

BYLAWS
OF
THE DALEY RANCH LAND CONSERVANCY
a nonprofit public benefit corporation

ARTICLE I

Offices

1.1 Principal Office. The principal office for the transaction of the business of the corporation is fixed and located at _____, Escondido, California, County of San Diego, State of California. The Board of Directors is hereby granted full power and authority to change the said principal office from one location to another within the said county.

1.2 Other Offices. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II

Purposes

2.1 Purposes. The corporation is organized under the Nonprofit Public Benefit Corporation Law of California exclusively for charitable and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954.

The specific purposes of this corporation include, but are not limited to: the preservation and enhancement of the Daley

Ranch Preserve and surrounding lands and resources for scientific, educational, historical, cultural, recreational, ecological, scenic and open space purposes; and the establishment and operation of preservation restoration and enhancement programs.

2.2 Preservation. Preservation, restoration and enhancement may be accomplished, without limitation, by acquiring real property or partial interests therein, including conservation easements as defined in California Civil Code Section 815.2, and recording appropriate instruments necessary to protect in perpetuity the physical environment of the area for wildlife, ecological and aesthetic purposes beneficial to the public interest.

2.3 Limitations. Such purposes for which this corporation is organized are exclusively charitable and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of

1954. Notwithstanding any other provision of the Articles or these Bylaws, the corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal

Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law), or (b) by a corpo-

ration contributions to which are deductible under Section

170(c)(2) of the Internal Revenue Code of 1954 (or the corres-

ponding provision of any future United States Internal Revenue

Law).

ARTICLE III

Membership

3.1 Initial Class of Membership. Initially, there shall be one class of voting members of the corporation, consisting of the

individuals who from time to time comprise the Board of Directors of this corporation.

3.2 Other Classes of Membership. The Board of Directors may, from time to time, establish another class or classes of members, with or without voting rights. The privileges, rights and duties of such other classes of members shall be as provided by the Board of Directors, subject to the terms of the Bylaws, as amended from time to time. The Board may determine from time to time an initial membership fee, and set such fees, dues and "assessments for membership in the corporation as the Board, in its discretion, may determine. The Board of Directors may thereby confer some or all of the rights of the members upon any person or persons. If such person or persons do not have the right to vote for either (a) the election of a Director or Directors, on a disposition of all or substantially all of the assets of this corporation, on a merger, on a dissolution or

(b) the selection of delegates who possess any such voting rights or (c) on changes to the corporation's Articles of Incorporation or Bylaws, such person shall not be a member within the meaning

of Section 5056 of the Nonprofit Public Benefit Corporation Law of the State of California.

3.3 Admission and Termination. Death, resignation, or removal of any Director as provided in these Bylaws shall automatically terminate membership of such person in this corporation. Election of a successor Director as provided in these Bylaws shall likewise operate to elect such Director to the membership of this corporation.

3.4 Property Rights. No member shall have any right or interest in any of the property or assets of this corporation.

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3.5 Nonliability. No member shall be personally liable for the debts, liabilities, or obligations of this corporation.

3.6 Nontransferability. No member may transfer for value or otherwise a membership or any right arising therefrom, and all

rights of membership shall cease upon the member's termination as defined by 3.3 or by dissolution of the corporation.

ARTICLE IV

Board of Directors

4.1 Powers. Subject to the limitations of the Articles of Incorporation, of the Bylaws, and of the Nonprofit Public Benefit

Corporation Law of the State of California and subject to the duties of Directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. So long as the Board of Directors shall be the sole class of voting members of this corporation, any action which requires approval of the members or approval of a majority of the members pursuant to the Non Profit Public Benefit Corporation Law of the State of California shall require only approval of the Board. Without limiting the foregoing, the Board of Directors shall have the power to levy dues and assessments, to select and remove all officers, agents, employees and contractors, and to fix reasonable compensation therefor, to authorize and empower officers or agents to enter into contracts and other commitments on behalf of the corporation, and to appoint and delegate responsibilities and authority to committees, officers and agents.

4.2 Number of Directors. The number of Directors of the

Corporation shall be not less than five (5) and not more than

twelve (12) until changed by amendment of the Articles of Incorporation or by a bylaw amending this section duly adopted.

The exact number of directors shall be fixed from time to time, within the limits specified in the Articles of Incorporation or in this section, by a resolution of the Board of Directors. Subject to the foregoing provisions for changing the number of

Directors, the exact number of Directors of the corporation is

hereby fixed at five (5).

4.3 Election and Term of Office. The Directors shall be elected annually at any regular or special meeting of the Board. All Directors shall hold office until their respective successors are elected.

4.4 Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining Directors then in office, whether or not less than a quorum, and each Director so elected shall hold office until his successor is elected.

A vacancy or vacancies shall be deemed to exist in the case of the death, resignation or removal of any Director, or if the authorized number of Directors, as fixed by the Board in

accordance with section 4.2, be increased without election of the additional Directors so provided for, or in case of the failure at any time to elect the full number of authorized Directors, or if any Director fails to attend three (3) consecutive meetings of the board without excuse; provided, that except upon notice to the Attorney General, no Director may resign where the corporation would be left without a duly elected Director in charge of its affairs. If any Director tenders his resignation to the Board of Directors, then the Board shall have the power to elect a successor to take office at such time as the resignation shall become effective. No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

4.5 Place of Meeting. All meetings of the Board of Directors may be held at any place within or without the State, which has been designated from time to time by resolution of the Board or by the written consent of all of the Directors. In the absence of such designation, meetings shall be held at _____, Escondido, California.

4.6 Organization Meetings. Not less frequently than

annually, the Directors shall hold a regular meeting for the purpose of electing Directors, organizing the Board, the electing

officers and transacting of such business as may come before the meeting. Pending such organization meeting, all officers of the corporation shall hold over, except any officer required by law or these Bylaws to be a Director and who does not qualify as a Director. A Director elected at such organization meeting, if any, shall forthwith become a member of the Board of Directors for purposes of such organization.

4.7 Other Regular Meetings. Other regular meetings of the Board of Directors may be held without notice quarterly on the

provided, however, should that day fall upon a legal holiday, then the said meeting shall be held at the same time on the next day thereafter ensuing which is not a legal holiday. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

4.8 Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any two (2) Directors.

4.9 Notice of Meetings. Notice of the time and place of each meeting of the Board of Directors not fixed by an express provision of the Bylaws shall be given to each Director not less than forty-eight (48) hours before the date of the meeting if given personally or by telephone or telegraph and not less than four (4) days before the date of the meeting if given by first-class mail.

4.10 Consent to Meetings. The transactions of the Board of Directors at any meeting however called and noticed or wherever held, shall be as valid as though done at a meeting duly held after call and notice if: (1) a quorum be present; and (2) either before or after the meeting each Director not present signs a written waiver of notice, or a consent to the holding of such meeting or approval of the minutes thereof, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

4.11 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of the Nonprofit Public Benefit Corporation Law of the State of California may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be

filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed under any provision of the Nonprofit Public Benefit Corporation Law of the State of California 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 authorize the Directors to so act. For the purposes of this section only, "all members of the Board" shall not include any "Interested Director" as defined in Section 4.20.

4.12 Telephonic Meetings. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting through use of telephone or similar communications equipment shall constitute presence in person at such meeting.

4.13 Quorum. A majority of the Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law or by the Articles of Incorporation.

4.14 Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to meet again at another time or place. In the event a meeting of the Board of Directors is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

4.15 Fees and Compensation. Directors shall not be compensated for serving on the Board of Directors. Directors shall be entitled to reimbursement of expenses incurred on behalf of the corporation. Members of committees may receive such compensation, if any, for their services and such reimbursement for expenses as may be fixed or determined by resolution of the Board of Directors; provided that such compensation shall be reasonable and shall be comparable to compensation paid by unaffiliated entities for a like position. Nothing herein shall be considered to preclude any Director from serving the corporation in any other capacity including as an officer, agent, employee or otherwise, and receiving compensation therefor.

4.16 Nonliability of Directors. Subject to compliance with the provisions of Sections 4.18, 4.19 and 4.20 of these Bylaws, no Director shall be personally liable for the debts, liabilities or other obligations of this corporation.

4.17 Indemnity for Litigation. The corporation shall have and hereby agrees to exercise the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a director, officer, employee or other agent (as defined in Section 317 of the California Corporations Code) of the corporation, to the full extent allowed under the provisions of Section 5238 of the Nonprofit Public Benefit Corporation Law of the State of California relating to the power of a corporation to indemnify any such person. The amount of such indemnity shall be so much as the Board of Directors determines and finds to be reasonable, or, if required by said Section 5238, the amount of such indemnity shall be so much as the court determines and finds to be reasonable.

4.18 Interested Persons. Pursuant to Section 5227 of the Nonprofit Public Benefit Corporation Law of the State of California, no more than forty-nine percent (49%) of the Directors serving on the Board may be "interested persons." For the purposes of this section, "interested persons" means either (1) any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months whether as a full-time or part-time employee, independent contractor, or otherwise, excluding

any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law or father-in-law of any such person. The provisions of this Section 4.18 shall not affect the validity or enforceability of any transaction entered into by the corporation.

4.19 Standard of Conduct. Pursuant to Section 5231 of the California Nonprofit Public Benefit Corporation Law a Director shall perform the duties of a Director, including duties as a

member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

a. One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;

b. Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional, or expert competence; or

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

4.20 Self-Dealing Transactions. Pursuant to Section 5233 of the Nonprofit Public Benefit Corporation Law of the State of California, the corporation shall not be a party to a transaction in which one

or more of its Directors has a material financial interest ("Interested Director") unless:

a. Approval by Attorney General. The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

b. Approval by Board. Prior to entering into the transaction, after full disclosure to the Board of all material facts as to the proposed transaction and the Interested Director's interest and investigation and report to the Board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the Directors then in office (without including the vote of the Interested Director):

I. Resolves and finds that (1) the transaction is in the corporation's best interests and for the corporation's own benefit, (2) the transaction is fair and reasonable as to the corporation, and (3) after reasonable investigation under the

circumstances as to alternatives, the corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and

ii. Approves the entire transaction; or

c. Interim Approval by Authorized Committee or Person. If it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, and, prior to entering into said transaction, a committee or person authorized by the Board approves

the transaction in a manner consistent with the procedure set forth in subsection (b) of this section; and the Board, after determining in good faith that the corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the majority of the Directors then in office, without counting the vote of the Interested Director.

In light of the foregoing limitations, all Directors shall fill out an annual questionnaire dealing with this subject matter.

ARTICLE V

Officers

5.1 Officers. The officers of this corporation shall be a President, Vice-President, Secretary, Treasurer, and such other officers as the Board of Directors may appoint. One person may hold two or more offices, except that neither the Secretary nor Treasurer may serve concurrently as the President of the Board.

5.2 Election. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

5.3 Subordinate Officers. The Board of Directors may appoint and may empower the President to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

5.4 Removal and Resignation. Any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting thereof, or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by "the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

5.6 President. Subject to the control of the Board of Directors, the President shall have general supervision, direction and control of the business and affairs of the corporation. He shall preside at all meetings of the members, Directors, and Executive Committee as discussed in Article VI, shall serve as ex officio member of all committees, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

5.7 Vice-President. In the absence or disability of the President, the Vice-President shall perform all of the duties of the President and in so acting shall have all of the powers of the President. The Vice-President shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

5.8 Secretary. The Secretary shall keep a full and complete record of the proceedings of the Board of Directors, shall

keep the seal of the corporation and affix it to such papers and instruments as may be required in the regular course of business, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the records of the corporation, shall deliver the annual statements required by section 7.6 to the members, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

5.9 Treasurer. The Treasurer shall receive and safely keep all funds of the corporation and deposit them with such depositories as may be designated by the Board of Directors. The treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all transactions as Treasurer, and of the financial condition of the corporation, and shall have such other powers and duties as may be prescribed from time to time by the Board of Directors.

ARTICLE VI

Committees

6.1 Appointment of Committees. The Board of Directors may appoint an Executive Committee and such other committees as the Board from time to time deems necessary or appropriate to conduct the business and further the objectives of this corporation. The appointment by the Board of an Executive Committee and any other committee having the authority of the Board shall be by resolution adopted by a majority of Directors then in office. The Executive Committee and any other committee having authority of the Board shall consist of the Officers of the corporation and three (3) or more Directors.

6.2 Powers and Authority of Committees. The Board of Directors may delegate to the Executive Committee or any other committee having the authority of the Board, any of the powers and authority of the Board of Directors in the management of the

business and affairs of the corporation, except the following:

a. The approval of any action for which the Nonprofit Public Benefit Corporation Law of the State of California also requires the approval of members of a corporation, in which event the approval of the Board of Directors shall be required.

b. The filling of vacancies on the Board or in any committee which has the authority of the Board.

c. The fixing of compensation of the Directors for serving on the Board or on any committee.

d. The amendment or repeal of Bylaws or the adoption of new Bylaws.

e. The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable.

f. The appointment of committees of the Board or the members thereof.

g. The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

h. The approval of any self-dealing transaction except as permitted in Section 4.20(c) of these Bylaws.

ARTICLE VII

Miscellaneous

7.1 Fiscal Year. The fiscal year of the corporation shall end on the last day of December of each year.

7.2 Inspection of Corporate Records. The books of account and minutes of the proceedings of members and Directors, and of any Executive Committee or other committees of the Directors, shall be open to inspection at any reasonable time upon the written demand of any member. Such inspection may be made in person or by an agent or attorney, and shall include the right to make photocopies and extracts.

7.3 Representation of Shares of Other Corporations. The President or any Vice-President and the Secretary or any Assistant Secretary of the corporation are authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted to said officers may be exercised by such officers in person or by other persons authorized to do so by proxy duly executed by such officers.

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

7.5 Execution of Contracts. The Board of Directors, except as in the Bylaws otherwise provided, may authorize any officer, or officers, agent, or agents, to enter into any contract or execute any contract or execute any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount. Provided, that pursuant to Section 5214 of the Nonprofit Public Benefit Corporation Law of the State of California, any such contract or instrument between the corporation and any third person, when signed by the President or any Vice-President and the Secretary-Treasurer or any Assistant Secretary-Treasurer of the corporation, shall be valid and binding upon the corporation in the absence of actual knowledge on the part of said third person that the signing officers had no authority to execute the same.

7.6 Annual Statement of Certain Transactions and Indemnifications. Pursuant to Section 6322 of the Nonprofit Public Benefit Corporation Law of the State of California, the Board of Directors shall cause an annual statement of certain transactions and indemnifications to the Directors not later than one hundred twenty (120) days after the close of the fiscal year. If the corporation issues an annual report, this requirement shall be satisfied by including the required information, as set forth below, in said annual report. Such annual statement shall describe:

a. The amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year of the corporation to any officer or Director of the corporation; provided, that no such report need be made in the case of indemnification approved by the members; and

b. Any "covered transaction" (defined below) during the previous fiscal year of the corporation involving (1) more than Fifty Thousand Dollars (\$50,000) or, (2) which was one of a number of "covered transactions" in which the same "interested person" (defined below) had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars (\$50,000). The statement shall describe the names of any "interested persons" involved in such covered transactions, including such "interested person's" relationship to the transaction, and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which the interested person is only a partner, only the interest of the partnership need be stated. For the purposes of this section, a "covered transaction" is a transaction in which the corporation, or its parent or subsidiary, was a party, and in which either of the following had a direct or indirect material financial interest:

i. Any Director or officer of the corporation, or its parent or subsidiary; or

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

For purposes of this section, any person described in either subparagraph (i) or (ii) above is an "interested person."

7.7 Corporate Loans. Guarantees and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, except as is expressly allowed under the Nonprofit Public Benefit Corporation Law of the State of California Section 5236.

ARTICLE VIII

Effective Date and Amendments

8.1 Effective Date. These Bylaws shall become effective immediately upon their adoption. Amendments to these Bylaws shall become effective immediately upon their adoption unless the Board of Directors of the corporation in adopting them provide that they are to become effective at a later date.

8.2 Amendments. These Bylaws may be amended or repealed and new Bylaws adopted by the vote of the majority of the members of the Board of Directors then in office upon proper notice.