

BYLAWS OF THE MONTEREY MUSEUM OF ART ASSOCIATION

A California Nonprofit Public Benefit Corporation Which is Exempt from Taxation Pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d)

1. NAME

THE MONTEREY MUSEUM OF ART ASSOCIATION, being a nonprofit public benefit corporation, shall be referred to in these bylaws as the "Museum Association" or the "Corporation."

2. PRINCIPAL OFFICE

The principal office of the Corporation shall be located in Monterey, California, or at such other address as the board of trustees (the "Board") shall from time to time determine. The Board is granted full power and authority to change the principal office from one location to another. The Corporation may establish or maintain additional offices at such other places as the Board may determine.

3. PURPOSES

3.1. General and Specific Purposes; Limitations. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. The Corporation is organized under the California Nonprofit Public Benefit Corporation Law exclusively for educational and charitable purposes within the meaning of Internal Revenue Code §501(c)(3) (or the corresponding section of any future United States internal revenue law). The specific purpose of the Corporation is to establish and maintain an art museum, to hold art exhibitions, to educate the public, to conduct lectures, classes and discussions in the field of the arts, and to engage in all activities consistent with the above-mentioned purposes.

3.2. Notwithstanding any other provision of these bylaws, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Internal Revenue Code §501(c)(3) (or the corresponding provision of any future United States internal revenue law), or (b) by a corporation, contributions to which are deductible under Internal Revenue Code §170(c)(2) (or the corresponding provision of any future United States internal revenue law).

3.3. Dedication of Assets. The Corporation's assets are irrevocably dedicated to public and charitable purposes. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any trustee or officer of the Corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation, shall be distributed to such organization (or organizations) organized and operated exclusively for charitable, literary or educational purposes which has (or have) established its (or their) tax exempt status under Internal Revenue Code §501(c)(3) (or the corresponding provisions of any future United States internal revenue law).

4. MEMBERSHIP

4.1. Members. The Corporation shall have no members within the meaning of §5056 of the California Nonprofit Corporation Law as now in effect or as may hereafter be amended. Any action which otherwise would require approval by a majority of all members or approval by the members shall require approval only of the Board. All rights which otherwise would vest in the members including, without limitation, the right to elect trustees, shall vest in the Board.

5. BOARD OF TRUSTEES

5.1. Title. The governing body of the Museum Association, referred to as the "Board of Directors" in the articles of incorporation, shall be known as the "Board of Trustees," these titles being synonymous in this instance, herein referred to as the "Board."

5.2. Power of Board. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, 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 or persons, or committee or committees, 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.

5.3. Eligibility, Composition, Number of Trustees. Trustees shall be nominated and elected from those persons who have the ability to participate effectively in fulfilling the Board's responsibilities and whose background, training and experience will enable them to fulfill such responsibilities. The number of trustees of the Corporation shall be no less than ten (10) nor more than thirty (30) unless and until changed by a resolution duly adopted by the Board. The exact number of trustees shall be set by the Board within the limits specified above, by a resolution duly adopted by the Board. [Amended June 26, 2012]

5.4. Restriction on Interested Persons. No more than 49 percent of the persons serving on the Board may be "interested persons." An interested person is (a) any person compensated by the Corporation for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor or otherwise, excluding any reasonable compensation paid to a trustee as a trustee, and (b) any brother, sister, ancestor or 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 this paragraph shall not affect the validity or enforceability of any contract or transaction entered into by the Corporation.

5.5. Nominations, Election and Term of Office.

5.5.1. Nominations. At least twenty (20) days before the date of any election of a trustee or trustees, or at such other time as the Board may set, the "Trusteeship and Governance Committee," as hereinafter described, shall make a report to the Executive Committee of persons the Trusteeship and Governance Committee recommends for election to the Board. If there are no objections to the nominees being presented, the Secretary of the Corporation shall forward to each member of the Board, with the notice of the meeting required by these bylaws, a list of all candidates nominated by the Trusteeship and Governance Committee and any other nominations duly submitted in accordance with these bylaws and the California Nonprofit Public Benefit Corporation Law. This notice of meeting and list of nominations shall be forwarded to the Board at least seven (7) days before the date of the meeting at which such election shall be held. If the Executive Committee objects to any of the proposed nominees, such nomination shall be reconsidered by the Trusteeship and Governance Committee at its next meeting and shall be withdrawn from the slate being presented to the full Board at that time.

The nominations duly made by the Trusteeship and Governance Committee shall be placed on a ballot in alphabetical order and shall be voted for at the annual meeting of the Board (or at any regular or special meeting at which a vacancy on the Board is filled). At a Board meeting at which trustees are to be elected, each trustee shall be entitled to vote to either accept or reject a candidate. If there are fewer vacancies to be filled than the number of candidates, the candidates receiving the highest number of affirmative votes shall be elected; votes against any candidate and votes withheld shall have no effect.

5.5.2. Election. Trustees may be elected at each annual meeting of the Board or at any regular or special meeting at which a vacancy on the Board is filled. Each trustee, including a trustee elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until his or her successor is elected and qualified.

5.5.3. Term of Office. Except as provided in Article 6 with regard to a one-year extension of the term of the outgoing President if necessary, the term of office for a trustee shall be three (3) years. No trustee shall serve more than three full consecutive three-year terms unless such trustee is elected to fill a vacancy on the Board, except as described below. All three-year terms shall commence on the first day of the Corporation's fiscal year unless a trustee is elected mid-year (a "Mid-Year Trustee"), to fill a vacancy on the Board. If a Mid-Year Trustee is elected between July 1 and December 31, such trustee's three-year term shall be calculated to have begun as of July 1. If a Mid-Year Trustee is elected after January 1 and before June 30, such trustee's three-year term shall be calculated to commence as of the upcoming July 1. All trustees' terms shall expire at the end of the Corporation's fiscal year. Anyone who has served three full consecutive terms shall not be eligible to serve again until at least one year has elapsed following the end of their prior term, unless it is the judgment of the Trusteeship and Governance Committee, in exceptional circumstances, that it is in the best interest of the Museum Association and upon specific evaluation regarding the person's unique qualifications, to nominate a particular person for an additional term or terms. [Amended September 2013].

5.5.4. Staggered Terms. The trustees' terms of office shall be staggered. The total number of trustees shall be divided into three (3) groups of approximately equal size, with the term of office for each group of trustees expiring in three (3) consecutive years. As long as the maximum authorized number of trustees is thirty, not more than twenty (20) trustees shall be elected, either at an annual meeting or mid term, so that their terms will expire at any three consecutive annual meetings of the Board. [Amended September 2013]

5.6. Removal Without Cause. Any trustee may be removed from office without cause by the affirmative vote of a majority of the trustees then in office at any regular or special meeting of the Board provided notice of the meeting is given in accordance with § 5211 of the California Nonprofit Public Benefit Corporation Law. Any trustee may also be removed for cause in accordance with the provisions of Section 5.8 below.

5.7. Resignation and Vacancies. Any trustee may resign effective upon giving written notice to the President, the Secretary, 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 elected to take office when the resignation becomes effective. Except upon notice to the California Attorney General, no trustee may resign if the Corporation would then be left without a duly elected trustee or trustees in charge of its affairs.

5.8. Vacancies on Board of Trustees; Removal for Cause. A vacancy on the Board shall occur in the event of the death, resignation or removal of any trustee, or if the authorized number of trustees is increased or if the number of trustees is less than the maximum permitted by these bylaws or as set by resolution of the Board. The Board may, by resolution, declare vacant the office of any trustee who (a) has been declared of unsound mind by a final order of court, or convicted of a felony, or found by final order or judgment of any court to have breached a duty under the California Nonprofit Public Benefit Corporation Law, or (b) fails to attend three (3) consecutive meetings of the Board with no excuse for such absence. Vacancies in the Board shall be filled in the same manner prescribed in these bylaws for the election of the trustee whose office is vacant, provided that such vacancy(ies) shall be filled as they occur and not on an annual basis. No reduction of the authorized number of trustees shall have the effect of removing any trustee prior to the expiration of that trustee's term of office. A trustee elected to fill a vacancy on the Board created by the death, resignation or removal of a trustee, shall hold office until the expiration of the term of office of the trustee whose departure created the vacancy filled, unless the Board shall otherwise determine.

5.9. Powers. To implement the purposes and powers of the Museum Association and acting in accordance with the California Nonprofit Public Benefit Corporation Law and any other applicable law and the Corporation's Articles of Incorporation, these bylaws, policies and regulations, the Board shall have full charge of the property and affairs of the Museum Association, with exclusive power to manage and conduct the same, provided that it may appoint and shall direct such agents and representatives as it deems necessary to assist it in carrying out its responsibilities.

5.9.1. In addition to the powers expressed or implied in the Articles of Incorporation and elsewhere in these bylaws, the Board shall have the following powers:

Policies and Regulations. The Board shall establish such policies and regulations, supplementary to and consistent with these bylaws, as it deems necessary for the proper functioning of the Museum Association.

Specific Powers. Without prejudice to the general powers set forth in this Section of these bylaws, but subject to the same limitations, the trustees shall have the power to:

5.9.1.1. Appoint and remove, at the pleasure of the Board, all the Museum Association's officers, agents, and employees; prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these bylaws; and fix their compensation and require from them security for faithful performance of their duties.

- 5.9.1.2. Change the principal office or the principal business office in California from one location to another; cause the Museum Association to be qualified to conduct its activities in any other state, territory, dependency, or country and conduct its activities within or outside California; and designate any place within or outside California for holding any meeting.
- 5.9.1.3. Adopt and use a corporate seal; prescribe the forms of membership certificates, if any; and alter the forms of the seal and certificates.
- 5.9.1.4. Open, close, and maintain accounts, borrow money and incur indebtedness on behalf of the Museum Association and cause to be executed and delivered for the Museum Association's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities.
- 5.9.1.5. **Honorary Members, Trustees Emeriti.** For the purpose of recognizing exceptional service to the Museum Association, the Board may acknowledge a past or present Board member, to be a "Trustee Emeritus." Persons so honored shall not be voting members of the Board and will not be counted in the total authorized number of trustees specified herein.

Armed Forces Community Liaison. The Board may elect a liaison to represent and foster a relationship with the Armed Forces Community. The Armed Forces Community Liaison shall be recognized as a full member of the Board of Trustees, but one without the 3-year term commitment and the yearly contribution of money.

Other Honors. The Board may create and shall establish criteria and privileges for other types of honors to be conferred by the Board on persons eminently qualified in one or more aspects of Museum Association interests and activities.

5.9.1.6. Donor Acknowledgment. The Board may create and establish criteria for acknowledging donations to the Museum Association by individuals, including but not limited to referring to donors as "members" even though such individuals are not members within the meaning of § 5056 of the California Nonprofit Public Benefit Corporation Law.

5.10. Regular Meetings. The regular meetings of the Board for the upcoming fiscal year shall be held at such time and place as the Board shall determine at its last meeting prior to the end of the fiscal year and such schedule shall be ratified by the incoming Board at its first meeting after the start of the new fiscal year. The first meeting of the Board after the start of the fiscal year may be referred to as the "Annual Meeting of the Board."

5.11. Special Meetings. With proper notice, the President may call special meetings of the Board at any time for any purpose, and the President upon the written request of at least five (5) trustees shall call such a meeting.

5.11.1. Manner of Giving Notice. Notice of the time and place of special meetings shall be delivered personally or by telephone (including a voice messaging or other system designed to record and communicate messages) or sent by first-class mail, telegraph, charges prepaid, or by facsimile, email or other electronic means addressed to each trustee at that trustee's address as it is shown on the records of the Museum Association. The oral notice given personally or by telephone may be communicated either to the trustee or to a person at the office of the trustee who the person giving the notice has reason to believe will promptly communicate it to the trustee.

5.11.2. Time Requirements. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone or by facsimile, email or other electronic means it shall be delivered at least forty-eight (48) hours before the time of the holding of the meeting.

5.11.3. Notice Contents. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the Museum Association. The notice, or any waiver of notice, need not specify the purpose of the meeting, unless the California Nonprofit Corporation Law requires that the notice contain a description of the specific action proposed to be taken at the special meeting.

5.12. Quorum, Voting, and Adjournment. A majority of the trustees in office shall constitute a quorum for the transaction of business at any meeting of the Board. A quorum is not required to adjourn a meeting. Every action taken or decision made by a majority of the trustees present at a duly held meeting at which a quorum is present shall be the act of the Board, subject to any more stringent provisions of the California Nonprofit Public Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business, despite 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. With or without a quorum, a majority of the trustees present may adjourn a Board meeting for twenty-four (24) hours or less, without further notice; however, if adjournment is for more than that time, notice of the time and place of the adjourned meeting shall be given in advance to all trustees in the same manner as notice is required for a special meeting.

5.13. Waiver of Notice. Notice of a meeting need not be given to any trustee who signed a waiver of notice or a written consent to holding the meeting, and a Waiver of Notice need not be obtained from any trustee who gave an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such trustee. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting(s).

6. EXECUTIVE COMMITTEE

Definition. The Executive Committee shall be composed of seven (7) trustees. The four (4) Museum Association officers elected by the Board at the last meeting of the fiscal year shall be members of the Executive Committee, and the other three (3) members shall be elected by a majority of the Board then in office at the last meeting of the fiscal year. If more than four (4) officers are elected, all such officers shall be members of the Executive Committee and the Board shall elect a trustee or trustees to fill any vacancy to bring the total number on the Executive Committee to seven (7). The Executive Committee shall serve until the close of the next fiscal year (generally referred to as a one (1) year term). The outgoing President, if different from the incoming President, shall serve on the Executive Committee as an ex-officio member, with the right to vote, for the first year after leaving office, but only if (i) his term as a trustee has not ended or (ii) the Board elects him to serve for one additional year as a trustee.

6.1. Powers. To expedite Museum Association business between regular and special meetings of the Board, the Executive Committee shall possess and may exercise any of the Board's powers during these intervals, provided that it shall not elect, appoint or remove any trustee or officer; shall not appoint or remove any employee; shall not create, appoint or dissolve any committee; shall not adopt, amend or repeal any Article of Incorporation, bylaw, policy or regulation; shall not countermand any decision already reached by the Board; shall not approve any self-dealing transaction; and shall take no major action that can be delayed without harming Museum Association interests, until the Board can act on the matter at a regular or special meeting. The Committee may make recommendations to the Board on any matter at any time.

6.2. Meetings, Quorum, Reports. The Executive Committee shall determine the form and manner of its proceedings and the time and place of its regular and special meetings, notice of which is subject to waiver of notice as herein described (Section 5.13). The presence of a majority of the committee members shall constitute a quorum for the transaction of business, provided that no committee meeting shall be held unless the President or a Vice President is present to preside. The Executive Committee shall report its activities to each regular meeting of the Board and as otherwise requested by the Board. The minutes of all Executive Committee meetings shall be filed with the Board's meeting minutes at the Museum Association office, where any trustee may read them during regular business hours.

7. TRUSTEESHIP AND GOVERNANCE COMMITTEE

The Trusteeship and Governance Committee shall consist of at least three (3) trustees. The Board upon recommendation of the President shall appoint the members of the committee and its chairperson as soon as possible during the fiscal year. All shall serve until the end of the fiscal year, and all may be reselected or reappointed, provided that no one may serve more than two (2) terms consecutively. Any vacancy occurring in the Trusteeship and Governance Committee may be filled for the unexpired term by Board appointment. The Trusteeship and Governance Committee shall meet at least three (3) times during the fiscal year.

7.1. Duties of the Trusteeship and Governance Committee. The Trusteeship and Governance Committee's responsibilities shall include recommending a slate of nominees to fill positions on the Board, present a slate of officers for election by the Board each year, and make recommendations to fill mid-year vacancies on the Board. The Trusteeship and Governance Committee shall also be responsible for providing orientation for new trustees, reviewing any potential conflicts of interest matters and preparing, circulating and reviewing the annual conflicts of interest questionnaires, reviewing issues of a confidential nature as well as any alleged breaches of confidentiality. In addition, the Trusteeship and Governance Committee shall review the Corporation's bylaws at least annually and review the Committee Charters for the other committees of the Board. The Trusteeship and Governance Committee shall also make recommendations to the Board concerning the consideration of additional policies designed to provide for effective corporate governance.

7.2. Nominating and Election Procedures

7.2.1. Annual Nomination of Slate of Trustees. The Trusteeship and Governance Committee shall prepare its annual slate consisting of one (1) nominee for each trusteeship being filled and present the slate to the Board for consideration.

7.2.2. Election Procedures for Trustees. The Board will vote on the annual slate at the last Board meeting of the fiscal year. At the last Board meeting of the fiscal year, further nominations may then be made from the floor by any trustee, provided that the nominee has previously agreed in writing to the nomination. At the last Board meeting of the fiscal year, the Board shall vote on the annual slate from the Trusteeship and Governance Committee plus any nominations made at that meeting. Those elected shall take office at the start of the fiscal year.

7.2.3. Nomination and Election Procedures for Officers. At or before the last Board meeting of the fiscal year, the Trusteeship and Governance Committee shall prepare a proposed slate of officers as specified in Article 9, with one (1) nominee for each office. Each nominee shall be a member of the Board. The Trusteeship and Governance Committee shall present the slate to the trustees at least seven (7) days prior to the last Board meeting of the fiscal year. The nominations duly made by the Trusteeship and Governance Committee shall be presented to the Board for a vote at such meeting. Any trustee may then make further nominations from the floor, provided that the nominee has previously agreed in writing to the nomination. The Board shall vote on the annual slate from the Trusteeship and Governance Committee plus any nominations made at that meeting. Those elected shall take office at the start of the fiscal year.

7.2.4. Nomination and Election Procedures for Executive Committee Members. At or before the last Board meeting of the Corporation's fiscal year, the Trusteeship and Governance Committee shall prepare a proposed slate of the non-officer Executive Committee members as specified in Article 6, with one (1) nominee for each position. The Trusteeship and Governance Committee shall present the slate to the trustees at least seven (7) days prior to the last Board meeting of the fiscal year. The nominations duly made by the Trusteeship and Governance Committee shall be presented to the Board for a vote at such meeting. Any trustee may then make further nominations from the floor, provided that the nominee has previously agreed in writing to the nomination. The Board shall vote on the annual slate from the Trusteeship and Governance Committee plus any nominations made at that meeting. Those elected shall take office at the start of the fiscal year.

7.2.5. Filling Vacancies. The Trusteeship and Governance Committee shall recommend candidates to fill vacancies either on the Board or in any Officer or Executive Committee position when requested by the Board to do so.

7.2.6. Orientation. The Trusteeship and Governance Committee shall organize and conduct orientation for new Board members.

8. AUDIT COMMITTEE

The Audit Committee shall oversee an annual audit of the Museum's financial records pursuant to Article 13 (Financial Administration). The Audit Committee shall consist of at least three (3) trustees. The Board shall appoint the members of the committee and its chairperson, all of who must be trustees, and all shall serve for a term of two (2) years, provided that no one may serve more than two (2) terms consecutively. Any vacancy occurring in the committee may be filled for the unexpired term by Board appointment. A majority of members of the Audit Committee shall have experience in business, financial and accounting matters, and all members shall be independent as described in Rule 10A-3, as adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

8.1. Audit Procedures.

8.1.1. Independent Audits. The Audit Committee is solely responsible for determining the selection, retention and compensation of the independent auditor. The independent auditor will report directly to the Audit Committee. Upon receipt by the Committee of a report from the independent auditor deemed acceptable by the Committee, the Committee shall present the report to the Board for approval.

8.1.2. Engaging Independent Advisers. The Audit Committee may engage independent legal, accounting and other advisers in its sole discretion.

8.2. Meetings, Quorum, Reports

8.2.1. Proceedings. The Audit Committee shall determine the form and manner of its proceedings and the time and place of its meetings, provided however that the Audit Committee shall meet at least two (2) times during the fiscal year. The senior management of the Museum shall be available to attend meetings of the Audit Committee, however, no employee of the Museum is entitled to vote on any matter that comes before the Committee.

8.2.2. Quorum. The presence of a majority of the members of the Audit Committee shall constitute a quorum for the transaction of business.

8.2.3. Reporting; Annual Report. The Committee shall report its activities to the Board from time to time as requested by the Executive Committee and/or the Board. The Committee will endeavor to present the report of the independent auditor to the Board for approval no later than eight months after the close of the fiscal year. Minutes of the Committee's meetings shall be prepared, distributed and filed according to the policies approved by the Board.

9. OFFICERS

9.1. Titles and Eligibility. The officers of the Museum Association and Board shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be trustees. The corporation also may have, at the discretion of the Board, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be elected or appointed in accordance with the provisions of Section 9.2 of this Article 9. The same person may hold any number of offices, except that neither the Secretary nor the Treasurer may serve concurrently as President.

9.2. Term and Tenure. Each officer shall be elected by the Board at the last Board meeting of the fiscal year, to take office at the beginning of the next fiscal year and to serve until the end of that fiscal year (generally referred to as a one (1) year term). Officers may be reelected, subject to limitations herein prescribed regarding service as trustees (Article 5). No one may serve more than two (2) terms consecutively in the same office, except as follows. Anyone who has served two (2) consecutive terms shall not be eligible to serve again in that office until at least one (1) year has elapsed following the end of their prior term, unless it is the judgment of the Trusteeship and Governance Committee that it is in the best interest of the Museum Association to nominate a person for additional consecutive terms in the same office.

9.3. Vacancies, Removal, and Resignation. A vacancy occurring among the officers, except in the presidency (see Section 9.5.1), shall be filled for the unexpired term by the Board's appointment of a trustee to fill the vacancy, provided that when there is a vacancy in the offices of Secretary or Treasurer, the President may appoint a trustee to serve in such office until the vacancy has been filled by Board action. Any officer may be removed from office by the Board whenever, in its judgment, the best interests of the Museum Association would be served thereby.

9.3.1. Upon written notice to the Board, an officer may resign without prejudice to the rights, if any, of the Museum Association under any contract to which the officer is a party.

9.4. **Selection and Election Procedures.** Election of officers shall be held at the last Board meeting of the fiscal year. Election shall be by ballot unless there is only one (1) nominee for each office, in which case the Board may instruct the Secretary to cast a unanimous ballot for the entire slate. A majority vote of the trustees then in office, in the presence of a quorum, shall constitute election, provided that when an officer has been nominated for a third (3rd) consecutive term or more, a vote of two-thirds (2/3) of the trustees present and voting shall be required to approve the re-election of such officer.

9.5. Duties.

9.5.1. **President.** The President shall exercise supervision over the property and affairs of the Museum Association and shall enforce the provisions of its articles of incorporation, bylaws, policies, and regulations, with discretionary authority in all cases not specifically prescribed therein. The President shall preside at all meetings of the Board and the Executive Committee, and the President shall be an ex-officio member, with the right to vote, of all standing and special committees and of any Museum Association auxiliary's governing body, but the President shall not serve on the Trusteeship and Governance Committee. In the manner hereinafter described (Article 13), the President may sign checks and other documents, and may enter into contracts and execute and deliver instruments, in the name of the Museum Association.

9.5.2. **Vice-Presidents.** In the absence or disability of the President, or if the President has resigned or been removed from office, the Vice Presidents, if any are elected, in order of their rank as fixed by the Board, or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be described for them respectively by the Board. The Vice President, or if there is more than one, all Vice Presidents shall serve on the Executive Committee and shall perform such other duties as the Board, the Executive Committee or the President deems proper and designates.

9.6. Secretary. The Secretary shall keep, or cause to be kept, the minutes of all meetings of the Board and the Executive Committee, and shall see that they are distributed to the trustees and the Executive Director. The Secretary shall: send, or cause to be sent, notices of all such meetings, as directed by these bylaws; maintain the Board's office file; have custody of the corporate seal and affix it to documents when required by law. The Secretary shall be a member of the Executive Committee, and shall perform such other duties as the Board, the Executive Committee or the President deems proper and designates.

9.7. Treasurer. The Treasurer, shall, in the manner hereinafter described (Article 13), receive, deposit and disburse Museum Association funds or cause the same to be done, sign checks and other documents, and enter into contracts and execute and deliver instruments, in the name of the Museum Association and shall have charge of the books of account.

The Treasurer shall submit a written report of said accounts at each regular meeting of the Board and as otherwise requested by the Board, Executive Committee, or President, and shall oversee the preparation and distribution of such financial reports.

The Treasurer shall have custody of the papers and records pertaining to Museum Association property and shall see that they are preserved in depositories approved by the Board, shall be a member of the Executive Committee, and shall perform such other duties as the Board, Executive Committee, or President deems proper and designates.

10. STANDING AND SPECIAL COMMITTEES

10.1. Standing Committees Definition. The Board shall establish such standing committees, as it deems necessary to advise and assist it, each to exist from year to year unless dissolved by the Board. A standing committee shall be concerned with a major continuing aspect of the Board's responsibilities and shall have a charter consistent with these bylaws and approved by the Board. A standing committee shall take no action in the name of the Museum Association or the museum unless authorized to do so by the Board.

10.2. Composition and Term. A standing committee shall have at least three (3) members, including its chairperson. The chairperson shall be a trustee appointed by the Board to serve as such as soon as possible after the beginning of the fiscal year, to serve until the end of the fiscal year. The other members, aside from any trustee directed by the Board or these bylaws to so serve, shall be persons appointed by the Board for a one-year term. The President shall be an ex- officio member of all standing committees, with the right to vote, and the Executive Director may attend all meetings as a non-voting advisor.

10.3. Vacancies. Vacancies occurring in a standing committee shall be filled for the unexpired term in the same manner as for the original appointees.

10.4. Meetings, Quorum, Reports. A standing committee shall determine the form and manner of its proceedings and the time, place and notice of its meetings.

The presence of at least half of a standing committee's members shall constitute a quorum for the transaction of business.

By arrangement with the President, the chairperson shall report a standing committee's major recommendations and activities to the Board, with explanatory information sent as advisable to all trustees prior to a meeting at which Board action on a committee report is scheduled.

Minutes of a standing committee's meetings shall be prepared, distributed, and filed according to policies approved by the Board.

10.5. Subcommittees. A standing committee may establish and appoint one or more subcommittees to report to it.

10.6. Special Committees. The Board shall establish such special committees, as it deems necessary to advise and assist it, and shall assign to each a specific task not encompassed by the duties of any standing or other committee. A special committee shall exist until its task has been completed to Board specifications, unless the Board sooner dissolves it. A special committee shall take no action in the name of the Museum Association or the museum.

10.7. **Composition, Term, Vacancies.** A special committee's composition, term and handling of vacancies shall be as for a standing committee except that terms of appointment shall be for the length of time the committee exists, and the chairpersons may be a trustee or other person. The President shall be an ex-officio member of all special committees, with the right to vote. As appropriate, the Executive Director may serve as a non-voting advisor on any special committee.

10.8. **Meetings, Quorum, Reports.** A special committee's meeting arrangements, quorum, reports and minutes shall be as for a standing committee.

11. AUXILIARIES

11.1. **Creation of Auxiliaries.** The Board may approve, from time to time, the creation of auxiliary organizations to support one or more of the museum's functions. The "Docent Council" is a volunteer auxiliary organization designed to further the educational goals of the museum. The "Friends of the Museum" is a volunteer auxiliary organization designed to assist with fundraising, special events, and presentation of programs as is The Monterey Contemporaries "MO+CO's". Each auxiliary shall be governed by rules consistent with these bylaws and subject to approval by the Board. The auxiliaries' rules shall include provision for their budget to be part of the Museum Association's budget and for the annual election by auxiliary members of a chairperson, who shall serve as an ex-officio trustee on the museum's Board with the right to vote and who shall be counted in determining the total number of trustees. The President of the Board shall be an ex-officio member of each auxiliary's governing body, with the right to vote. The Executive Director shall serve as a non-voting advisor to each auxiliary's governing body, working with them and using their assistance as herein described.

11.2. **Plans and Reports.** Each year at a time specified by the Board of Trustees, an auxiliary shall submit to the Board for approval any changes in its governing rules, as well as general plans for providing assistance during the Corporation year, including approximate scheduling and anticipated income and expenses.

An auxiliary shall keep the Board advised about said assistance, and at the end of the Museum Association year shall submit to the Board a comprehensive report on its activities on behalf of the Museum Association. An auxiliary shall submit information to the Board as is required by Museum Association accounting procedures as needed in connection with the preparation of the annual Museum Association budget.

11.3. **Payment of Funds.** Monies raised by an auxiliary for the Museum Association shall be given promptly to the TREASURER with a proper accounting. The Board shall be the sole judge of how such monies shall be used.

11.4. **Termination.** The Board may terminate the auxiliaries program, or remove any auxiliary from it, with a proper hearing, whenever in the Board's considered judgment such action will serve the best interests of the Museum Association.

12. PERSONNEL

12.1. **Executive Director.**

12.1.1. **Selection and Appointment.** When seeking an Executive Director, the Board may, in its discretion, appoint a special Search Committee composed of trustees. The duty of the Search Committee is to make a selection and recommend a candidate to the Board for approval.

12.1.2. **Term of Service.** The Executive Director shall be appointed by the Board to serve at its pleasure and for such financial consideration as the Board shall specify.

- 12.1.3. **Duties.** The Executive Director, acting as the agent of the Board, shall be the chief administrator of the museum, subject to the control of the Board and the general supervision of the President. The Executive Director shall implement policies established by the Board and shall perform such duties, supervisory or otherwise, as are set forth by contract, job description, and these bylaws. The Executive Director's job description, which shall be consistent with these bylaws and subject to Board approval, shall include provisions regarding duties, responsibilities, and benefits.
- 12.1.4. **Relationship with Board, Executive, and other Committees.** The Executive Director shall attend all regular meetings of the Board and the Executive Committee in order to keep the trustees informed, provide advice, and receive directives; shall attend special Board and Executive Committee meetings at the President's request; and shall keep the President up to date on all matters in the intervals between such meetings. The Executive Director or the Executive Director's designee shall be an invited guest, without the right to vote, at the meetings of all standing committees. The Executive Director may serve as a non-voting advisor to special committees.
- 12.1.5. **Executive Director's Report.** The Executive Director shall submit a written summary of the events of the prior year and overview of plans for the current year to the Board as soon as practical after the close of the Museum Association's fiscal year.
- 12.1.6. **Major Programs.** The Executive Director shall direct the collections management program and the exhibition, education, public relations, and publications programs, working with appropriate staff members, committees and volunteer groups in accordance with policies approved by the Board.
- 12.1.7. **Security and Maintenance.** The Executive Director shall arrange for and oversee the security of Museum Association facilities and property, and shall direct museum security and support personnel, both paid and volunteer. The Executive Director shall oversee the maintenance of Museum Association facilities and equipment and may request advice regarding these matters from the appropriate committee or outside experts.

12.1.8. **Signatures, Office Operations, Other Staff.** The Executive Director may sign checks and other documents as hereinafter described (See Article 13); shall direct the day-to-day operation of the Museum Association office in accordance with policies established by the Board; and shall have such authority regarding other staff members as is described below.

12.2. **Other Employees.** The Executive Director shall appoint and may remove all other employees; the Executive Director may consult with the President, the Executive Committee, or other Board members on these matters. No appointments may be made unless the position has been approved by the Executive Committee or the Board and is authorized in the Museum Association budget. The Executive Director shall fix and pay the salaries or wages of said employees within the total amount budgeted for it and in accordance with Federal and State employment statutes, and shall assign and direct their work.

13. FINANCIAL ADMINISTRATION

13.1. **Fiscal Year, Books, Audit.** The fiscal year shall be from July 1 through June 30. The Treasurer shall keep, or cause to be kept, the books of accounts in accordance with procedures approved by the Board and in a manner that will make the financial condition of the Museum Association evident at all times. Said books shall be subject to an annual independent audit as provided for herein.

13.2. **Receipts, Disbursements, Deposits.** The Treasurer shall receive and disburse the monies of the Museum Association, and shall deposit them in such depositories and accounts as the Board shall designate, provided that the Treasurer may delegate one or another of these tasks to a Museum Association employee who is covered by insurance pursuant to Section 13.4 of these bylaws.

13.3. **Signatures.** All notes, acceptances, endorsements, and evidences of indebtedness, and all checks in or above an amount fixed from time to time by resolution of the Board shall require the signatures of any two (2) of the following: the President, the Treasurer, the Executive Director, and may include another trustee approved by the Board. All checks for less than said amount shall require a single signature and may be signed by any of the above-named persons.

- 13.4. **Insurance.** All employees and all volunteers who handle money for the Museum Association shall serve subject to an insurance policy in an amount authorized by the Board. The cost of the policy shall be included in the annual Museum Association budget and shall be paid from the General Operating Fund.
- 13.5. **Contracts and Laws.** The President and the Treasurer may enter into any contract or execute and deliver any instrument in the name of the Museum Association if properly approved by the Board, and the Secretary shall affix the corporate seal thereto when required.
- 13.6. **Compensation.** No person shall be compensated for services rendered on a voluntary basis, except that a volunteer may be reimbursed for out of pocket expenses upon presentation to the Treasurer of a proper accounting. Reimbursement of an expense over and above a certain maximum amount specified by resolution of the Board shall require Board authorization.
- 13.7. **Loans to Trustees and Officers.** This Corporation shall not lend any money or property to or guarantee the obligation of any trustee or officer without the approval of the California Attorney General; provided, however, that the Corporation may advance money to a trustee or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that trustee or officer would be entitled to reimbursement for such expenses by the Corporation.
- 13.8. **Gifts and Bequests.**
Acceptance or Refusal of Gifts and Bequests. The Board shall reserve the right and have sole authority to accept or decline any gift or bequest. In certain circumstances, when deemed to be in the Museum Association's best interests, the Board may adopt policies delegating this authority on a temporary basis in the interim between Board meetings.
- 13.9. **General Endowment Fund.** The Museum Association shall maintain, under the control of the Board, a fund or funds and/or accounts designated as the "General Endowment Fund," into which shall be segregated, allocated and accounted such monies and/or assets as the Board shall from time to time authorize and direct, and such other monies and/or assets as may be contributed to the Museum Association specifically for said fund.

13.10. **Other Designated Funds and Trusts.** Any other designated fund or established trust that exists or may be established shall be regulated and administered as stipulated by the Board and as stipulated in any donor-provided documents relating thereto.

14. INDEMNIFICATION, INSURANCE, AND DIRECTOR LIABILITY

Definitions. For the purposes of this Article 14, “agent” means any person who is or was a director, trustee, officer, employee, or other agent of the Corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a director, trustee, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification under Sections 14.1, 14.2 or 14.4 of this Article 14.

14.1. **Indemnification in Actions by Third Parties.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under §5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person’s conduct was unlawful.

14.2. **Indemnification in Actions by or in the Right of the Corporation.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation, or brought under §5233 of the California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

14.3. No indemnification shall be made under this Section 14.3:

14.3.1. In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

14.3.2. Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

14.3.3. Of expenses incurred in defending a threatened or pending action, which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

14.4. **Indemnification Against Expenses.** To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Sections 14.1, 14.2 of this Article 14 or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

- 14.5. Required Determinations.** Except as provided in Section 14.3 of these bylaws, any indemnification under this Article 14 shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 14.1 and 14.2 of this Article 14, by:
- 14.6.** A majority vote of a quorum consisting of trustees who are not parties to such proceeding;
- 14.7.** Approval of the Board with the persons to be indemnified not being entitled to vote thereon; or
- 14.8.** The court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.
- 14.9. Advance of Expenses.** Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article 14.
- 14.10. Other Indemnifications.** No provision made by the Corporation to indemnify its or its subsidiary's directors, trustees or officers for the defense of any proceeding, whether contained in the Articles of Incorporation, bylaws, a resolution of trustees or directors, an agreement or otherwise, shall be valid unless consistent with this Article 14. Nothing contained in this Article 14 shall affect any right to indemnification to which persons other than such directors, trustees and officers may be entitled by contract or otherwise.
- 14.11. Forms of Indemnification Not Permitted.** No indemnification or advance shall be made under this Article 14, except as provided in Sections 14.4 or 14.5, in any circumstance where it appears:
- 14.11.1.** That it would be inconsistent with a provision of the Articles of Incorporation, these bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

14.11.2. That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

14.12. **Personal Liability of Volunteer Directors or Executive Officers.** To the fullest extent permitted by the California Nonprofit Public Benefit Corporation Law, as now in effect or as may hereafter be amended, there shall be no personal liability to a third party for monetary damages on the part of a volunteer director, volunteer trustee or volunteer executive officer of the Corporation, caused by the director's, trustee's, or officer's negligent act or omission in the performance of that person's duties as a director, trustee or officer, if all of the following conditions are met:

14.13. (1) The act or omission was within the scope of the director's, trustee's or executive officer's duties;
(2) performed in good faith;
(3) was not reckless, wanton, intentional or grossly negligent, and
(4) the damages caused by the act or omission are covered pursuant to a liability insurance policy issued to the Corporation (either in the form of a general liability policy or a director's and officer's liability policy) or personally to the director or executive officer. In the event that the damages are not covered by a liability insurance policy, the volunteer director, volunteer trustee or volunteer executive officer shall not be personally liable for the damages if the Board of the Corporation and the person have made all reasonable efforts in good faith to obtain available liability insurance.

14.14. "Volunteer," means the rendering of services without compensation. "Compensation" means remuneration whether by way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement expenses to a director, trustee or executive officer does not affect that person's status as a volunteer within the meaning of this Section.

14.15. "Executive Officer" means the President, Vice President, Secretary, or Treasurer of the Corporation, or other individuals serving in like capacity, which assist in establishing the policy of the Corporation. Nothing in this paragraph shall limit the liability of the Corporation for any damages caused by acts or omissions of the volunteer director, volunteer trustee or volunteer executive officer.

14.16. Insurance. The Corporation shall have power to 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 the provisions of this Article 14 provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of §5233 of the California Nonprofit Public Benefit Corporation Law (or any successor provision thereto).

14.17. Non-Applicability to Fiduciaries of Employee Benefit Plans. This Article 14 does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in the beginning of Article 14. The Corporation shall have power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by subdivision (f) of §207 of the California General Corporation Law.

14.18. Invalidity. If any part of this Article 14 shall be found in any action, or suitor proceeding to be invalid or ineffective, the validity and the effectiveness of the remaining parts shall not be affected.

15.RECORDS AND REPORTS

Maintenance of Corporate Records. The Museum Association shall keep;

- 15.1.** (1) Adequate and correct books and records of accounts;
(2) committees of the Board;
(3) written minutes of the proceedings of the Board, and all standing and special committees; and
(4) An adequate and correct inventory of the permanent and temporary collections, as well as of other significant assets owned by the Museum Association.

16.Maintenance and Inspection of Articles and Bylaws. The Museum Association shall keep at its principal office, the original or a copy of the Articles of Incorporation and bylaws, as amended to date, which shall be open to inspection by the trustees at all reasonable times during office hours.

17. Inspection by Trustees. Every trustee shall have the absolute right at any reasonable time to inspect the Museum Association's books, records, documents of every kind, physical properties, and the records of each of its subsidiaries and auxiliaries. The trustee's agent or attorney may make in person inspections. The right of inspection includes the right to copy and make extracts of documents.

18. Annual Report. The Board shall cause an annual report to be available to the trustees pursuant to Section 8.2.3. That report shall contain the following information, in appropriate detail, for the fiscal year:

18.1. The assets and liabilities, including the trust funds, of the Museum Association as of the end of the fiscal year.

18.2. The principal changes in assets and liabilities, including trust funds.

18.3. The revenue or receipts of the Museum Association, both unrestricted and restricted to particular purposes.

18.4. The expenses or disbursements of the Museum Association for both general and restricted purposes.

18.5. Any information required by these bylaws.

19. Annual Statement of Certain Transactions and Indemnifications. Within eight months after the end of the Museum Association's fiscal year, as part of the annual report to the Board, or as a separate document if no annual report is issued, the Museum Association shall annually prepare and mail or deliver to each trustee a statement of any transaction or indemnification of the following kind:

19.1. Any transaction (i) in which the Museum Association, or any parent, or any subsidiary organization was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than \$50,000, or was one of a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either of the following:

19.1.1. Any trustee or officer of the Museum Association, any parent, or any subsidiary (but mere common trusteeship shall not be considered such an interest); or

19.1.2. Any holder of more than 10 percent of the voting power of the Museum Association, any parent, or any subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Museum Association, 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 interested person in the partnership need be stated.

19.2. Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or trustee of the Museum Association under these bylaws, unless that indemnification has already been approved under §5238(e)(2) of the California Nonprofit Public Benefit Corporation Law.

20. AMENDMENTS TO THE ARTICLES OF INCORPORATION

In accordance with the California Nonprofit Public Benefit Corporation Law, amending the Museum Association Articles of Incorporation shall require approval by a two-thirds (2/3) vote of the trustees present and voting, in the presence of a quorum, at a properly noticed regular or special meeting of the Board, provided that the proposed changes shall be sent to all trustees at least seven (7) days before the meeting date.

21. AMENDMENTS TO THE BYLAWS

The bylaws may be amended or modified by the trustees. The bylaws of the Museum Association, which at all times shall conform to its Articles of Incorporation, may be adopted, amended, or repealed only by a two-thirds (2/3) vote of the trustees present and voting, in the presence of a quorum, at a properly noticed regular or special meeting of the Board, provided that the proposed changes are sent to all trustees at least seven (7) days before the meeting date.

CERTIFICATE OF SECRETARY OF Monterey Museum of Art Association

The undersigned hereby certifies as follows:

I am the duly elected, qualified and acting Secretary of the Monterey Museum of Art Association, a California nonprofit public benefit corporation (the "Corporation"); and,

The foregoing bylaws consisting of thirty-one (31) pages were adopted as the bylaws of the corporation by the board of trustees of the Corporation (the "Board") at a meeting of the Board held on August 5, 2014.

Dated: _____ Secretary _____