



INSTITUTE FOR LOCAL GOVERNMENT

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BYLAWS OF INSTITUTE FOR LOCAL GOVERNMENT a California Nonprofit Public Benefit Corporation

ARTICLE I

The name of this corporation is the INSTITUTE FOR LOCAL GOVERNMENT (“the Institute”).

ARTICLE II

Section 1. Principal Office. The principal office for the transaction of the Institute’s business is 1400 K Street, Sacramento, California 95814, or at such other place as the board of directors (“Board” and, the individual directors comprising the Board, “Directors”) determine. The Board may change the principal office from one location to another. Any change of this location must be noted by the Secretary on these bylaws opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Institute is qualified to do business.

ARTICLE III MEMBERSHIP

Section 1. Members. The Institute has no members. Any action that otherwise would require approval by a majority of all members or approval by the members requires Board approval only. All rights that otherwise would vest in the members vest in the Board.

Section 2. Associates. Nothing in this article limits the right of the Institute to refer to persons associated with it as “members,” even though such persons are not members and such reference will not make anyone a member under the California Nonprofit Corporation Law.

ARTICLE IV DIRECTORS

Section 1. Powers. Subject to limitations of the provisions of the California Nonprofit Corporation Law, any other applicable laws and the articles and these bylaws, the Institute’s

activities and affairs are conducted and all corporate powers are exercised by or under the direction of the Board. The Board has the following powers in addition to the other powers enumerated in these bylaws or statute:

- A. To select and remove all officers and directors of the Institute, prescribe powers and duties for them as are consistent with law, the articles of incorporation or these bylaws.
- B. To conduct, manage and control the affairs and activities of the Institute and to make such rules and regulations therefor consistent with law, the articles or these bylaws, as it deems best.
- C. To adopt, make and use a corporate seal and to alter the form of such seal from time to time as it deems best.
- D. To borrow money and incur indebtedness for the purposes of the Institute.

Section 2. Number of Directors. The Board consists of a minimum of seven and a maximum of 19 Directors.

Section 3. Selection.

- A. **Qualifications.** The Board selects Directors for their experience, ability and commitment to the purposes of this Institute.
- B. **Timing.** Directors are elected at the first meeting of the board each year.
- C. **Relations with Local Agency Associations.** A directorship shall be reserved for the League of California Cities' executive director and another directorship shall be reserved for the California State Association of Counties' executive director, or their respective designees.
- D. **Liaisons.** The Institute Board shall include members in a position to serve as ongoing and effective communications links with the following organizations: the California State Association of Counties' Board of Directors, the League of California Cities' Board of Directors, the County Administrative Officers Association of California and the City Managers Department of the League of California Cities.
 - 1. In selecting Liaison Directors, the Board will seek input from each respective organization.
 - 2. Liaison Directors shall have the same status as other Directors.

Section 4. Term of Office. Directors serve three-year, staggered terms. A Director may serve an unlimited number of terms. Directors hold office until their successors have been elected and assumed office.

Section 5. Vacancies.

- A. **Resignation.** Any Director may resign by giving written notice to any officer.
- B. **Liaison Directors/Loss of Position.** A Liaison Directorship becomes vacant when the Director ceases to occupy a position that enables the Director to serve as the ongoing and effective communications link with the organization they represent.¹
- C. **Removal.** The Board may remove a Director with or without cause. Absence of a Director from three or more consecutive Board meetings constitutes cause for removal.
- D. **Filling Vacancies/Term.** The Board may fill vacancies as they occur and any Director so appointed serves for the unexpired term of his or her predecessor. If there is no predecessor, then the Director will serve for a three-year term, beginning in January of the year in which the appointment is made.

Section 6. Board Members *Emeriti*. In special situations, the Board may decide to designate an individual retiring from active service on the Institute board as a “board member *emeritus*.” Such designation shall be reserved those who have given extraordinary service to the Institute. Those receiving such designation shall receive all board communications and are invited to all board meetings to participate in an advisory capacity.

Section 7. Meetings of the Board. The Board must meet at least once during each year at such date, time and place as the Board determines. In addition to the required meeting, additional regular or special meetings may be held at such times fixed by the Chair or the Directors. Special meetings of the Board for any purpose or purposes may be called by the Chair or by any two Directors.

Section 8. Notice of Board Meetings. Notice of regular and special meetings must be given to the Directors not less than six days prior to the meeting if delivered by first class mail or not less than 48 hours prior to the meeting if the notice is delivered personally or by telephone, facsimile, email or other electronic devices. If mailed, such notice is deemed given when deposited in the United States mail, with postage prepaid, directed to the Director.

Section 9. Quorum. A quorum for any meeting of the Board consists of a majority of the current Directors. Except where a greater vote is required by applicable law, if a quorum is present, the affirmative vote of a majority of the Directors participating and entitled to vote, is an act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors. If any action taken, such action must be approved by at

¹ For example, if a Director representing the League or CSAC board of directors ceased being a member of that respective board, that Directorship would become vacant. Similarly, if an individual ceased being a city manager or county administrator, that Directorship would become vacant.

least a majority of the required quorum for such meeting. A majority of the Directors then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 10. Participation in Meetings by Telephone. Members of the Board may participate in meetings through use of telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

Section 11. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 12. Action Without Meeting. Any Board action required or permitted to be taken by the Board may be taken without a meeting, if all Directors of the Board, not including any “interested Director” under California Nonprofit Corporation Law, individually or collectively consent in writing. Such written consent must be made a part of the minutes of the Board. Such action by written consent has the same force and effect as the unanimous vote of the Directors.

Section 13. Committees and Committee Powers.

- A. Standing Committees.** The standing committees of the Board are as follows:
 - (1) Executive Committee
 - (2) Endowment Committee
 - (3) Finance Committee
 - (4) Governance Committee
- B. Other Committees.** The Board may create such standing committees by written board policy as are useful for the conduct of the Institute’s business.
- C. Powers.** The Board may, by written policy, delegate to such committees any of the authority of the Board except the expenditure of Institute funds or the taking of any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of members or of a majority of all members.

**ARTICLE V
BOARD OFFICERS**

Section 1. Officers. The officers of the Board are a Chair and a Vice Chair.

Section 2. Election. The Board elects officers for terms of two years, or until their successors are elected and qualified. These officers are elected by the Board from among its members. Elections occur in even-numbered years at the first meeting of the year

Section 3. Removal. Any officer of the Institute may be removed with or without cause by the Board at any time.

Section 4. Resignation. Any officer may resign in writing at any time to any other officer. Any resignation takes effect at the date of the receipt of that notice or at any later time specified by that notice, and unless otherwise specified in that notice, the acceptance of the resignation is not necessary to make it effective. The Board may fill vacancies as they occur and any officer so appointed serves for the unexpired term of his or her predecessor.

Section 5. Officer Duties.

- A. Chair.** The Chair presides at all Board meetings and appoints committee members and chairs of such committees established by the Board, subject to Board approval. The Chair has such other powers and duties as may be prescribed by these bylaws or the Board.
- B. Vice-Chair.** The Vice-Chair carries on the duties of the Chair in the Chair's temporary absence or incapacity. The Vice-Chair has such other powers and duties as may be prescribed by these bylaws or the Board.

**ARTICLE VI
BOARD MEMBER RIGHTS AND DUTIES**

Section 1. Rights of Inspection. Every Director has 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 Institute.

Section 2. Fees and Compensation. Directors and members of committees receive no compensation for their services. The Board may reimburse Directors for expenses reasonably incurred in performance of duties.

Section 3. Standard of Care.

- A. Duty.** A Director must perform the duties of a Director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Institute and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

- (1) One or more officers or employees of the Institute whom the Director believes to be reliable and competent in the matters presented;
- (2) Counsel, independent accountants or other persons as to matters that the Director believes to be within such person's professional or expert competence; or

- (3) A committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

B. Non-Liability. A person who performs the duties of a Director in accordance with the above is not liable based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

Section 4. Loans and Self-Dealing Transactions.

A. Loans. The Institute may not loan money or property to or guarantee the obligation of any Director or officer; provided, however, that the Institute may advance money to a Director or officer of the Institute or any subsidiary for expenses reasonably anticipated to be incurred in performance of the duties of such officer or Director so long as such individual would be entitled to be reimbursed for such expenses absent that advance.

B. Self-Dealing Transactions. The Board may not approve a self-dealing transaction. A self-dealing transaction is one to which this corporation is a party and in which one or more of the Directors has a material financial interest and which does not meet the requirements of Subsection C below.

C. Exemption Requirements. The following transactions are exempted from the prohibition of Subsection B above:

- (1) A transaction that is part of a public or charitable program approved in good faith by the Board without unjustified favoritism and that results in a benefit to one or more Directors or their families only because they are in a class of persons intended to be benefited by the program.
- (2) A transaction of which the Director with a material financial interest has no actual knowledge, and that does not exceed the lesser of one percent of the gross receipts of this corporation for the preceding fiscal year or \$100,000.
- (3) A transaction that has been approved by the Attorney General before or after it was consummated.
- (4) A transaction that the Board, having knowledge of the material facts concerning the transaction and the Director's interest in the transaction, authorizes (by a vote of a majority of the Directors where a quorum is present without counting the vote of the interested

Director) after considering and in good faith determining, upon reasonable investigation under the circumstances, that (a) the transaction will be entered into for the Institute's benefit, (b) the transaction is fair and reasonable as to the Institute, and (c) the Institute could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

Section 5. Interested Persons. No more than 49 percent of the persons serving on the Board may be "interested persons." An interested person is (a) any person compensated by the corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this paragraph will not affect the validity or enforceability of transactions entered into by the Institute.

ARTICLE VII CORPORATE OFFICERS

Section 1. Executive Director. The Board secures the services of an Executive Director, who is the chief executive officer of the Institute and responsible for conducting the affairs of the Institute in a manner consistent with the policies and directives of the Board. He or she may have such other duties as may be prescribed by the Board.

Section 2. Chief Financial Officer. The Executive Director also serves as Chief Financial Officer of the Institute, unless the Executive Director designates another individual to serve in this capacity. Such designation requires Board approval. The Chief Financial Officer has charge and custody of and will receive, safeguard, disburse and account for all funds of the Institute, and will deposit and invest them in such banks, other depositories or investments under such policies as may be designated by the Board. The Chief Financial Officer is responsible for maintaining books and records of the Institute, and prepares and submits such accounting and tax forms as may be required by local, state and federal law. The Chief Financial Officer may have such additional powers and duties as prescribed by the Board.

Section 3. Secretary. The Executive Director also serves as Secretary of the Institute, unless the Executive Director designates another individual to serve in this capacity. Such designation requires Board approval. The Secretary a) provides notice of and acts as Secretary at all meetings of the Board, b) records all such proceedings in the Institute's minute books and c) is responsible for conducting the affairs of the Institute in a manner consistent with the policies and directives of the Board. The Secretary may have such additional powers and duties as the Board prescribes.

Section 4. Other Employees. The Executive Director may hire or cause to be hired such other employees as necessary to conduct the Institute's business subject to the availability of Institute funds.

Section 5. Execution of Instruments. Any and all instruments executed in the name of the Institute, including, but not limited to, contracts and checks, must be executed by one or more

individuals as authorized by formal Board action. Such authorization may be general or confined to specific instances. The respective offices and duties established and defined in this Article VII and by resolution of the Board include the authority to execute instruments in the name of the Institute when the execution of the instrument is incident to carrying out the duties of the offices.

ARTICLE VIII RECORDS

Section 1. Minute Book. The Institute will keep a minute book which contains:

- A. The record of all meetings of the Board including date, place, those attending the proceedings thereof, a copy of the notice of the meeting and when and how given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting.
- B. A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State.
- C. A copy of the bylaws, as amended, duly certified by the Secretary.

Section 2. Reports. Each Director will receive annually the information described in subdivision (a) of Section 6321,² and required by Section 6322 of the Corporations Code.

ARTICLE IX INDEMNIFICATION

Section 1. Indemnification of Directors, Officers and Employees. The Institute may indemnify its Directors, officers, employees and other eligible persons pursuant to the provisions of Section 5238 of the California Nonprofit Corporation Law, or pursuant to a contract entered into with any employee who is not an officer or Director.

Section 2. Advancement of Expenses. Expenses incurred in defending any proceeding may be advanced by the Institute as authorized in Section 5238 of the California Nonprofit Corporation Law prior to final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Director, officer or employee to repay such amount unless it is determined ultimately that the Director, officer or employee is entitled to be indemnified.

² Section 6321(a) requires the following information:

- (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, during the fiscal year.
- (3) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (4) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
- (5) Any information required by Section 6322.

Section 6321 requires such reports to be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. *See* Cal. Corp. Code §6321(b).

ARTICLE X FINANCES

Section 1. Fiscal Year. The Board sets, and may amend, this Institute's fiscal year by resolution.

Section 2. Annual Budget. Not less than 15 days prior to the first meeting of the Board of Directors each year, the Executive Director transmits a detailed budget describing the estimated revenues and expenditures for the coming year. Such budget will be considered for approval by the Board.

Section 3. Investment Policy. Institute investments must be managed in accordance with investment policies adopted by the Board.

Section 4. Annual Audit. The Institute's accounts must be audited annually by a certified public accountant.

Section 5. Endowment Fund. The Institute has established an endowment fund, the purpose of which is to generate interest earnings to provide ongoing support for the Institute's activities.

Section 6. Reserve. The Institute Board will adopt policies relating to the maintenance of a prudent reserve fund.

ARTICLE XI MISCELLANEOUS

Section 1. Corporate Seal. The Institute has a seal approved by the Board. The seal shall be affixed to all corporate instruments, but failure to affix it does not affect the validity of the instrument.

Section 2. Amendment of Bylaws. These bylaws may be amended by the vote of at least two-thirds of all of the members of the Board.

ARTICLE XII PURPOSES OF THE CORPORATION

The charitable and public purposes of the Institute are to serve as a source of independent research, education and information for California's communities and their leaders, thereby improving and strengthening the processes of local government.

The Institute may not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described above.

**ARTICLE XIII
DEDICATION OF ASSETS**

The properties and assets of this nonprofit corporation are irrevocably dedicated to fulfillment of the objectives and purposes of this corporation as set forth in Article XIII[update reference] above. No part of the net earnings, properties or assets of this corporation, on dissolution or otherwise, may inure to the benefit of any private person or individual, or any member or Director of this corporation. On liquidation or dissolution, the net assets of the Institute must be distributed to the League of California Cities and California State Association of Counties, or to the members of any successor organizations, provided, however, that such distribution is consistent with the nonprofit provisions of the California Corporations Code then in effect.

**ARTICLE XIV
CERTIFICATE OF SECRETARY**

I, the undersigned, certify that I am the presently designated Secretary of the INSTITUTE FOR LOCAL GOVERNMENT, a California nonprofit corporation, and the above bylaws, consisting of 10 pages, are the bylaws of this corporation as adopted by the Board on April 1, 2011, and that these bylaws have not been amended or modified since that date.

DATED: April 1, 2011



JoAnne Speers, Secretary