

BYLAWS
OF
LONG BEACH HOUSING DEVELOPMENT COMPANY

ARTICLE ONE

Name

The name of the corporation is "The Long Beach Housing Development Company" (the "Corporation").

ARTICLE TWO

Offices

The principal office of the Corporation shall be located in the City of Long Beach, California (the "City of Long Beach"). The Board of Directors is granted the power to establish branch or subordinate offices located in the City of Long Beach.

ARTICLE THREE

Action of Member

As the only member is the City of Long Beach, member action shall be taken by the City Manager of the City of Long Beach (the "City Manager") upon the authorization of the City Council of the City of Long Beach (the "City Council"). All such action shall become effective upon the filing of written notice of the same by the City Clerk of the City of Long Beach (the "City Clerk") with the Secretary of the Corporation.

ARTICLE FOUR

Directors

Section 1. Powers. Subject to any limitations contained in the California Non-Profit Public Benefit Corporation Law, the Articles of Incorporation and these Bylaws, the Corporation's activities and affairs shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. Without limiting their general powers, the directors shall have the following specific powers:

a. To select and remove any Director, agents and contractors of the Corporation and prescribe appropriate duties for them, subject to any limitations contained in these Bylaws.

b. To prescribe and enforce appropriate rules and regulations.

c. To adopt and use a corporate seal and to alter the form of such seal and of the certificate from time to time.

d. To acquire, lease, or dispose of property, to borrow money, to guarantee and assume indebtedness, and to execute and deliver deeds, guarantees, leases, notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, assumptions, or other evidences of debt and security, subject to any limitations contained in these Bylaws.

e. To contract with the City of Long Beach for such personnel and other services as it deems necessary to exercise its powers, duties and functions, as described by appropriate laws,

statutes and ordinances as applicable thereto.

Section 2. Number and Qualification. The authorized number of directors of the Corporation shall be eleven (11) until changed by amendment of these Bylaws.

Section 3. Selection and Term of Office. The Mayor of the City of Long Beach (the "Mayor") shall select the directors with the consent of the City Council. Six (6) directors shall from date of selection hold office until the third Tuesday in July, 1991 and be eligible for three subsequent two (2) year terms. Five (5) directors shall from date of selection hold office until the third Tuesday in July, 1992, and be eligible for three subsequent two (2) year terms. The Mayor shall decide on the terms of office for the initial eleven (11) directors selected for office. Directors selected after the initial eleven (11) directors have been selected shall hold office for a term of two (2) years until the third Tuesday of July of the second year after their selection or until their successors are selected. Directors may not hold office for more than four (4) successive terms. Directors need not be residents of the City of Long Beach in order to be selected or to serve.

Section 4. Vacancies on the Board of Directors.

(a) Events Causing Vacancy.

A vacancy or vacancies on the Board of Directors shall exist on the occurrence of the following: (1) the death or resignation of any director; (b) the declaration by resolution of

the Board of Directors of a vacancy in the office of a director who has (i) been absent from four (4) meetings of the Board of Directors or four (4) committee meetings per committee in any twelve-month period, (ii) failed to perform the duties of a Board member, including participation in committees, (iii) been declared of unsound mind by an order of the court, (iv) been convicted of a felony or (v) been found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Non-Profit Public Benefit Corporation Law; (c) the removal of any director at the sole discretion of the member; or (d) the increase of the authorized number of directors. In the event that a director has been absent from three meetings within any twelve-month period, the matter will be referred to a committee designated by the Board of Directors, and notice of such absences shall be given to the affected director. In the event that the director is absent from a fourth meeting within the same twelve-month period, the matter will be automatically placed upon the agenda of the Board meeting immediately following such fourth absence, and the Board will decide whether to adopt a resolution pursuant to subsection (i) above.

(b) Resignations.

Except as provided below, any director may resign by giving written notice to the President or the Chairman of the Board of Directors. 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 later time, a successor may be selected to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the Corporation would be left without a duly appointed director or directors.

(c) Filling Vacancies.

Vacancies in the Board of Directors shall be filled by the Mayor with the consent of the City Council.

(d) Effect of Reduction of Number of Directors.

No reduction of the authorized number of directors shall have the effect of removing any director before the director's term of office expires.

Section 5. Restriction on Interested Persons as Directors. No more than forty-nine (49) percent of the persons serving on the Board of Directors may be interested persons. An interested person is (a) any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; 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 paragraph shall not affect the validity or

enforceability of any transaction entered into by the Corporation.

Section 6. Compliance with Political Reform Act of 1974.

The directors shall comply with the provisions of the Political Reform Act of 1974, commencing with Section 81000 of the California Government Code.

ARTICLE FIVE

Directors' Meetings

Section 1. Place of Meeting. All meetings of the Board of Directors shall be held at 333 West Ocean Boulevard, Long Beach, California, unless otherwise designated by notice (1) posted at 333 West Ocean Boulevard, Long Beach, California, and (2) mailed to each director.

Section 2. Application of Ralph M. Brown Act. The Corporation shall comply with the provisions of the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1, Division 2, Title 5 of the California Government Code.

Section 3. Annual Meeting. The annual meeting of the Board of Directors shall be held at 4:00 p.m. on the third Wednesday in August, beginning in 1990, or at such time as the Board of Directors may from time to time determine, for the purpose of election of officers, and for the transaction of such other business as may properly come before the meeting. Should such day fall upon a legal holiday, the annual meeting shall be held on the next business day thereafter at the same hour and place.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held without call on the third Wednesday of every month at 4:00 p.m. In the event it falls upon a legal holiday, the meeting shall be held at the same time on the next business day. The Board shall not be required to give notice of such regular meetings to the directors.

Section 5. Special Meetings. Special Meetings of the Board of Directors for any purpose may be called at any time by the Chairman. In the event the Chairman is absent or is unable or refuses to act, the Vice-Chairman, or any two directors, may call a special meeting.

Section 6. Notice of Regular Annual and Special Meetings. Notice of regular, annual and of special meetings shall be given in the manner required by the Ralph M. Brown Act, being Chapter 9 (commencing with Section 54950) of the Part 1, Division 2, Title 5 of the California Government Code. In addition, written notice of such meetings shall be given to the Mayor and the City Council by filing notice of the meeting with the City Clerk at least 24 hours prior to the meeting. The Mayor or any member of the City Council may attend any such meeting and make comments and recommendations and participate in the discussions of the Board of Directors at such meetings.

Section 7. Consent to Meetings. Any director not present at a meeting may, if such director so desires, file a written consent to actions taken at such meeting with the Secretary

of the Corporation.

Section 8. Quorum. A majority of the authorized number of directors (less any vacancies) shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors subject to the more stringent provisions of the California Non-Profit 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 9. Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Section 10. Fees and Compensation. Directors shall not receive any compensation, within the meaning of Section 5239 of the California Non-Profit Public Benefit Corporation Law, for their

services as directors; however, the Board of Directors may authorize the payment of per diem, mileage or other reimbursement expenses to a director. A director shall not, however, be precluded from serving the Corporation in any other capacity as an officer, agent, employee or representative and receiving appropriate compensation for his or her services.

Section 11. Committees.

(a) Committees of the Board of Directors.

The Board of Directors by resolution adopted by a majority of the directors then in office, provided a quorum is present, may create one or more committees, each consisting of two or more directors and no persons who are not directors, to serve at the pleasure of the Board of Directors. Appointments to committees of the Board of Directors shall be by majority vote of the authorized number of directors. 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 of Directors resolution, shall have all the authority of the Board of Directors except that no committee, regardless of Board of Directors resolution, may:

(1) Take any final action on any matter that, under the California Non-Profit Public Benefit Corporation Law, also requires approval of the members or approval of a majority of all members;

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

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

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

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

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

(7) Approve any contract or transaction to which the Corporation is 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 Non-Profit Public Benefit Corporation Law.

(b) 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 actions of the Board of Directors except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by resolution of the Board of Directors, or if there is none, by resolution of the committee.

Minutes of each meeting of any committee 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.

ARTICLE SIX

Officers

Section 1. Officers. The officers of the Corporation shall be a Chairman of the Board, a Vice-Chairman of the Board, a Secretary of the Board, a President, who shall be the Director of Community Development of the City of Long Beach; a Vice President, who shall be the designee of the President, a Chief Financial Officer, who shall be the Director of Financial Management of the City of Long Beach; an Assistant Treasurer, who shall be the City Auditor of the City of Long Beach; and a General Counsel, who shall be the City Attorney of the City of Long Beach. The Corporation may also have such other officers as set forth in Section 3 of this Article.

Section 2. Selection of Officers. The officers of the Corporation, except for the Chairman of the Board, the Vice-Chairman of the Board and the Secretary of the Board, and those as may be appointed under Section 3 of this Article, shall be, as applicable, the person currently holding the position designated in Section 1 of this Article. The Chairman, Vice-Chairman, and

Secretary of the Board shall be elected by the directors at the Board of Directors' annual meeting. The Vice President shall be designated by the President. Each officer shall hold office until such officer resigns or is removed, ceases to hold the position designated in Section 1 of this Article, becomes otherwise disqualified to serve, or such officer's successor is selected.

Section 3. Other Officers. The Board of Directors, with the consent of the member, may appoint such other officers as the business of the Corporation may require. Such officers shall hold office for such period and perform the duties as specified in these Bylaws or as may be determined by the Board of Directors with the consent of the member.

Section 4. Removal, Resignation and Vacancies. The Chairman, Vice-Chairman and Secretary of the Board may be removed at any time, with or without cause, by the Board of Directors, with the consent of the member. The Chairman, Vice-Chairman or Secretary of the Board 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. A vacancy in any office, by reason of death, resignation, removal, disqualification or any other cause, shall be filled by the Board of Directors.

Section 5. Chairman of the Board. The Board of Directors shall elect one of its members to act as Chairman of the Board at its annual meeting. The Chairman of the Board shall

preside at all meetings of the Board of Directors and shall sign all resolutions and approved minutes of Board of Directors' meetings. The Chairman of the Board shall have the power to place on the agenda of the Board of Directors' meetings such business as in the Chairman of the Board's discretion requires the attention or action of the Board of Directors. In addition, the Chairman of the Board shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 6. Vice-Chairman of the Board. The Board of Directors shall elect one of its members to act as Vice-Chairman of the Board at its annual meeting. In the absence or disability of the Chairman, the Vice-Chairman shall perform the duties of the Chairman. When so acting, the Vice-Chairman shall have all the powers of, and be subject to all the restrictions upon, the Chairman. In the event of the resignation or removal of the Chairman, the Vice-Chairman shall become the Chairman, and, at the discretion of the Board of Directors, the Board of Directors shall elect a new Vice-Chairman.

Section 7. Secretary. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place the Board of Directors may direct, a book of minutes of all meetings, proceedings and actions of the Board of Directors, of committees and of all actions taken by the member. The minutes of meetings shall include the time and place of the meeting, whether the meeting was annual, regular or special, and if special, how

authorized, the notice given, a record of all votes and the names of those present. The Secretary shall deliver a copy of all minutes of meetings of the Board of Directors and committee to the member. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. President. The President shall be the chief executive officer of the Corporation and shall supervise, direct and control the Corporation's activities and affairs. The President shall designate the Vice President. At each meeting of the Board of Directors, the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs and policies of the Corporation. The President shall have the authority to sign in accordance with Section 1 of Article IX, all checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation, vouchers, deeds, contracts and other instruments authorized by the Board of Directors or the member. The President shall review all reports, communications, and documents addressed or directed to the Corporation, the Board of Directors or any of the officers of the Corporation. The President shall oversee the preparation and submission of reports and communications as from time to time may be authorized or requested by the Board of Directors or the member. In addition, the President shall have such other powers and perform

such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 9. Vice President. In the absence or disability of the President, the Vice President shall perform the duties of the President. When so acting, the Vice President shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 10. Chief Financial Officer. The Corporation shall utilize the services of the Director of Financial Management of the City of Long Beach as its Chief Financial Officer. The Chief Financial Officer shall have the care and custody of all corporate funds and shall deposit the same in the name of the Corporation in such bank or banks as the Chief Financial Officer may select. The Chief Financial Officer shall advise the Corporation on fiscal matters, pay out and disburse Corporation monies and funds. The Chief Financial officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 11. General Counsel. The Corporation shall utilize the services of the City Attorney of the City of Long Beach as its General Counsel. The General Counsel shall advise the Corporation on all legal matters, prepare legal documents as requested by the Corporation, and approve as to form all deeds,

contracts, resolutions, and other legal instruments relating to the Corporation's activities. The General Counsel shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 12. Assistant Treasurer. The Corporation shall utilize the services of the City Auditor of the City of Long Beach as its Assistant Treasurer. The Assistant Treasurer shall countersign by facsimile signature all Corporation checks. The Assistant Treasurer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 13. Additional Duties. The officers of the Corporation shall perform such other duties and functions as may from time to time be required by the Board of Directors, the member, the Bylaws, or which are incidental to the office held by such officers.

Section 14. Compliance with Political Reform Act of 1974. The officers of the Corporation shall comply with the provisions of the Political Reform Act of 1974, commencing with Section 81000 of the California Government Code.

Section 15. Audit of Books and Records. If requested by the City Manager, the Books and Records of Account of the Corporation shall be audited by the City Auditor of the City of Long Beach.

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ARTICLE SEVEN

Indemnification of Directors and Officers

Section 1. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Non-Profit Public Benefit Corporation Law, including persons formerly occupying any such position, against all expenses, judgements, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, 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. "Expenses," as used in this Article, shall have the same meaning as in Section 5238(a) of the California Non-Profit Public Benefit Corporation Law.

Section 2. Approval of Indemnity. On written request of the Board of Directors by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Non-Profit Public Benefit Corporation Law, the Board of Directors shall promptly determine under Section 5238(e) of the California Non-Profit Public Benefit Corporation Law whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board of Directors shall authorize indemnification. If the Board of Directors 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 the proceeding, the Board of Directors shall promptly notify the City of Long Beach. The City of Long Beach shall determine under Section 5238(e) of the California Non-Profit Public Benefit Corporation Law whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the City of Long Beach shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board of Directors in a specific instance, expenses incurred by a person seeking indemnification under this Article in defending any proceeding covered by this 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 determined that the person is entitled to be indemnified by the Corporation for those expenses.

ARTICLE EIGHT

Insurance

The Corporation shall, in accordance with the provisions of Section 5239 of the California Non-Profit Public Benefit Corporation Law, obtain, or shall make all reasonable efforts in good faith to obtain, a liability insurance policy issued to the

Corporation, either in the form of a general liability policy or a director's and officer's liability policy, covering damages caused by the negligent act or omission of each director or executive committee officer, as such term is defined in Section 5239 of the California Non-Profit Public Benefit Corporation Law. Notwithstanding the foregoing, 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.

ARTICLE NINE

Miscellaneous

Section 1. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed by the President or in his or her absence, the Vice President, and shall be countersigned by facsimile signature by the Assistant Treasurer.

Section 2. Records and Reports.

(a) Maintenance of Corporate Records.

The Corporation shall keep:

- (1) Adequate and correct books and records of

account;

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

(3) A record of the City of Long Beach's address.

(b) Member's Inspection of Accounting Records and Minutes.

On written demand on the Corporation the member may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the member, the Board of Directors, and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the City of Long Beach's interest as the sole member. Any such inspection and copying may be made in person or by the City of Long Beach's agent or attorney. Any right of inspection extends to the records of any subsidiary of the Corporation.

(c) Maintenance and Inspection of Articles and Bylaws.

The Corporation shall keep at its principal office the original or a copy of the Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection by the City of Long Beach at all reasonable times during office hours.

(d) 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.

(e) Annual Report.

The Board of Directors of the Corporation shall cause an annual report to be prepared by the President and delivered to the City of Long Beach and each director within one hundred twenty (120) days after the end of the Corporation's fiscal year (October 1 through September 30). That report shall contain the following information, in appropriate detail, for the fiscal year:

(1) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;

(2) The principal changes in assets and liabilities, including trust funds;

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

(4) The expense or disbursements of the Corporation for both general and restricted purposes; and

(5) Any information requested by any provision of these Bylaws, the member or the City Manager.

The annual report shall be accompanied by any report

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.

The requirement of an annual report shall not apply if the Corporation receives less than \$25,000 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 and to the City of Long Beach if so requested in writing.

(f) Annual Statement of Certain Transactions and Indemnifications.

As part of the annual report to the member, the Corporation shall annually prepare and mail or deliver to the City of Long Beach and furnish to each director 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) in which the Corporation was a party, (ii) in which an "interested person" had a director or indirect material financial interest, and (iii) which involved more than \$50,000, or was one of a number of transactions with the same interested person involving, in the aggregate, more than \$50,000. For this purpose, an "interested person" is either (a) any director or officer of the Corporation; or (b) the member.

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 \$10,000 paid during the fiscal year to any officer or director of the Corporation under the provisions of these Bylaws, unless that indemnification has already been approved by the City of Long Beach under Section 5238(e)(2) of the California Non-Profit Public Benefit Corporation Law.

Section 3. Program Approved by Member. The Board of Directors and officers of the Corporation may engage in any and all acts necessary to complete any specific program approved by the member, including the execution of any contracts or the disbursements of any corporate funds, to the extent that such contracts or disbursements are consistent with the approved program.

Section 4. Execution of Contracts. Unless expressly provided for by the Articles of Incorporation or these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose without the express written approval of the Board of Directors.

Section 5. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Non-Profit 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.

ARTICLE TEN

Amendments

Section 1. Power of Member. Bylaws may be adopted, amended or repealed by the member.

Section 2. Power of Directors. Bylaws may be adopted, amended or repealed by the Board of Directors only with the express written consent of the member.

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