

**AMENDED AND RESTATED BYLAWS FOR  
DOWNTOWN EL CAJON BUSINESS PARTNERS, INC.  
A CALIFORNIA NONPROFIT CORPORATION**

Bylaws  
Downtown El Cajon Business Partners, Inc.

**Article I**  
**PURPOSE**

1.1. Name

The name of the Corporation is the Downtown El Cajon Business Partners, Inc. (“Corporation”).

1.2. Principal Office

The principal office of the Corporation shall be located within the Downtown El Cajon Property-Based Improvement District (“PBID”) as depicted in Appendix A, attached hereto, in the City of El Cajon California. The principal office and additional offices may be located in such places as may be determined from time to time by the Board of Directors.

1.3. Purpose

The purpose of this corporation shall be to improve and promote the economic well- being of Downtown El Cajon through the operation of a management district and related activities.

1.4. Limitations

Notwithstanding any other provision of these Bylaws, the Corporation shall not, except to insubstantial degree, carry on or engage in any activities or exercise any powers that are not in furtherance of the purposes of the Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on by a corporation with a tax-exempt status under Section 501(c)(6) of the Internal Revenue Code of 1986 (or corresponding provisions of any future United States Internal Revenue Law).

**Article II**  
**MEMBERSHIP**

2.1. Classes of Membership

1. The Corporation shall have one class of members. Membership of the Corporation shall consist of the following categories:
  - a. Voting members are limited to PBID Assessment Members.
  - b. A PBID Assessment Member shall be a Stakeholder, as defined in this Article, paying an assessment.

2.2. Definitions

1. Stakeholder: Any person, trust, or entity owning commercial or income-generating property, or any other assessed entity within the downtown area in the City of El Cajon Property-Based Business Improvement District who pays a PBID Assessment.
2. PBID Assessment Membership:
  - a. PBID Assessment Members shall be subject to the boundaries and corresponding rates of assessment provided in Appendix B.
  - b. The Corporation serves as the Property Owners Association under Property and Business Improvement District Law of 1994 (PBID Law).
3. Large Influencer Business: A business that is physically located within the PBID district and has a direct and measurable impact on the economic vitality of the PBID district, as determined by:
  - a. Annual sales revenue greater than \$5M,
  - b. Customer attendance figures greater than 10,000 annually,
  - c. Employment numbers with 50+ full time employees in the district,
  - d. Generating substantial events and tourism.

The Board shall review and update the list of recognized Large Influencer Businesses annually.

4. Interested Person: Any director, principal officer, member of a committee with Board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified in Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, a defined below, is an interested person.
5. Financial Interest: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. any ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
  - b. a compensation agreement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
  - c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 11.3, a person who has a financial interest may have a conflict of interest only if the Board or committee decides that a conflict of interest exists.

### 2.3. PBID Assessment Membership

1. El Cajon Property-Based Business Improvement District boundaries and the corresponding rates of assessment are provided in Appendix B. Such boundaries and rates shall apply to PBID Assessment Members as defined in this Article. The Corporation serves as the Property Owners Association under Property and Business Improvement District Law of 1994 (“PBID Law”) (California Streets and Highways Code Section 36600 et seq.).
2. During PBID assessment renewal election years pursuant to PBID Law (California Streets and Highways Code Section 36600 et seq.), the Board of Directors may adopt a resolution proposing to alter, amend, or repeal Appendix B, which may include amendments to the assessment area boundaries and rates. Such amendments shall be approved as required under PBID Law and the California Constitution by the City of El Cajon and affected property owners through a property owner ballot process. The Board of Directors shall approve such proposed amendments no later than March 1 of the election year.
3. The City of El Cajon shall have the authority to adjust the rates of assessment of PBID Assessments within the limits provided in Appendix B in any year. In the event of such an adjustment, the Corporation shall notify all PBID Assessment Members by mail of the adjustment at least 180 days prior to effectiveness. Such notice shall be considered delivered to a member when deposited in the United States Postal Service in El Cajon, California, first class postage paid, addressed to the last address of that member as such address appears upon the records of the Corporation.
4. Each property owner in the El Cajon Property-Based Business Improvement District who pays a PBID assessment shall have a PBID Assessment Membership.

### 2.4. Rights of Membership

1. Members in good standing, excluding inactive members, shall have the right to vote, as set forth in these Bylaws, on the election of directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, on amendments to these Bylaws as provided in Article XIII, and on any election to dissolve the Corporation.
2. Each member in good standing, excluding inactive members, shall be entitled to vote at the annual meeting of the Corporation, and in other meetings as provided by these

Bylaws or the Board of Directors. Each member shall have one (1) vote for each One hundred dollars (\$100) of PBID assessment paid.

3. Members, excluding inactive members, shall have rights afforded members under the California Nonprofit Mutual Benefit Corporation Law.
4. No membership or right arising from membership shall be transferred except upon transfer of the real property located within the El Cajon Property-Based Business Improvement District.

2.5. Termination

1. Upon the completion of a sale or transfer of real property within the El Cajon Property-Based Business Improvement District, any and all rights to membership in the Corporation shall transfer to the new owner.
2. Any member whose assessment are ninety (90) days or more delinquent shall be an inactive member. An inactive member shall have no rights as a member until all delinquent dues have been paid.

**Article III  
BOARD OF DIRECTORS**

3.1. Duties

1. Subject to the limitations of these Bylaws, the Articles of Incorporation, and the laws of California, the affairs of the Corporation shall be managed, and all corporate powers shall be exercised by, or under the direction of, the Board of Directors (herein also "the Board"). Regular attendance at Board meetings is expected of all directors.

3.2. Composition and Qualifications

1. The Board shall consist of exactly nine (9) Directors.
2. The Board shall be composed as follows:
  - a. Six (6) Directors shall be PBID Assessment Members who are property owners within the PBID district.
  - b. One (1) Director shall be a designee from the City of El Cajon, appointed by the Assistant City Manager, and shall not be an elected official of the City of El Cajon.

- c. One (1) Director shall be a designee from the County of San Diego, appointed by the County Administrative Officer, and shall not be an elected official of the County of San Diego.
  - d. One (1) Director shall be from the Large Influencer Business category, as defined in Article II, Section 2.2.1. and shall be appointed by the Board of Directors.
- 3. The Large Influencer Business Director shall be limited to executives or senior decision-makers of businesses located and operating within the PBID district that meet at least one (1) of the following criteria:
  - a. Annual sales revenue greater than \$5M,
  - b. Customer attendance figures greater than 10,000 annually,
  - c. Employment numbers with 50+ full time employees in the district,
  - d. Generating substantial events and tourism.
- 4. Removal Process for Government Designees: The City of El Cajon and the County of San Diego may replace their designated Board members at any time. Additionally, the Board may petition the appointing agency for replacement if the designee fails to attend three (3) consecutive meetings or is deemed unable to fulfill their duties.

### 3.3. Economic and Property Value Growth Requirement

- 1. All Large Influence Business Directors must demonstrate a direct and ongoing contribution to economic development and property value growth in the PBID district, which may include:
  - a. A history of increasing sales tax revenue within the district,
  - b. Hosting events that attract significant foot traffic to local businesses within the PBID district,
  - c. Providing long-term employment in the District, or
  - d. Entering into formal partnerships with property owners to drive investment in the downtown area, or
  - e. Significant investments in the property.
- 2. Conflict of Interest Clause: The Large Influencer Business Director shall not engage in contractual agreements with the PBID for personal financial gain during their term. If the business they represent enters into such an agreement, they must recuse themselves from relevant discussions and voting.

### 3.4. Election of Directors

- 1. The initial Board of Directors shall be selected by the City Council of the City of El Cajon at a public meeting. The City of El Cajon shall designate the initial terms of the of the Directors who are not governmental member directors, 3 directors with three-year terms, 2 directors with two-year terms and 2 directors with one year term. Governmental

member directors shall serve without limitation until replaced by their representative governmental agency.

2. The Board of Directors shall adopt and, as necessary, amend, procedures for elections to the Board of Directors no later than September 30 of the election year.
3. Election Timing and Process: Elections for Board members shall be held annually via mail-in ballot. Voting shall be conducted by mailed ballots sent to all PBID Assessment Members, and results shall be determined by a simple majority vote, weighted in accordance with Article II, Section 2.4(b).
4. Nomination Process:
  - a. The Board shall issue a call for nominations at least 60 days before the election date.
  - b. Eligible members may self-nominate or be nominated by another PBID Assessment Member.
  - c. The final list of candidates shall be reviewed and approved by the Business Vetting Committee to ensure eligibility prior to the election.
5. Voting Eligibility: Only PBID Assessment Members in good standing shall be eligible to vote in elections. Each PBID Assessment Member's vote shall be weighted according to the assessment structure outlined in Article II, Section 2.4(b).
6. Voting Process will be done by an Election Committee. No director eligible for reelection in that year may serve on the Election Committee. The Election Committee shall have the following duties:
  - a. Meet and establish a Calendar, including key dates, letters of notification, and the format of the ballot.
  - b. Send a public notice and post on the Corporation website that those qualified to vote should receive a ballot and, if it is not received, to communicate with the office of the Corporation.
  - c. Solicit recommended nominees from self-nominations, Board members eligible for re-election, members of the Corporation, and other reliable sources. The Election Committee shall verify the eligibility of each recommended nominee as well as the nominee's interest in and commitment to serving as a director if elected.
  - d. Report to Chairperson the names of recommended nominees deemed eligible to serve as directors and submitted for the ballot as candidates.
  - e. Mail ballots to voting members of the Corporation.
  - f. Tally the returned ballots and report the results to the Board Chairperson.
7. Tied Elections: In the event of a tie, the existing Board shall vote to determine the winner.

8. The Election Committee shall submit its findings to the full Board for approval. The Board must vote by a two-thirds (2/3) majority to approve any Non-Member Director from the Large Influencer Business category.
9. The Board Chairperson shall notify the Board of Directors of the election results at the earliest meeting of the Board after the election is concluded. The Chairperson shall also, in a timely manner, notify the candidates of the results or designate another director to notify the candidates of the results.
10. The Secretary of the Corporation shall keep the tallied ballots at the Corporation's principal office for thirty (30) days after the Board is notified of the election results. Upon conclusion of this period, the Secretary shall destroy the ballots.

### 3.5. Vacancies

1. A vacancy or vacancies in the Board shall be deemed to exist on the occurrence of any of the following:
  - a. The death, resignation, or removal of any director pursuant to this Article.
  - b. An increase in the authorized number of directors.
  - c. The failure of the members, at any meeting of members at which any director or directors are to be elected, to elect the number of directors required to fill all positions on the Board.
2. Except for a governmental member director, any vacancy occurring in the Board must be filled by a vote of the Board. A vacancy in the office of a governmental member director shall be filled in the manner of appointment of such director as set forth in section 3.2.2(b, c).
3. If a Large Influencer Business Director seat becomes vacant, the Board shall appoint a replacement from the previously approved list of Large Influencer Businesses for the remainder of the term. If no such candidate is available, a new nomination process shall occur.

### 3.6. Terms

1. Except as otherwise specified in Appendix B, directors shall be elected as follows:
  - a. Large Influencer Business Directors shall be appointed by the Board to a term of one (1) year each.
  - b. The PBID Assessment Directors shall be elected to terms of three (3) years each, except during the initial election. The terms of directors shall be staggered so that approximately equal numbers of directors are elected each year.
  - c. No reduction of the authorized number of directors shall have the effect of removing any director before the director's term of office expires.



### 3.7. Compensation and Interest in Assets

1. Directors shall not receive compensation for their services as members of the Board. Nothing herein shall be construed to preclude any director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor or from receiving reimbursement for reasonable expenses, as may be fixed or determined by resolution of the Board.
2. No director shall possess any property right in or to the property of the Corporation. In the event of the Corporation's dissolution and winding up, the directors shall dispose of property in accordance with the provisions of Article IX.

### 3.8. Manner of Action

1. Action by the Board shall be by a majority of the directors present at a meeting duly held at which a quorum has been established, pursuant to Article VI, unless a greater number is required by law or other provision of these Bylaws.
2. Any action required or permitted to be taken by the Board of Directors under any provision of law may be taken without a meeting, if two-thirds of all members of the Board shall individually or collectively consent in writing to such action. For the purposes of this Section only, "all members of the Board" shall not include any "interested director" as defined in the California Nonprofit Corporation Law. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of the directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board of directors without a meeting and that the bylaws of the Corporation authorize the directors to so act, and such statement shall be prima facie evidence of such authority. Written consent via electronic communication shall have the same force and effect as consent provided through other written means.

### 3.9. Termination

1. Any of the following shall result in the removal of a director:
  - a. The death of a director.
  - b. Resignation by written notice to the Chairperson, the Secretary, or the Board, effective upon receipt unless the notice specifies a later time for the resignation to become effective.
  - c. Resolution of the Board of a vacancy of the office of a director who has been declared of unsound mind by an order of court, or convicted of a felony, or found by final

order judgment of any court to have breached a duty under the California Nonprofit Corporation Law.

- d. Failure by a director to attend three consecutive regular meetings of the Board

## **Article IV OFFICERS**

### 4.1 Duties

1. The principal officers of the Corporation, and their duties, shall be as follows and as may be additionally prescribed by the Board:
  - a. The Chairperson shall preside over meetings and provide leadership, but the Board, as a whole, shall oversee the activities and performance of the President and CEO, ensuring alignment with PBID objectives.
  - b. The Vice Chair shall serve as the Chair-elect and shall assume the office of the Chair for the succeeding year. The Vice Chair shall perform the duties and exercise the powers of the Chair during the absence or disability of the Chair or in the event of the Chair's resignation. The Vice Chair shall perform such other duties as the Chair may assign.
  - c. The Secretary shall keep, or cause to be kept at the principal office, those records identified in Article X.
  - d. The Treasurer shall:
    - i. Review, or cause to be maintained, adequate and correct books and accounts for the properties and transactions of the Corporation. The books of account shall be open to inspection by any director or person appointed by the Board of Directors at all reasonable times.
    - ii. Review and approve all disbursements of funds of the Corporation as maybe ordered by the Board, shall review all deposits of money and other valuables in the name and to the credit of the Corporation as may be designated by the Board, and shall have other powers and perform such other duties as may be described by the Board or these Bylaws.
    - iii. Report on the financial condition of the Corporation at meetings of the Board of Directors and at other times when called upon by the Chairperson.
  - e. One person may hold two or more offices, except those of Chairperson and Treasurer, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two or more officers.

#### 4.2 Qualification, Election and Terms

1. The Board of Directors, at a regular or special meeting held not more than thirty (30) days before the annual meeting, shall elect the officers identified in this section. These officers shall take office at the first meeting of the Board of Directors following their election.
2. The term for each officer shall be one year. Officers may be re-elected as long as they remain in good standing as Corporation members and directors.
3. Any vacancy occurring in an office shall be filled by appointment of a majority of the remaining directors. An officer appointed to fill a vacancy shall hold office during the unexpired term of his or her predecessor in office and until his or her successor is elected.
4. Each Officer shall be a PBID Assessment Member and a director of the Corporation.

#### 4.3. Termination

1. Any of the following shall result in the removal of an officer:
  - a. Death, resignation, or removal from the Board of Directors as described in Article III.
  - b. Resignation by written notice to the Chairperson, the Secretary, or the Board, effective upon receipt unless the notice specifies a later time for the resignation to become effective.
  - c. Removal, with or without cause, by the Board of Directors.

### **Article V MANAGEMENT**

#### 5.1. Staff

1. Upon recommendation from the Chairman, the Board of Directors may appoint or terminate a President and Chief Executive Officer (CEO).
2. The responsibility of the President and CEO shall include:
  - a. The conduct of official Corporation business.
  - b. Preservation of documents.
  - c. Official communications.
  - d. Maintenance of financial records and accounts.

- e. Preparation and presentation to the Board of financial statements.
  - f. Accurate record of Board of Directors meetings and Committee meetings.
  - g. Hiring, supervision, and review of all Corporation personnel.
  - h. Development and implementation of programs and projects.
  - i. Such other complementary duties as maybe required by the Board of Directors in furtherance of the Corporation's mission.
3. The Board of Directors shall be responsible for evaluating the performance of the President and CEO on an annual basis.

## 5.2. Procurement of Goods and Services

1. Upon recommendation from the Board of Directors the President and CEO may contract with an organization to conduct and perform the administrative, management and other responsibilities of the corporation.
2. Unless prohibited by the funding source, the Corporation shall make every effort to purchase products and services from businesses based in El Cajon and, where possible, in Downtown El Cajon. It shall not be deemed a conflict of interest for the Corporation if a contracting business is a member of the Corporation or the Corporation's Board of Directors. Directors shall consult Article XI for guidance on avoiding personal conflicts of interest.
3. Unless prohibited by the funding source, whenever bids are received for goods or services, a 5% preference shall be applied to bids received from vendors located within El Cajon Property-Based Business Improvement District.
4. Subject to budget allowance or other resolution of the Board, the President and CEO shall have discretion to purchase and contract for goods and services valued at less than \$2,500.
5. Subject to budget allowance or other resolution of the Board, for goods and services valued at \$2,500 or more, but less than \$10,000, the President and CEO shall have discretion to purchase or contract for such goods or services after soliciting three (3) bids. The President and CEO may solicit bids for goods or services valued at less than \$2,500 at his or her discretion.
6. For goods and services valued at \$10,000 or more, the Board shall issue a Request for Proposals (RFP) and solicit at least three (3) responses. Subject to budget allowance or other resolution of the Board, the President and CEO may issue an RFP for goods or services valued at less than \$10,000 at his or her discretion.

7. In cases where an immediate need arises, the Board may approve expenditures without a formal bidding process, provided a two-thirds (2/3) majority votes to declare an emergency.

## **Article VI MEETINGS**

### 6.1. Regular Board of Directors Meetings

The Board of Directors shall meet at least six times per year, at the call of the Chairperson of the Board and at a location designated by the Chairperson within the assessment area identified in Appendix I.

### 6.2. Special Meetings

1. A special meeting of the Board of Directors, for any purpose of purposes, may be called by the President and CEO, the Chairperson of the Board, or by any five directors.
2. A special meeting of the members of the Corporation may be called by the Board of Directors when deemed necessary.

### 6.3. Annual Meetings

A meeting of the members shall be held annually at time, date, and location approved by the Board of Directors. An annual report, as defined in Article X, shall be presented at the annual meeting.

### 6.4. Notice of Meetings

1. Written notice of the annual meeting of members shall be mailed to each member at least 30 days prior to the meeting.
2. All notices to Directors shall be given or sent to each Director's mailing address, email address or telephone number as shown on the records of the Corporation.
3. Notice by mail shall be considered as delivered to a member when deposited in the United States Postal Service at El Cajon, California, first-class postage paid, addressed to the last address of that member as such address appears upon the records of the Corporation.

4. An affidavit of the mailing of any notice of any meeting of members, or of the giving of such notice by other means, may be executed by the Secretary, or any transfer agent of the Corporation, and if so executed, shall be filed and maintained in the Corporation's minute book.

6.5. Quorum

1. A majority of the voting Directors shall constitute a quorum.
2. The directors may continue to transact business during a meeting at which a quorum is initially present, notwithstanding the withdrawal of directors, if any action is approved by at least a majority of the required quorum for that meeting.

6.6. Remote Participation

Directors may participate in meetings of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at such meeting.

**Article VII  
COMMITTEES**

7.1. Committees

The Chairperson, with the advice and consent of the Board of Directors, shall be empowered to appoint such committees and task forces as are deemed necessary to achieve the objectives of the Corporation.

**Article VIII  
BUDGET**

8.1. Fiscal Year

The fiscal year of the Corporation shall be from July 1 through June 30.

8.2. Budget Adoption

The Corporation's management shall prepare a budget of anticipated revenues and expenditures for the ensuing fiscal year. The Board of Directors shall review and adopt the budget before the end of the fiscal year. The adopted budget shall then be submitted to the City Council of El Cajon for review and alignment with PBID priorities.

## **Article IX LEGAL AND FINANCIAL POLICIES**

### 9.1. Profits

The Corporation is not organized, nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits, or dividends of its members and is organized solely for nonprofit purposes. No part of the profits or net income of the Corporation shall ever inure to the benefit of any director, officer, or member thereof or to any individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions consistent with these Bylaws.

### 9.2. Debt

Except as prohibited by the City of El Cajon, the Board of Directors shall have full power and authority to borrow money whenever in the discretion of the Board the exercise of such power is required in the general interest of the Corporation, and in such cases the Board of Directors may authorize the proper officers of the Corporation to make, execute and deliver in the name and on behalf of the Corporation such notes, bonds, and other evidence of indebtedness as the Board shall deem proper, and the Board shall have full power to mortgage the property of the Corporation or any part thereof as security for such indebtedness, and no action on the part of members of the Corporation shall be requisite to the validity of any such note, bond, evidence of indebtedness or mortgage.

Notwithstanding the foregoing, the Board of Directors shall have no power or authority to pledge any PBID Assessments except for the repayment of any loan or other obligation from the City of El Cajon.

### 9.3. Execution of Instrument, Deposits, and Funds

1. The Board of Directors, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized under these Bylaws or by resolution of 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 monetarily for any purpose or in any amount.

2. Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Treasurer and countersigned by the President and CEO of the Corporation.
3. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

#### 9.4. Non-Liability of Directors

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

#### 9.5. Indemnification of Agents

1. To the extent that a person who is, or was, a director, officer, employee, or other agent of the Corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the Corporation, or has been successful in defense of any claim, issue, or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.
2. If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by the Corporation but only to the extent allowed by, and in accordance with the requirements of the California Nonprofit Corporation Law.

#### 9.6. Insurance for Agents

The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation (including a director, officer, employee, or other agent of the Corporation) against any liability other than for violating provisions of law relating to self-dealing 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 the provisions of the California Nonprofit Corporation Law.



## 9.7. Dissolution

1. In the event of the winding up and dissolution of the Corporation, after paying or adequately providing for the payment of the debts, obligations, and liabilities of the Corporation, the remaining assets of the Corporation not acquired with PBID Assessments shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for mutual benefit purposes and which has established its tax-exempt status under Section 501(c)(6) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), whichever form of distribution is approved by the directors and members of the Corporation. Any collected but unspent PBID Assessments, and any assets of the Corporation acquired with PBID Assessments, shall be distributed to the successor PBID or to the City of El Cajon for the benefit of a successor PBID. To the extent that any assets or funds arise from the collection or expenditure of PBID Assessments this section 9.7.1 shall constitute a security interest in and to such assets and accounts on the part of the City of El Cajon.
2. No member, director, officer, employee, or other person connected with the Corporation, or any private individual, shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the Corporation.
3. All members of the Corporation shall be deemed to have expressly consented and agreed that on dissolution or winding up of the affairs of the Corporation, whether voluntarily or involuntarily, the assets of the Corporation, after all debts have been satisfied, shall be distributed as required by these Bylaws and not otherwise.

## **Article X RECORDS AND REPORTS**

### 10.1. Maintenance of Corporate Records

1. The Corporation shall keep at its principal office:
  - a. Minutes of all meetings of directors, committees of the Board, and of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
  - b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;

- c. A record of its members, indicating their names and addresses, the class of membership held by each member, whether active or inactive, and the termination date of membership;
- d. A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the members, if any, of the Corporation at all reasonable times during office hours.
- e. Talled ballots for elections to the Board of Directors as prescribed in Article III.

10.2. Corporate Seal

The Board of Directors may adopt, use and alter a corporate seal. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

10.3. Annual Report

1. The annual report shall be submitted to the City Council of El Cajon within 120 days after the close of the fiscal year. The Board Chairperson and President/CEO shall present the report at a City Council meeting to ensure transparency and alignment with PBID objectives. The report shall contain the following information in appropriate detail:
  - a. The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
  - b. The principal changes in assets and liabilities, including trust funds, during the fiscal year;
  - c. The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, including but not limited to those restricted by Appendix I, for the fiscal year;
  - d. The expenses or disbursements of the Corporation, for both general and restricted purposes, including but not limited to those restricted by Appendix I, during the fiscal year.
2. The annual report shall 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.

**Article XI**  
**CONFLICTS OF INTEREST**

11.1. Conflict of Interest Policy

The purpose of this conflict of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest. All Board members shall complete an annual Conflict of Interest Disclosure Form, identifying any potential conflicts, financial relationships, or business dealings with the PBID.

#### 11.2. Conflict of Interest Avoidance Procedures

1. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board delegated powers considering the proposed transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.
3. **Procedures for Addressing the Conflict of Interest.** An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the Board or committee shall, if appropriate, appoint disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair

and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy. If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstance, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### 11.3. Records of Board and Board Committee Proceedings

The minutes of meetings of the Board and all committees with Board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **Article XII INDEMNIFICATION OF DIRECTORS, BOARD MEMBERS, OFFICERS, EMPLOYEES AND AGENTS**

### 12.1 Right to Indemnification

Each person who was or is a party or is threatened to be made a party to or is involved (as a party, witness or otherwise), in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereafter a "Proceeding"), by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a board member, trustee, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a board member, trustee, officer, employee or agent of another foreign or domestic corporation,

partnership, joint venture, trust or other enterprise or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent (hereafter an “Agent”), shall be indemnified and held harmless by the corporation to the fullest extent authorized by statutory and decisional law, as the same exists or may hereafter be interpreted or amended (but, in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the corporation to provide broader indemnification rights than were permitted prior thereto) against all expenses, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local or foreign taxes imposed on any Agent as a result of the actual or deemed receipt of any payments under this Article) reasonably incurred or suffered by such person in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding (hereafter “Expenses”); provided, however, that except as to actions to enforce indemnification rights pursuant to Section 12.03 of these Bylaws, the corporation shall indemnify any Agent seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Article shall be a contract right. It is the corporation’s intention that these Bylaws provide indemnification in excess of that expressly permitted by Section 317 of the California General Corporation Law, as authorized by the corporation’s Articles of Incorporation.

## 12.2 Authority to Advance Expenses

Expenses incurred by an officer or board member (acting in his capacity as such) in defending a Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding, provided, however, that if required by the California General Corporation Law, as amended, such Expenses shall be advanced only upon delivery to the corporation of an undertaking by or on behalf of such board member or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article or otherwise. Expenses incurred by other Agents of the corporation (or by the board members or officers not acting in their capacity as such, including service with respect to employee benefit plans) may be advanced upon the receipt of a similar undertaking, if required by law, and upon such other terms and conditions as the Local Board of Administration deems appropriate. Any obligation to reimburse the corporation for Expense advances shall be unsecured, and no interest shall be charged thereon.

### 12.3 Right of Claimant to Bring Suit

If a claim under Section 12.01 or 12.02 of these Bylaws is not paid in full by the corporation within thirty (30) days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expenses (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct that make it permissible under the California General Corporation Law for the corporation to indemnify the claimant for the amount claimed. The burden of proving such a defense shall be on the corporation. Neither the failure of the corporation (including its Local Board of Administration, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper under the circumstances because he has met the applicable standard of conduct set forth in the California General Corporation Law, nor an actual determination by the corporation (including its Local Board of Administration, independent legal counsel or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

### 12.4 Provisions Nonexclusive

The rights conferred on any person by this Article shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, agreement, vote of stockholders or disinterested board members, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. To the extent that any provision of the Articles of Incorporation, agreement, or vote of the stockholders or disinterested board members is inconsistent with these Bylaws, the provision, agreement or vote shall take precedence.

### 12.5 Authority to Insure

The corporation may purchase and maintain insurance to protect itself and any Agent against any Expense asserted against or incurred by such person, whether or not the corporation would have the power to indemnify the Agent against such Expense under applicable law or the provisions of this Article, provided that, in cases where the corporation owns all or a portion of the shares of the company issuing the insurance policy, the company and/or the policy must meet one of the two sets of conditions set forth in Section 317 of the General Corporation Law.

12.6 Survival of Rights

The rights provided by this Article shall continue as to a person who has ceased to be an Agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

12.7 Settlement of Claims

The corporation shall not be liable to indemnify any Agent under this Article (a) for any amounts paid in settlement of any action or claim effected without the corporation's written consent, which consent shall not be unreasonably withheld; or (b) for any judicial award, if the corporation was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action.

12.8 Effect of Amendment

Any amendment, repeal, or modification of this Article shall not adversely affect any right or protection of any Agent existing at the time of such amendment, repeal, or modification.

12.9 Subrogation

In the event of payment under this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Agent, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring suit to enforce such rights.

12.10 No Duplication of Payments

The corporation shall not be liable under this Article to make any payment in connection with any claim made against the Agent to the extent the Agent has otherwise actually received payment (under any insurance policy, agreement, vote or otherwise) of the amounts otherwise indemnifiable hereunder.

**Article XIII**  
**AMENDMENT AND INTERPRETATION OF BYLAWS**

13.1. Procedures for Amendment

New bylaws may be adopted, or these Bylaws may be amended or repealed, by a vote of not less than seventy-five percent (75%) of the Board. A copy of the proposed amendment or new bylaws shall be included in the notice of meeting given to each director.

### 13.2. Appendices

Appendix B, incorporated by reference into these Bylaws, is the Management District Plan for the El Cajon Property-Based Business Improvement District the Downtown (PBID). The Board may approve proposed alterations or amendments to, or replacement of, Appendix I during PBID assessment renewal election years as provided in Article II. However, Appendix I shall only be altered, amended, or repealed with approval of property owners and the City of El Cajon as required by PBID Law (California Streets and Highway Code Section 36600 et seq.) and the California Constitution.

### 13.3. Construction

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation. Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

### 13.4 Disputes

Any disputes related to membership eligibility, PBID assessments, or Board decisions shall be resolved first through mediation. If mediation fails, the matter shall be subject to arbitration by an independent panel appointed by the City of El Cajon.

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**CERTIFICATE OF SECRETARY**

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of Downtown El Cajon Business Partners, Inc. and
  
2. That the foregoing Amended and Restated Bylaws, comprising of 26 pages, constitute the Bylaws of said Corporation as duly adopted by action of the Board of Directors of the Corporation duly taken on  
\_\_\_\_\_.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed the seal of said Corporation this \_\_\_\_ day of \_\_\_\_\_, 2025

Name: \_\_\_\_\_

Title: \_\_\_\_\_