termination.** All rights of a Member in CalPACE and in its property shall cease on the termination of such Member's membership. Termination shall not relieve the Member from any obligation for charges, services, benefits, dues, fees, or any other obligation, whether arising by contract, or otherwise, incurred, received, or payable prior to the date of termination. CalPACE shall retain the right to enforce any such obligation or obtain damages for its breach.

ARTICLE 3. MEETINGS OF MEMBERS

Section 3.1 Place.

Meetings of Members shall be held at the principal office of CalPACE or at such location within the State of California as may be designated from time to time by the Board of Directors.

Section 3.2 Annual and Regular Meetings.

The Members shall meet annually at such time and date as the Board of Directors shall fix, for the purpose of transacting such proper business as may come before the meeting. Other regular meetings of the Members may be held at such time and place as the Board of Directors may designate.

Section 3.3 Special Meetings.

Special meetings of Members shall be called by the Board of Directors, the Chair, the Chief Executive, or any PACE Member for any lawful purpose.

Section 3.4 Notice of Meetings.

Written notice of every meeting of Members shall be delivered in person, by fax, electronic mail, overnight courier, or mailed by first-class United States mail, postage prepaid, not less than ten (10) nor more than ninety (90) days before the date of the meeting, to all Members as of the record date for notice of the meeting.

In the event the notice is given by mail or other means of written communication, the notice shall be addressed to the Member at the address of such Member appearing on the books of CalPACE or at the address given by the Member to CalPACE for the purpose of notice. Notice of a specially called meeting of Members shall be sent to all Members within twenty (20) days after the request for such meeting is received. The meeting shall be held at a time requested by the person or persons calling the meeting, which shall be not less than thirty-five (35) days nor more than ninety (90) days after receipt of the request.

No meeting of Members may be adjourned for more than forty-five (45) days. If a meeting is adjourned to another time or place, and thereafter a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Member of record as of the record date for notice of the meeting.

Section 3.5 Contents of Notice.

The notice shall state the place, date, and time of the meeting. In the case of regular meetings, the notice shall state those matters that the Board of Directors, at the time the notice is given, intends to present for action by the Members. In the case of special meetings, the notice shall state the general nature of business to be transacted.

Section 3.6 Waivers, Consents and Approvals.

The transactions of any meeting of Members, however called and noticed, and wherever held, shall be as valid as though transacted at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote but not present in person or by proxy signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. All such waivers, consents and approvals shall be filed with the corporate records.

Section 3.7 Quorum.

Subject to the provisions of California Corporations Code Section 7512(b), a quorum at any meeting of Members shall consist of a majority of the PACE Members. Only PACE Members shall be counted for quorum purposes.

Section 3.8 Loss of Quorum.

The PACE Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough PACE Members to leave such meeting with less than a quorum, if such action taken, other than adjournment, is approved by at least a majority of the PACE Members required to constitute a quorum.

Section 3.9 Adjournment for Lack of Quorum.

In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the votes represented either in person or by proxy, but no other business may be transacted except as provided in Section 3.8 of these Bylaws.

Section 3.10 Voting of Membership.

(a) **Entitlement and Approval by Majority Vote.** Except as determined by the Board of Directors pursuant to Section 2.1 of these Bylaws, each PACE Member is entitled to one vote on each matter submitted to a vote of the PACE Members; provided, however, that no PACE Member shall be entitled to vote if it has failed to pay its membership dues or assessments for the current year. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter shall be the act of the Members, unless the vote of a greater number or voting by classes or categories is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles of Incorporation.

(b) **Associate Members.** Associate Members shall not be entitled to vote on any matter submitted to a vote of the Members.

(c) **Record Date of Membership.** The Board of Directors shall fix, in advance, a date as the record date for the purposes of determining the Members entitled to take any action under these Bylaws. The record date shall not be more than ninety (90) nor less than ten (10) days before the date of such action.

(d) **Authorized Votes.** The Chief Executive Officer of each PACE Member, or his or her designated representative, shall cast the vote for his or her respective PACE Member. Any designated representative must be employed by the PACE Member and CalPACE must have received written notice signed by the Chief Executive Officer appointing the designated representative in the manner provided under Section 4.2(b) of these Bylaws.

(e) **Proxy Voting.** Each PACE Member 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 PACE Member entitled to vote and filed with the Secretary of CalPACE. A proxy shall be deemed signed if the PACE Member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the PACE Member or the PACE Member's attorney-in-fact.

Any proxy covering matters for which a vote of the Members is required shall not be valid unless the proxy sets forth the general nature of the matter to be voted on. Such matters include, but are not limited to, approval of amendments to the Articles of Incorporation; the sale, lease, exchange, conveyance, transfer, or other disposition of all (or substantially all) of the corporate assets unless the transaction is in the regular course of business; or the election to voluntarily dissolve the corporation.

Section 3.11 Action without Meeting by Written Ballot.

(a) **Action by Written Ballot Permitted.** Any action that may be taken at any meeting of the Members may be taken without a meeting by complying with this Section 3.11 of these Bylaws.

(b) **Solicitation of Written Ballots.** CalPACE shall distribute one written ballot to each PACE Member entitled to vote on the matter. The ballots shall be mailed or delivered in the manner required by Section 3.4 of these Bylaws. All solicitations of votes by written ballot shall (1) indicate the number of responses needed to meet the quorum requirement; (2) state the percentage of approvals necessary to pass the measure or measures; and (3) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (I) set forth the proposed action, (f) provide the PACE Members an opportunity to specify approval or disapproval of each proposal, (3) provide a reasonable time in which to return the ballot to CalPACE, and (4) provide, subject to reasonable specified conditions, that if the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification.

(c) **Number of Votes and Approvals Required.** Approval by written ballot shall be valid only when (1) the number of votes cast by ballot (including those ballots that are marked "withhold" or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot without a meeting.

(d) **Revocation.** A written ballot may not be revoked.

(e) **Filing.** All written ballots and all proxies shall be filed with the Secretary of CalPACE at the principal place of business of CalPACE. Ballots and proxies may be destroyed six (6) months after the vote to which they relate.

Section 3.12 Conduct of Meetings.

(a) **Chair.** The Chair of the Board of Directors or, in his or her absence, the Vice Chair, Chief Financial Officer or any Director selected by the Directors present, shall be chair of and shall preside over the meetings of the Members.

(b) **Secretary of Meetings.** The Secretary of CalPACE shall act as the secretary of all meetings of Members; provided that in his or her absence, the Chair shall appoint another person to act as secretary of the meetings of the Members.

Section 3.13 Inspectors of Election.

(a) **Appointment.** In advance of any meeting of Members, the Board of Directors may appoint any person or persons, other than candidates for office, as inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the Chair of the meeting may, and on request of any PACE Member or PACE Member's proxy, must appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one or more PACE Members or proxies, the majority of PACE Members represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.

(b) **Duties.** The inspectors of election shall perform the following duties:

- (i) Determine the number of voting memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- (ii) Receive votes, ballots or consents;
- (iii) Hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (iv) Count and tabulate all votes and consents;
- (v) Determine when the polls shall close;
- (vi) Determine the results; and
- (vii) Do such acts as may be proper to conduct the election or vote with fairness to all Members.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical.

(c) **Vote of Inspectors.** If there are three (3) inspectors of election, the decision, act, or certificate of a majority is effective in all respects as the decision, act, or certificate of all.

(d) **Report and Certificate.** On request of the Chair or any PACE Member or PACE Member's proxy, the inspectors of election shall make a report in writing concerning the performance of their duties and execute a certificate of any fact of election found by them. Any report or certificate made by the inspectors of election shall be prima facie evidence of facts stated therein.

ARTICLE 4. DIRECTORS

Section 4.1 Power.

Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation law and except as otherwise provided by the Articles of Incorporation or by these Bylaws, the management of the affairs of CalPACE shall be vested in the Board of Directors. The Board of Directors may delegate the management of the activities of CalPACE to any person or persons, management company or committee however composed, provided that the activities and affairs of CalPACE shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

Notwithstanding the foregoing, the Board of Directors shall not delegate to any committee, management company or other person the following powers:

- (a) The approval of any action that also requires the approval of the PACE Members.
- (b) The establishment of qualifications rights and privileges for Membership in CalPACE, in addition to the designation of any additional class or category of membership deemed necessary.
- (c) The election or appointment of any Elected Directors.
- (d) The filling of vacancies on the Board of Directors or on any committee that has the authority of the Board of Directors.
- (e) The fixing of compensation of the Directors for serving on any committee.
- (f) The amendment or repeal of the Bylaws or the Articles of Incorporation or the adoption of new Bylaws or new Articles of Incorporation.
- (g) The amendment or repeal of any resolution of the Board of Directors.
- (h) The appointment of committees of the Board of Directors or the members thereof.
- (i) The approval of any self-dealing transaction except as provided by law.
- (j) Any other act or action which may not be delegated pursuant to applicable law, the Articles of Incorporation or these Bylaws.

Section 4.2 Number.

(a) CalPACE shall be managed by a Board of Directors which shall be not less than three (3) or more than twenty five (25) Directors. The exact number of Directors, within the limits specified, shall be fixed, and may be changed from time to time by a resolution duly adopted by the Board of Directors. The limits on the number of Directors may be changed, or a single number fixed without provision for variation, by an amendment to these Bylaws duly adopted by the vote

or written consent of a majority of the PACE Members.

- (b) The Board shall consist of the following:
 - (i) One or more designated Directors who are the Chief Executive Officers of the PACE Members (each a "PACE Director"). A PACE Director may appoint in writing his or her designee to serve on the Board of Directors as the representative of the PACE Member for the duration of the Chief Executive Officer's service on the Board of Directors, unless and until the Chief Executive Officer replaces the designee by serving as the PACE Director for the PACE Program or by submitting a new designation. A designee appointed by the Chief Executive Officer shall be either a Board member or senior manager of the PACE Member.
 - (ii) If authorized by the Board of Directors, one (1) or more Directors who are elected by the PACE Directors (each an "Elected Director"); the number of Elected Directors shall not exceed one-third (1/3rd) of the members of the Board of Directors.

Section 4.3 Qualifications.

(a) PACE Directors shall be associated with PACE Members in good standing of CalPACE at the time of their appointment and throughout their term of office. Any PACE Director who ceases to be associated with a PACE Member shall not be qualified to continue as a PACE Director and shall resign effective the earlier of (1) the date of termination of such association; or (2) the date the PACE Member with which the Director is associated is terminated as a Member pursuant to Section 2.10 of these Bylaws. The position of any PACE Director so resigning shall be filled pursuant to Section 4.10 of these Bylaws. Exceptions may be made to the above requirements at the discretion of the Board of Directors for hardship or other extenuating circumstances.

(b) Elected Directors shall meet such qualifications as may be established by the PACE Directors from time to time by resolution duly adopted by the Board of Directors.

(c) Additional qualifications for membership on the Board of Directors may be fixed from time to time by resolution duly adopted by the Board of Directors.

Section 4.4 Terms of Office.

(a) Each PACE Director shall hold office until such a time as he or she no longer meets qualifications, pursuant to Section 4.3(a) of these Bylaws, or until the Director resigns or is removed with or without cause, pursuant to Section 4.8 or 4.9 of these Bylaws.

(b) Elected Directors shall hold office for a term of two (2) years from the first day of January following the date of his or her election.

(c) The term of office of an Elected Director, at the discretion of the Board of Directors, may be extended until a successor is elected and qualifies under Sections 4.2.(b)(ii)

and 4.3(b) of these Bylaws.

Section 4.5 Compensation.

The Directors shall serve without compensation, except that they may be allowed and paid their actual and necessary expenses incurred in attending meetings of the Board of Directors and, except as provided under Section 4.1(e), in accordance with any budget approved by the Board of Directors.

Section 4.6 Meetings.

(a) **Place of Meetings.** All meetings of the Board of Directors shall be held at the principal office of CalPACE, or at such other place as the Board of Directors may designate.

(b) **Time of Regular Meetings.** Regular meetings of the Board of Directors may be held, without call or notice, in conjunction with each Annual Meeting of the Members of CalPACE as set forth in Section 3.2 of these Bylaws. Regular meetings shall also be held at least four (4) times per year without call or notice according to a schedule to be established from time to time by the Board of Directors. Other regular meetings of the Board of Directors may be held at such time and place as the Board of Directors may designate.

(c) **Special Meetings.** The Chair of the Board of Directors or any two (2) Directors may call special meetings of the Board of Directors. Special meetings shall be held on four (4) days' notice by first class mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by telephone, electronic mail, or facsimile. Notice of the special meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting the lack of such notice. All such waivers, consents, and approval shall be filed with the corporate records or made a part of the minutes of the meetings.

(d) **Quorum.** A majority of the Directors in office shall constitute a quorum of the Board of Directors for the transaction of business.

(e) **Transactions of Board of Directors.** Except as otherwise provided in the Articles of Incorporation, in these Bylaws, or by applicable law, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, provided, however, that any meeting at which a quorum was 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 such meeting.

(f) **Vote of Directors.** Each Director shall be entitled to one vote on each matter presented to the Board of Directors. Directors may not vote by proxy.

(g) **Conduct of Meetings.** The Chair of the Board of Directors, or in his or her absence the Vice Chair or any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Secretary, or, in the Secretary's absence, any person appointed by the presiding officer, shall act as the secretary of the Board of Directors. Members of the Board of Directors may participate in a meeting through use of conference telephone or

similar communications equipment, so long as all Directors participating in such meeting can hear one another. Such participation shall constitute personal presence at the meeting.

(h) **Adjournment.** A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 4.7 Action without Meeting.

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

Section 4.8 Removal of Directors.

(a) **Removal for Cause.** The Board of Directors may declare vacant the office of a Director on the occurrence of any of the following events:

- (i) The Director has been declared of unsound mind by a final order of a court of competent jurisdiction;
- (ii) The Director has been convicted of a felony;
- (iii) If an Elected Director, the Elected Director fails to attend at least one-third of the duly noticed meetings of the Board of Directors in any twelve-month period; or
- (iv) The Director has been found by a final order or judgment of a court of competent jurisdiction to have breached the duties required, by Section 7238 of the California Corporations Code, of Directors who perform functions with respect to assets held in charitable trust.

(b) **Removal without Cause.** Any or all of the Elected Directors may be removed without cause if, where CalPACE has fewer than fifty (50) Members, such removal shall be approved by a vote of two-thirds (2/3rds) of the PACE Members pursuant to Section 5033 of the California Corporations Code; or where CalPACE has more than fifty (50) Members, such removal shall be approved by the PACE Members present and voting at a duly-called meeting of the Members pursuant to California Corporations Code Section 5034. A PACE Director may be removed only the PACE Member that designated the PACE Director.

Section 4.9 Resignation of a Director.

Any Director may resign, effective on giving written notice to the Chair of the Board of Directors, the Secretary, the Chief Executive or the Board of Directors of CalPACE, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective

at a future time, a successor may be appointed to take office when the resignation becomes effective.

Section 4.10 Vacancies on the Board of Directors.

(a) **Cause.** Vacancies on the Board of Directors shall exist on the death, disability, resignation or removal of any Director or upon the failure of a Director to meet the qualifications for serving as a Director as described in Section 4.3.

(b) **Filling Vacancies for a Director.** A vacancy in the office of a PACE Director shall be filled by the PACE Member that appointed the PACE Director who has resigned, been removed or otherwise created the vacancy. A vacancy in the office of an Elected Director shall be filled by the Board of Directors.

(c) **Term of Substituted Director.** Any Director appointed to fill a vacancy caused by the death, resignation or removal of a Director, or by the appointment of a Director as an officer of the Board of Directors, shall serve for the unexpired term of office of such Director.

ARTICLE 5. OFFICERS

Section 5.1 Officers of the Corporation.

The officers of the corporation shall be a Chair, Vice-Chair, Secretary, Treasurer and Chief Financial Officer, and such other officers with such titles and duties as shall be determined by the Board of Directors. Any number of offices may be held by the same person, except that the position of Chair and Secretary may not be held by the same person. Each officer shall hold his or her office for one year and until his or her successor is duly appointed or confirmed and qualified; provided that the Board of Directors may elect a person to successive terms in the same office. Officers shall be elected by a majority vote of the Board of Directors at their regular meeting next held after the adjournment of the annual Membership meeting. In addition, the Board of Directors may appoint one or more administrative officers, including an Assistant Secretary to take notes at its meetings and otherwise assist the Secretary and/or a Chief Executive to be responsible for day to day management of the Corporation.

Section 5.2 Duties of Chair.

The Board of Directors shall appoint a Chair who is a member of the Board. The Chair shall preside at all meetings of CalPACE and of the Board of Directors and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. The Chair shall be a member ex officio without vote of all Standing and Special Committees of the Board of Directors, and may attend meetings of the membership, ex officio without vote. In the Chair's absence, the duties of the Chair shall be performed by the Vice-Chair, or any Director selected by the Directors present.

Section 5.3 Vice Chair.

If the Chair is absent or disabled, the Vice Chair shall perform all duties of the Chair. When so acting, the Vice Chair shall have all powers of and be subject to all restrictions placed upon the Chair. The Vice Chair shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 5.4 Chief Financial Officer

The Board of Directors shall appoint a Chief Financial Officer of CalPACE. The Chief Financial Officer does not have to be a Director. The Chief Financial Officer, or his or her delegate, shall have oversight of the funds of CalPACE and shall keep such records as shall show at all times the condition of the finances of CalPACE. The Chief Financial Officer shall render periodic reports to the Board of Directors and Members with respect to the financial condition of CalPACE.

Section 5.5 Treasurer.

The Treasurer shall serve as the chairperson for the Finance Committee and shall report to the Board of Directors, with the assistance of the Chief Financial Officer, the actions and recommendations of the Finance Committee.

Section 5.6 Secretary.

The Board of Directors shall appoint a Secretary of CalPACE. The Secretary, or his or her delegate, shall keep proper minutes of all proceedings of the Members and of the Board of Directors.

Section 5.7 Chief Executive

Subject to such supervisory powers as the Board of Directors may give to the Chair, if any, and subject to the control of the Board of Directors, the Chief Executive shall be the general manager of the corporation and shall supervise, direct and control the corporations activities and affairs, and shall be empowered to hire supervise, and fire all of the employees of the corporation. The Chief Executive shall have such other powers and duties as the Board of Directors or the bylaws may require.

Section 5.8 Appointment, Resignation and Removal.

The Board of Directors may appoint such other officers as it shall deem advisable, each of whom shall hold office for such period and shall have such power and duties as the Board of Directors may prescribe, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time on written notice to CalPACE without prejudice to the rights, if any, of CalPACE under any contract to which the officer is a party. The Board of Directors may fill a vacancy in any office for the unexpired term of such office. Any or all of the officers of the Board of Directors who are Directors may be removed without cause upon a vote of two-thirds (2/3rds) of the Board of Directors, and all or all officers who are not Directors may be removed without cause upon a majority vote of the Board of Directors.

ARTICLE 6. COMMITTEES.

Section 6.1 Board Committees.

The Board of Directors may establish one or more Board Committees, including a Finance Committee, as deemed necessary, and determine the purpose and scope of each committee's responsibility. Unless otherwise stated in these Bylaws, each committee shall consist of two or more Directors, Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may:

- (a) Approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;
- (b) Fill vacancies on the Board or in any Committee which has the authority of the Board;
- (c) Fix compensation of the Directors for serving on the Board or on any Committee;
- (d) Amend or repeal Bylaws or adopt new Bylaws;
- (e) Amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) Appoint any other Committees or the members of these Committees;
- (g) Expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- (h) Approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation and any entity in which one or more of its Directors have a material financial interest.

Section 6.2 Special Committees.

Special Committees may be created by the Chair, with the approval of the Board of Directors, for such special tasks as circumstances warrant. A Special Committee shall limit its activities to the accomplishment of the task for which it is appointed, and it shall have no power to act except as such is specifically conferred by action of the Board of Directors.

Section 6.3 Ad Hoc Committees.

The Chair may create ad Hoc Committees at any time, with the approval of the Board of Directors, for specific tasks as needed. An Ad Hoc Committee shall limit its activities to the task for which it was appointed, and shall have no power to act except in an advisory capacity to the officers of CalPACE and as authorized by the Chair. Upon completion of the task for which appointed, it shall stand discharged.

Section 6.4 Appointment of Chairs and Members of Committees.

The Chair, with the approval of the Board of Directors, shall appoint the Chair and Members of each Standing and Special Committee. Upon recommendation of a Committee, the Chair of the Board of Directors may fill a vacancy, subject, in the case of a Committee that acts with the authority of the Board of Directors, to the ratification of the Board of Directors prior to the effective date of such appointment. Standing and Special Committees shall have such membership as may be necessary, in the determination of the Board of Directors, to ensure representation of the interests and geographic distribution of the Members.

Section 6.5 Quorum.

A majority of the members of a committee shall constitute a quorum of any meeting of that committee. Each committee shall meet as often as is necessary to perform its duties and accomplish its purposes.

**ARTICLE 7. GENERAL PROVISIONS;
CORPORATE RECORDS AND REPORTS**

Section 7.1 Fiscal Year.

The fiscal year of CalPACE shall be July 1" through June 30th.

Section 7.2 Checks.

All checks, drafts, or other orders for payment of money or other evidence of indebtedness issued in the name of or payable to CalPACE, and any and all securities owned or held by CalPACE requiring signature for transfer, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

Section 7.3 Contracts.

The Board of Directors, except as the Bylaws may otherwise provide, may authorize any officer or officers, agent or agents, to enter into a contract or execute any contract or execute any instrument in the name of and on behalf of CalPACE, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Directors, no officer, agent, nor employee shall have any power or authority to bind CalPACE by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 7.4 Bonding.

Upon resolution duly adopted and approved, the Board of Directors may require employees and other persons authorized to handle CalPACE funds or to make deposits or withdrawals from the accounts of CalPACE to be properly bonded.

Section 7.5 No Property Rights.

No Member, other organization or individual shall have any right or privilege with respect to the properties, monies, or other assets of CalPACE.

Section 7.6 Keeping Records.

CalPACE shall keep adequate and correct records of account and minutes of the proceedings of its Members, Board of Directors, and committees of the Board of Directors. CalPACE shall also keep a record of its Members giving their names and addresses and the class of membership held by each. The minutes shall be kept in written form. Other books and records shall be kept in either written form or in any other form capable of being converted into written form.

Section 7.7 Annual Report.

CalPACE shall notify each Member yearly of the Member's rights to receive a financial report pursuant to California Corporations Code Section 8321(a). Except where CalPACE receives less than ten thousand dollars (\$10,000) in gross revenues during the fiscal year, on the written request of a Member, the Board of Directors shall promptly cause the most recent annual report to be sent to the requesting Member. The annual report shall be prepared not later than one hundred and fifty (150) days after the close of CalPACE's fiscal year. The annual report shall contain in appropriate detail the following: (1) a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year; (2) a statement of the place where the names and addresses of the current Members are located; and (3) any information required by Section 7.8 of these Bylaws. The annual report shall be accompanied by any report thereon of independent accountants or, if there is not such a report, the certificate of any authorized officer of CalPACE that such statements were prepared without audit from the books and records of CalPACE.

Section 7.8 Annual Statement of Certain Transactions and Indemnifications.

CalPACE shall furnish annually to its Members a statement of any transaction or transactions of CalPACE involving more than five thousand dollars (\$5,000) individually or in the aggregate, in which a Director or officer of CalPACE has a material financial interest, and of any loans, guarantees, indemnifications or advances aggregating more than two thousand dollars (\$2,000) paid or made to any Director or officer of CalPACE, all to the extent required by Corporations Code Section 8322(d) and (e). Such annual statement may be affixed to and sent with the annual report described in Section 7.7 of these Bylaws.

Section 7.9 Indemnification and Insurance.

(a) **Right of Indemnity.** CalPACE shall have all the powers conferred by law to indemnify its Directors, officers, employees and other agents in connection with proceedings against them, and shall provide for such indemnification to the extent the Board of Directors deems fit; provided that the Board of Directors may deny indemnification in any case, or afford differing rights of indemnification from case to case.

(b) **Approval of Indemnity.** On written request to the Board of Directors by any person seeking indemnification, the Board of Directors shall promptly determine whether indemnification would be lawful under the circumstances of the case and, if so, whether to authorize indemnification. If the Board of Directors cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board of Directors may call a meeting of Members, At that meeting, the PACE Members shall determine whether and to what extent indemnification is permitted by law; and CalPACE shall afford indemnification to the extent it is so permitted.

(c) **Advancement of Expenses.** CalPACE shall have all the powers conferred by law, to be exercised in the manner set forth in subsection (b), to advance to any person seeking indemnification, the expenses of such person in defending any proceeding, on receipt 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 CalPACE for those expenses.

(d) **Insurance.** CalPACE shall purchase and maintain insurance, in such reasonable amounts as the Board of Directors shall determine in its sole discretion, 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.

Section 7.10 Amendments to Bylaws.

Subject to the provisions of Sections 7150 and 7151 of the California Corporations Code, these Bylaws may be amended or repealed, or new Bylaws may be adopted, by a majority vote of the members of the Board of Directors at any Directors' meeting duly called and the vote or written consent of the PACE Members.

Section 7.11 Dedication of Assets

Upon the dissolution of CalPACE, its assets remaining after payment of, or provision for payment of, all debts and liabilities of CalPACE, shall be distributed to one (1) or more other nonprofit funds, foundations or corporations that are organized and operated exclusively for charitable or mutual benefit purposes that relate to health care services for the elderly, that has established its tax-exempt status under Section 501(c)(3) or Section 501(c)(6) of the Internal Revenue Code, as may be selected by the person(s) or entities charged with the responsibility of winding-up CalPACE.

Section 7.12 Conflict of Interest

The Board of Directors shall adopt a Conflicts of Interest Policy for the conduct of the Directors and Officers of CalPACE.

Section 7.13 Contracts with Directors

No director of this corporation nor any other corporation, firm association, or other entity in which one or more of this corporation's directors are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or other transaction with corporation unless:

- (a) the material facts as to the transaction and such director's interest are fully disclosed or known to the members and such contract is approved by the members in good faith, with any membership owned by any interested director not being entitled to vote thereon, or
- (b) the material facts regarding such director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and are noted in the minutes or are known to all board members before such

consideration by the board of such contract or transaction, and such contract or transaction is authorized in good faith by a majority of the board by a vote sufficient for that purpose without counting the vote of the interested director.

Section 7.14 Loans to Officers and Directors

This corporations shall not lend any money or property to, or guarantee the obligation of any director or officer of the corporation unless the board decides that the loan or guaranty may reasonably be expected to benefit the corporation and before consummating the transaction or any part of it, the loan or guarantee is approved by either the members without counting the vote of the officer or director, if a member, or the vote of a majority of the directors then in office, without counting the vote of the director who is to receive the loan or guarantee.

**CERTIFICATE OF SECRETARY
OF
CalPACE
A California Nonprofit Mutual Benefit Corporation**

I hereby certify that I am the duly elected Secretary of CalPACE and that the foregoing amended Bylaws, comprising 22 pages, constitute the amended Bylaws of CalPACE as duly adopted by a duly authorized vote of CalPACE membership on November 6, 2018.

Eileen Kunz, Secretary