Board of Directors Meeting Agenda

Wednesday, December 5, 2018

Baker, Manock & Jensen, 5260 N Palm Avenue, 4th Fl Conference, Fresno, CA

https://global.gotomeeting.com/join/254095685 , Please Call 1 877 309 2073 Access Code: 254-095-685

5:00 PM	**Social Time:** Please join us for social time with food provided by SFC Staff	
5:30 PM	**Call to Order**	**Lynn**
5:30 PM	**Consent Agenda:** Minutes from October 20, 2018 Meeting	**Lynn**
5:35 PM	**Governance:** Vote to Approve Paul Beare as Board Member Vote on 2019 Slate of Officers	**Rich**
5:40 PM	**Announcements/Information** **Executive Director's and Staff Reports** **Public Policy Updates and Information**	**Bridget**
5:45 PM	**Treasurer's Report** (1st Qtr 18-19 FY)	**Jon**
5:50 PM	**Development Report** (McKenzie Campaign Update)	**Bridget**
6:00 PM	**Discussion/Requests for Approval:** • Resolution to Approve the Application for LTA Accreditation Renewal • Resolution to Approve Signature Authority for Vanguard Suite of Accounts • Revised Bylaws • Revised Policy Packet	**Bridget**
7 PM	**Logistics for next meeting** (January 23, 2019) **Adjourn to Executive Session**	**Lynn**

UPCOMING IMPORTANT DATES

2019 Board Meetings

- January 23, 2019
- February 27, 2019
- April 24, 2019
- May 22, 2019
- June 26, 2019

Board and Major Donor Dates to Remember

- Holiday Party – December 8th – 1 to 5 PM (Martin House)
- ED Circle Dinner – February 21st – 6 to 8 PM (13 Prime Steak, Clovis)
- 20th Anniversary McKenzie Major Donor Celebration – March 30th – 5 to 7 PM (McKenzie)

Other Dates to Remember

- OPT Outside - November 23rd – 9 and 10 AM hikes on the McKenzie (Please Register)
- Open Preserve Day Fine Gold – March 2nd – 9 AM to 4 PM
- Open Preserve Day McKenzie – March 30th – 9 AM to 4 PM
- Open Preserve Day Black Mountain – April 27th – 9 AM to 4 PM

Board of Directors Meeting Agenda
Wednesday, December 5, 2018
Baker, Manock & Jensen, 5260 N Palm Avenue, 4th Fl Conference, Fresno, CA

https://global.gotomeeting.com/join/254095685 , Please Call 1 877 309 2073 Access Code: 254-095-685

List of Revisions:

Bylaws	See Summary Page
Building Funds for Conservation Easement Stewardship and Defense	Extensive Edits to add language regarding Legal Defense Calculator (New 2018 Requirement)
Records Policy	Reviewed, minor edits to current practices/updated technology
Stewardship Procedures & Fund Policy	Reviewed, Revisions to update to current practice and Revised Standards

Executive Director Report

December 5, 2018

Highlights

SFC completed the North Shore Off-Site Mitigation Conservation Easement of 946 acres in Fresno County. We are anticipating several exciting year end closings for December including the grant funded Drayer Chapman Ranch. This will add at least another 350 acres for 2018 – what a phenomenal year for land acquisition with close to 33,000 acres preserved by the end of calendar year 2018!

Site visits are set for the Veater Ranch (potential conservation easement), and we received good news on the award of $3 million in grant funding for the McKinney Ranch conservation easement.

Grants were awarded from CA Releaf of $2,000 for a youth-oriented planting project to grow native oaks for the future use on our preserves.

This month we implemented the Merced Falls Riparian Restoration project with the help of our Youth Ambassadors, the California Conservation Corps and a staff work day. This project restores as section of the banks of the Merced River.

Our new employees are doing a fantastic job and we are thankful to have their efforts on our team – thank you Jessica T, Lindsey and Allyson!

The year end campaign is in full swing with our letter mailing and donor meetings. This year we have an additional opportunity to give the gift of membership. Your gift recipients will receive a special gift with the membership.

We will host our annual **Holiday Party,** at the Martin Preserve, 1-5 PM, Saturday **December 8, 2018. We look forward to seeing you all there!**

Media, Outreach & Donor Engagement

SFC collaborated with REI on the annual Twinkie Roast at Tioga Sequoia Brewery. Many SFC members and supporters were in attendance along with new connections made of 13 new members and all proceeds from the sales of Twinkies and mugs going to SFC.

Upcoming gift-wrapping station is in the works for December nearer the holiday and we need volunteers to help staff so talk to Lindsey to help for this unique fundraising event.

Also, the launch of the Gift Membership promotion in which members are encouraged to give gift memberships for the holidays and depending on the level of donation newly designed SFC swag will be sent along with their new member packet. A laser engraved oak bookmark, set of Plein Air note cards or an awesome SFC logo picnic blanket is available in limited quantities. Give the Gift of SFC Membership this year!

Staffing

Staff are busy in webinars and on-site trainings for Wilderness First Aid (Chris Velez is now certified), CPR/First Aid (Jessica Thompson and Allyson Brooks), RE Blackbaud Database (Jessica T, Allyson and Lindsey), and many meetings and webinars related to the upcoming Prop 68 and Prop 1 grant applications (Lauren, Melissa and Gary).

Nancy Fluharty is now fully on Maternity Leave awaiting the birth of her first child and we expect her return in late spring of 2019.

Policy

There are currently numerous draft grant guidelines and workshops related to the recently passed Prop 68 which staff are reviewing and attending and preparing to apply for.

Prop 3 – the CA Water Bond did not pass during the November election. This is a disappointment however Prop 68 has provided a strong infusion of state funding and conversations are already starting about another bond initiative in 2020.

The Sierra Consortium will meet in the beginning of December to set policy and legislative priorities. For the 2019 year.

Budget & Finance

The audit is wrapping up with final details and we plan to have the audit presentation at our January 23, 2019 Board Meeting. Cash flow is a little thin right now but this is due to grant reimbursements and will not cause any issues in work flow and we are on track to generate significant net revenue and establish the reserve fund by the end of the fiscal year.

Consent Agenda

Minutes from October 20, 2018 Meeting

Board Meetings

January 23, 2019

February 27, 2019

April 24, 2019

May 22, 2019

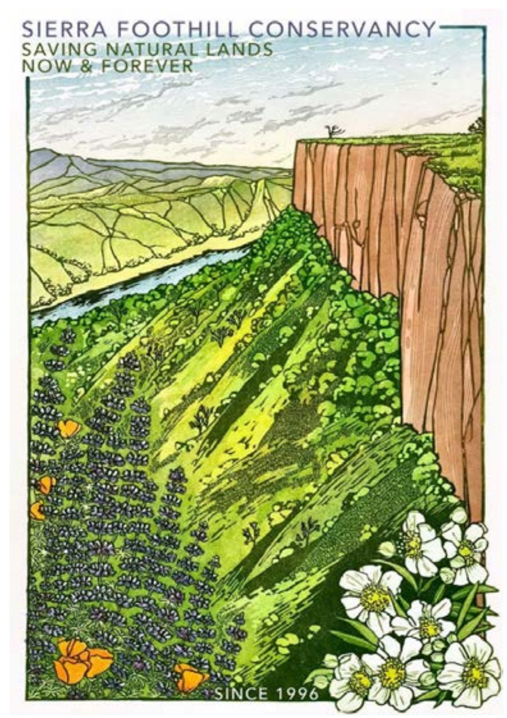
June 26, 2019

Save the Date

Holiday Gift Wrapping – REI Fresno, **December 15-22, 2018**

Holiday Party, Martin Preserve, 1-5 PM, Saturday **December 8, 2018**

Annual Dinner, The Manor Estate, **May 4, 2019**



DEVELOPMENT REPORT

Mary Kate McKenna, Operations Director

The McKenzie Preserve 20th Anniversary Campaign letters have gone out to most of the membership with major donors' letters mailed out last week. The campaign is designed to raise funds supporting the needs of the Preserve after 20 years of use. Funds will go directly to helping support new trails, outdoor education, vegetation stewardship projects, erosion repairs, and much needed infrastructure.

Our fundraising goal is $100,000, and the campaign will feature a multi-pronged strategy including: Quiet phase strategic amount requests, public launch, year-end campaign, spring McKenzie events, and a social media campaign.

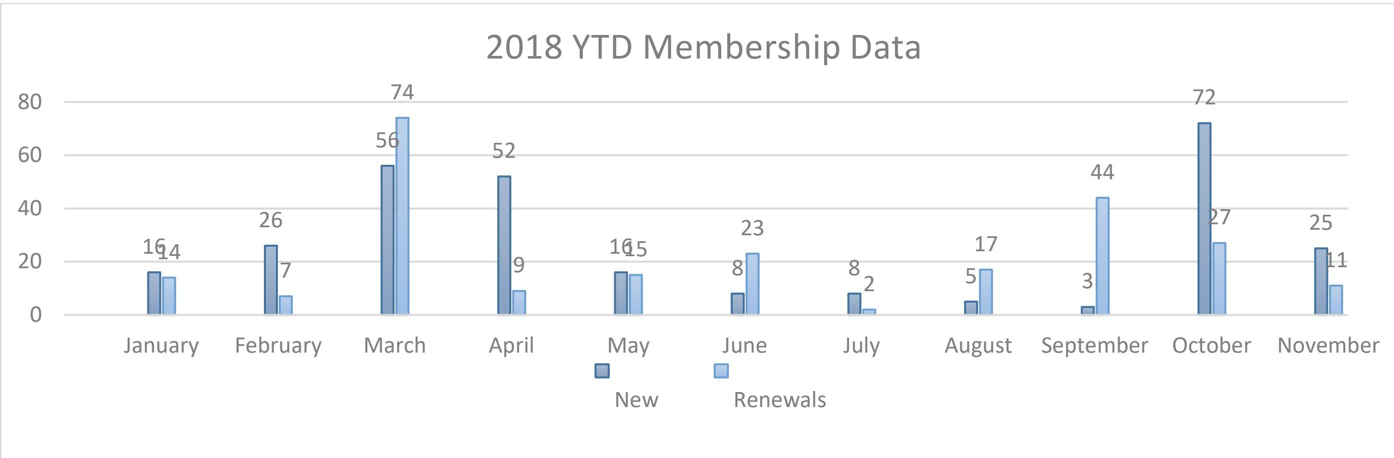
This is a powerful opportunity for the SFC community to support our beloved McKenzie Preserve in celebration of its 20th Anniversary! Please help spread the word and consider how this Preserve which is at the origin of SFC's beginnings has personally impacted and inspired you.

We are currently at 12% of our goal with an expectation of the beginning of donations from the mailer arriving the first and second weeks of December.

OUTREACH AND MEMBERSHIP REPORT

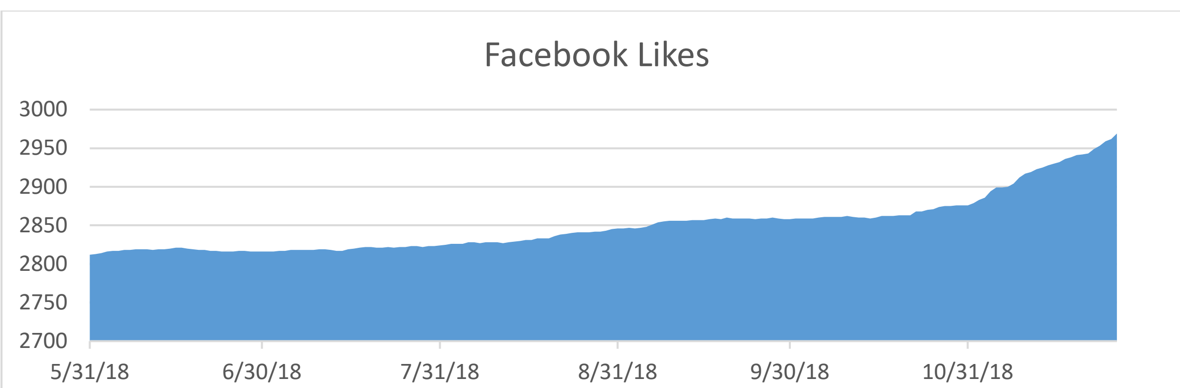
Lindsey Roberts, Outreach Manager

Outreach initiatives and events have yielded a boon to our membership with our total number of members currently at 2,127–our largest membership ever! Membership has seen a 15% growth rate over last year with an additional 10% of members increasing their membership level. October's spike in new members can be attributed to the success of our booth at the Harvest Arts Festival while in mid-November our Twinkie Roast event garnered 13 new members.



Looking forward, we expect our year-end Gift Membership program, which includes three levels of membership along with a corresponding promotion gift, to bring in new and lapsed members while the Gift Wrapping Station at REI in December should yield significant donations to SFC. We're currently at 56% of our fiscal year goal of bringing in $7,000 in dues for new memberships. Additionally, we are at 51% of our fiscal year goal for renewals, with $12,150 collected thus far. If these trends continue we'll be on track to meet our goals by the beginning of the third quarter.

Adjustments in our social media content and posting strategy have produced noticeable results. Facebook 'likes', Instagram 'follows' and engagement are up significantly over previous quarters. Hikes and classes marketed on Facebook have reached over 36,000 unique people.



This shift in advertising events has allowed us to reach new audiences and yielded 312 link clicks, which translate to registrations on our website. Modifications to our Instagram hashtag strategy has improved engagement on those posts and contributed to an increase account follows.

We have been awarded $2,000 in funding from the PG&E ReLeaf Grant program to engage students local to the McKenzie Preserve for an acorn potting project. Once propagated these acorns will be planted on the McKenzie.

EDUCATION PROGRAM

Allyson Brooks, Education & Stewardship Coordinator

Hikes & Classes:

Already, we have had several successful preserve outings. Our REI-sponsored member BBQ and Open Preserve Day on McKenzie included hikes, local music, REI booth, new member sign-ups, a birds of prey presentation with Cat Krosschell, all in a gorgeous setting. We held our first (as new Education & Stewardship Coordinator) docent meeting to discuss upcoming hikes, classes, field trips, docent protocols, docent training dates, and introductions to kick off our hikes and field trips season. This was a very successful day for our Education Program.

We hosted a winter night hike with Sue Stone on McKenzie where participants learned about local flora and fauna, witnessed trap-door spiders, bats, skinks, and other wildlife, all while being led by an amazing docent resource. Linda Hurst led a meditation and mindfulness session on McKenzie as well. This is a great example of all that SFC has to offer our community and is evidence of how we impact humans, and not just our lands. One participant stated "*Awesome experience :) Linda is really kind and welcoming. The group was great too! I look forward to joining this again in the future!*"

As part of REI's Opt Outside Black Friday, SFC offered two hikes on the McKenzie (Boling Gap and the Discovery Trail) where members could experience all the preserve has to offer. These hikes were led by four incredible docents on each, all while burning off Thanksgiving dinner! This is just a start to our incredible hikes & classes season.

California Naturalist

I attended a two-day California Naturalist training conference in Davis, CA. Here, I met the leaders of the California Naturalist Program and connected with many other instructors and program coordinators to discuss program implementation, timelines, and ideas for maintaining a successful CalNat program. I am working with our Outreach Manager (Lindsey) to extensively promote the course, which will run from March 1 – April 26, 2019. I have secured a room (cost waived) at the UC Merced Center, Fresno division. Rodney Olsen will, again, instruct with the help of several local experts in areas such as botany, geology, and rangeland management. The course will utilize our SFC preserves as Saturday field-day classrooms. I have also become certified as an instructor to assist Rodney now and in future course offerings.

Field Trips

Our field trip calendar is already full for Friday's, February through April, grades K-5 for our McKenzie field trips with kids from Fresno, Clovis, Sanger, and Pine Ridge School Districts. I am also (with the support of our incredible education docents) expanding youth education field trips to dates other than Friday's, so that we can reach even more schools and get more kids out in nature. Already, several Thursday's are booked. I am so excited to be a part of a program that impacts our Valley's schools in such a positive way.

We have already hosted students from both high school and college levels on McKenzie preserves.

Docent Trainings

Without our SFC docents, we would be unable to provide hikes and classes, maintain trails and preserves, and reach students through youth field trips. It is because of this dedication that we want to show our docents how much we appreciate them by offering interesting and useful docent trainings, meetings, and celebrations. Our Leave No Trace docent training was a success. One docent commented "*You're doing a great job reinvigorating the docent program. Thank you.*"

Our Next docent training (in January) will be CPR/First Aid certification. Jessica Thompson, SFC's new Program Assistant, will lead instruction and I am going to become certified in CPR/First Aid instruction so that we can reach larger groups and even provide certification to SFC members. This will serve to provide a valuable community service, as well as bring in revenue for SFC.

Another docent training (February or March) that I am very excited to host is an "Expert Day" where I will be bringing in several "experts" in their areas, such as historical anthropology, caving, rangeland management, Native American land uses, and geology, to name a few.

I have developed a new hike report form and docent communication plan to aid docents in providing services to our community. It is already turning out to be a great season!

<u>Grants</u>

Southern California Edison - $10,000 to assist with SFC's Youth Field Trip program, Wildlife Ambassador Program, and other educational endeavors.

Clif Bar Family Foundation - $3,000 to our education program.

We have many local sponsors and individuals that have donated money to SFC and would like to see their contributions benefit the education program directly, as they see this as our venue to reach the most people and provide a lasting impact in our local communities.

I am also working to build community partnerships with local schools, Native American groups, and businesses, as I am firmly rooted in the Prather community and I see so much potential in partnerships between SFC with these and other local groups.

Nature Force

Sierra Foothill Conservancy's Nature Force youth ambassador program, as part of our substantial Youth Outside Grant, is direct evidence of the importance of youth to our local lands. These high school kids give promise to our future with their willingness to help, to learn, and to impact the environment in a way to better our future. They have great attitudes and truly enjoy what we are offering them, all while benefiting the mission of SFC.

We have monthly Nature Force meetings at Mariposa High School and we provide students with opportunities to get outdoors and to work to benefit the SFC on our preserves and Conservation Easements. We are holding a Wilderness Safety course for the students on December 5 and will be hosting a trail-building/preserve maintenance day in January.

On Saturday, November 3, our Nature Force group (along with a group of dedicated students from Clovis North High School) traveled to Merced Falls to assist our Stewardship team with our Merced Falls Restoration Project. Students planted local trees, shrubs, and grasses, installed irrigation, and foliage protection (weed mats, browse guards, and gopher baskets). These kids worked so hard and impressed all SFC staff present. They truly helped in our restoration effort and had a great time doing so. I was humbled by one student thanking me for the day…they were the champions! She further stated, "*We were able to have a new experience while contributing to the greater good and working with others to get the job done*".

STEWARDSHIP PROGRAM REPORT

October – November 2018
Gary Miltimore, Stewardship Program Manager

Merced Falls Restoration - Last month we successfully implemented the much-anticipated Merced Falls restoration project! With the help from SFC staff, the Central Valley Conservation Corps, and Nature Force high school students, we installed 280 plants which included weed cloth, browsing protection, gopher baskets and irrigation. The project will continue to be monitored and maintained for the next 5 years to ensure the plants thrive and provided important riparian habitat to a much-needed site.

Preserve Monitoring - Stewardship staff have been conducting our annual fall/winter monitoring on SFC's preserves from northern Mariposa to southern Fresno. As you know our preserves provide critical habitat for important plant and wildlife species and these monitoring trips document those conditions to assist with management efforts.

New Partnerships - SFC has been invited to partner with the "Southern Sierra All Lands Restoration and Recovery" ("SSARR") program. SSARR is a new working group that came together with the idea to work collectively be more competitive for large Cal Fire grants. They formed back in January of this year when a group from Mariposa tried to put together a large-scale Forest Health Grant but none of the participating agencies were able to take on the role as applicant.

The SSARR Boundary currently covers the entirety of Yosemite National Park, Sierra National Forest and SRA (State Responsibility Areas) lands in Mariposa, Madera and Fresno Counties down to approximately the 2000' elevation, though these boundaries aren't set in stone. One of the focus areas SFC is interested in applying for grant funding is our Mary Elizabeth Miller Preserve at Black Mountain which could use additional vegetation management and is in the SRA. We are working with the regional and local teams to submit a competitive application. More to come!

RANGELAND MANAGEMENT/SLB PROGRAM REPORT

Billy Freeman, Rangeland Program Manager, CPM, CPRM

As we move through Fall, we have completed RDM monitoring on all required properties and have begun grazing implementation at some sites. The last of the 2018 grass-fed beef market cattle have been processed and we have received the 2019 market cattle at the Martin Preserve. Recent rains have resulted in grass species germination and the start of the growing season.

Grazing implementation at the Smith Basin Portion of the McKenzie preserve has begun with 22 cows and 2 bulls on site. RDM levels varied widely at the site from 800 Lbs./ac near the water infrastructure to 2,500-3,500 Lbs./ac in other locations. Proposed cross-fencing may help grazing distribution going forward. We also have 43 cows on the adjacent Big Table Ecological Reserve, decreasing residual forage levels to promote vernal pool plant and animal species. Half of these cattle will be moved to Smith Basin in December, as well as the remaining cattle by March 15th. This will result in 65 Cows and 2 bulls in Smith Basin until our off date in May.

We have 68 Cow/calf pairs at the Fine Gold Preserve on the west side of the creek. The cattle are also open to the adjacent Point Millerton Ranch (PMR) property north of road 216. RDM levels on the Preserve were 1,300-1,500 Lbs./ac, which will be reduced to about 1,000 Lbs./ac by Fall grazing. This will promote greater biodiversity while also protecting soil resources. In December, most of these cattle will move to the Riparian pasture and then east of the creek on the Preserve. Some of the cattle will be moved to the PMR property south of road 216 and will be joined by another 34 pairs which will be received in December to fully stock the southern portion of PMR.

Cattle for the main portion of the McKenzie Preserve are set to be received the first week of December. RDM levels were 800-1,200 Lbs./ac on the Preserve, which resulted in postponing grazing until after grass germination. We will begin our planned grazing implementation with the Shipping (receiving) pasture and then the Riparian pasture where comparatively higher levels of RDM are present. The cattle will then begin to utilize the upland areas but avoid areas with steep slopes until January. There will be around 100 cows as opposed to 135 which were grazed for the 2017/2018 season. We are looking forward to utilizing the recently installed cross-fencing again this year to perform some positive impact on the Preserve.

The last five steers for the 2018 grass-fed beef season have been processed and are pending delivery. Outreach from the harvest arts festival event was instrumental in marketing the last of our 2018 product. 26 animals were processed and sold in total for the 2018 season. We will temporarily have some USDA inspected product available for purchase in individual cuts through the winter. We received 25 steers from Bart Topping which will be the 2019 supply of SLB beef. These cattle will graze for the winter at the Martin preserve with the first round of processing set for early June 2019.

As always, feel free to contact me with any questions about our Rangeland Management and SLB programs.

ANNOUNCEMENTS

Land Conservation

By Lauren Hubert and Melissa Odell

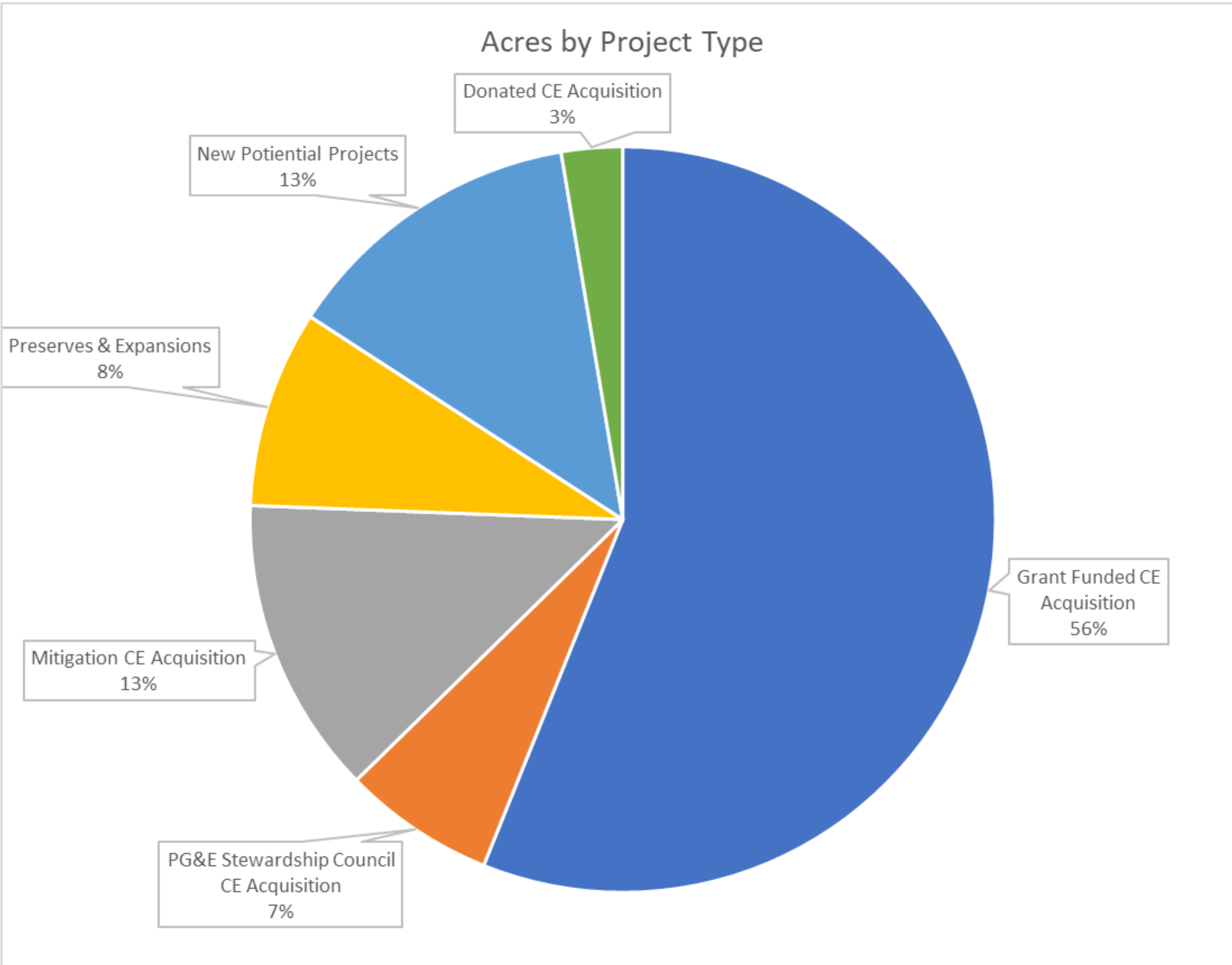
Land Conservation Staff is predicting the closing of a record number of conservation easements by the end of 2018!

North Shore Conservation Easement CLOSED! This 900+ acre mitigation conservation easement closed escrow on November 2nd, 2018, and officially brings SFC to 31,788 acres conserved. This easement, located on the north shore of Millerton Lake in Madera County, provides mitigation for California Tiger Salamander, Waters of the U.S. and Hartweg's Golden Sunburst, as well as open space, scenic value such as lake and lakeshore, cultural resources, and riparian habitat as well as oak woodland and agricultural resources. SFC is the Easement Holder, Endowment Holder and contracted Land Manager.

North Shore Conservation Easement and its steep rolling grasslands, blue oak savanahh and superb vistsas.

LAND CONSERVATION DASHBOARD

Land Conservation Staff are currently working on 26 projects totaling 24,130 acres of additional conserved land. The following graph depicts how these projects break out by project type.



Graph courtesy of Melissa Odell, November 2018

SUMMARY

Staff is heavily focused on tracking Prop. 68 funding allocations and reviewing/comment on draft grant guidelines, as well as applying for these new funding sources. Several land projects are nearing closing including; Chapman Ranch CE, Fenston Ranch CE, and Triangle Ranch CE. In the Stewardship Council arena, the development of Bass Lake CE is moving forward, and we are expecting the closing of Auberry CE in late 2018 or early 2019.

INFORMATION

New Grants & Donations: SFC is working on wrapping up grant agreements from the Central Valley Project Conservation Program and Central Valley Project Improvement Act Habitat Restoration Program, $740,480 or 100% for the Day Ranch Conservation Easement (Merced County) and $1,000,000 or 16% toward the McKinney Ranch Conservation Easement (Madera County), as well as for 50% CE funding for Wright Ranch (1,729 acres, Madera County) from the USDA-NRCS Agricultural Conservation Easement Program. Match funding for McKinney Ranch (2,500,000 or 50%) is awaiting the Strategic Growth Council's November meeting agenda that will subsequently determine approval. Staff plans to apply for 50% match funding for Wright Ranch through CDFW Prop 1/68 grant opportunity in December. Additionally, we have applied for match funding for Bissett Ranch Phase 1 from the Wildlife Conservation Board and the CA Natural Resources Agency and we hope to hear news of grant award by December.

Fee for Service: Staff is investigating new fee-for service opportunities throughout the region, while many of our contracted mitigation projects are rapidly progressing. Currently, staff is under contract to conduct FFS biological monitoring at the UC Merced 2020 expansion project, with several other opportunities on the horizon.

Policy & Planning: SFC staff has been hard at work attending public comment sessions on grant guidelines and funding opportunities and working with SCLTC and the Sierra Consortium to submit comment letters to various funding agencies, including, the CA Natural Resources Agency, Sierra Nevada Conservancy, CA State Parks, CDFW, and many more. Additionally, we're following the progress and implementation of the recent amendment to Civil Code Section 815 (for forest related conservation easements) and will strive to partake, along with our partners, in a reasonable approach to this radical change.

CURRENT PROJECTS

Bean Creek Restoration (Mariposa County, Meadow Restoration) Funded by Natural Resources Agency and CDFW. The repair portion of the project is now complete and post-construction monitoring continues (see Stewardship Program Report). NFWF grant funding is supporting species-specific surveys (owls, turtles, willow flycatcher), water quality, and rancher outreach until May 2020.

Day Ranch CE (356 acres, Merced County, vernal pool grassland, riparian). Grant application for full easement funds was submitted in February to the CVPIA/CVPCP (BOR/USFWS) program has been awarded. Staff are working on negotiating terms of the grant agreement.

Drayer Ranch CE (284 acres; Mariposa County, riparian, grassland, CTS and vernal pool) Project is 100% funded through the NRCS ACEP ALE Program and the Dept. of Conservation SALCP Program. Baseline Documentation Report, Title Policy Proforma and Escrow Instructions are under review by DOC and NRCS. Goal to close before December 2018.

Fenston Ranch CE (765 acres; Madera County, CTS and vernal pools), the Long-Term Management Plan, Endowment, and Conservation Easement are awaiting Agency feedback again.

Hornitos Ranch CE (7,182 acres; Mariposa County, in rolling oak woodland, to oak savannah, and grassland transition; adjacent to Merced River and Lakes McSwain and McClure; CTS and vernal pools) Project was awarded over $5 million through 4 grants (Sustainable Agricultural Lands Conservation Program (CA Dept of Conservation), CDFW Prop 1, California

Oak Foundation, and the Wildlife Conservation Board), covering the cost of acquisition. Grant agreements with DOC and CDFW executed and staff are moving forward with project development and document drafting.

Madera Quarry CE: (200 acres; Madera County, riparian restoration, CTS and vernal pool conservation easement). Awaiting Agency feedback on the Lands Package and feedback from the Project Proponent on the Mitigation Agreement.

McKinney Ranch CE (3,602 acres; Madera County, CTS, vernal pool, adjacent to Bonadelle Ranchos and Madera Ranchos) Staff is working collaboratively Vollmar Natural Lands Consulting and Kevin Knowles consulting to acquire competitive grant funding. SFC has been awarded $1,000,000 already through the CVPIA grant program and is awaiting notification on $3,000,000 in funding from the SALC program from DOC. Future for funding include WCB, USFWS and CDFW.

Wright Ranch CE (1,729 acres; Madera County, transition zone, Fresno River corridor). Staff has received verbal approval from the USDA NRCS Agricultural Conservation Easement Program for 50% of the funds needed for acquisition. Match funding grants will be applied for in the winter/spring 2018-19, including CDFW Prop1/68 in December.

Stockton Creek Preserve Expansion Project Fee Title Acquisition Transfer (200 acres; Mariposa County, transition zone, riparian corridor, public access) 100% funded by the Natural Resources Agency. Appraisal site visit complete, next steps will be survey and Lot Line Adjustment, then close and transfer.

Tesoro Viejo CE On- Site Mitigation Conservation Easement: (186 acres, Madera County) A conservation easement of riparian corridors winding through the Tesoro Viejo Development. To mitigate for Waters of the U.S., lead agency, Army Corps. Planning on submitting documents for Agency review before end of year.

Todisco Ranch CE: (480 acres; Madera County, vernal pools, grassland, CTS and blue oak woodland) Funded by the CVPIA Program through BOR as the lead. Initial stewardship site visits complete, long term management plan and conservation easement drafting underway.

Triangle Ranch CE (640 acres, Mariposa County; oak-pine transition zone, riparian): Donated conservation easement with historic home and rich cultural resources. BDR in progress, conservation easement and title review in process as well.

DEVELOPING PROJECTS

Cal Trans Potential Cal Trans mitigation projects for Mariposa (Limestone salamander preservation and expansion of SFC's existing preserve) and Madera (CTS preservation and restoration) and Fresno (riparian restoration) are in development. We are contributing to the ITP (Incidental Take Permit) information with the mitigation measures.

Bissett and Hansen Ranches (3,000 acres, Mariposa County, Oak savannah, riparian, part of our Madera Mariposa Focus Area, vernal pools and possible CTS). Working with the Bissett family to obtain an Option Agreement, sent donated easement materials to Adele (Hansen). Staff has applied for grant funding this summer to match a bargain sale planned for Phase 1 of the project and expect to hear of grant award decisions by winter. Potential funder site visit completed with EEMP in November. Phase 2 (Barbara Bissett) grant applications will be submitted this winter.

Fenston Remainder (1,216 acres, vernal pools, CTS) SFC is working with Vulcan Lands to develop various approaches to conserve the remainder of the Fenston Ranch utilizing mitigation as funding mechanism and at the same time serving to meet permittees local needs, from local developers to state agencies.

STEWARDSHIP COUNCIL PG&E LANDS (CONSERVATION EASEMENTS)

Staff is negotiating Conservation Easement language, various transaction documents, and long-term monitoring funds for the following projects, which are at various stages of completion:

Auberry Service Center (29 acres; Fresno County) Preliminary and Baseline visits have been conducted. Staff has negotiated terms of the conservation easement. Other transaction documents, funding agreement, and reports are in draft final form. Final long-term monitoring fund has been negotiated. Project was approved by Stewardship Council Planning Committee for approval and has been submitted for CPUC approval. Expected to begin closing process close to the end of 2018.

Bass Lake (1085 acres; Madera County) Due diligence documents and conservation easement are under review. Initial site visit has been completed and BDR site visit was completed summer 2018. CE draft negotiation and funding agreement is in progress as well as drafting of the BDR. Expected to close at the end of 2019.

Manzanita Lake Donated (146 acres; Madera County) Funds for transaction costs and SFC staff time have been negotiated, as well as final long-term monitoring fund has been negotiated. This is a property that will be donated from PG&E to Madera County, and SFC will hold an easement. SFC has received Madera County's park infrastructure proposal and has negotiated permitted uses. Conservation Easement language and other transaction documents are negotiated and in draft final form. Long-term Management Plan is in the drafting phase. Expected to close 2019.

Manzanita Lake Retained (330 acres; Madera County) Funds for transaction costs and SFC staff time have been negotiated. Initial Site visit and Due diligence process and BDR are complete. Land Committee approved project development and all documents are in their draft final versions. Currently going to Stewardship Council board for approval in October. Expected to close at the end of 2019.

OPEN GRANTS

NFWF Bean Creek Phase II Grant $164,000
CDFW Bean Creek Meadow Restoration Grant $493,000
EEMP CA Natural Resources Agency, Bean Creek Restoration Grant $463,000
NRCS EQIP Bean Creek: $44,900
NRCS ACEP Drayer CE: $179,375
SACLP ACE Drayer CE: $179,350
Todisco CE BOR: $576,000
Hornitos SALCP: $2,205,000
Hornitos CDFW: $3,000,000
Hornitos WCB: $100,000
Hornitos California Wildlife Fund/ California Oak Foundation: $100,000
NRCS ACEP Wright $756,437
CVPIA Day $740,480
CVPIA McKinney $1,000,000
Natural Resources Agency River Parkways Program – Stockton Creek Expansion $410,000

PROJECT DEVELOPMENT DEPOSITS

Fenston Ranch CE: $30,000
Madera Quarry CE and Restoration: $30,000
Stewardship Council Projects: $50,000
Tesoro Viejo CE: $30,000

SIERRA • FOOTHILL
•CONSERVANCY•

Treasurer's Report

Budget Narrative for FY 18-19 1st Quarter
July 1, 2018 through September 30, 2018

- Summary
- Balance Sheet
- Cash Flow Projection
- P&L Finance Dashboard
- Fund Balances
- Investments

SFC Fiscal Year End 2017-2018 Audit is almost complete, with auditors making their final reports. We plan to have Price Paige present at the January 23, 2019 Board Meeting.
The P&L for the quarter has outperformed against the FYTD budget. Due to timing of grant reimbursements for stewardship projects, December and January are expected to be lean months for cash flow. However, actual expenses in the quarter were significantly better than budget as some of the delayed project's expenses were deferred and leadership adjusted and managed expenses to come in under budget. To improve cash flow during this time, we continue to analyze finances to lower expenses and optimize income and focus attention on project billing and follow-up calls on accounts receivables.

Cash Flow projection does remain strong and SFC will end the Fiscal Year 2018-2019 with a positive Net Income.

BALANCE SHEET

Provided is a comparative report to prior fiscal year showing the Balance Sheet (compressed version) as of September 30, 2018. SFC shows improvement with increased Cash & Cash Equivalents and a reduced Accounts Receivable total. **NOTE**: We are still waiting on various adjusting journal entries from Price Paige that may affect certain Balance Sheet Accounts – the 2nd quarter end review will show those adjustments.

	9/30/18	9/30/17	$ Change	% Change
ASSETS				
Cash & Cash Equivalents	9,655,243	9,233,933	421,311	5%
Accounts Receivable	68,908	129,301	(60,393)	(47%)
Prepaid & Other Assets	11,934	8,909	2,484	28%
Fixed Assets	7,935,612	7,809,955	125,657	2%
Other Assets (Loans)	151,692	183,506	(31,814)	(17%)
TOTAL ASSETS	17,822,849	17,365,603	457,246	3%
LIABILITIES				
Accounts Payable	78,508	42,061	36,447	87%
Credit Cards	1,224	14,972	(13,748)	(92%)
Payroll Liabilities	45,561	35,789	9,772	27.3%
Accrued Liabilities	125,951	218,873	(83,150)	(33%)
EQUITY				
Unrestricted Net Assets	750,248	908,992	(158,744)	(17%)
Temporarily Restricted	4,026,282	3,143,544	882,738	28%
Permanently Restricted	12,126,465	12,126,465	0	0%
Net Income	154,912	327,659	(172,747)	(53%)
TOTAL LIABILITIES & EQUITY	17,822,849	17,365,603	457,246	3%

.

CASH FLOW

Due to timing of grant reimbursements for stewardship projects, December and January will be lean months for cash flow. Continued work on project billing and follow up calls for Accounts Receivable are planned.

The projected closings of grant funded (Drayer) and donated Conservation Easement (Triangle Ranch) in December will provide landowner donations for project development, along with our year-end appeal and smaller fundraisers we should begin to see real gains in our cash flow right after the first of the calendar year.

Projected closings of mitigation projects (Tesoro Viejo, Fenston Ranch, Madera Quarry) will provide significant unrestricted contributions for Operations in the 3rd Quarter of FY 18-19.

Our Cash Flow Projection through the end of the Fiscal Year shows our operational cash will **significantly exceed the budget Net Income of $515,000. A plan for Net Income Funds will be discussed during the 4th Quarter FY Board Meetings.**

November 2018	December 2018	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
$11,500	$35,000	$298,000	$286,000	$504,000	$652,000	$671,700	$640,200

PROFIT AND LOSS FINANCE DASHBOARD

Below is a snapshot of our current 1st Quarter 18-19 Profit and Loss. Shifts in projected land acquisition closings will shift both income and expense to closer to budget as we move through the fiscal year.

INCOME	YTD Actual	YTD Budget	Over/Under	
Program Grants	22,911	38,309	(15,398)	
Temp Restricted Contributions	1,070	2,768	(1,698)	
Unrestricted Contributions	26,450	72,051	(45,601)	
Earned Revenue (FFS, Rent)	75,069	108,455	(33,385)	**Below Budget**
TOTAL INCOME	125,599	221,583	(95,984)	(57%)

EXPENSES	YTD Actual	YTD Budget	Over/Under	
Personnel	187,483	237,601	(50,118)	
Consultants/Contractors	96,027	126,597	(30,569)	
Equipment	2,163	18,610	(16,997)	
Material and Supplies	8,049	42,712	(34,663)	
Program Support	43,098	109,161	(66,063)	**Below Budget**
TOTAL EXPENSES	336,821	534,681	(197,608)	(63%)

FUND BALANCES

The Fund Balances sheet reflects the September 30, 2018 balances of each of our Restricted Funds. The numbers in (parenthesis) are the protected principle of each fund.

INVESTMENTS

As of September 30, 2018, there was Investment Dividend & Interest of **$32,503**, with Investment Gain of **$259,433. This gives a combined Investment Gain of $293,873 which is a 6% increase over last FY.** The Investment Committee met in September 2018 and reviewed that Funds are allocated in our portfolio per our Investment Policy, proposed revisions to our Investment Policy which will be reviewed at the January 2019 Board Meeting along with an Investment Committee update and report. We project that during the remainder of the Fiscal Year an additional $5 million will be invested from the potential closing of over 6 Land Acquisition Projects before June 2019.

INVESTMENTS	YTD Actual	Prior FY YTD
Lodge Road Property Sale Loan Interest	217	490
SLB Loan Interest	1,938	2,169
Investment Dividends	32,503	55,782
Gains in Invested Funds	293,873	259,433
Land Acquisition Additions	0	335,000
Endowment Contributions	0	0
Temp Restricted Contributions	72,000	234,680
Deferred Revenue Contributions	0	0

Kerckhoff Reservoir 2018

SIERRA·FOOTHILL

· CONSERVANCY ·

RESOLUTION TO APPLY FOR ACCREDITATION RENEWAL WITH THE LAND TRUST ACCREDITATION COMMISSION

Whereas the board of directors of Sierra Foothill Conservancy supports this application for accreditation by the Land Trust Accreditation Commission; and,

Whereas Sierra Foothill Conservancy understands that by applying for accreditation it joins land conservation organizations around the country that are united by strong ethical practices and a commitment to sound transactions and the stewardship of land and conservation easements; and,

Whereas Sierra Foothill Conservancy understands that as a member of the accreditation land trust community it would be responsible for heling to maintain the credibility of the accreditation program;

Now, therefore be it resolved by the board of directors of Sierra Foothill Conservancy:

THAT, we agree to uphold high standards of ethics in implementing our organization's mission and in our governance and operations.

THAT, we agree our organization will continue to implement *Land Trust Standards and Practices* as long as it is accredited.

THAT, we agree our organization will abide by the Accreditation Agreement it signed and will comply with the published accreditation program requirements.

THAT, we agree, if accredited, to do our best to ensure that the actions of our organization help to maintain the credibility of the accreditation program.

PASSED AND ADOPTED, by the following email vote on December 5, 2018

YES ___________
NO ___________
ABSTAIN ___________
ABSENT ___________

____
Margot Cegielski, Secretary of the Board

SIERRA·FOOTHILL

· CONSERVANCY ·

RESOLUTION TO AUTHORIZE THE FOLLOWING INDIVIDUALS TO ACCESS THE VANGUARD SUITE OF ACCOUNTS

December 5, 2018

With regards to the Vanguard held investment accounts of Sierra Foothill Conservancy, specifically the Simple IRA, the Vanguard Federal Money Market Account, and the Vanguard Long-Term Investment Account, the following individuals are authorized by the Sierra Foothill Conservancy Board of Directors to have signature authority, to view and access information and reports and to authorize transfers based on our Investment Policy (Revised December 2018).

The following officers of the corporation have Signature Authority, and authorization for deposits and withdrawals:

Paul Beare, President
Lynn Gorman, Board of Directors
Jon Edwards, Treasurer

The following directors of the corporation are authorized to view, access and facilitate all transfers, either deposits or withdrawals:

Bridget Fithian, Executive Director
Mary Kate McKenna, Operations Director

PASSED AND ADOPTED, by the following email vote on December 5, 2018

YES ___________
NO ___________
ABSTAIN ___________
ABSENT ___________

Attested to by ____

Margot Cegielski, Secretary of the Board

SIERRA·FOOTHILL · CONSERVANCY ·

Policy Revision Materials

For review and approval December 5, 2018

Board of Directors Meeting

General Summary:

All active policies were reviewed against the newly released 2018 LTA Standards and Practices as well as the 2017 LTA Accreditation Handbook for compliance with not only their stringent standards but also current local, state, and federal laws.

Taken into consideration is current SFC Best Practices.

Presented to the Board of Directors for review and approval are policies that were deemed necessary by executive leadership to comply with current standards and practices.

Review of Policies with Edits for Review

Bylaws

Revised three sections:

Article II: Offices, Section 2.01 – Principal Office

> Propose to change language to have principal office within the service region and any changes would be at the discretion of the Board of Directors.

Article IV: Directors, Section 4.07 – Annual Meeting of Directors

Current Bylaws state annual meeting is to be held during a designated Saturday during the third quarter of each fiscal year (which would mean April – June of each fiscal year).

> Propose changing the language to reflect our current practice of 2nd Quarter (October) **OR** begin holding the retreat during the time frame in current Bylaws in lieu of an already scheduled Board of Directors Meeting (we currently meet each of those three months)

Article IX: Records and Reports, Section 9.04 Annual Report

Current Bylaws require the Annual Report should be issued within 180 days after the end of the Fiscal Year (which would mean no later than the end of December each year).

> Proposed language change to January of each calendar year – which would then allow for points 1-6 to be addressed adequately in the Annual Report which includes information found in the audited financial report which is typically released in December and presented and approved by the board in December of each calendar year.

Building Funds for Conservation Easement Stewardship and Defense

Revised to incorporate the new 2018 LTA requirement to present and approve that the fund balances in both the CE Stewardship Fund and CE Defense Fund are adequate per new guidelines

> **CE Stewardship Fund**: must have a minimum of $3,500 per CE and Fee Title Property for stewardship monitoring
>
> **CE Defense Fund**: must use the LTA designed and approved Legal Defense Calculator

Records Policy

Revised to reflect current technology changes, SFC current best practices for records storage and included more "indefinitely held records" per the 2018 release of LTA Standards and Practices.

Stewardship Procedures & Fund Policy

Revised to reflect use of LTA designed and approved Legal Defense Calculator and designate all Funds are to be managed in concert with Investment Policy.

Rescind the following policies that are no longer needed or merged within Plan/Process Documents:

Membership Policy (Merged into Membership Plan)
Privacy and Mailing List Exchange Policy (Merged into Membership Plan)
Money Market Cap (2003) (No Longer Applicable)
Wildlife Outreach Policy and Procedure (Now a Grant Agreement)

BYLAWS

of

SIERRA FOOTHILL CONSERVANCY,
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

Revised and Adopted
~~**December 7, 2016**~~
For Revision December 5, 2018

Formatted: Strikethrough

Intentional Blank Page

BYLAWS
OF
SIERRA FOOTHILL CONSERVANCY,
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

ARTICLE I
ORGANIZATION

Section 1.01 **Name**. The name of this Corporation is ~~the~~ SIERRA FOOTHILL CONSERVANCY.

Section 1.02 **Purposes and Limitations**. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law). The general purposes of this Corporation are:

(a) To protect, administer, and preserve lands in the grasslands, foothills, and forests of the Central Sierra region of California that possess unique natural resources and cultural qualities;

(b) To conduct public education and scientific research and to maintain the natural balance with livestock grazing and/or other traditional land management techniques;

(c) To do all other things allowed by a non-profit corporation and utilize funds from all other sources than government to effectively educate, train, and place individuals with the necessary resources and skills to fulfill employer needs; and

(d) To have and exercise all rights and powers conferred on nonprofit public benefit corporations under the Nonprofit Public Benefit Corporation Law of California as such law is now in effect or may at any time hereafter be amended, provided, however, notwithstanding any of the foregoing statements, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the above-stated purposes of this Corporation.

Section 1.03 **Dedication of Assets**. The property of this Corporation is irrevocably dedicated to charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the Revenue and Taxation Code and no part of the net income or assets of this Corporation shall inure to the benefit of any director, officer, or member thereof or to the benefit of any private person. Upon the dissolution or winding up of this Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable and educational purposes meeting the requirements for exemption provided by Section 214 of the Revenue and Taxation Code, and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law), and which is qualified for exemption from taxation under Section 23701d of the California Revenue and Taxation Code (or the corresponding provision of any future California Revenue and Tax Law).

Section 1.04 **Nonpartisan Activities**. The Corporation shall be nonpartisan. No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office. The Corporation shall not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes and objectives consistent with its 501(c)3 status.

ARTICLE II
OFFICES

Section 2.01 **Principal Office**. The principal office for the transaction of the activities and affairs of the Corporation ("principal executive office") shall be located within the assigned service area of the Corporation. The Board of Directors may change the principal executive office from one location to another. Any change of this location shall be noted by the Secretary of the Corporation on these Bylaws opposite this section, or this section may be amended to state the new location.

The principal office for the transaction of the activities and affairs of the Corporation (“principal executive office”) is located in Mariposa County, CA

Section 2.02 **Other Offices**. The Board of Directors may at any time establish branch or subordinate offices at any place or places, within or without the State of California, where the Corporation is qualified to conduct its activities.

ARTICLE III
MEMBERSHIP

Section 3.01 **Membership**. This Corporation shall have no voting members. Any action which would otherwise under law require the approval of the Board of Directors, and all rights which would otherwise vest in the members under law shall vest in the Directors of this Corporation. The Board of Directors may, by resolution, establish such categories of nonvoting memberships as it deems advisable and useful in its research, management, and fundraising activities.

Section 3.02 **Other Persons Associated With Corporation**. This Corporation may refer to persons or entities as affiliate members or other persons or entities associated with it even though those persons or entities are not voting members.

ARTICLE IV
DIRECTORS

Section 4.01 **Powers and Responsibilities**. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations in the Articles of Incorporation or these Bylaws, the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised by, or under the direction of, the Board of Directors. The Board of Directors shall be responsible for, among other things: (i) adopting an annual budget and providing financial oversight of the Corporation (ii) adopting policies and positions concerning the affairs of this Corporation and (iii) providing leadership in governance and resource development. The Board of Directors may delegate the management of the activities of the Corporation to an Executive Director, a management company, or management committees however composed, provided that the activities and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by, or under the ultimate direction of, the Board of Directors.

Without prejudice to these general powers and subject to the same limitations, the Board of Directors, in addition to the other powers enumerated in these Bylaws, shall have the power to:

(a) Appoint and remove, subject to any employment agreement and, at the pleasure of the Board of Directors, all officers, agents, and the Executive Director of the Corporation; prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; amend their compensation (if any); and require from them security for faithful service.

(b) Change the principal executive office in the State of California from one location to another; cause the Corporation to conduct its activities within or without the State of California; and designate any place within or without the State of California for holding any meeting of Directors.

(c) Adopt and use a corporate seal and to alter the form of such seal from time to time, as in their judgment they may deem best, provided such seal shall at all times comply with the provisions of law.

(d) To approve an annual operating budget and capital expenditure budget, to borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

(e) To conduct, manage and control the affairs and activities of the Corporation and to make such rules and regulations therefor not inconsistent with applicable federal and California law, the Articles of Incorporation or the Bylaws as they may deem best.

(f) Pursuant to authority hereinafter granted, to appoint committees and to delegate to such ~~committees~~committee's powers and authority of the Board of Directors in the management of the activities and affairs of the Corporation, except the power to adopt, amend or repeal Bylaws or Articles, and except as otherwise set forth herein.

Section 4.02 **Number and Qualification of Directors**. The authorized number of Directors shall be no less than nine (9) and no more than twenty-one (21) until changed by amendment to this bylaw made pursuant to the provisions of Article X of these Bylaws. Directors need not be residents of the State of California. The Board of Directors may select such additional persons to serve as "Honorary Directors" or "Advisory Council " members as it deems appropriate. “Honorary Directors” and “Advisory Council ” members shall enjoy no voting privileges on the Board of Directors.

Section 4.03 **Restriction on Interested Persons as Directors**. No more than twenty-five percent (25%) of the persons serving on the Board of Directors may be interested persons. An "interested person" is (a) any person 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; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the provisions of this bylaw shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 4.04 **Election, Designation, and Term of Office of Directors**. Directors for the Corporation shall be elected by the voting members at a meeting of the members as needed to fill the vacancies. Directors shall be selected from a slate of nominees proposed by the Governance Committee, which shall be the officers of the Corporation, and any eligible members nominated from the floor at the member meeting. Directors shall serve three (3) year terms. If a Director is voted in within the first six months of the calendar year their term will end in June, three years from the year they are voted in. If a Director is voted in during the last six months of the year, their term will end in December, three years from the year they are voted in. Each such Director, shall hold office until expiration of the term for which appointed or elected and until a successor Director has been elected and qualified. No Director may serve more than three (3) consecutive terms; provided, however, that any Director who has not served on the Board of Directors for at least one (1) year may at any time thereafter be elected to the Board of ~~Directors, and~~Directors and may thereafter serve up to an additional three (3) consecutive three (3) year terms. This provision does not apply to directors who were on the board as of the annual meeting in March of 2006.

Section 4.05 **Vacancies; Removal; Resignation of Directors**. A vacancy or vacancies on the Board of Directors shall be deemed to exist on the occurrence of any of the following: (a) the death of any Director; (b) the resignation of any Director; (c) the declaration by resolution of the Board of Directors of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, 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; (d) the increase of the authorized number of Directors; or (e) the removal of a Director in accordance with these Bylaws.

A Director may be removed, either with or without cause, by a two-thirds (2/3) vote of all other Directors at the time in office at any regular meeting or special meeting of the Board of Directors so long as the item to remove the director is placed on the written agenda and distributed to the directors no less than two weeks before the meeting in which it is considered.

Any Director who is absent from three (3) consecutive regular meetings of the Board of Directors, without cause, may be removed by a majority of the Board of Directors. However, any Director shall be entitled to up to a six-month leave of absence from their duties due to illness, vacation, or other compelling reasons with the approval of a majority of the Board of Directors.

Except as provided below, any Director may resign by giving written notice to any Officer or the Board of Directors of the Corporation. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a Director's resignation is effective at a future time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of State of California, no Director may resign if the Corporation would be left without a duly elected Director or Directors.

Vacancies on the Board of Directors may be filled by a majority of the Directors then in office, whether or not less than a quorum, or by a sole remaining Director.

No reduction of the authorized number of Directors shall have the effect of removing any Director from office before that Director's term of office has expired.

Section 4.06 **Place of Directors' Meetings; Meetings By Telephone**. Meetings of the Board shall be held at any place, within or without the State of California, that has been designated by resolution of the Board of Directors or in the notice of the meeting or, if not so designated, at the principal executive office of the Corporation. Any meeting may be held by conference telephone, or similar communication equipment, as long as all Directors participating in the meeting can hear one another. All such Directors shall be deemed to be present in person at such a meeting.

Section 4.07 **Annual Meeting of Directors**. The Board of Directors shall hold an annual meeting ~~on a designated Saturday during the third quarter of~~ during each fiscal year. Each such annual meeting shall be held for purposes of organization and the transaction of other business. ~~Notice of the time and place of this meeting shall be required.~~

Section 4.08 **Other Regular Meetings**. Other regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may determine from time to time. The time and place of such meetings will be stated in the minutes of the previous meeting of the Board of Directors. A minimum of four (4) board meetings shall be held each year.

Section 4.09 **Special Meetings**. Special meetings of the Board of Directors for any purpose may be called at any time by the President of the Board of Directors, the Vice President, the Secretary or any two (2) Directors.

Notice of the time and place of special meetings shall be given to each Director by one of the following methods: (a) by personal delivery of written notice; (b) by first-class mail postage prepaid, (c) by telephone, either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director; (d) by electronic mail (e-mail), either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director; or (e) by fax, either directly to the Director or to a person at such Director's office who would reasonably be expected to communicate that notice promptly to such Director. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Corporation.

Notice sent by first-class mail shall be deposited in the United States mail at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, e-mail or fax shall be delivered, telephoned, e-mailed or faxed at least forty-eight (48) hours before the time set for the meeting.

The notice shall state the time of the meeting, and the place if the place is other than the principal executive office of the Corporation. The notice need not specify the purpose of the meeting.

Section 4.10 **Waiver of Notice**. Notice of a meeting need not be given to any Director who, either before or after the meeting, signs a waiver of notice, a written consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any Director who attends the meeting and does not protest, before or at the commencement of the meeting, the lack of notice to that Director.

Section 4.11 **Quorum**. Forty (40) percent of the authorized number of Directors shall constitute a quorum for the transaction of any business, except to adjourn. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be the act of the Board of Directors, subject to the provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest; (b) approval of certain transactions between corporations having common directorships; (c) creation of, and appointments to, committees of the Board of Directors, and (d) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 4.12 **Adjournment**. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Section 4.13 **Notice of Adjourned Meeting**. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than twenty-four (24) hours. If the original meeting is adjourned for more than twenty (24) hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the Directors who were not present at the time of the adjournment.

Section 4.14 **Action Without a Meeting**. Pursuant to Section 5211(b) of the California Corporations Code, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if each and every member of the Board of Directors consents in writing to the action; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Corporation is a party and who is an "interested director," as defined in Section 5233 of the California Corporations Code or any provision herein, shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the Board of Directors. All such consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 4.15 **Compensation and Reimbursement**. Directors and members serving on committees approved by the Board of Directors may not be compensated by the Corporation for their services. However, Directors and members serving on committees approved by the Board of Directors may receive reimbursement of expenses as the Board of Directors may establish by resolution to be just and reasonable as to the Corporation at the time that the resolution is adopted.

ARTICLE V
OFFICERS

Section 5.01 **Officers of the Corporation**. The officers of the Corporation shall consist of a President, a Vice President, a Secretary, and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, such other officers as may be appointed in accordance with Section 5.03 of these Bylaws.

Section 5.02 **Election of Officers**. The officers of the Corporation, except such officers as may be appointed under Section 5.03 of these Bylaws, shall be chosen by the Board of Directors from among the Board members and shall serve ~~two year~~two-year terms. Officers may serve additional terms at the Board of ~~O~~Director's approval. Annually, SFC officer positions are reviewed for election and/or renewal for consideration at the December meeting. New Officers will assume their role responsibilities January 1. In the event of a midterm officer appointment that position will be reviewed for needed election and or renewal the following December, along with other officer positions.

Section 5.03 **Additional Officers**. The Board of Directors may appoint and may authorize the President of the Board of Directors, or other officer, to appoint any other officers that the Corporation may require. Each officer so appointed shall have the title, hold office for the period, have the authority, and perform the duties specified in the Bylaws or determined by the Board of Directors.

Section 5.04 **Removal and Resignation of Officers**. Without prejudice to any rights any officer may be removed with or without cause by the Board of Directors and also, if the officer was not chosen by the Board of Directors, by any officer on whom the Board may confer that power of removal.

Any officer may resign at any time by giving written notice to the Corporation. The resignation shall take effect as of the date the notice is received or at any later time specified in the notice and, unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 5.05 **Vacancies in Office**. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 5.06 **President of the Board**. Subject to the control of the Board of Directors, the President of the Board of Directors shall direct, and control the activities and affairs of the Board and its officers. The President of the Board of Directors shall have such other powers and duties as the Board of Directors or these Bylaws may prescribe. In the absence of an E~~e~~xecutive D~~d~~irector, retained either as an employee of the Corporation or as an administrative services contractor of the Corporation, the President shall serve as the chief executive officer and direct and control the Corporation's activities and affairs. The President shall be given the necessary authority and held responsible for the administration of the Corporation in all its activities and subject only to such policies as may be adopted and such orders as may be issued by the Board of Directors or by any of its committees to which it has delegated power for such action. The President shall act as the "duly authorized representative" of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person for that specific purpose. Without prejudice to such general powers as above described, but subject to the limitations, authority and duties of the President are hereby expressly declared to be:

(a) To carry out all policies established by the Board of Directors, and to advise on the formation of those policies;

(b) To attend meetings of the Board of Directors and its committees;

(c) To prepare plans for the achievement of the Corporation's long-range objectives and goals as adopted by the Board of Directors;

(d) To promote effective and economical working relationships with other organizations;

(e) To represent the Corporation to the public; and

(f) To perform any other duty that may be necessary in the best interest of the Corporation.

Section 5.07 **Vice President**. If the President is absent or disabled, the Vice President shall perform all duties of the President. When so acting, the Vice President shall have all powers of, and be subject to, all restrictions on the President. The Vice President shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may prescribe. The Vice President shall serve as the President elect.

Section 5.08 **Secretary**. The Secretary shall keep or cause to be kept, at the

Corporation's principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings, proceedings, and actions of the Board of Directors. The minutes of meetings shall include the time and place that the meeting was held, whether the meeting was annual, regular, or special, and, if special, how authorized, the notice given, and the names of those present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the principal executive office in the State of California, a copy of the Articles of Incorporation and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and of committees of the Board of Directors required by these Bylaws to be given. The Secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board of Directors of these Bylaws may prescribe.

Section 5.09 **Treasurer**. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Treasurer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board of Directors. The books of account shall be open to inspection by any Director at all reasonable times.

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name of, and to the credit of, the Corporation with such depositories as the Board of Directors may designate; shall disburse the Corporation's funds as the Board of Directors may order; shall render to the President of the Board of Directors, and the Board of Directors, when requested, an account of all transactions as Treasurer and of the financial condition of the Corporation; and shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may prescribe.

The Board of Directors may elect to secure in the name of the Corporation and the Treasurer a bond in the amount and with the surety or sureties specified by the Board of Directors for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of, the Treasurer upon such officer's death, resignation, retirement, or removal from office.

ARTICLE VI
COMMITTEES

Section 6.01 **Committees of the Board**. The Board of Directors, by motion adopted by a majority of the Directors then in office, provided a quorum is present, may create one or more committees, each consisting of one (1) or more Directors, and other persons that the Directors may appoint to serve at the pleasure of the Board of Directors. Appointments to committees of the Board shall be by majority vote of the Directors then in office. The Board of Directors may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee, to the extent provided in the Board motion, shall only have the authority delegated by the Board of Directors, except that no committee, regardless of Board motion, may:

(a) Fill vacancies on the Board of Directors or on any committee that has the authority of the Board of Directors;

(b) Fix compensation of the Directors for serving on the Board of Directors or on any committee;

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

(d) Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable;

(e) Create any other committees of the Board of Directors or appoint the members of committees of the Board of Directors;

(f) Expend corporate funds to support a nominee for Director after more people have been nominated for Director than can be elected; or

(g) Approve any contract or transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest, except as special approval is provided for in Section 5233(d)(3) of the California Corporations Code; or

(h) Take any final action in violation of the California Nonprofit Public Benefit Corporation Law.*[a]

Section 6.02 **Meetings and Actions of Committees**. Meetings and actions of committees of the Board of Directors shall be governed by, held, and taken in accordance with, the provisions of these Bylaws concerning meetings and other Board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by Board motion or, if there is none, by motion of the committee of the Board of Directors. Minutes of each meeting of any committee of the Board of Directors shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of any committee, provided they are consistent with these Bylaws or, in the absence of rules adopted by the Board of Directors, the committee may adopt such rules.

Section 6.03 **Executive Committee**. The Board of Directors may appoint

*[a] Link to full California Corporations Code: *www.leginfo.**ca**.gov/.html/**corp**_table_of_contents.html*

two (2) or more Directors and the President of the Corporation to serve as the Executive Committee of the Board. The Executive Committee, unless limited by a resolution of the Board, shall have and may exercise all the authority of the Board of Directors in the management of the business and the affairs of the Corporation between the meetings of the Board; provided, however, that the Executive Committee shall not have the authority of the Board in reference to those matters enumerated in Section 6.01.

ARTICLE VII
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 7.01 **Agents, Proceedings, and Expenses**. For the purposes of this Article, "agent" means any person who is or was a Director, officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a Director, officer, employee, or agent of a foreign or domestic corporation which was a predecessor corporation of this 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 "expense" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Sections 7.04 or 7.05(b) of this Article VII.

Section 7.02 **Actions Other Than By the Corporation**. This Corporation shall have the 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, this Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Corporations Code, 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 this Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that 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 this Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 7.03 **Actions By the Corporation**. This Corporation shall have the 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, this Corporation, or brought under Section 5233 of the California Corporations Code, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that person is or was an agent of this Corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 7.03 for any of the following reasons:

(a) In respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this 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, that person is fairly and reasonably entitled to indemnity for the expenses and then only to the extent that the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) 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.

Section 7.04 **Successful Defense By Agent**. To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 7.02 or 7.03 of this Article VII, 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.

Section 7.05 **Required Approval**. Except as provided in Section 7.04 of this Article VII, any indemnification under this Article VII shall be made by this 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 Section 7.02 or 7.03 of this Article VII, by any of the following:

(a) A majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

(b) The court in which the proceeding is or was pending, upon application made by this 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 this Corporation.

Section 7.06 **Advance of Expenses**. Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding upon receipt of an undertaking by, or on behalf of, the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article VII.

Section 7.07 **Other Contractual Rights**. No provision made by a corporation to indemnify its Directors or officers for the defense of any proceeding, whether contained in the Corporation's Articles of Incorporation or Bylaws, a resolution of the Board of Directors, an agreement or otherwise, shall be valid unless consistent with this Article VII. Nothing contained in this Article VII shall affect any right to indemnification to which persons other than Directors and officers of this Corporation may be entitled by contract or otherwise.

Section 7.08 **Limitations.** No indemnification or advance shall be made under this Article VII, except as provided in Sections 7.04 or 7.05(b), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the Articles of Incorporation, 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~~incurred, or other amounts were paid, which prohibits or otherwise limits indemnification; or

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

Section 7.09 **Insurance**. Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation may purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against, or incurred by, the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against the liability under the provisions of this Article VII; provided, however, that this Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Corporations Code.

ARTICLE VIII
EXECUTIVE DIRECTOR

Section 8.1 **Employment**. The Board may employ an Executive Director who shall be the administrative head of the Corporation.

Section 8.2 **Duties**. The Executive Director shall be responsible to the Board of Directors. The Executive Director shall be given the authority to carry out the policies established by the Board of Directors. The Executive Director shall have, but not be limited to, the following duties:

(a) Serve as the administrator of all aspects of the day-to-day operations of the Corporation, including operating policies and procedures;

(b) Make recommendations to the Board for its consideration regarding broad policies of the Corporation;

(c) Develop the overall program and services to be provided by the Corporation and its clients;

(d) Be present either personally or through an appointed representative at all Board meetings and be an ex-officio member of all committees; and

(e) Designate, appoint, evaluate or remove employees in accordance with established policies and procedures of the Corporation.

ARTICLE IX
RECORDS AND REPORTS

Section 9.01 **Records and Reports**. The Corporation shall keep:

(a) Adequate and correct books and records of account;

(b) Written minutes of the proceedings of its Board of Directors, and committees of the Board of Directors; and

(c) A record of its members giving their names and ~~addresses~~addresses, and the class of membership held by each.

Section 9.02 **Maintenance and Inspection of Articles and Bylaws**. The Corporation shall keep at its principal executive 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 members of the Board of Directors at all reasonable times during office hours.

Section 9.03 **Inspection by Directors**. Every Director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, documents of every kind and physical properties. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 9.04 **Annual Report**. The Board of Directors shall cause to be prepared and distributed to the membership an annual report, to be sent within three months of Board acceptance of audit for the prior ~~within one hundred twenty (180) days after the end of the Corporation's~~ ~~each~~ fiscal year. That report shall contain the following information, in appropriate detail, for the fiscal year:

(1) The assets and liabilities of the Corporation as of the end of the fiscal year.

(2) The principal changes in assets and liabilities.

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

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

(5) A statement of the place where the names and the addresses of the current members are located.

(6) Any information required by Section 9.05 of Article IX of these Bylaws.

The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

This requirement of an annual report shall not apply if the Corporation receives less than Ten Thousand and No/100 Dollars ($10,000.00) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all Directors who request it in writing.

Section 9.05 **Annual Statement of Certain Transactions and Indemnifications**. As part of the annual report to the Board of Directors of the Corporation, or as a separate document if no annual report is issued, the Corporation shall annually furnish to each member a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the end of the Corporation's fiscal year:

(1) Any transaction (i) which the Corporation, its parent, or its subsidiary was a party; (ii) in which an "interested person" had a direct or indirect material financial interest; and (iii) which involved more than Fifty Thousand and No/100 Dollars ($50,000.00), or was one of a number of transactions with the same interested person involving, in the aggregate, more than Fifty Thousand and No/100 Dollars ($50,000.00). For this purpose, an "interested person" is either of the

following:

(a) Any Director or officer of the Corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or

(b) Any holder of more than ten percent (10%) of the voting power of the Corporation, its parent, or its subsidiary. The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction and, if practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(2) Any indemnifications or advances aggregating more than Ten Thousand and No/100 Dollars ($10,000.00) paid during the fiscal year to any officer or Director of the Corporation under Sections 7.01 through 7.03 of these Bylaws, unless that indemnification has already been approved by the Directors under Section 5238(e)(2) of the California Corporations Code.

ARTICLE X
CONFLICTS OF INTERESTS

Section 10.01 **Disqualifying Financial Interest**. Any member of the Board of Directors must obtain the Board of Directors' approval pursuant to Section 10.02 or Section 10.03 and disqualify himself or herself from making, participating in the making of, or attempting to influence any decisions of the Board of Directors or a committee of the Board of Directors if it is reasonably foreseeable that the decision is one in which the Director has a material financial interest.

Section 10.02 **Prior Board of Directors Approval**. The Board of Directors may approve a proposed transaction in which a Director or Directors may have a material financial interest if after reasonable investigation and prior to consummating the transaction or any part thereof, with knowledge of the material facts concerning the transaction and the Director or Directors' interest in transaction, the Board of Directors determines in good faith by vote of a majority of Directors then in office without counting the vote of the interested Director or Directors, that:

(a) The proposed transaction is for the Corporation's own benefit;

(b) The proposed transaction is fair and reasonable as to the Corporation; and

(c) The Corporation cannot obtain a more advantageous arrangement with reasonable efforts under the circumstances.

Section 10.03 **Board of Directors Ratification**. The Board o~~r~~f Directors may ratify a transaction entered into between the Corporation and a Director or Directors in which the Director or Directors had a material financial interest if at the next meeting of the Board of Directors, the Board of Directors determines in good faith by vote of a majority of Directors then in office without counting the vote of the interested Director or Directors, that:

(a) A committee or person authorized by the Board of Directors approved the transaction;

(b) The Corporation entered into the transaction for its own benefit;

(c) The transaction was fair and reasonable as to the Corporation at the time the Corporation entered into the transaction; and

(d) It was not reasonably practicable to obtain approval of the Board of Directors prior to entering into the transaction.

Section 10.04 **Disqualifying Non-Financial Interest**. Any member of the Board of Directors must likewise disqualify himself or herself when there exists a personal non-financial interest which will prevent the member for applying disinterested skill and undivided loyalty to the Corporation in making or participating in the making of decisions.

Section 10.05 **Procedure of Disqualification**. A Director required to disqualify himself or herself pursuant to Sections 10.01 or 10.04, above, shall (1) immediately disclose the interest, (2) withdraw from any participation in the matter, (3) refrain from attempting to influence any other Director, and (4) refrain from voting. The Director may be counted in determining whether a quorum is present.

Section 10.06 **No Invalidation of Action**. No action or decision of the Board of Directors or committee of the Board of Directors shall be invalid because of the participation therein by a Director or Directors in violation of this policy.

ARTICLE XI
GENERAL CORPORATE MATTERS

Section 11.01 **Construction and Definitions**. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

Section 11.02 **Amendment of Bylaws**. New bylaws may be adopted, or these Bylaws may be amended or repealed, in any manner authorized under Section 7150 of the California Corporations Code, or in any other manner permitted by applicable law. Notwithstanding the foregoing, no amendment may extend the term of a Director beyond that for which such Director was elected.

Section 11.03 **Authority to Bind Corporation**. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into 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 in any amount.

Section 11.04 **Amendments of Articles**. The Articles of Incorporation of this Corporation may be amended, repealed or new Articles adopted in any manner authorized under Sections 7810 *et seq.* of the California Corporations Code, or in any manner permitted by applicable law.

Section 11.05 **Insurance**. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising out of the officer's, Director's, employee's, or agent's status as such.

I certify that I am duly elected and acting Secretary of the Sierra Foothill Conservancy, a California non-profit public benefit corporation, that the above Bylaws, ~~consisting of nineteen (19) pages~~, are the Bylaws of this Corporation as adopted by the Board of Directors of the Corporation on **December 5~~7~~, 201~~6~~8** and that said Bylaws have not been amended or modified since the date thereof.

______________________________ __________

Margot Cegielski, Board Secretary Date

SIERRA·FOOTHILL
· CONSERVANCY ·

BUILDING FUNDS FOR CONSERVATION EASEMENT STEWARDSHIP AND DEFENSE

~~EFFECTIVE JANUARY 1, 2013~~

~~REVISED VIA BOARD MOTION JUNE 3, 2015~~

Presented for Review December 5, 2018

The Board understands and recognizes the critical importance of maintaining adequate funds to ensure our promise of protecting land in perpetuity. The CE Stewardship Fund and the Defense Fund provide long-term funds to uphold and defend the conservation values of the properties for which SFC holds easements and fee title land.

Stewardship Fund:

The minimum amount required for the Stewardship Fund is $5,000 per conservation easement. This is strictly a minimum and additional monies will be added to this fund as they are available.

The balance will be assessed on a~~n~~ semi-annual basis to account for losses due to market fluctuation. If long-term market trends warrant additional funds to be invested to meet the minimum, the Board will determine what action to take to rebuild the fund.

Defense Fund

For all new projects, a contribution is required to the CE Legal Defense Fund of $5,000 per Conservation Easement or $10,000 for Mitigation Conservation Easement, which exceeds t~~T~~he minimum amount required for the Defense Fund ~~is~~ per LTA current Requirements. ~~and is to be calculated annually per the LTA Requirements Manual. For all new projects, a contribution is required to the CE Legal Defense Fund of $5,000 per Conservation Easement or $10,000 for Mitigation Conservation Easement.~~

This is strictly a minimum and additional monies will be added to this fund as appropriate.

Annually, proof of sufficient funds will be calculated using the Legal Defense Calculator provided by the current Accreditation Standards and Practices of the Land Trust Alliance and will be submitted with the draft Fiscal Year Annual Budget.

In the event that the Defense Fund is significantly reduced due to litigation, the Board of Directors will reassess the Policy and develop a robust plan for rebuilding the fund.

Revision Approved and Adopted by the Board of Directors on December 5, 2018 with

_____ Aye~~s~~
_____ No~~ays~~
_____ Absent~~tentions~~

____
Margot Cegielski, Secretary of the Board

Records Policy and Procedures

Sierra Foothill Conservancy (SFC), a local land trust, conserves natural lands between Yosemite and Kings Canyon to protect wildlife, family ranching and scenic natural beauty for present and future generations. ~~The Sierra Foothill Conservancy (~~SFC~~)~~ recognizes that maintenance of consistent, complete, secure, and authentic records is essential to achievement of its conservation mission. ~~The SFC~~This Records Policy and Procedures is developed to ensure compliance with the intentions of SFC donors, including conservation easement donors, to document and sustain the conservation values of protected lands under conservation easement or in fee ownership, and to secure SFC's public charitable status. ~~The SFC~~This Records Policy and Procedures supports and is integral to other SFC policies. All ~~Sierra Foothill Conservancy~~ files are the property of SFC, not members of the staff or Board of Directors.

This policy, as adopted by the SFC Board of Directors, embodies the functional principles of SFC's records policy. Additionally, the SFC Executive Director is empowered to develop and amend procedural documents as needed to implement the Records Policy and Procedures.

Records Policy Review

~~At a minimum, the~~The Executive Director and a committee or subcommittee of the Board will review ~~this~~ the Records Policy and Procedures every five years to ensure compliance and to ensure that the policies stated herein continue to serve the best interests of SFC. At a minimum, the Executive Director will review any Records Procedures developed every three years to ensure organizational compliance and to ensure that the procedures therein set forth continue to serve the best interests of SFC.

Section 1 - Conservation Project Development and Stewardship Records

It is crucial that the SFC Board of Directors and legal counsel have ample opportunity to review all proposed conservation projects and to maintain those that are approved and implemented. For this purpose, SFC staff will create and maintain files for each conservation project. SFC staff will provide preliminary project information in a timely manner to the Board of Directors. Formal project files will be initiated when the Board of Directors provides initial approval for a conservation project. SFC Staff will carefully document all steps in the development of conservation projects as they progress according to SFC policies and procedures. Original, signed documents and contact records for each conservation project are to be permanently stored and protected in an offsite archive, as described in Section 2 below.

Stewardship Records Audits

Each year, the SFC staff will complete a file audit to ensure that conservation project documentation is complete, in order, and in the right location, and to be sure that documentary evidence, including photographic records and original documentation is not deteriorating beyond the point of usefulness.

Section 2 – Off-site Records Storage

It is essential that the ~~Sierra Foothill Conservancy~~SFC maintain secure and authentic records. To that end, it is the policy of the ~~Sierra Foothill Conservancy~~SFC to store original conservation project documents, as well as original business documents ~~and digital back-ups of important documents,~~ at ~~an off-site~~ facility separate from the SFC Principal Office. ~~Additionally,~~R~~r~~emoval of documents from this ~~e off-site~~ facility will be allowed as approved by the Executive Director or Operations Director.

Conservation easements are perpetual. As holders of the easement, SFC assumes a perpetual responsibility to ensure the existence, authenticity and integrity of the original legal document and supporting records, such as the Baseline Documentation Report. As a public charity, SFC also assumes the responsibility of adhering to sound business practices, thus ensuring protection of the organization's business documents.

Original conservation easement documents must be stored in ~~a~~ secure storage ~~facility~~ that is protected from natural disasters. Access to the documents ~~stored in this facility~~ is restricted to the Executive Director, Operations Director and appropriate staff and B~~b~~oard who are approved through a board resolution.

Additionally, SFC has a digital copy of all documents listed below, maintained and stored separately from the original documents storage location.

Original documents placed in the ~~off-site archive facility~~secure archive (or Vault) shall include:

- Articles of Incorporation
- IRS designation
- Conservation easements, easement amendments
- Baseline documentation reports, current condition reports & photo documentation
- Fee property inspection reports
- Option agreements, contracts or leases, title insurance or evidence of title investigation, full appraisals or summary appraisals, surveys and F~~f~~orms 8283, plus critical correspondence, tax and legal matters, enforcement, other matters essential to the project
- Gift deeds, warranty deeds, transfer agreements, access easements
- Automobile titles
- Promissory notes, mortgages and other security instruments
- Reserved rights documentation, including substantive notices, approvals, denials, interpretations, exercise of significant permitted rights
- Annual conservation easement monitoring reports and photo documentation

Other items to be included in the secure archive (or Vault)~~the off-site archive facility~~:

- ~~Annual digital back-ups of important SFC program documents on staff computers~~
- ~~Annual digital back-ups of QuickBooks financial records~~
- Annual financial audit reports

Section 3 – Financial Records

As a public charity and an organization responsible for easement defense in perpetuity, ~~the Sierra Foothill Conservancy~~SFC must manage its finances and assets in a responsible and accountable manner. To that end, it is the policy ~~of the Sierra Foothill Conservancy~~of SFC to maintain complete, accurate and credible documentation of its financial management activities.

SFC staff will follow generally accepted non-for-profit accounting principles to ensure clear and credible financial records. Additionally, it is crucial that an internal control system is established and followed to prevent misappropriations and to inspire confidence. Also, to that end, an annual independent audit by a certified public accountant will be performed. The auditor's report will be made available to funders, members, and donors.

The types of financial records maintained by the ~~Director of Finance~~Finance Manager ~~and Operations~~ under the direction of the Executive Director, and supervision of the ~~Executive~~ Operations Director include SFC's accounting software; annual reports; balance sheets; budgets; reconciliations and copies of cancelled checks; invoices and receipts of payables; copies of checks deposited; copies of donor restrictions.

Access to these records is limited to the ~~Director of Finance~~Finance Manager, ~~and~~ Operations Director, ~~and the~~ Executive Director and ~~Board of Directors~~Finance Committee, due to the confidential nature of certain contents (i.e. payroll). Specific reports that do not contain confidential information will be made available to the Board of Directors, staff and volunteers as needed (e.g. past event expenses). The accounting software is password protected.

Related Procedures Document: SFC Accounting Procedures 2018

Section 4 – Personnel Records

Personnel files contain each employee's personal information and work-related information. As outlined in ~~the Sierra Foothill Conservancy~~SFC's Personnel Policy, personnel records are maintained for each employee and will be held confidential. To that end, access to personnel files is limited to the Operations Director and Executive Director, except as provided immediately below. Employees will be given access to their individual files, except that some password-protected documents may be restricted to the Operations Director and Executive Director. The ~~Director of Finance and Operations~~Finance Manager will have limited access to certain staff information, such as payroll and emergency medical information. Physical personnel records will be stored by the Operations Director under direction of the Executive Director in a locking file cabinet.

Related Procedures Document: SFC Employee Handbook 2018

Section 5 – Fundraising Records

As a public-supported charitable organization, ~~the Sierra Foothill Conservancy~~SFC is committed to raising funds in an ethical and accountable manner. Quality recordkeeping of the fundraising program will demonstrate that SFC complies with charitable solicitation laws, accurately represents its claims and intended use of funds, and uses restricted funds as specified by donors. To that end, it is the policy of SFC to maintain accurate and complete records regarding fundraising activities.

Related Procedures Document: SFC Accounting Procedures 2018

Section 6 – Outreach Records

Outreach records are kept so that there is continuity in our outreach efforts from year to year. Outreach records are a resource for educating volunteers, staff and coordinators of events so that they adhere to the SFC vision and to communicate to our members and the public in general. Outreach records are to be maintained by SFC staff and volunteers. Information that contains highly sensitive info such as volunteer background checks will be stored by the ~~Executive~~ Operations Director in a locking file cabinet.

Section 7 – Administrative Records Management

In order to practice sound business procedures, it is the policy of ~~the Sierra Foothill Conservancy~~SFC to maintain records of its business activities, board meetings, and office administration, and to carefully maintain these records in a secure manner. It is also SFC policy to diligently protect and secure all digital records and the organization's computer system through use of current and complete security tools and equipment.

Section 8 - Record Retention Schedule

It is the policy of SFC to retain files as follows:

Indefinitely

- Audit reports by accountants
- Copies of cancelled checks for major items and taxes
- Chart of Accounts
- Conservation easements
- Baseline assessment and photo documentation
- Monitoring reports
- Contact records, easement correspondence, including copies of essential emails in PDF form
- Restoration project files and photo documentation
- Contracts and leases
- Deeds, mortgages, option agreements
- Financial statements, year-end
- Minutes of the Board of Director's Meetings ~~books~~ ~~and~~
- B~~b~~y-~~l~~laws
- Certificates of Incorporation
- Property appraisals
- Tax returns and supporting documentation
- Vehicle titles

For Seven Years

- Accident reports and claims for settled cases
- Accounts payable and receivable ledgers maintained electronically

- Copies of cancelled checks for unimportant items
- Contracts and leases that have expired
- Employee W-4 forms
- Expired option records
- Payroll and related records

For Three Years

- Correspondence, except that correspondence between the ~~Conservancy~~ SFC and landowners relevant to recorded conservation easements and legal correspondence shall be kept indefinitely.
- Employment applications
- Employment personnel records (after termination)
- Expired insurance policies
- Internal reports

For One Year

- Bank reconciliations
- Photocopies of deposit slips

Destruction of business records after the prescribed holding periods expire shall be completed by the ~~Finance Officer~~Operations Director ~~under the direct supervision of the Executive Director~~in consultation with the Executive Director. ~~Said~~ Eexpired business records shall be ~~burned or~~ shredded by a secure shredding company to ensure the privacy of records. Documentation of records shredded, with time and location of destruction will be kept indefinitely.

Approved and adopted on ___________________________. I the undersigned, hereby certify that this revised Records Policy and Procedure was approved by the Board of Directors of Sierra Foothill Conservancy by the following vote:

Ayes: ___

Nos: ___

Absent: ___

____

Margot Cegielski, Secretary of the Board

CE STEWARDSHIP ~~PROCEDURES AND FUND~~ AND CE LEGAL DEFENSE FUNDS POLICY AND PROCEDURES

Sierra Foothill Conservancy (SFC) shall administer ~~a~~ dedicated funds to cover the costs of its stewardship responsibilities for properties it selects to protect with a conservation easement. These funds are the CE Stewardship Fund and the CE Legal Defense Fund (hereinafter known as the "**Funds**").

In accepting a conveyed easement, SFC is making a major commitment to assume the legal responsibility to uphold the restrictions contained in the easement. SFC recognizes that the costs of these activities are growing each year, not only as a result of accepting additional easements but also as a result of numerous variables unique to each easement area. Some examples include the complexity of easement provisions, changes in ownership, land use, monitoring plan, availability of volunteer and donated resources, and the likelihood of violations. Although it is very unusual for grantors of easements to violate the terms of those easements, the likelihood that violations will occur increases as time passes and property ownership is transferred.

~~Easement stewardship responsibilities include:~~
~~1. routine monitoring;~~
~~2. preventive measures; and~~
~~3. compliance enforcement.~~

FUND DESCRIPTIONS
The **CE Stewardship Fund** is to be used for the folloowing:

Routine Monitoring
Each year, every easement area will be inspected (monitored) on-site by representatives of ~~Sierra Foothill Conservancy~~SFC to ensure that the landowner is complying with the easement restrictions. The landowner will be invited to participate. Monitoring may be conducted from the air or water, and on the ground. At a minimum, ~~Sierra Foothill Conservancy~~SFC shall document the present condition of the subject property every fifth year at the time of its annual site visit and add this documentation as an addendum to the baseline documentation.

As necessary, ~~Sierra Foothill Conservancy~~SFC may also conduct frequent, informal monitoring drive-bys of the most vulnerable easement properties.

Preventive Measures

In addition to routine monitoring, ~~Sierra Foothill Conservancy~~SFC will frequently take measures to prevent violations of the provisions of its easements. Sample measures include signs indicating the participation of the cooperating landowner, orientation meetings with new landowners, property surveys and boundary marking. In doing so, long-term landowners are reminded of on-going maintenance responsibilities and new owners are properly informed of the specifics of the restrictions on their property.

The **CE Legal Defense Fund** will be used for the following:

Compliance Enforcement

If routine or other monitoring identifies conditions or activities which are not compliant with the provisions of the easement (including the property's conservation plan), ~~Sierra Foothill Conservancy~~SFC will notify the landowner ~~and seek voluntary actions to bring the property into compliance. If the landowner refuses to take the necessary voluntary corrective actions, Sierra Foothill Conservancy will initiate the response necessary to compel compliance~~following the process and procedure outlined in SFC's Conservation Easement Violations Resolution Policy and Procedures.

This Fund will be used in conjunction with the LTA sponsored Conservation Easement Defense Insurance, Terra Firma (or subsequent LTA acceptable insurer), for any violations resulting in staff time and legal costs for enforcement and defense. SFC will insure each conservation easement and fee title property into Terra Firma, allocating funds annually within the fiscal year budget for premiums associated with this legal defense insurance.

~~In accepting a conveyed easement, Sierra Foothill Conservancy is making a major commitment to assume the legal responsibility to uphold -- forever -- the restrictions contained in the easement. Sierra Foothill Conservancy recognizes that the costs of these activities are growing each year, not only as a result of accepting additional easements but also as a result of numerous variables unique to each easement area. Some examples include the complexity of easement provisions, changes in ownership, land use, monitoring plan, availability of volunteer and donated resources, and the likelihood of violations. Although it is very unusual for grantors of easements to violate the terms of those easements, the likelihood that violations will occur increases as time passes and property ownership is transferred.~~

Management of the ~~Conservation Easement Monitoring Fund ("CEMF")~~ Funds

The ~~CEMF~~ Funds consist~~s~~ of principal invested in funds consistent with ~~the Sierra Foothill Conservancy~~SFC's Investment Policy. Income received accrues to principal, unless for the purposes specified above. The invested funds are generated primarily from cash and securities contributed to ~~Sierra Foothill Conservancy~~SFC by conservation easement grantors. Donations to the ~~CEMF~~ Funds are pooled in a single account for administration and for investment purposes. Because funds are pooled, contributions made by an individual primarily to safeguard a particular property may be used toward payment of monitoring and enforcement costs for other properties over which ~~Sierra Foothill Conservancy~~SFC holds an easement.

~~Sierra Foothill Conservancy~~SFC shall adhere to the following ~~Conservation Easement Monitoring Fund (CEMF)~~ Fund policies:

- ~~Sierra Foothill Conservancy~~SFC will not accept a conservation easement without a ~~Conservation Easement Monitoring Fund~~contribution to the Funds, ~~contributed~~ either by the easement donor or other interested parties, unless agreed upon by the Board of Directors.

- ~~All properties will be defended equally and to the fullest extent that Sierra Foothill Conservancy resources allow.~~
- After the conveyance of each conservation easement, ~~Sierra Foothill Conservancy~~SFC will deposit an appropriate sum into the ~~CEMF~~Funds; the actual amount will depend upon the factors of the particular property involved.
- For all donated easements, the landowner conveying the easement to ~~Sierra Foothill Conservancy~~SFC shall be asked to provide a charitable contribution to the Funds~~CEMF~~. Contributions may be:
    (1) accepted as a cash payment or an approved non-cash contribution of securities or trade land, or the bartering of services or other tangible items at the time of the easement conveyance;
    (2) provided in a schedule of annual cash payments approved by ~~Sierra Foothill Conservancy~~SFC; or
    (3) provided as a bequest with prior approval of ~~Sierra Foothill Conservancy~~SFC.

  If the contribution is deferred or made in installments, the Funds ~~CEMF~~ amount and the payment provisions will be acknowledged in writing by the donor(s) in a notarized statement. In cases of hardship or financial difficulty, the amount of the contribution may be lessened or waived by request to the Board of Directors. If the landowner does not provide a contribution to the Funds~~CEMF~~, then the landowner will be encouraged to assist ~~Sierra Foothill Conservancy's~~SFC's efforts to raise the requested contribution to the Funds~~CEMF~~. In addition, ~~Sierra Foothill Conservancy~~SFC must begin fundraising efforts prior to closing. However, the Board also reserves the right to commit available funds or to initiate fundraising activities to obtain the needed Fund~~Conservation Easement Monitoring Funds~~, pending its consideration of the landowner's compelling reasons why he/she will not provide those requested funds. While every effort is made to secure ~~an~~ adequate ~~stewardship~~ funds for existing easements from a variety of sources or the original donors, it is essential that those who wish to protect their land with a conservation easement provide for a contribution to both Funds ~~Conservation Easement Monitoring Fund~~ to ensure its preservation.
- For purchased easements, when allowed by the grantor, the source of funds shall provide the requested contribution to the Funds~~CEMF~~. When the grantor does not allow for contributions to the Funds ~~CEMF~~ the landowner will be asked to donate to the Funds~~CEMF~~.
- For all easements, whether donated or purchased, funds may also be solicited from individuals, foundations or corporations or funds may be raised through specific activities with proceeds dedicated to the Funds~~CEMF~~.
- Contribution to the ~~of~~ Funds ~~CEMF funds~~ shall be recorded by donor, project name and location but shall not be maintained as separate funds restricted to the particular property.

- ~~Sierra Foothill Conservancy~~SFC shall not withdraw funds, including borrowing with repayment plus interest, from the Funds ~~CEMF~~ for any purpose other than to pay for the expenses of easement stewardship (i.e., routine or special monitoring, preventive measures, and compliance enforcement).
  - ⇒ Further, only interest earned from the Funds ~~CEMF~~ shall be used to pay the costs of monitoring, ~~and~~ preventive measures ~~; interest may also be used to pay the costs of~~ and compliance enforcement.
  - ⇒ However, as necessary, the costs of compliance enforcement may also be paid from the principal available in the CE Legal Defense Fund in conjunction with the use of Terra Firma, easement insurance~~CEMF~~.
  - ~~⇒ The only exceptions to this policy will be if Sierra Foothill Conservancy takes actions to dissolve itself as an organization or if Sierra Foothill Conservancy terminates its conservation easement program and if it does not hold any conservation easements at that time. If Sierra Foothill Conservancy does hold conservation easements at the time it terminates its conservation easement program, then it shall transfer, in full, the proceeds of its CEMF account to the entity(ies) assuming the responsibilities of enforcing those conservation easement(s).~~
- ~~Sierra Foothill Conservancy~~SFC shall annually withdraw from the CE Stewardship Fund ~~CEMF only that amount which covers the actual costs of stewardship responsibilities~~as allowed within SFC's current Investment Policy.

Determination of CE Stewardship Fund ~~CEMF~~ Contribution
The amount requested is based on the best estimate of the normal monitoring ~~and enforcement~~ costs of the provisions described in each conservation easement as well as guided by the SFC Policy, *Building Funds for CE Stewardship and Defense (Revised December 2018)*. All contributions to the CE Stewardship Fund ~~CEMF~~ may be tax deductible and will be requested at closing. At a minimum, $3,500 per conservation easement should be requested to be in compliance with the current Land Trust Alliance Standards and Practices, 2018.

Determination of CE Legal Defense Fund Contribution
The amount requested is based on the best estimate of any enforcement costs of the provisions described in each conservation easement as well as guided by the SFC Policy, *Building Funds for CE Stewardship and Defense (Revised December 2018).* All contributions to the CE Legal Defense Fund may be tax deductible and will be requested at closing. An annual review of necessary funds for CE Legal Defense using the LTA provided *Legal Defense Calculator* should be done to be in compliance with the current Land Trust Alliance Standards and Practices, 2018

Approved and adopted on December 5, 2018 I the undersigned, hereby certify that this Policy and Procedure was approved by the Board of Directors of Sierra Foothill Conservancy by the following vote:

Ayes: ___

Nos: ___

Absent: ___

____

Margot Cegielski, Secretary of the Board