

BYLAWS
OF
CALIFORNIA SOCIETY OF DERMATOLOGY &
DERMATOLOGIC SURGERY

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**BYLAWS OF
CALIFORNIA SOCIETY OF DERMATOLOGY & DERMATOLOGIC SURGERY**
A California Nonprofit Mutual Benefit Corporation

ARTICLE I

NAME AND PRINCIPAL OFFICE

Section 1. Name. The name of this corporation is California Society of Dermatology & Dermatologic Surgery (the “Corporation”). The Corporation shall be known by the abbreviation CalDerm.

Section 2. Principal Office. The principal office of the Corporation shall be located at such place within the state of California as the Board of Directors of the Corporation (the “Board”) may from time to time designate by resolution.

ARTICLE II

PURPOSES

Section 1. Corporation is Nonprofit. The Corporation has been formed pursuant to the California Nonprofit Corporation Law as a nonprofit mutual benefit corporation.

Section 2. Specific Purpose. The specific purpose of the Corporation is to: identify trends and movements in the health care delivery system, and impact those movements so that patients will obtain optimal dermatologic care from those most qualified; educate the public that the dermatologist is the physician who is most qualified by training to care for diseases of the skin, hair and nails; educate the public on diseases of the skin; support dermatology as a viable and necessary specialty in teaching medical centers; support and urge basic research in dermatology; protect the right of all specialties to expand and change in a competitive market place in response to society’s needs; support the patient’s basic right to select the health care system of their choice; challenge any action that would interfere with or constrain the doctor-patient relationship; and protect from any activity which would constrain the physician’s ability to practice their specialty in an optimal manner.

ARTICLE III

MEMBERSHIP

Section 1. Classes of and Qualifications for Membership. Membership in the Corporation shall be limited to individuals who meet the criteria set forth below for one of the three (3) classes of membership. The application procedure for membership shall be stated in the CalDerm Administrative Regulations.

- (a) Active Physician Membership: Physicians who are Board Certified or Board Eligible in Dermatology by the American Board of Dermatology, American Osteopathic Board of Dermatology, or who have been granted a subspecialty certification in dermatopathology

by the American Board of Medical Specialties, American Osteopathic Board of Dermatology, or who have been certified by such other Boards as the Board of Directors of this Corporation may from time to time approve.

- (b) Resident or Fellow Membership: Physicians who are currently pursuing training in a recognized dermatology residency or fellowship that is accredited by the Accreditation Council for Graduate Medical Education and is located in California.
- (c) Retired Membership: Physicians who have retired from the practice of dermatology as a Board Certified or Board-Eligible Dermatologist.

References in these Bylaws to “members” shall mean members as defined in Section 5056 of the California Nonprofit Corporation Law; i.e., the members of the classes set forth in this Section 1.

Section 2. Rights of Members. All members, regardless of class, shall have the right to vote, as set forth in these Bylaws, on the election of Directors, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendment of those terms, and on any election to dissolve the Corporation. In addition, those members shall have all rights afforded members under the California Nonprofit Mutual Benefit Corporation Law.

Section 3. Dues. Members shall pay dues as provided in Article X (Finances) of these Bylaws.

Section 4. Members in Good Standing. Members who have paid the required dues, fees, and assessments in accordance with these Bylaws and who are not suspended shall be members in good standing.

Section 5. Termination or Suspension of Membership.

(a) Events of Termination. A membership shall terminate on occurrence of any of the following events:

- (1) Resignation of the member;
- (2) Expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the Board;
- (3) Any event that renders the member ineligible for membership, or failure to satisfy membership qualifications; or
- (4) Termination of membership under Section 5(c) of Article III of these Bylaws, based on the good faith determination by the Board or a committee authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the rules of conduct of the Corporation, or has engaged in conduct materially and seriously prejudicial to the Corporation’s purposes and interests.

(b) Events Causing Suspension of Membership. A member may be suspended under Section 5(c) of Article III of these Bylaws, based on the good faith

determination by the Board or a committee authorized by the Board to make such a determination, that the member has failed in a material and serious degree to observe the Corporation's rules of conduct, has not maintained standards or behavior appropriate to the practice of medicine and/or dermatology, or has engaged in conduct materially and seriously prejudicial to the Corporation's purposes and interests. A person whose membership is suspended shall not be a member during the period of suspension.

(c) Procedure for Termination or Suspension of Membership. If grounds appear to exist for suspending or terminating a member under Sections 5(a)(4) or 5(b) of Article III of these Bylaws, the following procedure shall be followed:

(1) The Board shall give the member at least 15 days' prior notice of the proposed suspension or termination and the reasons for the proposed suspension or termination. Notice shall be given by any method reasonably calculated to provide actual notice. Notice given by mail shall be sent by first-class or registered mail to the member's last address as shown on the Corporation's records.

(2) The member shall be given an opportunity to be heard, either orally or in writing, at least five (5) days before the effective date of the proposed suspension or termination. The hearing shall be held, or the written statement considered, by the Board or by a committee authorized by the Board to determine whether the suspension or termination should occur.

(3) The Board or committee shall decide whether the member should be suspended or the membership terminated. The decision of the Board or committee shall be final.

(4) Any action challenging a suspension or termination of membership, including a claim alleging defective notice, must be commenced within one (1) year after the date of the suspension or termination.

(d) No Transfer of Membership. No membership or right arising from membership shall be transferred. All membership rights cease on the member's death, suspension, or termination.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meeting. An annual meeting of members shall be held in the month of September each year at such time as the Board may fix, unless the Board fixes another date and so notifies members as provided in Section 7 of Article IV of these Bylaws. At the meeting, Directors shall be elected and other proper business may be transacted, subject to Sections 5, 6, and 7 of Article IV of these Bylaws.

Section 2. Special Meetings.

(a) The Board, the President, or five percent (5%) or more of the members may call a special meeting of the members for any lawful purpose at any time.

(b) A special meeting called by any person entitled to call a meeting (other than the Board) shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the President, any Vice President, or the Secretary. The Officer receiving the request shall cause notice to be given promptly to the members entitled to vote, under Sections 5, 6, and 7 of Article IV of these Bylaws, stating that a meeting will be held at a specified time and date fixed by the Board, provided, however, that the meeting date shall be at least 35 but no more than 90 days after receipt of the request. If the notice is not given within 20 days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this Section 2(b) shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board.

(c) No business, other than the business that was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 3. Place of Meeting. Meetings of the members shall be held at any place within or outside California designated by the Board or by the written consent of all members entitled to vote at the meeting, given before or after the meeting. In the absence of any such designation, members' meetings shall be held at the corporation's principal office. The Board may authorize members who are not present in person to participate by electronic transmission or electronic video communication, pursuant to Section 4 of Article IV of these Bylaws.

Section 4. Meetings by Electronic Transmission or Electronic Video Screen Communication. A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the Corporation, or by electronic video screen communication, if the requirements of this Section 4 are satisfied:

(a) The Corporation implements reasonable measures to provide members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings; and

(b) If any member votes or takes other action at the meeting by means of electronic transmission to the Corporation or electronic video screen communication, a record of that vote or action is maintained by the Corporation.

“Electronic transmission by the Corporation” means a communication delivered by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that member on record with the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the member of the posting, or (3) other means of electronic communication; providing that (1) such member has provided an unrevoked consent to the use of those means of transmission to conduct a meeting of members, and (2) such means of transmission creates a record that can be retained, retrieved, and reviewed, and that may later be

transferred into a tangible and legible form. Any request by the Corporation for such consent shall include a notice that absent such consent of the member, the meeting of members shall be held at a physical location.

“Electronic transmission to the Corporation” means a communication delivered by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, which the Corporation has provided from time to time to members for sending communications to the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, and which transmission shall be deemed validly delivered upon the posting, or (3) other means of electronic communication; providing that (1) the Corporation has adopted reasonable measures to verify that the sender is the member purporting to send the transmission, and (2) the transmission creates a record that can be retained, retrieved, and reviewed, and that may later be transferred into a tangible and legible form.

Section 5. General Notice Requirements. Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, under Sections 5, 6 and 7 of Article IV of these Bylaws, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting, and the means of electronic transmission by and to the Corporation or electronic video screen communication, if any, by which members may participate in that meeting. For the annual meeting, the notice shall state the matters that the Board, at the time notice is given, intends to present for action by the members. For a special meeting, the notice shall state the general nature of the business to be transacted and shall state that no other business may be transacted. The notice of any meeting at which Directors are to be elected shall include the names of all persons who are nominees when notice is given.

Section 6. Notice of Certain Agenda Items. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:

- (a) Removing a Director without cause;
- (b) Filling vacancies on the Board;
- (c) Amending the Articles of Incorporation;
- (d) Electing to wind up and dissolve the Corporation;
- (e) Approving a contract or transaction between the Corporation and one or more Directors, or between the Corporation and any entity in which a Director has a material financial interest; or
- (f) Approving a plan of distribution of assets, other than money, not in accordance with liquidation rights of any class or classes as specified in the Articles or Bylaws, when the Corporation is in the process of winding up
- (g) Adopting or rejecting of a member-submitted proposal to amend or repeal the Bylaws as prescribed in Article XII, Section 2(b).

Section 7. Manner of Giving Notice.

(a) Notice of any meeting of members shall be in writing and shall be given at least 10 but no more than 90 days before the meeting date. The notice shall be given either personally; by electronic transmission by the Corporation; by first-class, registered or certified mail; or by other means of written communication, charges prepaid, and shall be addressed to each member entitled to vote, at the address of that member as it appears on the books of the Corporation or at the address given by the member to the Corporation for purposes of notice. If the Corporation has not been given an address for the member, notice shall be deemed to have been given if either (i) notice is sent to that member by first-class mail or facsimile or other written communication to the Corporation's principal office or (ii) notice is published at least once in a newspaper of general circulation in the county in which the principal office is located.

(b) Notice given by electronic transmission by the Corporation means a notice delivered by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that member on record with the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the member of the posting, or (3) other means of electronic communication; providing that (1) such member has provided an unrevoked consent to the use of those means of transmission to conduct a meeting of members, and (2) such means of transmission creates a record that can be retained, retrieved, and reviewed, and that may later be transferred into a tangible and legible form.

(c) Notwithstanding the foregoing, notice shall not be given by electronic transmission by the Corporation after either of the following:

(1) The Corporation is unable to deliver two (2) consecutive notices to the member by that means; or

(2) The inability to deliver the notices to the member becomes known to the Secretary or other person responsible for the giving of the notice.

Section 8. Quorum. Twenty percent (20%) of the voting power shall constitute a quorum for the transaction of business at any meeting of members.

If, however, the attendance at any general or annual meeting is less than one third of the voting power, the members may vote only on matters as to which notice of their general nature was given under Sections 5 and 6 of Article IV of these Bylaws.

Except as otherwise required by law, the Articles, or these Bylaws, the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

Section 9. Voting.

(a) Eligibility to Vote. Subject to the California Nonprofit Mutual Benefit Corporation Law, all members in good standing on the record date as determined under Section 13 of Article IV of these Bylaws shall be entitled to vote at any meeting of members.

(b) Manner of Voting. Voting may be by voice or by ballot, except that any election of Directors must be by ballot if demanded before the voting begins by any member at the meeting.

(c) Number of Votes. Each member entitled to vote may cast one vote on each matter submitted to a vote of the members.

(d) Approval by Majority Vote. If a quorum is present, the affirmative vote of a majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be deemed the act of the members unless the vote of a greater number, or voting by classes, is required by the California Nonprofit Mutual Benefit Corporation Law or by the Articles of Incorporation.

Section 10. Waiver of Notice or Consent. The transactions of any meeting of members, however called or noticed and wherever held, shall be as valid as though taken at a meeting duly held after standard call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each member entitled to vote who is not present in person, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. The waiver of notice, consent, or approval need not specify either the business to be transacted or the purpose of the meeting except that, if action is taken or proposed to be taken for approval of any matter specified in Section 6 of Article IV of these Bylaws, the waiver of notice, consent, or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

A member's attendance at a meeting shall also constitute a waiver of notice of and presence at that meeting unless the member objects at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.

Section 11. Action by Unanimous Written Consent. Any action required or permitted to be taken by the members may be taken without a meeting, if all members consent in writing to the action. The written consent or consents shall be filed with the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the members.

Section 12. Action by Written Ballot.

(a) Actions Permitted. Any action that members may take at any meeting of members, including election of Directors, may also be taken by ballot without a meeting by complying with this Section 12.

(b) Distribution of Written Ballots. The Corporation shall distribute one written ballot to each member entitled to vote on the matter. The ballots shall be mailed or delivered in the manner required by Section 7 of Article IV of these Bylaws. All solicitations of votes by written ballot shall (i) state the number of responses needed to meet the quorum requirement; (ii) state, with respect to ballots other than for election of Directors, the percentage of approvals necessary to pass the measure or measures; and (iii) specify the time by which the ballot must be received in order to be counted. Each ballot so distributed shall (i) set forth the proposed action; (ii) give the members an opportunity to specify approval or disapproval of each proposal; and (iii) provide a reasonable time in which to return the ballot to the Corporation.

The Board may allow written ballots to be voted and returned electronically. In that case, the balloting must comply with the requirements of an “electronic transmission to the Corporation” as described in Article IV, Section 4(b) of these Bylaws.

As long as the Corporation has 100 or more members, any written ballot distributed to ten (10) or more members shall provide that, subject to reasonable specified conditions, if the person solicited specifies a choice in any such matter, the vote shall be cast according to that specification.

In any election of Directors, a written ballot that a member marks “withhold,” or otherwise marks in a manner indicating that authority to vote is withheld, shall not be voted either for or against the election of a Director.

(c) Number of Votes and Approvals Required. Approval by written ballot shall be valid only when (i) the number of votes cast by ballot (including ballots that are marked “withhold” or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (ii) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot without a meeting.

(d) No Revocation. A written ballot may not be revoked.

(e) Filing. All written ballots shall be filed with the Secretary of the Corporation.

Section 13. Record Date. Record dates shall be determined as follows:

(a) for determining members entitled to receive notice of a meeting of members, the record date shall be the business day immediately preceding the day on which notice is given or, if notice is waived, the business day immediately preceding the day on which the meeting is held;

(b) for determining members entitled to vote at the meeting, the record date shall be the day on which the meeting is held;

(c) for determining members entitled to vote by written ballot, the record date shall be the day on which the first written ballot is mailed or solicited; and

(d) for determining members entitled to exercise any rights with respect to any other lawful action, the record date shall be the date on which the Board adopts the resolution relating to that action, or the 60th day before the date of that action, whichever is later.

For purposes of this Section 13, a person holding a membership at the close of business on the record date shall be a member of record.

Section 14. No Proxy Voting. No member may authorize another person or persons to act by proxy with respect to such membership.

Section 15. Adjournment. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members present at the meeting. No meeting may be adjourned for more than 45 days. When a members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. If after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Mutual Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or Bylaws regarding actions that require approval of the members, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. As provided by law, the Board may delegate the management of the activities of the Corporation to any person or persons, or committee, provided that notwithstanding any such delegation, the activities and affairs of the Corporation shall continue to be managed and all corporate powers shall continue to be exercised under the ultimate direction of the Board.

Section 2. Specific Powers. Without prejudice to the general powers of the Board set forth in Article V, Section 1 above, the Board shall have the power to:

(a) Appoint and remove all officers of the Corporation, if any, and other Corporation employees, and prescribe any powers and duties for such persons that are consistent with law, the Articles of Incorporation, and these Bylaws.

(b) Appoint such agents and employ such other employees, including attorneys and accountants, as it sees fit to assist in the operation of the Corporation, fix their duties, and establish their compensation.

(c) Adopt and establish rules and regulations governing the affairs and activities of the Corporation, and take such steps as it deems necessary for the enforcement of such rules and regulations.

- (d) Enforce all applicable provisions of the Bylaws.
- (e) Contract for and pay premiums for insurance and bonds (including indemnity bonds) which may be required from time to time by the Corporation.
- (f) Pay all taxes and charges which are or would become a lien on any portion of the Corporation's properties.
- (g) Accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purpose of the Corporation.
- (h) Prepare budgets and maintain a full set of books and records showing the financial condition of the affairs of the Corporation in a manner consistent with generally accepted accounting principles.
- (i) Appoint such committees as it deems necessary from time to time in connection with the affairs of the Corporation, in accordance with Article VII of these Bylaws.
- (j) Fill vacancies on the Board or in any committee.
- (k) Open bank accounts and borrow money on behalf of the Corporation and designate the signatories to such bank accounts.
- (l) Bring and defend actions on behalf of the Corporation so long as the action is pertinent to the operations of the Corporation.

Section 3. Number, Categories and Qualifications.

- (a) Number. The Board shall consist of at least 16 but not more than 20 Directors unless changed by amendment to these Bylaws. The exact number of Directors shall be fixed, within those limits, by a resolution adopted by the Board.
- (b) Categories of Directors. Between 16 and 20 Directors ("At-Large Directors") shall be elected by the members, not voting by class. Two Directors ("Resident Directors") shall be appointed by the Board from among the Resident or Fellow Members.
- (c) Qualifications. To be eligible to serve as a Director, a person must be a member in good standing of the Corporation and a physician who is an active practitioner of dermatology. An "active practitioner of dermatology" is defined as a physician who devotes 1000 hours or more per year to the practice of dermatology, which is defined as direct dermatologic patient care, research, or teaching.
- (d) Term of Office; Term Limits. The term of office of all At-Large Directors shall be four (4) years, and the terms of the At-Large Directors shall be staggered by the Board such that approximately one-fourth (1/4) of the terms of the total number of authorized Directors shall expire each year. There shall be no limitations upon the number of consecutive terms to which At-Large Directors may be reelected. The term of office for the Resident Director shall be one (1) year. The Resident Director

shall serve no more than two terms. Resident Director Terms shall coincide with the academic year, not the calendar year, or July – June. The Nominating Committee will give preference to candidates in their first or second year of residency. Each Director including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 4. Nomination of Directors.

(a) Nominating Committee. The Nominating Committee will consist of three (3) members: the President-Elect, one Director from Northern California and one Director from Southern California, with the latter two appointed by majority vote of the full Board of Directors. The Nominating Committee shall be constituted at the first Board of Directors meeting each calendar year. In making nominations for Directors, the Nominating Committee shall make every effort to ensure that all regions of the state are adequately represented on the Board in any given year. Accordingly, the Nominating Committee shall solicit recommendations for qualified candidates from the local dermatology societies. The local societies from which recommendations are solicited shall meet the qualifications, and shall recommend the number of nominees as set forth in the CalDerm Administrative Regulations. The Nominating Committee shall make its report to the Board at least thirty (30) days before the date of the election, or at such other time as the Board may set, and the Secretary shall forward to each member, with the notice of meeting or written ballot, a list of all candidates nominated by the Nominating Committee. The Nominating Committee will begin their annual considerations every February of each year to review vacancies, the timeline, and the process for ensuring compliance with the bylaws. Additionally, the Nominating Committee may consider recommending appointments that would facilitate succession planning, for instance “Secretary/Treasurer in Training.”

(b) Nominations by Members. If the Corporation has at least 500 members, members representing two percent of the voting power may nominate candidates for Directors by petition. The petition must be signed by those members within 11 months preceding the next time Directors are to be elected, and delivered to an Officer of the Corporation. On timely receipt of the petition signed by the required number of members, the Secretary shall cause the names of the candidates named on it to be placed on the ballot along with the names of the candidates chosen by the Nominating Committee.

Section 5. Election of Directors. The election of Directors shall take place at the annual meeting of the members or by written ballot, or both; provided, however, that vacancies may be filled prior to the annual meeting date as provided in Article V, Section 6, paragraphs(d) and (e), below.

Section 6. Removal of Directors and Filling Vacancies.

(a) Events Causing Vacancies on Board. A vacancy or vacancies on the Board shall occur in the event of (i) the death, removal, or resignation of any Director; (ii) an increase in the authorized number of Directors; or (iii) a failure of the members, at any meeting of members at which any Director(s) are to be elected, to elect the number of Directors required to be elected at that meeting.

(b) Resignation of Directors. Any Directors may resign, which resignation shall be effective on giving written notice to the President, the Secretary, or the Board, unless the

notice specified a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, a successor may be elected to take office when the resignation becomes effective, according to the election procedure set forth in Article V, Section 5 above.

(c) Removal of Directors.

(1) Removal by Directors. The Board of Directors shall have the power and authority to remove a director and declare his or her office vacant if he or she has (i) been declared of unsound mind by a final order of court; (ii) been convicted of a felony; (iii) if the Corporation holds assets in charitable trust, has been found by a final order or judgment of any court to have breached a duty arising under Section 7238 of the California Nonprofit Mutual Benefit Corporation Law; (iv) fails or ceases to meet any required qualification that was in effect at the beginning of that Director's term of office; or (v) fails to attend three (3) consecutive regular meetings of the Board which have been duly noticed in accordance with Article VI hereof or any six (6) regular meetings of the Board within a calendar year which have been duly noticed in accordance with Article VI hereof. If the removal is due to the Director's failure under clause (iv) or (v) above, the Board shall give the Director the opportunity to resign or to request, in a writing delivered to an Officer, that the Board reconsider the proposed removal; in case of the latter, the Board shall provide the Director the opportunity to address the Board and rebut the allegations at its next regularly scheduled meeting that is at least three days after the Officer's receipt of the written request.

(2) Removal by Members. Except as otherwise provided in the immediately preceding subparagraph, a Director may only be removed from office prior to expiration of his or her term by the affirmative vote of a majority of a quorum of the members conducted at a duly held meeting or by written ballot.

(3) Removal Procedure. Any membership action to remove a Director shall be conducted in accordance with the following procedures:

(i) A petition must be presented in writing to the President, President-Elect or Secretary of the Corporation that carries the signatures of members in good standing who represent at least 5 percent of the voting power of the membership. Such petition must set forth the reason(s) the petitioners are seeking the director's removal; the signature of each petitioner in his or her own handwriting; and the name(s) of the sponsor(s) of the petition.

(ii) Within 20 days after receipt of such petition, the Board shall either call a special meeting or announce the procedures for conducting a written ballot of the members to vote upon the requested recall. Such meeting or written ballot shall be conducted not less than 35 nor more than 90 days after the petition is presented. If the Board fails to set a date for, and give the Members notice of, such meeting or written ballot within 20 days, the members initiating the petition may call such meeting on their own initiative without Board approval or sanction.

(iii) The director whose removal is being sought shall have the right to rebut the allegations contained in the petition orally, in writing or both. If in writing, such rebuttal shall be mailed by the Corporation or otherwise provided to all members, at the Corporation's expense, together with the recall ballot.

(iv) If the quorum requirement for valid membership action is not satisfied or if the recall vote results in a tie, the removal action will have failed.

(d) Vacancies Filled by Board. Except for a vacancy created by the removal of a Director by the members, vacancies on the Board may be filled by the vote of a majority of a quorum of the Board. If the number of Directors then in office is less than a quorum, the vacancy may be filled by (i) the unanimous written consent of the remaining Directors, or (ii) the affirmative vote of a majority of the remaining members of the Board at a duly held meeting or (iii) by the sole remaining Director. It is within the discretion of the Board whether a Nominating Committee needs to be formed to fill a vacancy.

(e) Vacancies Filled by Members. The members may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors.

(f) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 7. Compensation. Directors, Officers, and members of committees shall not be entitled to compensation for their services as such, although they may be reimbursed for such actual expenses as may be determined by resolution of the Board to be just and reasonable. Expenses shall be supported by an invoice or voucher acceptable to the Board. This Section 7 shall not be construed to preclude any Director from serving the Corporation in any other capacity, such as an agent, employee, or otherwise, and receiving compensation for those services.

Section 8. Limitations on Powers of Board.

(a) Conflicts of Interest. No Director of this Corporation nor any other corporation, firm, association, or other entity in which one or more of this Corporation's Directors are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or other transaction with this Corporation, unless (i) the material facts as to the transaction and such Director's interest are fully disclosed or known to the members and such contract or transaction is approved by the members in good faith, with any membership owned by any interested Director not being entitled to vote thereon; or (ii) the material facts regarding such Director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and are noted in the minutes or are known to all Board members before consideration by the Board of such contract or transaction, and such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the vote of the interested Director.

(b) Loans to Directors or Officers. This Corporation shall not lend any money or property to, or guarantee the obligation of, any Director or Officer of the Corporation or of its parent, affiliate, or subsidiary.

Section 9. Administrative Regulations. The Board shall adopt and maintain a body of Administrative Regulations which shall aid in the governance of the Corporation and the implementation of the Bylaws. The Administrative Regulations may be created, amended or

abolished by a majority vote of the Board of Directors at any regular meeting or any special meeting called for this purpose. These Regulations shall define and direct the activities of committees, executive director, employees and other components of the organization and provide guidance for other important administrative matters. Copies of the Administrative Regulations shall be made available for inspection by any member of this organization in good standing. Copies of Regulations for each calendar year shall be maintained in the Corporation's archives.

ARTICLE VI

BOARD MEETINGS

Section 1. Place of Meetings; Meetings by Telephone or Electronic

Communication. Regular and special meetings of the Board may be held at any place within the State of California that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the Corporation. Any meeting, regular or special, may be held by conference telephone, electronic video screen communication, or electronic transmission, in which case the following shall apply:

(a) Participation in a meeting through use of conference telephone constitutes presence in person at the meeting as long as all Directors participating in the meeting are able to hear one another.

(b) Participation in a meeting through use of video screen communication or other communications equipment, other than conference telephone, constitutes presence in person at the meeting if all of the following apply:

(1) Each Director participating in the meeting can communicate concurrently with all other Directors;

(2) Each Director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation; and

(3) The Board has adopted and implemented a means of verifying both of the following:

(i) A person participating in the meeting is a Director or other person entitled to participate in the Board meeting.

(ii) All actions or votes by the Board are taken or cast only by the Directors and not by persons who are not Directors.

Section 2. Annual Meeting of Directors. Immediately after each annual meeting of members (or election of Directors by written ballot, as the case may be), the Board shall hold a general meeting for the purposes of organization, election of Officers, and the transaction of other business.

Section 3. Other Regular Meetings. Other regular meetings of the Board shall be held at such time as shall from time to time be fixed by the Board and communicated to the Directors. Ordinarily, regular meetings shall be conducted at least three times yearly.

Section 4. Special Meetings of the Board. Special meetings of the Board for any purpose may be called at any time by the President, the Secretary, or any five Directors.

Section 5. Notices.

(a) Manner of Giving Notice. Notice of the time and place of meetings of the Board shall be given to each Director by: (i) personal delivery of written notice; (ii) first-class mail, postage prepaid; (iii) telephone, including a voice messaging system or other technology designed to record and communicate messages, either directly to the Director or to a person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; (iv) facsimile when directed to the facsimile number for that recipient on record with the Corporation; (v) electronic mail when directed to the electronic mail address for that recipient on record with the Corporation; (vi) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof; or (vii) other electronic means. Notice given by facsimile, electronic mail, electronic message board, or other electronic means may be given only to recipients who have provided an unrevoked consent to the use of those means of transmission notices, and may only be used if such means create a record that can be retained, retrieved, and reviewed, and later be transferred into a tangible and legible form.

(b) Time Requirements. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or electronic means shall be delivered, telephoned, or sent at least forty-eight (48) hours before the time set for the meeting.

(c) Notice Contents. The notice shall state the date, time, place, and a description of the general purpose of the meeting.

Section 6. Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of any business except adjournment. 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 an act of the Board, subject to the more stringent provisions of the California Nonprofit Mutual Benefit Corporation Law, including, without limitation, the provisions on (a) approval of contracts or transactions between this Corporation and one or more Directors or between this Corporation and any entity in which a Director has a material financial interest, (b) creation of and appointments to committees of the Board, and (c) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some Directors, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting.

Section 7. Waiver of Notice. The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after

regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present, individually or collectively, signs a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. The requirement of notice of a meeting shall also be deemed to have been waived by any Director who attends the meeting without protesting before or at its commencement about the lack of notice.

Section 8. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place or may adjourn for purposes of reconvening in executive session to discuss and vote upon personnel matters, litigation in which the Corporation is or may become involved, and orders of business of a similar nature. If the meeting is adjourned for more than twenty-four (24) hours, notice of adjournment to any other time or place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment. Except as herein above provided, notice of adjournment need not be given.

Section 9. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For purposes of this section, “all members of the Board” shall not include any “interested director” as defined in Section 5233 of the California Nonprofit Public Benefit Corporation Law, insofar as it is made applicable to this Corporation pursuant to Section 7238 of the California Nonprofit Mutual Benefit Corporation Law.

“Consent in writing” includes consent given through electronic transmissions from and to the Corporation by a means that creates a record that can be retained, retrieved, and reviewed, and that may later be transferred into a tangible and legible form. A written consent solicited by the Corporation may be delivered to a Director by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that Director on record with the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, or (3) other means of electronic communication; providing that such Director has provided an unrevoked consent to the use of those means of transmission for communication by written consent.

A written consent returned by a Director to the Corporation may be delivered by (1) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, which the Corporation has provided from time to time to Directors for sending communications to the Corporation, (2) posting on an electronic message board or network which the Corporation has designated for those communications, and which transmission shall be deemed validly delivered upon the posting, or (3) other means of electronic communication; providing that the Corporation has adopted reasonable measures to verify that the sender is the Director purporting to send the transmission.

ARTICLE VII
COMMITTEES

Section 1. Committees of Directors. The Board, by resolution adopted by a majority of the Directors then in office, may create one or more committees, each consisting of two or more Directors and no one who is not a Director, to serve at the pleasure of the Board. The Board 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 shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may do the following:

- (a) Take any final action on any matter that, under the California Nonprofit Mutual Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;
- (b) Fill vacancies on the Board or any committee of the Board;
- (c) Amend or repeal Bylaws or adopt new Bylaws;
- (d) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Expend corporate funds to support a nominee for Director if more people have been nominated for Director than can be elected;
- (g) With respect to any assets held in charitable trust, approve any contract or transaction between this Corporation and one or more of its Directors or between this Corporation and an entity in which one or more of its Directors have a material financial interest, except as provided Section 5233(d)(3) of the Nonprofit Public Benefit Corporation Law.

Section 2. Executive Committee. The President, the Immediate Past-President, the President-Elect, the PAC President, the Secretary, and the Treasurer of the Corporation, together with the Executive Director, if any, and together with any other Directors appointed by the Board, shall constitute the Executive Committee. The Executive Committee shall have all the authority of the Board, except as limited by law and in Section 1 of this Article VII.

Notwithstanding the foregoing, it is intended that the Executive Committee shall only act as and when necessary between meetings of the Board.

Section 3. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VI of these Bylaws, concerning meetings of Directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either

by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any committee, or in the absence of rules adopted by the Board, the committee may adopt such rules.

Section 4. Advisory Committees. The Board may establish other particular committees, standing or ad hoc. Any committee with non-director members is not a “committee of the Board” and should be clearly labeled an “advisory committee.” Such committees shall be identified in CalDerm’s Administrative Regulations.

ARTICLE VIII

OFFICERS

Section 1. Officers. The Officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer (who may be known as the Treasurer), the Immediate Past-President, the President-Elect (who shall serve as a vice-president), and Political Action Committee (PAC) President. The Corporation may also have, at the discretion of the Board, additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as the Board may appoint, which officers shall have such authority and perform such duties as the Board may from time to time determine. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Qualifications. To be eligible to serve as an Officer, a person must be a member of the Corporation and a physician who is an active practitioner of dermatology. An “active practitioner of dermatology” is defined as a physician who devotes 1,000 hours or more per year to the practice of dermatology, which is defined as direct dermatologic patient care, research, or teaching, subject to board discretion.

- Section 3. Election of Officers.** The Officers of this Corporation shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights of any Officer under any employment contract. Each Officer shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified. The President, who shall also be a Director, shall serve a two-year term as President-Elect prior to serving a two-year term as President. The Immediate Past President shall remain an officer for the year immediately following their term. They are eligible for re-election to the Board as a director, pursuant to Article V, Section 3, Part d. The PAC President, Treasurer and Secretary, who shall also be Directors, shall each serve for a two-year term after having been elected by the Board.

(a) Extension of President’s Term. By an affirmative vote of three-fourths (3/4) of the Directors after determination by the Board that a one-year extension is essential for the continued successful operation of the corporation, the President may be elected to one additional one-year term. In such case, the Board may also elect the President-Elect to an additional one-year term if the President-Elect is so willing.

Section 4. Removal of Officers. Any Officer may be removed, for any or no reason, by the Board.

Section 5. Resignation of Officers. Any Officer may resign at any time by giving written notice to the Board. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the Officer is a party.

Section 6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office, except that a vacancy in office of President shall be filled by the President-Elect.

Section 7. President. The President shall be known as the Chair of the Board of Directors. He or she shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction, and control of the affairs and Officers of the Corporation. He or she shall preside at all meetings of members and of the Board, and shall have the general power and duties of management usually vested in the office of president of a corporation, together with such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 8. Immediate Past President. In the absence or disability of the President and the President-Elect, the Immediate Past President shall chair the Board and perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 9. President-Elect. In the absence or disability of the President, the President-Elect shall chair the Board and perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 10. PAC President. The PAC President shall serve as chief executive officer of the Corporation PAC. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or the Bylaws.

Section 11. Secretary. The Secretary shall keep or cause to be kept at the Corporation's principal office or such other place as the Board may order, a book of minutes of all meetings and actions of the Board, of committees of the Board, and of members. 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; the names of persons present at Board and committee meetings; and the number of members present or represented at members' meetings.

The Secretary shall serve as consultant to the Board on bylaws interpretation and revision, and

Parliamentary procedure.

The Secretary shall keep or cause to be kept at the Corporation's principal office, a copy of the Articles of Incorporation and Bylaws, as amended to date, and all documents which must be available for public inspection pursuant to Article XI, Section 4 of these Bylaws.

The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board may order, a record of the Corporation's members, showing each member's name, address, and class of membership.

The Secretary shall give, or cause to be given, notice of all meetings of members, of the Board, and of committees of the Board required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 12. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The Treasurer shall send or cause to be given to the members and Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board. The books and records shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. He or she shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the President and Directors whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

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

ARTICLE IX

INDEMNIFICATION, PERSONAL LIABILITY AND INSURANCE

Section 1. Indemnification of Corporate Agents.

(a) To the fullest extent permitted by law and as provided in these Bylaws, the Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Nonprofit Mutual Benefit Corporation Law, including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section 7237, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that Section

7237. "Expenses," as used in this Bylaw, shall have the same meaning as in Section 7237(a) of the California Nonprofit Mutual Benefit Corporation Law.

On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Nonprofit Mutual Benefit Corporation Law, the Board shall promptly decide under Section 7237(e) of the California Nonprofit Mutual Benefit Corporation Law whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) of the California Nonprofit Mutual Benefit Corporation Law has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification, because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall promptly call a meeting of members. At that meeting, the members shall determine under Section 7237(e) of the California Nonprofit Mutual Benefit Corporation Law whether the applicable standard of conduct has been met and, if so, the members present at the meeting shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under this Article IX in defending any proceeding covered by that Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses.

(b) The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under Section 7237 of the California Nonprofit Mutual Benefit Corporation Law.

Section 2. Personal Liability of Directors and Officers. The personal liability of Officers and Directors of this Corporation for negligent acts or omissions shall be eliminated to the fullest extent permitted by law.

Section 3. Maintaining General Liability Insurance. In order to obtain the benefit of Section 5047.5 of the California Nonprofit Corporation Law, the Board shall insure that the Corporation maintains, at a minimum, the following general liability insurance coverage:

(a) Five Hundred Thousand Dollars (\$500,000) if the Corporation's annual budget is less than Fifty Thousand Dollars (\$50,000); or

(b) One Million Dollars (\$1,000,000) if the Corporation's budget equals or exceeds Fifty Thousand Dollars (\$50,000).

ARTICLE X

FINANCES

Section 1. Dues.

(a) Each member except Retired Members must pay, within the time and on the conditions set by the Board, the dues, fees, and assessments in amounts to be fixed from time to time by the Board. The Board may, in its discretion, set different dues, fees, and assessments for each class or waive payment by a class.

(b) Dues shall be paid prospectively for each calendar year of membership, directly and in full, on or before January 15th of that year, to the Treasurer of the Corporation.

(c) Failure to pay dues by January 15th shall result in non-renewal of the membership.

Section 2. Contracts and Obligations. No contract or obligation involving the expenditure of a sum of money greater than an amount specified in CalDerm's Administrative Regulations or the use of the Corporation's name and/or logo shall be incurred without a majority vote of the Board of Directors and the signature of the President and the Treasurer.

ARTICLE XI

RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records. The Corporation shall keep: (a) adequate and correct books and records of accounts; (b) written minutes of the proceedings of its members, the Board, and Board committees; and (c) a record of each member's name, address, and class of membership.

Section 2. Inspection by Members. The members of the Corporation shall have inspection rights as follows:

(a) Membership Records. Unless the Corporation provides a reasonable alternative as provided below, any member may do either or both of the following for a purpose reasonably related to the member's interest as a member:

(1) Inspect and copy the records containing members' names, addresses, and voting rights during usual business hours on five (5) days' prior written demand on the Corporation, which must state the purpose for which the inspection rights are requested; or

(2) Obtain from the Secretary of the Corporation, on written demand and tender of a reasonable charge, a list of names, addresses, and voting rights of members who are entitled to vote for Directors as of the most recent record date for which that list has been

compiled, or as of the date, after the date of demand, specified by the member. The demand shall state the purpose for which the list is requested. The Secretary shall make this list available to the member on or before the later of ten (10) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled.

The Corporation may, within ten (10) business days after receiving a demand under this Section 2, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the demand without providing access to or a copy of the membership list. Any rejection of this offer must be in writing and must state the reasons the proposed alternative does not meet the proper purpose of the demand.

If the Corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member, or if it provides a reasonable alternative under this Section 2, it may deny the member access to the membership list.

Any inspection and copying under this Section 2 may be made in person or by the member's agent or attorney. The right of inspection includes the right to copy and make extracts. This right of inspection extends to the records of any subsidiary of the Corporation.

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

(c) Articles and Bylaws. The Corporation shall keep at its principal office, and may post to the members-only part of the Corporation's website, the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date. The Articles and Bylaws at the Corporation's principal office shall be open to inspection by the members at all reasonable times during office hours.

Section 3. 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, physical properties, and the records of each of its subsidiaries. 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 4. Public Inspection. The Corporation shall make available for public inspection its annual return of an exempt organization (IRS Form 990), its application for tax-exempt status (IRS Form 1024) and supporting papers, and its determination letter from the Internal Revenue Service acknowledging exempt status, and otherwise comply with the law regarding inspection and copying of such documents.

Section 5. Annual Report.

(a) The Board shall cause an annual report to be prepared within 120 days after the end of the Corporation's fiscal year. That report shall contain the following information in appropriate detail:

(1) A balance sheet as of the end of the fiscal year, an income statement, and statement of changes in financial position for the fiscal year, accompanied by an independent accountants' report or, if none, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the Corporation's books and records;

(2) A statement of the place where the names and addresses of current members are located; and

(3) Any information required by Section 6 of Article XI of these Bylaws.

(b) The Corporation shall annually notify each member of the member's right to receive a copy of the annual report under this Section 5. Except as provided in paragraph (c) of this Section 5, on written request by a member, the Board shall promptly cause the most recent annual report to be sent to the requesting member.

(c) This Section 5 shall not apply if the Corporation receives less than \$10,000 in gross revenues or receipts during the fiscal year.

Section 6. Annual Statement of Certain Transactions and Indemnifications. As part of the annual report to members, or as a separate document if no annual report is issued pursuant to paragraph (c) of Section 5 of Article XI of these Bylaws, the Corporation shall annually furnish to its members and Directors a statement of any transaction or indemnification of the following kinds within 120 days after the end of the Corporation's fiscal year:

(a) Unless approved by members under Section 7233(a) of the California Nonprofit Mutual Benefit Corporation Law, any transaction (i) to which the Corporation, its parent or its subsidiary was a party, (ii) which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a material financial interest):

(1) Any Director or Officer of the Corporation, its parent, or its subsidiary;

(2) Any holder of more than 10 percent 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 the interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, when practicable, the amount of that interest, except that, in a partnership in which such person is a partner, only the partnership interest need be stated.

(b) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director of the Corporation under Articles V and IX of these Bylaws, unless the loan, guaranty, indemnification, or advance has already been approved by the members under Section 5034 of the California Nonprofit Corporation Law, or the loan or

guaranty is not subject to Section 7235(a) of the California Nonprofit Mutual Benefit Corporation Law.

Section 7. Electronic Transmission. The annual report required by Article XI, Section 5 of these Bylaws and the annual statement required by Article XI, Section 6 of these Bylaws may be sent by (a) facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the Corporation, (b) posting on an electronic message board or network which the Corporation has designated for those communications, together with a separate notice to the recipient of the posting, or (c) other means of electronic communication; as long as (a) the recipient has provided an unrevoked consent to the use of those means of transmission for communication, and (b) such transmission creates a record that can be retained, retrieved, and reviewed, and that may later be transferred into a tangible and legible form.

Section 8. Biennial Statement of General Information. As and when required by Section 8210 of the California Nonprofit Mutual Benefit Corporation Law, the Corporation shall file with the Secretary of State of the State of California, on the prescribed form, the names and complete business or residence addresses of the chief executive officer, secretary, and chief financial officer (treasurer) and the street address of its principal office in this state, together with a designation of the agent of the Corporation for the purpose of service of process.

ARTICLE XII

AMENDMENT OF BYLAWS

Section 1. Amendment by Directors. The Board may, by a two-thirds vote of the Board, adopt, amend, or repeal bylaws without the approval of the members, unless doing so would:

- (a) Materially and adversely affect the members' rights as to voting, dissolution, redemption, or transfer;
- (b) Increase or decrease the number of members authorized in total or for any class;
- (c) Effect an exchange, reclassification, or cancellation of all or part of the memberships;
- (d) Authorize a new class of membership;
- (e) Fix or change the authorized number of Directors;
- (f) Change from a fixed number of Directors to a variable number of Directors or vice versa.
- (g) Increase or extend the terms of Directors;

- (h) Allow any Director to hold office by designation or selection rather than by election by the members;
- (i) Increase the quorum for members' meetings;
- (j) Change proxy rights; or
- (k) Authorize cumulative voting.

All proposed amendments shall be distributed to all Directors at least thirty (30) days prior to the meeting at which the amendments will be voted upon.

Section 2. Amendment by Members.

(a) Amendment by Approval of Members. Any proposed amendments or proposals for repeal of the Bylaws that must be submitted for member approval for any reason identified in subsections (a) through (k) of Section 1 above, may only be adopted, amended or repealed by the affirmative vote of a majority of the membership votes represented and voting at a duly held meeting at which a quorum is present or by written ballot conducted in accordance with these Bylaws.

(b) Amendment Pursuant to Member Petition. Members may propose amendments or proposals to repeal the Bylaws by submitting a petition to the Board, signed by 25 members in good standing, at least 12 months in advance of the time they are to be voted upon. The Board shall cause the proposed amendments to be circulated to each member at least two months in advance of the time they are to be voted upon. The proposed amendments may be circulated with a maximum of two written statements in favor and two statements opposed to adoption, each of which shall be no longer than 200 words, and shall be signed by two members.

ARTICLE XIII

PROCEDURAL AND OTHER MATTERS

Section 1. Procedures. All meetings shall be conducted under Sturgis Standard Code of Parliamentary Procedure current edition.

Section 2. Dissolution. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to the Children's Skin Disease Foundation, a California nonprofit public benefit corporation, if in existence. If the Children's Skin Disease Foundation is no longer in existence, the remaining assets of the Corporation shall be distributed to another nonprofit fund, foundation, or corporation selected by the Board, provided such nonprofit fund, foundation, or corporation is organized and operated exclusively for charitable purposes and has established its exempt status under Internal Revenue Code section 501(c)(3).

Section 3. Construction and Definitions. Unless the context requires otherwise or a term is specifically defined herein, 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 foregoing, the masculine gender includes the feminine and neuter, and the singular number includes the plural and the plural number includes the singular.

