

DURANGO CREATIVE DISTRICT BYLAWS

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ARTICLE I *Purpose and Formation*

Section 1. Purpose

The purpose of Durango Creative District (the "Corporation") is to unite, celebrate and expand the local creative economy.

We envision a thriving local economy stimulated by essential creative experiences.

Section 2. Name

The name of the Corporation is Durango Creative District.

Section 3. Formation

The Corporation is organized as a nonprofit corporation under the Colorado Revised Nonprofit Corporations Act and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended.

ARTICLE II *Directors*

Section 1. General Powers

The business and affairs of the Corporation shall be solely managed by a Board of Directors notwithstanding the Board may delegate any of its powers by Board resolution or as otherwise set forth in these bylaws. The Board shall adopt and adhere to a budgetary practice.

Section 2. Number and Classes

The authorized number of Directors of the Corporation shall be no fewer than 5 nor more than 17, as the Board of Directors shall in good faith determine from time to time. Each Director must be elected by a majority vote of the Board of Directors. Each Director shall serve for a term of two years.

Section 3. President of the Board

The President of the Board shall be elected by the Directors from their number at any meeting of the Board. The President, or other Officer selected by the Board of Directors, shall preside at all meetings of the Board of Directors.

Section 4. Election of Directors

New Directors shall be elected by a majority of the Board, and may be re-elected for two additional consecutive terms. After not serving for a period of one year, a Director may once again serve in accordance with these provisions.

The election of Directors respects the diversity of the following list: *Visual Arts, Design, Artisan Products, Performing Arts, Literary and publishing, Culture and Heritage, Culinary Arts and Craft Beverage, Historic Hoteliers, Venues, Film and Media, Education, and Outdoor Recreation.*

No more than 4 Ex-officio positions will be determined by the Board of Directors in the areas of government representation in addition to the Executive Director as set forth in Article VIII.

The initial Board of Directors will be staggered at the outset so that one half of the initial Board will be appointed for one year terms.

Board Elections for Second Term Directors: Election of current directors to a second term will occur as the first item of business at the October meeting of the nonprofit. Directors will be elected by a majority vote of the current directors and results will be released at the December meeting.

Board Elections for New Directors: Given a vacancy, the Board of Directors can nominate and appoint new directors at any point in time.

Section 5. Resignation and Removal

A Director may resign at any time, or may be removed with or without cause by a vote of a majority of the current Board of Directors. A Director who is absent without cause from three consecutive regular (not special) meetings of the Board is considered to have resigned from the Board. The Director so removed may be reinstated by a majority vote of the entire Board.

Section 6. Vacancy

A vacancy may be filled for a Director's remaining term by a simple majority of the Directors present at a regular scheduled or special meeting of the Board that has been called for that purpose.

ARTICLE III *Meetings of Directors*

Section 1. Regular Meeting

The Board of Directors must have at least 10 regular meetings annually during the calendar year. In addition, the Board of Directors may provide, by resolution, the time and place, for holding additional regular meetings.

Section 2. Notice of Meetings

Regular meetings of the Board of Directors may be held without further notice after the calendar has been posted for the year.

Section 3. Special Meetings

The Board Member calling a special meeting of the Board of Directors, shall, at least three (3) days before the meeting, give notice thereof by the usual means of communication (email, phone or mail). Such notice need not specify the purpose of the meeting, unless the purpose of the special meeting being called is to elect Board Members.

Section 4. Quorum

Attendance of a majority of the voting Directors of the Corporation shall constitute a quorum for the transaction of business at a regular or special meeting.

Section 5. Informal Action by Board of Directors

Should a majority of the Directors consent in writing to any action taken or to be taken and the writing or writings evidencing their consent are filed with the Secretary, the action shall be as valid as though it had been authorized at a meeting of the board.

Section 6. Meetings by Telecommunication

Any or all of the Directors may participate in a regular or special meeting through the use of any means of communication by which all persons participating in the meeting may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 7. Majority Action as Board Action

Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the articles of incorporation, these bylaws, or provisions of law require a greater percentage or different voting rules for approval of a matter by the board.

ARTICLE IV

Execution of Instruments, Deposits, and Funds

Section 1. Execution of Instruments

The Board of Directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 2. Checks and Notes

Except as otherwise specifically determined by resolution of the Board of Directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Executive Director or by the president of the Corporation.

Section 3. Deposits

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

Section 4. Gifts

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the nonprofit purposes of this Corporation.

ARTICLE V

Corporate Records and Reports

Section 1. Maintenance of Corporate Records

The Corporation shall keep:

- a. Minutes of all meetings of Directors, committees of the Board indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- b. Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains, and losses;
- c. A copy of the Corporation's articles of incorporation and bylaws as amended to date shall be open to inspection at all reasonable times during office hours.

Section 2. Directors' Inspection Rights

Every director may have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the Corporation, and shall have such other rights to inspect the books, records, and properties of this Corporation as may be required under the articles of incorporation, other provisions of these bylaws, and provisions of law.

ARTICLE VI

Conflict of Interest and Compensation Approval Policies

Section 1. Purpose of Conflict of Interest Policy

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Section 2. Definitions

- a. Interested Person.** Any Director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.
- b. Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - 1. An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement;
 - 2. A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or
 - 3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. Conflict of Interest Avoidance Procedures

a. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

b. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

c. Procedures for Addressing the Conflict of Interest. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

d. Violations of the Conflicts of Interest Policy. If the governing Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Board and Board Committee Proceedings

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 5. Compensation Approval Policies

A voting member of the governing Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for Directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the Board shall also comply with the following additional requirements and procedures:

a. the terms of compensation shall be approved by the Board or compensation committee prior to the first payment of compensation;

b. all members of the Board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):

1. is not the person who is the subject of the compensation arrangement, or a family member of such person;
2. is not in an employment relationship subject to the direction or control of the person who is the subject of the compensation arrangement;
3. does not receive compensation or other payments subject to approval by the person who is the subject of the compensation arrangement;
4. has no material financial interest affected by the compensation arrangement; and
5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the Board or committee member.

c. the Board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size, purpose, and with similar resources;
2. the availability of similar services in the geographic area of this organization;
3. current compensation surveys compiled by independent firms;

4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement;

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the Board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

d. the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved;
2. the members of the Board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member;
3. the comparability data obtained and relied upon and how the data was obtained;
4. If the Board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination;
5. If the Board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting;
6. any actions taken with respect to determining if a Board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement);
7. The minutes of Board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next Board or committee meeting or 90 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the Board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

Section 6. Annual Statements

Each Director, principal officer, and member of a committee with governing Board delegated powers shall sign a statement which affirms such person:

- a. has received a copy of the conflicts of interest policy;
- b. has read and understands the policy;
- c. has agreed to comply with the policy; and

d. understands the Corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7. Periodic Reviews

To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

Section 8. Use of Outside Experts

When conducting the periodic reviews as provided for in Section 7, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

ARTICLE VII *Officers*

Section 1. Number

The officers of the Corporation shall consist of a President, Vice-President, Secretary and a Treasurer. In addition to the officers provided herein, the Board of Directors may create other offices and employ such personnel as in its discretion it deems necessary to accomplish the purpose and objectives of the Corporation. Any two or more offices may not be held by the same person.

Section 2. Election and Term

The principal officers of the Corporation shall be appointed by the Board of Directors. Each officer shall hold office for a period of one (1) year. No person may be appointed to serve for more than three (3) successive terms in the office of President, or in the office of Vice-President. A vacancy occurring in a position of officer of the Corporation may be filled at any time by the Board of Directors. The officers of the Corporation shall serve without compensation.

Section 3. Resignation and Removal

An officer or agent may resign at any time by delivering notice to the Corporation. The board of directors may remove any officer at any time with or without cause.

Section 4. President

The President shall be the principal executive officer of the Corporation and subject to the control of the Board of Directors. He/she shall sign, with any other proper officer, any deeds, mortgages, bonds, contracts or other instruments which may be lawfully executed on behalf of the Corporation.

Section 5. Vice-President

In the absence of the President, the Vice-President, unless otherwise determined by the Board of Directors, shall perform 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.

Section 6. Secretary

The Secretary shall keep accurate records of the proceedings of all meetings of the Board of Directors. He/she shall give all notices required by law and by these By-Laws.

Section 7. Treasurer

The Treasurer shall have the authority and responsibility for the safekeeping of the funds and securities of the Corporation. Any checks written, or any other such documents obligating the Durango Creative District to debt, in an amount greater than ten thousand dollars (\$10,000) shall require the signature of both the Treasurer and the President. Instruments obligating the Durango Creative District to pay an amount less than ten thousand dollars shall only require the signature of the Treasurer.

Section 8. General Expectations of the Board

All members of the Board shall be members in good standing of the Corporation. They shall conduct themselves as fiduciaries of the Corporation and avoid all conflicts of interest or appearances thereof.

ARTICLE VIII

Staff

Section 1. Executive Director

If appointed, an Executive Director shall serve as an authorized agent of the Board of Directors to do business for the Corporation, shall serve as the primary administrative officer of the Corporation, and shall in turn appoint such members of the staff as may be authorized by the Board of Directors and shall supervise and direct their activities subject to such limitations, policies or directives as may be prescribed by the Board of Directors. The Executive Director shall serve as an Ex-officio member of the Board of Directors without voting authority. The Executive Director may be removed with or without cause.

ARTICLE IX

Committees

Section 1. Establishment

The Board of Directors or the Executive Director, if appointed, may establish certain committees, or task forces to concentrate upon, and carry out in conjunction with staff, various aspects of the Corporation's goals.

Section 2. Duties of Committees

Each committee shall act in accordance with the purpose set forth herein or by a purpose established by the board. Committees shall operate with due diligence and report progress to the Board.

Section 3. Chair

A chair of each committee shall be elected by its members or appointment by the Board President. At least one Board Member may serve as a liaison on each committee.

Section 4. Members

The members should have a familiarity or expertise with the area of concern of their committee. Non-board members may serve on committees.

Section 5. Addition or Deletion

All committees or task forces function with the approval of the Board of Directors and may be deleted or added based on the needs of the organization.

ARTICLE X

Legal Standards of Conduct for All Directors

Section 1. Powers

All corporate powers are exercised by or under the authority of the Board, and the affairs of the Corporation are managed under the direction of the Board. Each Director must meet the following legal standards of conduct:

Section 2. Duty/Standard of Care

A Director shall perform his or her duties as a director, including his or her duties as a member of any committee of the Board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such judgment as an ordinarily prudent person in a like position would use under similar circumstances. In performing his or her duties, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in the sub-paragraphs; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her duties shall not have any liability by reason of being or having been a Director. Those persons and groups on whose information, opinions, reports, and statements a Director is entitled to rely upon are:

1. One or more officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;
2. Counsel, public accountants, or other persons as to matters which the Director reasonably believes to be within such persons' professional or expert competence or
3. A committee of the Board upon which he or she does not serve, duly designated in accordance with the provision of the Articles of Incorporation or the bylaws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

ARTICLE XI

Financial Transactions

Section 1. Investments

The Corporation shall have the right to invest and reinvest any funds held by it, according to the judgment of the Board of Directors provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a forbidden activity or would result in the denial of the exemption under section 503 or Section 507 of the Internal Revenue code and its regulations as they now exist or as they may be hereafter amended.

Section 2. Contracts

The officers of the Corporation are authorized to enter into contracts on behalf of the Corporation. Other Directors or paid staff may be authorized by the Board of Directors to enter into contracts or to otherwise commit the Corporation to action, subject to the Corporation's financial control policies.

Section 3. Funds

Funds of the Corporation shall be deposited in financial institutions selected by the Executive Director, if appointed, and approved by the Board of Directors.

Section 4. Insurance

The Board of Directors shall procure and maintain adequate liability and casualty insurance on the property of the Corporation. The Board of Directors shall also procure and maintain liability insurance for the acts of its Directors.

Section 5. Audit

The Board of Directors may have an annual independent audit of the performance of the Corporation. This audit, if conducted, shall be prepared by an independent Certified Public Accountant selected by the Board of Directors.

ARTICLE XII *Indemnification*

Section 1. Indemnification of Directors and Officers. Except in connection with a proceeding by or in the right of the Corporation in which the Director and/or Officer was adjudged liable to the Corporation; or in connection with any other proceeding charging that the Director and/or Officer derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the Director and/or Officer was adjudged liable on the basis that the Director and/or Officer derived an improper personal benefit, the Association shall indemnify a person made a party to a proceeding because the person is or was a Director and/or Officer against liability incurred in the proceeding if:

- a. The person's conduct was in good faith; and
- b. The person reasonably believed:
 - (1) In the case of conduct in an official capacity with the Corporation, that the conduct was in the Corporation's best interests; and
 - (2) In all other cases, that the conduct was at least not opposed to the Corporation's best interests; and
 - (3) In the case of any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

Section 2. Advance of Expenses. The Corporation may pay for or reimburse the reasonable expenses incurred by a Director and/or Officer who is a party to a proceeding in advance of final disposition of the proceeding if:

- a. The Director and/or Officer furnishes to the Corporation a written affirmation of the Director and/or Officer's good faith belief that the Director and/or Officer has met the standard of conduct described in these Bylaws.
- b. The Director and/or Officer furnishes to the Corporation a written undertaking, executed personally or on the Director and/or Officer's behalf, to repay the advance if it is ultimately determined that the Director and/or Officer did not meet the standard of conduct; and
- c. A determination is made that the facts then known to those making the determination would not preclude indemnification under this Article or the Colorado Revised Nonprofit Corporation Act.

The undertaking required by 2.b shall be an unlimited general obligation of the Director and/or Officer but need not be secured and may be accepted without reference to financial ability to make repayment.

3. Determination and Authorization of Indemnification of Director and/or Officers.

a. The Association may not indemnify a Director and/or Officer unless authorized in the specific case after a determination has been made that indemnification of the Director and/or Officer is permissible in the circumstances because the Director and/or Officer has met the standard of conduct set forth in this Section. The Association shall not advance expenses to a Director and/or Officer unless authorized in the specific case after the written affirmation and undertaking as required by this Article are received and the determination required by this Article has been made.

b. The determinations required by this Section shall be made:

(1) By the Board of Director and/or Officers by a majority vote of those present at a meeting at which a quorum is present, and only those Director and/or Officers not parties to the proceeding shall be counted in satisfying the quorum; or

(2) If a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors designated by said Board, which committee shall consist of two or more Directors not parties to the proceeding; except that the Directors who are parties to the proceeding may participate in the designation of Directors for the committee.

c. If a quorum cannot be obtained as contemplated in paragraph 3.b.(1), and a committee cannot be established under paragraph 3.b.(2), or, even if a quorum is obtained or a committee is designated, if a majority of the Directors constituting such quorum or such committee so directs, the determination required to be made by 3.a. of this section shall be made:

(1) By independent legal counsel selected by a vote of the Board of Directors or the committee in the manner specified in paragraphs 3.b.(1) , if a quorum of the full board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full Board of Directors.

d. Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible; except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

ARTICLE XIII *Amendments*

Section 1. Amendment

These bylaws may be amended by:

1. Approval at a properly constituted meeting of the Board of Directors, by a vote of a majority of the Directors.

2. Ratification of the amendments, without modification, at the next regularly scheduled meeting of the Board of Directors.

Section 2. Consistency

No amendment may contain any provision inconsistent with the law or the Articles of Incorporation.

Article XIV

Construction and Terms

If there is any conflict between the provisions of these bylaws and the articles of incorporation of this Corporation, the provisions of the articles of incorporation shall govern.

Should any of the provisions or portions of these bylaws be held unenforceable or invalid for any reason, the remaining provisions and portions of these bylaws shall be unaffected by such holding.

All references in these bylaws to the articles of incorporation shall be to the articles of incorporation, articles of organization, certificate of incorporation, organizational charter, corporate charter, or other founding document of this Corporation filed with an office of this state and used to establish the legal existence of this Corporation.

All references in these bylaws to a section or sections of the Internal Revenue Code shall be to such sections of the Internal Revenue Code of 1986 as amended from time to time, or to corresponding provisions of any future federal tax code.

ARTICLE XV

Fiscal Year

Section 1. Fiscal Year

The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time and is currently January 1 to December 31 of any given year.

ARTICLE XVI

Robert's Rules of Order

Section 1. Conduct at Board Meetings

To the extent not otherwise provided by the Colorado Revised Nonprofit Corporation Act or as may be otherwise provided by adopted motion, Robert's Rules of Order shall apply.

ARTICLE XVII

IRC 501(c)(3) Tax Exemption Provisions

Section 1. Limitations on Activities

No substantial part of the activities of this Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Internal Revenue Code), and this Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office.

Notwithstanding any other provisions of these bylaws, this Corporation shall not carry on any activities not permitted to be carried on (a) by a Corporation exempt from federal income tax under Section

501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

Section 2. Prohibition Against Private Inurement

No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to its members, directors or trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of this Corporation.

ARTICLE XVIII
Dissolution

Section 1. Transfer of Assets on Dissolution.

If this Corporation should be dissolved under the laws of the State of Colorado, all of the assets remaining shall be transferred to an organization or organizations which are exempt from taxation under Section 501(c)(3) of the U.S. Internal Revenue Code and any amendments thereto. If possible, such transfer will be made to such qualifying organization or organizations in the Durango, Colorado area which share the educational goals of the Durango Creative District and are exempt under the requirements of said Internal Revenue Code. In the event that such an organization does not exist in the Southwest Colorado area, then said remaining assets shall be transferred to any of several organizations or agencies in the Southwest Colorado area which are tax exempt under the provisions of said Internal Revenue Code.

ADOPTION OF BYLAWS

We hereby certify that the foregoing bylaws, consisting of 14 pages, including this page, constitute the bylaws of the Durango Creative District, adopted by the initial Board of Directors of the Corporation as of December 17, 2019 through a properly held and duly noticed meeting of the Board.

Board Member, Secretary