

RESOLUTION NO. PDRFC - 1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALM DESERT RECREATIONAL FACILITIES CORPORATION, ACKNOWLEDGING THE APPOINTMENT BY THE CITY OF PALM DESERT OF DIRECTORS OF THE CORPORATION, APPOINTING OFFICERS OF THE CORPORATION, APPROVING AMENDED AND RESTATED BYLAWS, AND TAKING CERTAIN OTHER ACTIONS

THE BOARD OF DIRECTORS OF THE PALM DESERT RECREATIONAL FACILITIES CORPORATION HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The City Council of the City of Palm Desert has appointed Richard S. Kelly, James C. Ferguson, David Tschopp and Russ Campbell to serve on the Board of Directors of the Corporation. The Board hereby acknowledges and accepts such appointment.

Section 2. The Board hereby appoints the following individuals to serve as officers of the Corporation:

Carlos L. Ortega	President
Rachelle Klassen	Secretary
Paul S. Gibson	Chief Financial Officer

Such officers are hereby authorized and directed, for and in the name and on behalf of the Corporation, to carry out the day to day business and operations of the Corporation.

Section 3. The Board hereby approves the Amended and Restated Bylaws of the Palm Desert Recreational Facilities Corporation, attached hereto as Exhibit A.

Section 4. The City Manager of the City of Palm Desert has presented the Board with the food and beverage facilities budget for the coming fiscal year for the Desert Willow Golf Resort. The Board hereby approves the budget.

Section 5. The City Manager of the City of Palm Desert has presented the Board with the Management Agreement by and among the City of Palm Desert, Kemper Sports Management, Inc. and the Palm Desert Recreational Facilities Corporation. The Board hereby approves the Management Agreement, and the President of the Corporation, if hereby authorized and directed, for and in the name and on behalf of the Corporation, to execute the Management Agreement.

Section 6. The Board of Directors hereby ratifies and confirms all actions taken by the Board, officers and staff of the Corporation since the last meeting of the Board.

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PASSED, APPROVED, and ADOPTED by the Board of Directors of the Palm Desert Recreational Facilities Corporation, this 9th day of June, 2003, by the following vote, to wit:

AYES: CAMPBELL, KELLY, TSCHOPP, AND FERGUSON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



PRESIDENT

ATTEST:



SECRETARY

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EXHIBIT "A"

AMENDED AND RESTATED

BYLAWS OF THE

PALM DESERT RECREATIONAL FACILITIES CORPORATION

AMENDED AND RESTATED
BYLAWS OF THE
PALM DESERT RECREATIONAL FACILITIES CORPORATION
(a California Nonprofit Public Benefit Corporation)

ARTICLE I

OFFICES

SECTION 1.01. PRINCIPAL OFFICE

The principal office for the transaction of the activities and affairs of the corporation ("principal office") is located at 73-510 Fred Waring Drive, Palm Desert California 92260. The Board of Directors ("the Board") may change the principal office from one location to another. Any change of location of the principal office shall be noted by the Secretary on these Bylaws opposite this Section, or this Section may be amended to state the new location.

SECTION 1.02. OTHER OFFICES.

The Board may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to conduct its activities.

ARTICLE II

PURPOSES AND LIMITATIONS

SECTION 2.01. PURPOSES

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purposes. This corporation is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law). Notwithstanding any other provision of these Bylaws, this corporation shall not, except to an insubstantial degree, carry on or engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law); (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the

Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

SECTION 2.02. LIMITATIONS

(a) Political activity. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in (including the publishing or distributing of statements in connection with) any political campaign on behalf of any candidate for public office.

(b) Property. The property, assets, profits and net income are dedicated irrevocably to the purposes set forth in Section 2.01 above. No part of the profits or net earnings of this corporation shall ever inure to the benefit of any of its Directors, trustees, officers, members (if any), employees, or to the benefit of any private individual.

(c) Dissolution. Upon the winding up and dissolution of this corporation, after paying or adequately providing for the payment of the debts, obligations and liabilities of the corporation, the remaining assets of this corporation shall be distributed to the City of Palm Desert, or to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law.)

ARTICLE III

MEMBERSHIP

SECTION 3.01. SOLE MEMBER

The City of Palm Desert shall be the sole member of this corporation and shall act through its City Council in accordance with the City's Municipal Code and the applicable state laws. The function of the member shall be to elect the Board of Directors and to perform such other duties as the Board of Directors may from time to time assign or establish with the prior approval of the member.

SECTION 3.02. ASSOCIATES

The corporation may refer to other persons associated with it as "members" even though such persons are not members within the meaning of that term under Section 5056 of the California Nonprofit Corporation Law or any corresponding Section of any future California nonprofit corporation law. The corporation may confer by amendment of its Articles of Incorporation, some or all of the rights of a member, as set forth in the California Nonprofit Public Benefit Corporation Law, upon any person or persons who do not have the right to vote for the selection of directors, on disposition of substantially all of the assets of the corporation, on a merger or on a dissolution, or on changes of the

corporation's Articles of Incorporation or these Bylaws, but no such person shall be a member within the meaning of that term under Section 5056 of the California Nonprofit Corporation Law or any corresponding Section of any future California Nonprofit Corporation law.

ARTICLE IV

DIRECTORS

SECTION 4.01. POWERS

(a) General corporate powers. Subject to the provisions and limitations of the California Nonprofit Corporation Law and any other applicable laws, and any limitations of the Articles of Incorporation and of these Bylaws, the activities and affairs of the corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

(b) Specific Powers. Without prejudice to these general powers, but subject to the same limitations, the Directors shall have the power to:

(i) Appoint and remove, at the pleasure of the Board, all officers, agents and employees of the corporation; prescribe powers and duties for them that are consistent with law, with the Articles of Incorporation and with these Bylaws; and fix their compensation and require from them security for faithful performance of their duties.

(ii) Change the principal office or the principal business office in the State of California from one location to another; cause the corporation to be qualified to conduct its activities in any other state, territory, dependency or country and conduct its activities within or outside the State of California; and designate any place within or outside the State of California for the holding of any meeting, including annual meetings.

(iii) Adopt and use a corporate seal and alter the form thereof.

(iv) Borrow money and incur indebtedness on behalf of the corporation and cause to be executed and delivered for the purposes of the corporation, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities.

(v) Appoint an Executive Committee (subject to the provisions of the Bylaws) and other committees, and to delegate to the Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the corporation, except the power to amend or repeal Bylaws. Right of notice and participation by the City of Palm Desert representatives at any committee meeting shall be the same as the provided in Section 4.13, below.

SECTION 4.02. NUMBER AND ELECTION OF DIRECTORS AND RESTRICTIONS ON DIRECTORS

(a) Authorized number. The authorized number of Directors shall be at least two, but not more than nine until changed by amendment of the Bylaws, with the exact number of directors to be fixed by approval of the Board or the member.

(b) Election of Directors. The original Directors shall be designated by the Incorporator(s). Thereafter, the Board of Directors shall be elected by the member. No more than 50% of the Directors shall be elected officials or senior management employees of the City of Palm Desert. Each Director, including a Director elected to fill a vacancy or elected at a special member's meeting, shall hold office until expiration of the term for which elected and until a successor has been elected and qualified.

(c) Restrictions on Directors. Not more than 20 percent of the persons serving on the Board may be interested persons. An interested person is (1) any person 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; and (2) 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. A Director may not participate in any vote on any proposed transaction with another organization or entity of which such Director is also an employee, principal or director. 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 4.03. TERM OF OFFICE OF DIRECTORS

The Directors newly appointed or selected in accordance with Section 4.02(b) shall hold office for a term of one year, or until successor Directors are elected.

SECTION 4.04. VACANCIES

(a) Events causing vacancy. A Director may be removed by a two-thirds vote of the governing body of the member. A vacancy or vacancies on the Board shall exist on the occurrence of the following: (i) the death, removal, suspension or resignation of any Director; or (ii) the declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony or has been found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law.

(b) Resignations. Except as provided in this Subsection, any Director may resign effective upon giving written notice to the chairman of the Board, if any, or the President or the Secretary of the Board, unless such notice specifies a later time for the resignation to become effective. Except upon notice to the Attorney General of the State of

California, no Director may resign when the corporation would then be left without a duly elected Director or Directors in charge of its affairs.

(c) Filling vacancies. Any vacancy on the Board shall be filled by vote of the remaining Directors, whether or not less than a quorum, or by a sole remaining Director.

(d) 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 the Director's term of office expires.

SECTION 4.05. PLACE OF MEETINGS; MEETINGS BY TELEPHONE

Meetings of the Board shall be held at the principal office of the corporation or at such other place designated by the Board. In the absence of any such designation, meetings shall be held at the principal office of the corporation. Any meeting may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting.

SECTION 4.06. ANNUAL, REGULAR AND SPECIAL MEETINGS

(a) Annual Meeting. The Board shall hold an annual meeting in conjunction with its regularly scheduled meeting for the purpose of organization, election of officers and the transaction of other business; provided, however, that the Board may fix another time for the holding of its annual meeting. Notice of this meeting shall not be required.

(b) Regular Meetings. The regular meeting shall be held on the second Monday of June at 11:00 A.M., at the principal office of the corporation, or at any other place designated from time to time by resolution of the Board. Said meeting shall be held without notice.

(c) Special Meetings.

(i) Authority To Call. Special meetings of the Board for any purpose may be called at any time by the Chairman of the Board, if any, the President or any Vice President, or the Secretary or any two Directors.

(ii) Notice.

a. Manner of Giving Notice. Notice of the time and place of special meetings shall be given to each Director by one of the following methods:

1. by personal delivery of written notice;
2. by first-class mail, postage pre-paid;

3. by telephone, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director; or
4. by telegram, charges prepaid. All such notices shall be given or sent to the Director's address to telephone number as shown on the records of the corporation.

b. Time Requirements. Notices sent by first-class mail shall be deposited in the United States mails at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone including FAX transmission, or telegraph shall be delivered, telephoned, or given to the telegraph company at least forty-eight (48) hours before the time set for the meeting.

c. Notice Contents. The notice shall state the time of the meeting, and the place if the place is other than the principal office of the corporation. It need not specify the purpose of the meeting.

SECTION 4.07. QUORUM

A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 4.09. Subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including, without limitation, those provisions relating to (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (ii) approval of certain transactions between corporations having common directorship, (iii) creation of an appointment of committees of the Board and (iv) indemnification of Directors, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

SECTION 4.08. WAIVER OF NOTICE

Notice of a meeting need not be given any Director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given by any Director who attends the meeting without protesting before or at its commencement the lack of notice to such Director.

SECTION 4.09. ADJOURNMENT

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

SECTION 4.10. NOTICE OF ADJOURNED MEETING

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

SECTION 4.11. ACTION WITHOUT MEETING

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board consent in writing to that action. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For the purposes of this Section 4.11 only, "all members of the Board" shall not include Directors who have a material financial interest in a transaction to which the corporation is a party.

SECTION 4.12. FEES AND COMPENSATION

This corporation shall not compensate directors, members of committees, officers or employees for their services, but may reimburse directors, members of committees, officers or employees for their reasonable and necessary expenses incurred on behalf of the corporation, in accordance with such rules and procedures as may be established by the Board of Directors.

SECTION 4.13. PARTICIPATION OF CITY OFFICIALS

The City Manager and members of the City Council of the City of Palm Desert shall be entitled to make recommendations to the Board of Directors or any committee thereof with respect to any matter at any meeting thereof. The City Manager and each member of the City Council of the City of Palm Desert or their authorized representatives shall have the right to attend any meeting of the Board of Directors or any committee thereof with the right of debate, but he or she shall not be entitled to vote on any matter considered by the Board of Directors or any committee thereof.

ARTICLE V
COMMITTEES

SECTION 5.01. COMMITTEES OF THE BOARD

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, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of the Directors then in office. The Board may appoint one or more Directors as alternate members of any such committee, who may replace an absent member at any meeting. Any such committee, to the extent provided in the resolution of the Board, shall have all of the authority of the Board, except that no committee, regardless of Board resolution, may:

- (a) fill vacancies on the Board or in any committee which has the authority of the Board;
- (b) establish or fix compensation of the Directors for serving on the Board or on any committee;
- (c) amend or repeal Bylaws or adopt new Bylaws;
- (d) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (e) appoint any other committees of the Board or the members of these committees;
- (f) approve any contract or transaction to which the corporation is a party and in which one or more of its Directors has a material financial interest, except as such approval is provided for in Section 5233(d)(3) of the California Corporations Code.

ARTICLE VI
OFFICERS

SECTION 6.01. OFFICERS

The officers of the corporation shall include a President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the Board's discretion, a Chairman of the Board, one or more Vice Presidents, one or more assistant Secretaries, one or more assistant Treasurers, and such other officers as may be appointed in accordance with Section 6.03 of these Bylaws. Any number of offices may be held by the same person, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as either the President or the Chairman of the Board.

SECTION 6.02. ELECTION OF OFFICERS

The officers of the corporation, except those appointed in accordance with the provisions of Section 6.03 of this Article VI, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

SECTION 6.03. OTHER OFFICERS

The Board may appoint and may authorize the Chairman of the Board or the President or another officer to appoint other officers that the corporation may require, each of whom shall have the title, hold office for the period, have the authority and perform the duties specified in the Bylaws determined from time to time by the Board.

SECTION 6.04. REMOVAL OF OFFICERS

Subject to the rights, if any, of an officer under contract of employment, any officer may be removed, with or without cause, by the Board of Directors, or, except in case of an officer chosen by the Board of Directors, by an officer on whom such power of removal may be conferred by the Board of Directors.

SECTION 6.05. RESIGNATION OF OFFICERS

Any officer may resign upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SECTION 6.06. VACANCIES IN OFFICE

A vacancy occurring in any office because of death, resignation, removal or other cause, shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

SECTION 6.07. RESPONSIBILITIES OF OFFICERS

(a) Chairman of the Board. If a Chairman of the Board is elected, he or she shall preside at meetings of the Board and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no President, the Chairman of the Board shall also be the Chief Executive Officer and shall have the powers and duties of the President of the corporation prescribed by these Bylaws.

(b) President/Chief Executive Officer. Subject to the control and supervision of the Board, the President shall be the Chief Executive Officer and general manager of the corporation and shall generally supervise, direct and control the activities and affairs and the officers of the corporation. The President, in the absence of the Chairman of the Board, or if there be none, shall preside at all meetings of the Board. The

President shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

(c) Vice Presidents. In the absence or disability of the President, the Vice Presidents, if any, in order of their rank, shall perform all of the duties of the President, and, when so acting, shall have all the powers of and be subject to all of the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them by the Board or the Bylaws.

(d) Secretary.

(i) Book of minutes. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may direct, a book of minutes of all meetings and actions of the Board and of committees of the Board. The Secretary shall also keep, or cause to be kept, at the principal office in the State of California, a copy of the Articles of Incorporation and Bylaws, as amended to date. If the corporation is one having members, the Secretary shall also maintain a complete and accurate record of the membership of the corporation, as well as a record of the proceedings of all meetings of the membership.

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

(e) Chief Financial Officer.

(i) Books of account. The Chief Financial Officer of the corporation shall keep or maintain, or cause to be kept or maintained, adequate and correct books and accounts of the properties and transactions of the corporation, and shall send or cause to be sent to the Directors such financial statements and reports as are required by law or these Bylaws to be given. The books of account shall be open to inspection at all reasonable times by any Director, by the City Manager of the City of Palm Desert or his or her designee, and by any member of the City Council of the City of Palm Desert.

(ii) Deposit and disbursement of money and valuables. The Chief Financial Officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board, shall disburse the funds of the corporation as may be ordered by the Board, shall render to the President or Chairman of the Board, if any, when requested, an account of all transactions as Chief Financial Officer and of the financial condition of the corporation and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

(iii) Bond. If required by the Board, the Chief Financial Officer 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 the office and for restoration to the corporation of all its books, papers, vouchers, money and other property of every kind in the possession or under the control of the Chief Financial Officer upon death, resignation, retirement or removal from office.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

SECTION 7.01. DEFINITIONS

For the purposes of this Article VII, "agent" means any person who is or was a director, officer, employee, or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise; "proceeding" means any threatened, ending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Section 7.02 or 7.03 of this Article VII.

SECTION 7.02. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES

The corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust), by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 7.03. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation, or brought under Section 5233 of the California Nonprofit Public Benefit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 7.03:

(a) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

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

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

SECTION 7.04. INDEMNIFICATION AGAINST EXPENSES

To the extent that a agent of the corporation has been successful on the merits in defense of any proceeding referred to in Section 7.03 or 7.04 of this Article VII or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

SECTION 7.05. REQUIRED DETERMINATIONS

Except as provided in Section 7.04 of this Article VII any indemnification under this Article VII shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Section 7.02 or 7.03 of this Article VII, by:

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

(b) The court in which such proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person rendering services in connection with the defense, is opposed by the corporation. If the Board cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought is such as to prevent the formation of a quorum of Directors who are not parties to such proceeding, the Board or the attorney or other person rendering services in connection with the defense shall apply to the court in which such proceeding is or was pending to determine whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met.

SECTION 7.06. ADVANCE OF EXPENSES

Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article VII.

SECTION 7.07. OTHER INDEMNIFICATION

No provision made by the corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in these Bylaws, a resolution of directors, an agreement, or otherwise, shall be valid unless consistent with this Article VII. Nothing contained in this Article VII shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

SECTION 7.08. FORMS OF INDEMNIFICATION NOT PERMITTED

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

(a) That it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or otherwise amounts were paid, which prohibits or otherwise limits indemnification; or

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

SECTION 7.09 INSURANCE

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 the provisions of this Article VII, provided, however, that a corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.

SECTION 7.10. NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS

This Article VII does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 7.01 of this Article VII. The corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE VIII

RECORDS AND REPORTS

SECTION 8.01. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep:

- (a) Adequate and correct books and records of account;
- (b) Minutes in written form of the proceedings of the Board and committees of the Board.
- (c) If applicable, a record of its members, giving their names and addresses and the class of membership held.

SECTION 8.02. INSPECTION BY DIRECTORS

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the corporation and the records of each of its subsidiary corporations. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

SECTION 8.03. ANNUAL REPORT

Except as provided under Section 6321(c)(d) or (f) of the California Corporations Code, not later than one hundred twenty (120) days after the close of the fiscal year of the corporation, the Board shall cause an annual report to be sent to all members of the Board. Such report shall contain the following information in reasonable detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information required by Section 8.04.

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

SECTION 8.04. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS

The corporation shall prepare annually and furnish to each director a statement of any transaction or indemnification of the following kind within one hundred twenty (120) days after the close of the fiscal year of the corporation:

- (a) Any transaction to which the corporation, its parent or its subsidiary was a party, and in which any Director or officer of the corporation, its parent or subsidiary (but mere common director-ship shall not be considered such an interest) had a direct or indirect material financial interest, if such transaction involved over fifty thousand dollars (\$50,000), or was one of a number of transactions with the same person involving, in the aggregate, over fifty thousand dollars (\$50,000).
- (b) Any indemnifications or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any officer or Director of the corporation pursuant to Article VII hereof.

The statement shall include a brief description of the transaction, the names of the Director(s) or officer(s) involved, their relationship to the corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

ARTICLE IX

CONSTRUCTION AND DEFINITIONS

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

ARTICLE X

AMENDMENTS

SECTION 10.01. AMENDMENT OF BYLAWS

The Board may adopt, amend, or repeal Bylaws, except that (1) if any provision of these Bylaws requires the vote of a larger proportion of the Board than is otherwise required by law, that provision may not be altered, amended, or repealed except by that greater vote; (2) Section 4.02(b) of Article IV, and any provision of these Bylaws which confers rights upon the Board, may only be amended or repealed by approval of the Board; and (3) any amendment or repeal shall be approved by the member in writing.

The term "majority," as used in this Section, is as defined in the California Nonprofit Corporation Law.

SECTION 10.02. MAINTENANCE OF RECORDS

The Secretary of the corporation shall see that a true and correct copy of all amendments of the Bylaws, duly certified by the Secretary, is attached to the official Bylaws of the corporation and is maintained with the official records of the corporation at the principal office of the corporation.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. EXECUTION OF CHECKS AND DRAFTS

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of directors.

SECTION 11.02. EXECUTION OF CONTRACTS

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

SECTION 11.03. REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The President or any Vice President or the Secretary or Assistant Secretary of the corporation from time to time designated by general resolution of the Board of Directors, and acting individually and without necessity for specific resolution, are authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the corporation. The authority herein granted to such officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised either by such officers in person or by any person authorized so to do by proxy or power of attorney duly executed by such officers.

SECTION 11.04. CERTIFICATE OF SECRETARY

A Certificate of the Secretary of this Corporation shall be affixed to the original, or most recent amended version of the Bylaws, such Certificate to be in the following form.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Palm Desert Recreational Facilities Corporation, a California nonprofit public benefit corporation, that the above bylaws, consisting of 17 pages, are the bylaws of this corporation as adopted by the board of directors on June 9, 2003, and that they have not been amended or modified since that date.

Executed on July 3, 2003, at Palm Desert, California.

A handwritten signature in black ink, appearing to read "Rachelle D. Bassen", written over a horizontal line.