

BYLAWS

**Bylaws for the regulation, except
as otherwise provided by statute or
its Articles of Incorporation**

THE FOUNDATION OF THE CAIRN TERRIER CLUB OF AMERICA

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BYLAWS

OF

FOUNDATION OF THE CAIRN TERRIER CLUB OF AMERICA

A California Nonprofit Public Benefit Corporation

ARTICLE 1

OFFICES

Section 1.01 Principal Office. The corporation's principal office shall be fixed and located at such place within the United States of America as the Board of Trustees (herein called the "Board") shall determine. The Board is granted full power and authority to change the principal office from one location to another within the United States of America.

Section 1.02 Other Offices. Branch or subordinate offices may be established at any place or places by the Board at any time within the United States of America.

ARTICLE 2

PURPOSE

Section 2.01 Description in Articles. The specific and general purposes of the corporation are described in the Articles of Incorporation.

ARTICLE 3

MEMBERSHIP

Section 3.01 Sole Member.

(a) Identity. The sole member of the corporation is The Cairn Terrier Club of America, an unincorporated association (hereinafter "CTCA").

(b) Voting Rights. CTCA shall exercise its voting rights as the sole member of the corporation through CTCA's Board of Governors (hereinafter "CTCA Board"). These voting rights shall include the right to vote:

- (1) For the election of trustees of the corporation;
- (2) On expenditures from the property of the corporation, except for:
- (A) The reasonable and necessary expenses of administration of the corporation; and
- (B) Expenditures of income or principal of gifts to the corporation which are prescribed by the terms of the gift or bequest, both of which require only the approval of the Board;
- (3) On all proposed programs, projects, or activities of the corporation for the purposes set forth in the Articles of Incorporation;
- (4) On any amendment or restatement of the Articles of Incorporation;
- (5) On a sale, exchange, lease, mortgage, pledge, or other disposition of substantially all the assets of the corporation;
- (6) On a merger of the corporation; and
- (7) On a dissolution of the corporation.

Additionally, CTCA through the CTCA Board shall have all of the rights afforded members under the California Nonprofit Corporation Law. Nothing provided herein, however, shall constitute any members of CTCA as members of this corporation.

(c) Limitation on Memberships. The corporation shall not have the power to issue any other memberships.

Section 3.02 Meetings of the Sole Member of the Corporation.

(a) Annual and Special Meetings. The annual meeting of the sole member of the corporation shall be held at a time and place to be determined from time to time by the sole member. Special meetings of the sole member may be held at the call of the sole member, the corporation, or the chairman of this corporation.

(b) Notice of Meetings. Notice of the annual meeting or special meetings of the sole member shall be given by mail to the members of the CTCA Board. Such written notice shall be mailed not less than ten (10) days in advance of the date of the meeting, and in the case of a special meeting shall state the purpose for which it is called. The notice of any meeting at which trustees are to be elected

shall include the names of all those persons who are nominees at the date the notice is given. Notwithstanding the foregoing, the sole member may waive notice, consent to the holding or approve the minutes of any annual or special member meeting in accordance with Section 5511 (e) of the California Nonprofit Corporation Law.

Section 3.03 Quorum for Meetings. A quorum of the CTCA Board shall constitute a quorum at any member meeting of this corporation. If a quorum is present, the affirmative vote of the majority of those present at the meeting, entitled to vote and voting on any matter, shall be the act of the member, unless the vote of a greater number is required by law, by the Articles, or by these Bylaws, except that those present at a duly called or held member meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough persons to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of those persons required to constitute a quorum. Any action required or permitted to be taken by the sole member may be taken without a meeting, if the CTCA Board unanimously consents in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the sole member.

Section 3.04 Transfer of Membership. Membership may be transferred to another person or corporation meeting the qualifications of the transferring member as authorized by the Board of Governors of the transferring member.

Section 3.05 Distributions to Member. This corporation shall not make any contributions or donations to the member, and shall not make any distributions of any gains, profits, or dividends to the member. The foregoing shall not prohibit this corporation from making payments to the member for repayment of indebtedness or services rendered or other payments made in the ordinary course of business.

Section 3.06 Associates. Nothing in this Article 3 shall be construed as limiting the right of the corporation to refer to persons associated with it as "members" even though such persons are not voting members, and no such reference shall constitute anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law. Such individuals may originate and take part in the discussion of any subject that may properly come before any meeting of the Board, but may not vote. The corporation may confer by amendment of its Articles of Incorporation or of these Bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation Law, upon any person or persons who do not have the right to vote for the election of trustees or on a disposition of substantially all of the assets of the corporation or on a merger or on a dissolution or on changes to the corporation's Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of said Section 5056. The Board may also, at its

discretion, without establishing memberships, establish an advisory council or honorary board or such other auxiliary groups as it deems appropriate to advise and support the corporation.

ARTICLE 4

TRUSTEES

Section 4.01 Powers.

(a) General Corporate Powers. Subject to the limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person(s), a management company or committees however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

(b) Specific Powers. Without prejudice to the general powers set forth in Section 4.01(a), but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws and permitted by law:

(1) To select and remove all the officers and the executive director of the corporation; prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or these Bylaws; fix their compensation; and require from them security for faithful service;

(2) To conduct, manage and control the affairs, programs, projects and activities of the corporation and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or these Bylaws, as they may deem best;

(3) To hold, invest, manage, and administer all funds and property of the corporation; in furtherance of these powers, the trustees are authorized to do the following:

(A) To sell, transfer, exchange, or lease all or any part of the property of the corporation at such prices and on such terms and conditions and in such manner as they may deem best;

(B) To execute and deliver any proxies, powers of attorney, or agreements that they may deem necessary or proper and that may be permitted by law;

(C) To invest and reinvest in such loans, securities, or real estate as they may deem suitable for the investment of corporation funds;

(D) To determine whether money or property coming into their possession shall be held as unrestricted funds for the accomplishment of the general purposes of the corporation or shall be held as restricted or endowment funds for the accomplishment of specific purposes, and to charge or apportion expenses or losses to restricted or unrestricted funds as they may deem just and equitable;

(E) To select and employ suitable agents and attorneys, including investment managers to whom may be delegated such powers in managing and investing the funds of the corporation as the trustees may deem advisable, and the law may permit, and to pay their reasonable compensation and expenses;

(F) To adopt budgets and appropriate funds for programs, projects and activities of the corporation; and

(G) To pay all necessary expenses of administering the corporation, including the expenses of the trustees, out of the funds of the corporation, unless such funds are otherwise provided;

(4) To develop and initiate programs, projects, or activities of the corporation; to promote the corporation and disseminate information about it; to provide appropriate forms of recognition to individuals, Cairn Terrier clubs, and others who support the corporation; and to evaluate on a continuing basis all programs, projects and activities funded by the corporation and report to the CTCA Board annually concerning all awards and grants made by the corporation;

(5) To adopt, make and use a corporate seal and to alter the form of the seal from time to time as they may deem best;

(6) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities therefor;

(7) To carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage;

(8) To act as trustee under any trust incidental to the principal object of the corporation, and receive, hold, administer, exchange and expend funds and property subject to Such trust.

(c) Board's Ultimate Authority. No assignment, referral or delegation of authority by the Board or anyone else shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of the activities of the corporation and the Board shall retain the right to rescind any such delegation.

Section 4.02 Number, Term and Qualification of Trustees.

(a) Number. The number of directors of this corporation, who shall be designated by the name or title of "trustees," shall be nine (9), until changed by amendment of these Bylaws. At all times the authorized number of trustees shall be an odd number. In no event shall the term of a trustee be shortened by a reduction in the size of the Board.

(b) Election. The CTCA Board shall elect the trustees at the annual meeting of the sole member. Three (3) of the trustees shall be past or current members of the CTCA Board. Each trustee shall be a regular member, other than an honorary member, of CTCA. Three (3) of the trustees shall have had experience in fields in which this corporation supports programs, projects, and activities, and two (2) of the trustees shall have had experience in the field of finance.

(c) Terms. Trustees shall be elected for a term of three (3) years; provided, however, of those Trustees initially elected, three (3) shall have initial one-year terms; and three (3) shall have initial two-year terms. These initial one-year and two-year terms shall be apportioned among the trustees by lot at the first meeting of the Board. All initial terms shall commence at the first meeting of the Board. Each trustee shall hold office until the expiration of the term for which appointed and until a successor has been appointed and qualified.

(d) Qualifications. The following should be observed in the election of trustees: experience in group decision-making; demonstrated ability to be objective and deliberative in the approach to complex multi-dimensional problems; willingness to contribute time and effort to the affairs of the corporation; willingness to abide by resolutions dealing with conflict of interest; and a geographic representation should be considered to the extent it is practical to do so.

Section 4.03 Resignation and Removal. Subject to the provisions of Section 5226 of the California Nonprofit Public Benefit

Corporation Law, any trustee may resign effective upon giving written notice to the chairman, the executive director or the Board, 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 before such time, to take office when the resignation becomes effective. Any trustee who fails to satisfy the qualifications set forth in Section 4.02(b) above shall forfeit his or her office at the time of such failure, and no further action by the CTCA Board or the remaining trustees shall be necessary to effect such forfeiture. A trustee whose office is forfeited pursuant to this Section 4.03 shall be replaced in accordance with Section 4.04 below. For good and sufficient cause, and upon notice to all the trustees and the trustee concerned (who shall be given an opportunity to be heard), a trustee may be removed by the three-fourths (3/4) vote of the governors of CTCA, whose decision shall be final.

Section 4.04 Vacancies.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall be deemed to exist in the case of the death, resignation or removal of any trustee or if the authorized number of trustees is increased. The Board may declare vacant the office of a trustee who has been absent from three (3) or more consecutive meetings without having been excused by resolution, or has been declared of unsound mind by a final order of court, or convicted of a felony, or found by a final order or judgment of any court to have breached any duty arising under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law.

(b) Filling Vacancies. Vacancies on the Board shall be filled in the same manner as the trustee whose office is vacant was elected. Each trustee so elected shall hold office until the expiration of the term of the replaced trustee and until a successor has been appointed and qualified.

Section 4.05 Place of Meetings. Meetings of the Board may be held at the principal office of the corporation or at any other place within or without the United States of America which has been designated in the notice of the meeting or, if there is no notice, from time to time by resolution of the Board.

Section 4.06 Annual Meetings. The Board shall hold an annual meeting between September 1 and November 30 of each year for the purpose of organization, selection of officers, and the transaction of other business.

Section 4.07 Regular Meetings. Regular meetings of the Board, including the annual meeting, shall be held without call or notice on such dates and at such times and places as may be from time to time fixed by the Board.

Special Meeting.

(a) Authority to Call. Special meetings of the Board for any purpose(s) may be called at any time by the chairman, the vice chairman, the executive director, if any, or any two trustees.

(b) Notice. Special meetings of the Board shall be held upon ten (10) days' notice by first-class mail or six (6) days' notice given personally or by telephone, telegraph, telex or other similar means of communication. Any such notice shall be addressed or delivered to each trustee at the trustee's address as it is shown on the records of the corporation or as may have been given to the corporation by the trustee for purposes of notice or, if an address is not shown on the corporation's records or is not readily ascertainable, at the place at which the meetings of the trustees are regularly held.

(c) Manner of Giving Notice. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the recipient.

(d) Contents of Notice. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the corporation. The notice need not specify the purpose of the meeting.

Section 4.09 Quorum. A majority of the trustees then in office (excluding non-voting trustees, if any) shall constitute a quorum for the transaction of business, except to adjourn. Except as provided in Article 12, every action taken or decision made by a majority of the trustees present at a duly held meeting at which a quorum is present is an act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of trustees, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting. Trustees may not vote by proxy.

Section 4.10 Participation in Meetings by Conference Telephone. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting pursuant to this section constitutes

presence in person at such meeting.

Section 4.11 Waiver of Notice. Notice of a meeting need not be given to any trustee who signs a waiver of notice, 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 notice to such trustee prior thereto or at its commencement. Till such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 4.12 Adjournment. A majority of the trustees present, whether or not a quorum is present, may adjourn any trustees' meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given, before the time of the adjourned meeting, to the trustees who were not present at the time of the adjournment.

Section 4.13 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent(s) shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 4.14 Rights of Inspection. Every trustee 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.

Section 4.15 Fees and Compensation. Trustees shall not receive any compensation for their services; however, the Board may approve the reimbursement of a trustee's actual and necessary expenses incurred in the conduct of the corporation's business. The corporation may carry liability insurance respecting the conduct of the corporation's business by the trustees.

Section 4.16 Restriction on Interested Trustees. Not more than forty-nine percent (49%) of the persons serving on the Board at any time may be interested persons. An interested person is (a) any person being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise; 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 any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 4.17

Standard of Care.

(a) Prudent Trustee. A trustee shall perform the duties of a trustee, including duties as a member of any committee of the Board on which the trustee may serve, in good faith, in a manner such trustee believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

(b) Reasonable Reliance. In performing the duties of a trustee, a trustee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) Corporate Officers or Employees. One or more of officers or employees of the corporation whom the trustee believes to be reliable and competent in the matters presented;

(2) Professionals. Legal counsel, independent accountants or other persons as to matters which the trustee believes to be within such person's professional or expert competence; or

(3) Board Committee. A committee of the Board upon which the trustee does not serve, as to matters within its designated authority, which committee the trustee believes to merit confidence, so long as in any such case, the trustee 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.

(c) Investments. Except with respect to assets which are directly related to the corporation's charitable programs, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital.

ARTICLE 5

COMMITTEES

Section 5.01 Board Committees. The Board may, by resolution, create one or more standing or ad hoc committees, each consisting of at least three (3) trustees, and no persons who are not trustees, to serve at the pleasure of the Board. Appointments to such Board committees shall be by majority vote of the trustees then in office, and the chairman of such Board committees shall be appointed by the chairman.

Unless otherwise provided in these Bylaws or by the laws of the State of California, each Board committee shall have all of the authority of the Board to the extent delegated by the Board, except that no Board committee, regardless of Board resolution, may:

(a) Vacancies. Fill vacancies on the Board of Trustees or on any committee which has the authority of the Board;

(b) Compensation. Fix compensation of trustees for serving on the Board or any committee;

(c) Bylaws. Amend or repeal Bylaws or adopt new Bylaws;

(d) Board Resolutions. Amend or repeal any resolution of the Board of Trustees which by its express terms is not so amendable or repealable;

(e) Committees. Appoint any other committees of the Board or the members of Board committees.

(f) Corporate Funds. Expend corporate funds to support a nominee or applicant for trustee.

(g) Self-Dealing. Approve any self-dealing transaction with respect to any assets held in charitable trust.

(h) Member's Approval. Take any final action on any matter that, under the California Nonprofit Public Benefit Corporation Law, also requires approval of the sole member.

Section 5.02 Meetings and Action of Board Committees. Meetings and actions of Board committees shall be governed by, and held and taken in accordance with, the provisions of Article 4 of these Bylaws, concerning meetings of the Board, with such changes in the context of those provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time of regular meetings of the committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of Board committees shall also be given to any and all alternate members who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any Board committee not inconsistent with the provisions of these Bylaws.

Section 5.03 Executive Committee. The Executive Committee is a Board committee composed of the officers. When the Board is not in session, the Executive Committee shall have the power and authority of the Board to transact all regular business of the corporation, subject to any prior limitation imposed by law, the Board or these Bylaws. The

Executive Committee shall report to the next Board meeting all actions taken.

Section 5.04 Standing Board Committees. Unless otherwise provided by majority vote of the trustees at the annual meeting or other meeting of the Board, the corporation shall have, in addition to the Executive Committee, a finance committee, a programs committee, and a development committee. Each such committee shall have such membership and duties as may be established by the trustees from time to time, and shall have and exercise the authority of the Board to the extent delegated by the Board, consistent with Section 5.01 above.

Section 5.05 Advisory Committees.

(a) Creation. The chairman, subject to the limitations imposed by the Board, or the Board itself may create advisory committees, either standing or special, to serve the Board which do not have the powers of the Board. The chairman, with the approval of the Board, shall appoint members to serve on such advisory committees, and shall designate committee chairmen. If a trustee is or a committee, he or she may be the chairman. Each member of an advisory committee shall continue as such until the next annual election of officers and until his or her successor is appointed, unless the member shall sooner resign or be removed from the advisory committee.

(b) Meetings: Notice: Voting: Minutes. Meetings of an advisory committee may be called by the chairman, the chairman of the committee or a majority of the committee's voting members. Each advisory committee shall meet as often as is necessary to perform its duties. Notice of a meeting of a committee may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting. A majority of the voting members of an advisory committee shall constitute a quorum for the transaction of business at any meeting of the committee. Each advisory committee may keep minutes of its proceedings and shall report periodically to the Board. An advisory committee may take action by majority vote.

(c) Resignation and Removal. Any member of an advisory committee may resign at any time by giving written notice to the chairman of the committee or to the chairman. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect upon the date of receipt or at any later time specified in the notice. The chairman may, with prior approval of the Board, remove any appointed member of an advisory committee.

(d) Vacancies. A vacancy in any advisory committee or any increase in the membership thereof shall be filled for the unexpired portion of the term by the chairman with approval of the Board.

ARTICLE 6

SELF-DEALING TRANSACTIONS

Section 6.01 Definition. Self-dealing transaction means a transaction to which the corporation is a party and in which one or more of the trustees ("interested trustees") has a material financial interest, except that the following will not be deemed a self-dealing transaction, but are subject to the general standard of care by the Board:

(a) Compensation. An action by the Board in fixing compensation of a trustee as a trustee or officer;

Public or Charitable Programs. A transaction which is part of a public or charitable program of the corporation if the transaction is (1) approved or authorized by the corporation in good faith and without justified favoritism, and (2) results in a benefit to one or more trustees or their families because they are in a class of persons intended to be benefited by the program;

(c) Minor Transactions Without Actual Knowledge. A transaction of which the interested trustee or trustees have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the gross receipts of the corporation for a fiscal year or One Hundred Thousand Dollars (\$100,000).

Section 6.02 Action of the Board. If a transaction is thought to be a self-dealing transaction, the interested trustee has the burden of showing the following to sustain the validity of the transaction:

(a) Prior Authorization. That prior to consummating the transaction or any part thereof the Board authorized or approved the transaction in good faith by vote of a majority of the trustees then in office without counting the vote of the interested trustee or trustees and with knowledge of the material facts concerning the transaction and the trustee's interest in it. Except as provided in Section 6.04, action by a committee of the Board will not satisfy this requirement.

(b) No More Advantageous Arrangement. That either:

(1) Prior to authorizing or approving the transaction, the Board considered and in good faith determined after reasonable investigation under the circumstances that the corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

(2) The corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

(c) Benefit to Corporation. That the corporation entered into the transaction for its own benefit.

(d) Fairness and Reasonableness. That the transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction.

Section 6.03 Interested Trustee's Vote. In determining whether the Board has validly met to authorize or approve a self-dealing transaction, interested trustees may be counted in determining the presence of a quorum, but an interested trustee's vote cannot count toward the required majority for such authorization, approval or ratification.

Section 6.04 Committee Approval. A Board committee may approve a self-dealing transaction in a manner consistent with the standards prescribed for approval by the Board if it was not reasonably practical to obtain approval of the Board prior to entering into the transaction and the Board determines in good faith that the committee met the same requirements the Board would have had to meet in approving the transaction and the Board ratifies the transaction at its next meeting by vote of a majority of the trustees then in of dice without counting the vote of the interested trustee or trustees.

Section 6.05 Prior Approval by the Attorney General. Remedies specified in the California Nonprofit Public Benefit Corporation Law for an improper self-dealing transaction are not available if the Attorney General of the State of California approves the transaction before its consummation. The corporation may seek the approval of the Attorney General by application setting forth all relevant and material facts.

Section 6.06 Persons Liable and Extent of Liability. If a self-dealing transaction has not been approved as provided above, the interested trustee or trustees may be required to do such things and pay such damages as in the discretion of a court will provide an equitable and fair remedy to the corporation, taking into account any benefit received by it and whether the interested trustee or trustees acted in good faith and with the intent to further the best interests of the corporation.

Section 6.07 Statute of Limitations. An action to remedy an improper self-dealing transaction, brought by a proper party as defined by Section 5233 (c) of the California Nonprofit Corporation Code to remedy an improper self-dealing transaction, must be commenced either:

(a) Two Years. Within two (2) years after written notice setting forth the material facts of the transaction was filed with the Attorney General in accordance with the Attorney General's regulations; or

(b) Three Years. If no such notice is filed, within three (3) years after the transaction occurred; or

(c) Ten Years. If no such notice is filed, and the Attorney General is bringing the action, within ten (10) years after the transaction occurred.

Section 6.08 Corporate Loans and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any trustee or of officer, unless approved by the Attorney General; provided, however, that the corporation may advance money to a trustee or officer of the corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or trustee, provided that in the absence of such advance, such trustee or officer would be entitled to be reimbursed for such expenses by the corporation or any subsidiary.

OFFICERS

Section 7.01 Officers. The officers of the corporation shall be a chairman, vice chairman, secretary, and a chief financial officer (treasurer). The corporation may also have, at the discretion of the Board, an executive director, who shall act as the secretary and chief financial officer (treasurer). The corporation may also have, at the discretion of the executive director, if any, a deputy executive director. All of officers except the executive director, if any, deputy executive director, if any, or those elected or appointed under Section 7.03, must be trustees. Any number of offices may be held by the same person, except that neither the executive director, if any, nor the deputy executive director, if any, may serve concurrently as the chairman.

Section 7.02 Election. The officers of the corporation, except the executive director, if any, the deputy executive director, if any, and such officers as may be elected or appointed in accordance with the provisions of Section 7.03 or Section 7.07, shall be chosen at the annual meeting by and shall serve at the pleasure of the Board, and shall hold their respective offices until their resignation, removal or other disqualification from service, or until their respective successors shall be elected, subject to the rights, if any, of any officer under any contract of employment. The executive director, if any, shall be elected by the CTCA Board, and may be the same

individual who is the general secretary of CTCA. The executive director shall appoint the deputy executive director with the concurrence of the trustees and the CTCA Board.

Section 7.03 Other Officers. The Board may elect, and may empower the chairman to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 7.04 Compensation. The chairman and vice chairman shall serve without compensation. The compensation, if any, of the executive director, if any, and the deputy executive director, if any, shall be fixed by the CTCA Board.

Section 7.05 Removal. Any officer may be removed, either with or without cause, by the Board at any time or, except in the case of an officer chosen by the Board or by the CTCA Board, by any officer upon whom such power of removal may be conferred by the Board. Any such removal shall be without prejudice to the rights, if any, of an officer under any contract of employment. The executive director, if any, may be removed by the CTCA Board, and the deputy executive director, if any, may be removed by the executive director or the CTCA Board.

Section 7.06 Resignation. Any officer may resign at any time by giving written notice to the Board, but without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.07 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 7.08 Chairman. The chairman is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the corporation. The chairman shall preside at all meetings of the Board. The chairman has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed from time to time by the Board or these Bylaws. The chairman shall be an ex officio member of each Board committee, voting only in the event of a tie.

Section 7.09 Vice Chairman. In the absence or disability of the chairman, the vice chairman shall perform all the duties of the chairman and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the chairman. The vice chairman shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of these Bylaws.

Section 7.10 Executive Director. If the Board determines the corporation should have an executive director, then the executive director shall be the chief operating officer of the corporation and shall carry out the duties of the secretary and chief financial officer (treasurer) set forth in Sections 7.12 and 7.13 below, respectively, under the supervision of the chairman and the control of the trustees. The authority and responsibilities of the executive director, if any, shall include, but not necessarily be limited to, the following:

(a) The executive director shall advise the trustees concerning long-range goals of the corporation, give leadership to the development of new programs and planned giving contributions to the corporation's endowment, supervise planning and research leading to the formulation of policy by the trustees, and supervise the performance of the deputy executive director.

(b) The executive director may, with the approval of the chairman, open bank accounts as needed and arrange for all necessary banking services on the investments of the corporation;

(c) The executive director and the deputy executive director or any administrative assistant designated for that purpose by the executive director, or any two of the foregoing individuals, shall sign checks, drafts, notes, bills of exchange and orders affecting all bank accounts of the corporation; transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, evidences of indebtedness or other securities now or hereafter standing in the name, of or owned by the corporation; and make, execute and deliver any and all written instruments of assignment and transfer necessary or proper to perform the foregoing; and

(d) The executive director, or the deputy executive director, or any administrative assistant designated for that purpose by the trustees, shall have the power to accept and execute any gift annuity agreement, pooled income fund agreement, or charitable remainder trust, and to execute other written instruments necessary or proper to effectuate a transfer or assignment of property pursuant to such agreement or trust.

Section 7.11 Deputy Executive Director. If the executive director determines the corporation should have a deputy executive

director, then the deputy executive director shall act for the executive director when he or she may for any reason be unable to act or when designated to do so by the executive director. The deputy executive director does not automatically succeed to the position of executive director if a vacancy in that office occurs.

Section 7.12 Secretary.

(a) Book of Minutes and Seal. The secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings, proceedings, and actions of the Board, of Board committees, and of the sole member's meetings, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, and the names of those present at Board and Board committee meetings, and at meetings of the sole member. The secretary shall keep, or cause to be kept, at the principal office, the original or a copy of the corporation's Articles and Bylaws, as amended to date. The secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument.

(b) Notices and Other Duties. The secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, and shall distribute the minutes of meetings of the Board to all trustees promptly after the meetings. The secretary shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the treasurer. In general, the secretary shall have such other powers and perform such other duties as may be prescribed from time to time by the Board or these Bylaws.

Section 7.13 Chief Financial Officer (Treasurer).

(a) Books of Account. The chief financial officer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts and disbursements. The chief financial officer shall send or cause to be given to the sole member and trustees such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books of account shall at all reasonable times be open to inspection by any trustee.

(b) Deposit and Disbursement of Money and Valuables. The chief financial officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated from time to time by the Board.

The chief financial officer shall disburse the funds of the corporation as may be ordered by the Board, and shall render to the chairman and trustees, upon request, an account of all transactions as chief financial officer and of the financial condition of the corporation. The chief financial officer shall present to the Board at all regular meetings an operating statement and report since the last preceding regular meeting of the Board. The chief financial officer shall cause the books of account to be audited or reviewed each year by a certified public accountant and a report of such audit or review shall be presented to the Board not later than the fourth month following the close of the fiscal year. The chief financial officer shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.

(c) Bond. If required by the Board, the chief financial officer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession of or under the control of the chief financial officer on his or her death, resignation, retirement, or removal from office.

ARTICLE 8

INDEMNIFICATION AND INSURANCE

Section 8.01 Indemnification. The corporation shall, to the maximum extent permitted by the California Nonprofit Public Benefit Corporation Law as in effect at the time of adoption of these Bylaws or as amended from time to time, and in accordance with that law, indemnify each of its agents against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact any such person is or was an agent of the corporation. For purposes of this section, an "agent" of the corporation includes any person who is or was a trustee, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as an officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 8.02 Insurance. The corporation may purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability under provisions of this Article, except for insurance to indemnify any agent of the corporation for a violation of Section

5233 of the California Nonprofit Corporation Law (self-dealing transactions).

ARTICLE 9

RECORDS AND REPORTS

Section 9.01 Maintenance of Corporate Records. The corporation shall keep:

(a) Books and Records. Adequate and correct books and records of account; and

(b) Written Minutes. Written minutes of the proceedings of the sole member, the Board and committees of the Board.

Section 9.02 Member's Inspection Rights.

(a) Accounting Records and Minutes. On written demand on the corporation, the sole member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the sole member, the Board, and committees of the Board at any reasonable time for a purpose reasonably related to the members interest as the sole member. Any such inspection and copying may be made by the member's authorized agent or attorney. Any right of inspection extends to the records of any subsidiary of the corporation.

(b) Articles and Bylaws. The corporation shall keep at its principal office, or if its principal office is not in California, at its principal business office in this state, the original or a copy of the Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection by the member at all reasonable times during office hours. If the principal office of the corporation is outside California and the corporation has no principal business office in this state, the secretary shall, on the written request of the sole member, furnish to the sole member a copy of the Articles of Incorporation and Bylaws, as amended to date.

Section 9.03 Annual Report.

(a) Contents of Report. The Board shall cause an annual report to be sent to the member and the trustees within one hundred twenty (120) days after the end of the corporation's fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

(1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.

(2) The principal changes in assets and liabilities, including trust funds.

(3) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes.

(4) The expenses or disbursements of the corporation for both general and restricted purposes.

(5) Any information required by Section 9.04 of these Bylaws.

(b) Audited or Certified. 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.

(c) Annual Report Not Required. This requirement of an annual report shall not apply if the corporation receives less than Twenty-Five Thousand Dollars (\$25,000) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all trustees and to the member if it requests the information in writing.

Section 9.04 Annual Statement of Certain Transactions and Indemnifications. As part of the annual report to the member, or as a separate document if no annual report is issued, the corporation shall annually prepare and mail or deliver to the member and furnish to each trustee a statement of any transaction or indemnification of the following kinds within one hundred twenty (120) days after the end of the corporation's fiscal year:

(a) "Interested Person" Transactions. Any transaction (1) in which the corporation, its parent, or its subsidiary was a party, (2) in which an "interested person" had a direct or indirect material financial interest, and (3) which involved more than Fifty Thousand Dollars (\$50,000), or was one of a number of transactions with the same interested person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000). For this purpose, an "interested person" is either of the following:

(A) Any trustee or officer of the corporation, its parent, or subsidiary (but mere common trusteeship shall not be considered such an interest); or

(B) Any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

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

(b) Indemnifications. Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or trustee of the corporation under Section 8.01 of these Bylaws, unless that indemnification has already been approved by the sole member under Section 5238 (e) (2) of the California Corporations Code.

Section 9.05 Budget. The trustees shall adopt a budget for each fiscal year no later than the annual meeting of the preceding year.

Section 9.06 Periodic Financial Reports. The trustees shall periodically notify the CTCA Board of the status of the corporation's appropriations and also of the amount of money that may be available to further the purposes of the corporation.

ARTICLE 10

OTHER PROVISIONS

Section 10.01 Validity of Instruments. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the chairman or vice chairman and the secretary or treasurer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing of officers had no authority to execute the same. Any such instruments may be signed by any other person(s) and in such manner as from time to time shall be determined by the Board and, unless so authorized by these Bylaws or the Board, 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 for any purpose or amount.

Section 10.02 Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws. Words in these Bylaws shall be read as the masculine or feminine gender and as the singular or plural, as the context requires. The captions

and headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision.

Section 10.03 Authority to Vote Securities. The chairman or any other officer(s) authorized by the Board are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all voting securities of any other corporation(s) standing in the name of this corporation. The authority granted herein may be exercised either in person or by any person authorized to do so by proxy or by power of attorney executed by the chairman or authorized officer.

Section 10.04 Fiscal Year. The fiscal year of the corporation shall be set by the Board.

Section 10.05 Parliamentary Authority. Robert's Rules of Order, newly revised, shall be the parliamentary authority for all matters or procedures not specifically covered by these Bylaws, or by special rules of procedure adopted by the sole member of the corporation.

JOINT COMMITTEE WITH CTCA

Section 11.01 Membership and Term. As a means of maintaining mutual understanding and cooperation between the corporation and CTCA a joint committee of the trustees and of the governors of CTCA shall be established and maintained. The committee shall consist of three (3) governors of CTCA and three (3) trustees. The governors shall be appointed by the president of CTCA and the trustees shall be appointed by the chairman of this corporation. Members of the joint committee shall serve for one year terms and may be reappointed.

Section 11.02 Vacancies. The chairman of this corporation and the president of CTCA. Respectively, shall have the power to fill vacancies caused by the death, disability, resignation, removal, or failure of qualification of the members of the joint committee they appoint.

Section 11.03 Powers. The joint committee may consider matters of mutual interest to the trustees and the governors, and is authorized to make recommendations for the approval of the Board and the CTCA Board.

Section 11.04 Meeting. The joint committee shall meet at the joint call of the president of CTCA and the chairman of this corporation.

Section 11.05 Notice. Unless waived in writing, a written notice of the place, date and time of all joint committee meetings shall be mailed to each committee member at his or her residence or usual place of business at least thirty (30) days before the meeting date or given to him or her by personal deliver, telegraph, or telephone at least twenty (20) days before the meeting date. Attendance of a joint committee member at a meeting constitutes waiver of notice, except when he or she attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

Section 11.06 Quorum and Manner of Acting. A majority of both the trustees and the governors appointed to the joint committee shall constitute a quorum for the transaction of business at any meeting. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the joint committee. In the absence of a quorum, a majority of the members present may adjourn the meeting from time to time until a quorum is present. No notice of any adjourned meeting need be given.

ARTICLE 12

AMENDMENTS

Section 12.01 Amendments by the Board of Trustees. These Bylaws will be reviewed not less often than once every four (4) -years and documented as to date of review. New Bylaws may be adopted or these Bylaws may be amended or repealed by a majority vote of the Board, provided notice of such proposed amendment has been given to the Board at least seventy two (72) hours in advance of the vote, and subject to the approval of the CTCA Board. The foregoing notwithstanding, any provision requiring the supermajority vote of the Board of this corporation may not be amended without the requisite supermajority approval of the Board. Revisions to the Bylaws shall be effective upon their approval by the CTCA Board.

Section 12.02 Amendments by the Member. These Bylaws may be amended or repealed and new Bylaws adopted by the sole member.