

Council Meeting of
March 13, 2012

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Accept and File Discover Torrance Tourism Business Improvement District Annual Report

RECOMMENDATION

Recommendation of the City Manager that City Council accept and file the Discover Torrance Tourism Business Improvement District annual report

BACKGROUND/ANALYSIS

In January 2010 the Torrance Tourism Business Improvement District was formed by Council action and subsequently Discover Torrance, a 501(c)(6) organization, was created. Discover Torrance is made up of all hotels within the City of Torrance that have over fifty rooms and its mission is to promote tourism and market Torrance for the purpose of increasing visitors to the city.

As part of its Management District Plan, Discover Torrance is required to present an annual report. The attached annual report covering the period 2010-2011 has been prepared and submitted for Council to accept and file.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By 

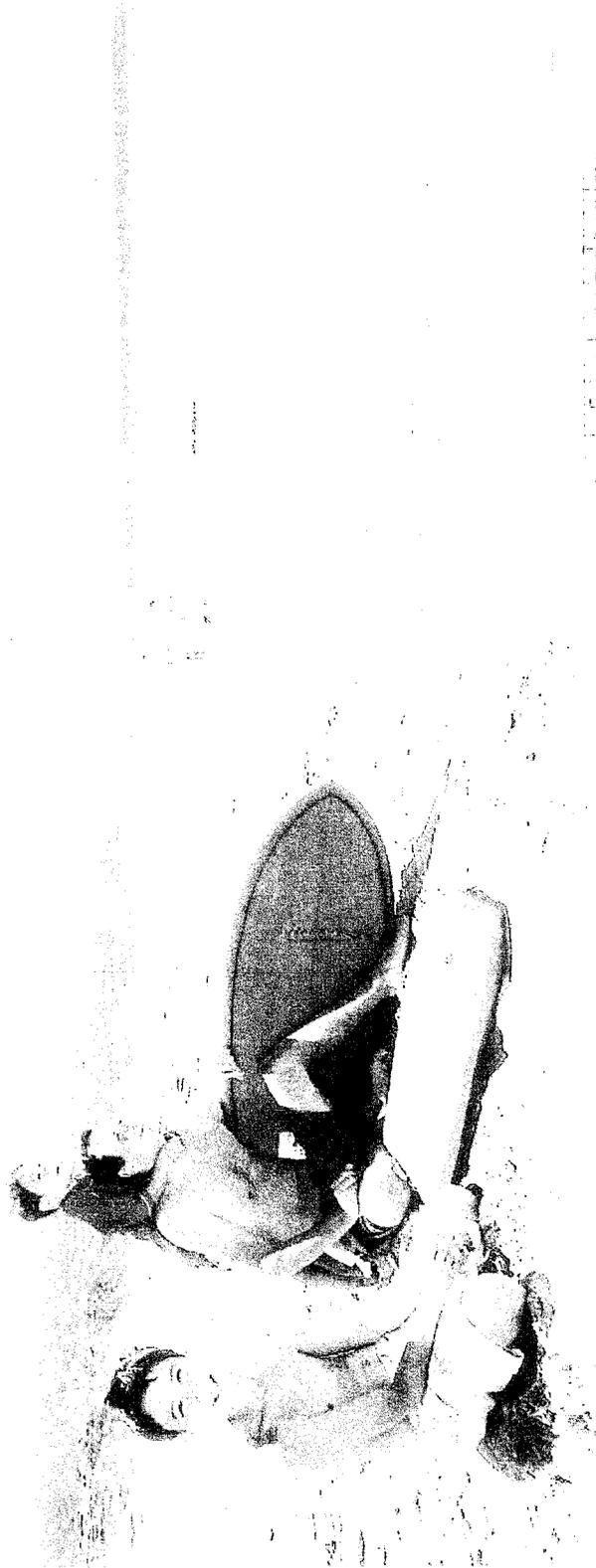
Fran Fulton

CONCUR:



LeRoy J. Jackson
City Manager

Attachments: A) Discover Torrance Annual Report
B) Amended Bylaws



COMMUNITY DEVELOPMENT

annual report 2010-2011

John Doe

our mission

To market the City of Torrance and its lodging partners as a destination.

Our goals are designed to increase the economies of the city through sustained growth in tourism spending which results in significant increases in the economic impact in areas of earnings, tax collections and jobs.



inside

- about us
- executive board of directors
- accomplishments
- financials
- marketing
- public relations
- web/social media
- government affairs
- community
- message from our chair
- fall 2011 and beyond
- our partners





Southern Pacific Railroad Bridge, Torrance Boulevard, 1913

about us

Discover Torrance (DT) Visitors' Bureau is a 501© 6 non profit organization, funded by 14 hotels (with more than 50 rooms) within Torrance's city limits, with an annual contribution from the City of Torrance, in partnership with the Torrance Area Chamber of Commerce.

This Tourism Business Improvement District is comprised of the 14 Hotels and professionals who have experience and willingness to serve the community beyond the scope of their demanding work schedules. Their volunteer responsibilities include steering company policy, building relationships with local government, interpreting the needs and interests of its partners, the community and its staff and determining the future course of the organization.

about us

The City of Torrance is in the South Bay (southwest region) of Los Angeles County (6th largest), California with 1.5 miles of shorefront beach on the Pacific Ocean. The City provides visitors with an affordable option in the heart of Los Angeles County. With a wide range of hotel accommodations from budget to four-star; easy access to both Los Angeles International Airport (LAX) and Long Beach Airport (LGB); its own beach; and easy accessibility to Southern California's major attractions; it is the perfect choice for leisure, business, and group travelers seeking a safe Southern California venue at an affordable price. Torrance enjoys a pleasant year-round climate with warm temperatures averaging 72 degrees (23 Celsius), sea breezes, low humidity, and an average rainfall of 12.55 inches per year.

Torrance is home to the U.S. headquarters of two of the three largest Japanese automakers: Toyota Motor Sales, USA and American Honda Motor Company. Robinson Helicopters are designed and built in Torrance, as are Honeywell's Garrett turbochargers. PC Mall, Pelican Products, All Nippon Airways and Sunrider USA are among the other major companies located here.

Torrance was originally part of the Tongva Native American homeland for thousands of years. In the early 1900s, real estate developer Jared Sidney Torrance and other investors saw the value of creating a mixed industrial-residential community south of Los Angeles. They purchased part of an old Spanish land grant and hired landscape architect Frederick Law Olmsted, Jr. (famous for the National Mall, Jefferson Memorial, and White House Grounds) to design a new planned community. The resulting town was founded in October 1912 and named after Torrance. The city of Torrance was formally incorporated in May 1921. In October of 2011, the city will begin to celebrate its centennial.

executive board of directors

- **Pam Ryan, Chair**
 - Torrance Marriott South Bay
Area General Manager
- **Linda Amato, Vice Chair**
 - Doubletree Hotel Torrance South Bay
General Manager
- **Bharat Patel, Finance**
 - Indigo Hotel Group
Owner
- **Cherie Davis, Secretary**
 - Miyako Hybrid Hotel
General Manager
- **Fran Fulton, Executive Board**
 - City of Torrance
Economic Development Manager
- **Donna Duperron, Executive Board, Ex officio**
 - Torrance Area Chamber of Commerce
President and CEO
- **Heather Johnston, Executive Director**
 - Discover Torrance



madrona marsh

accomplishments

- City Council Approved Torrance Tourism Business Improvement District, Jan. 12, '10;
- Hired Executive Director, Sept. '10;
- Partnered with Torrance Area Chamber of Commerce, Subletting o
- Contracted Marketing Firm: Paolucci Communication Arts (PCA); 
- Focus Groups drilled down on 'perception' of Torrance;
- Attended So Cal Outlook Conference, Oct. '10.
- Established baseline of market share data with Smith Travel Research;
- ARES contracted to managed website room reservation system;
- Attended first international travel conference: POW WOW, May '11;
- California Travel and Tourism Commission (CTTC) conference in Pasadena, May '11;
- Contracted with Wagstaff Worldwide, Inc PR Agency, July '11;
- Partnering with JROTC for April 2012 event.

financials

- Revenues are realized through a 1% assessment fee (collected quarterly by the City), from the 14 hotels;
- The City contributes \$33,000/yr to participate;
- 2010 budget was estimated at \$500,000; The first year revenues (listed to the right), did not include Q4 revenues, later posted in Q1 '11;
- 2010 taxes were approved by BOD and filed (attached).
- 2011 budget was approved by BOD (attached);
- In Q2, 2011, \$100,000 in reserve money was approved for investment with NPC Investments;
- A Third Party Audit is to be performed in the Q3 (annually);

Discover Torrance Revenue and Expenses - modified cash basis Year Ended December 31, 2020

Revenue			91.20%
Assessment Funds	\$ 341,876		8.80%
City Contribution	\$ 23,000		
Total Revenue	\$ 374,876		100.0%
Operating Expenses			
Salary and Wages	\$ 18,103		4.83%
Payroll Processing	\$ 78		0.02%
Workers Comp Insurance	\$ 1,144		0.31%
Payroll Tax Expenses	\$ 1,630		0.43%
Consulting Services	\$ 32,000		8.54%
Media Placements	\$ 215		0.06%
Website Related	\$ 210		0.06%
Computer and Internet Expenses	\$ 2,166		0.58%
Meals and Entertainment	\$ 325		0.09%
Bank Fees	\$ 39		0.01%
Exempt Status Fees	\$ 875		0.23%
Books and Publications	\$ 97		0.03%
Membership fees	\$ 8,566		2.29%
Property Insurance	\$ 754		0.20%
Liability Insurance	\$ 1,600		0.43%
Health Insurance	\$ 1,200		0.32%
Legal Fees	\$ 19,994		5.33%
Office Supplies	\$ 484		0.13%
Office Expense	\$ 527		0.14%
Printing	\$ 196		0.05%
Telephone	\$ 440		0.12%
Cell Phone	\$ 300		0.08%
Travel and Mileage	\$ 205		0.05%
Conference and Seminar Fee	\$ 5,430		1.45%
Total Operating Expenses	\$ 96,578		74.24%
Operating Income (Loss)	\$ 278,298		74.24%
Net Profit: (Loss)	\$ 278,298		74.24%

Year in Review 2010-2011

marketing

- Marketing serves as the primary role in generating interest and awareness of the hotels and the City through advertising and various promotions. DT was designed to promote brand awareness, demonstrate value and reach qualified group and leisure audiences. This includes a creative strategy and tools to market opportunities to reach visitors through various channels.
- Brand Awareness – Our goal is to build a marketing campaign and promote Torrance as an affordable, safe, beach destination through smart design, engaging collateral and contemporary photography.
- Several focus groups were facilitated by PCA to gather opinions/data to create a marketing campaign.
- A print and media campaign is being finalized to include logo and brochure targeting So Cal and the leisure audience. This campaign will be transferred to web with an on line strategy forthcoming. (SEO, Trip Advisor, et al)
- Alignment with CTTC is paramount;
- Quarterly Newsletters are being proposed.

public relations

- Jane Coloccia with JC Communications, LLC handled the initial press release with positive results: CIRCULATION: 17,177,794 + IMPRESSIONS;
- WAGSTAFF Worldwide, Inc. www.wagstaffworldwide.com hired on to promote hotels and the City, leading up to the centennial;
- Participated in International Tradeshow: POW WOW;
- Media Kits Distribution at POW WOW;
- Media Coverage on Citi Cable Chanel 3;
- Media Coverage in Los Angeles Business Journal- Jan. 2011;
- Media Coverage in Daily Breeze;
- PBS shoot- Hello Paradise- Feb. 2011;
- Interview of ED on KFI – Jan. 2011;
- Presentation to the JBA at their annual JBA/ TACC mixer.

web



- discovertorrance.com is the official website for visitor information, designed to be for consumers, travel trade, media and meeting and event planners. Its primary purpose is to share information with visitors, to help plan their trip as well as offer room reservations and activity booking capabilities through ARES;

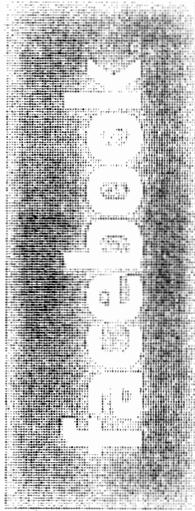


- A major focus into the latter part of this year is to add design elements to the site to drive awareness and usage;
- Additional sites include: visittorrance.com, discovertorrance.org;
- Search engine optimization vital to our success.

google analytics

<u>Month</u>	<u>Visits</u>	<u>Pageviews</u>	<u>Pages/Visit</u>	<u>Bounce Rate</u>	<u>Ave Time on Site</u>	<u>New Visits</u>	<u>Events</u>
Jan-11	265	645	2.46	36.60%	0:02:16	75.09%	DT Press Release
Feb-11	288	674	2.34	38.89%	0:02:05	76.39%	Cont DT articles
Mar-11	358	786	2.2	36.31%	0:01:54	68.72%	Pow Wow Appt Requests
Apr-11	334	686	2.02	45.81%	00:01.2	54.19%	Pow Wow Appt Requests
May-11	335	715	2.13	47.16%	00:01.5	63.58%	Pow Wow
Jun-11	628	3060	4.87	34.49%	00:05.5	57.32%	San Diego Article

social media



- Facebook
 - 685 Fans
 - 133 'likes'
- Twitter
 - 266 Followers

Discover Torrance's social media strategy is to build awareness and positive interest in Torrance by sharing lifestyle with an on line audience in order to generate engagement with the brand.

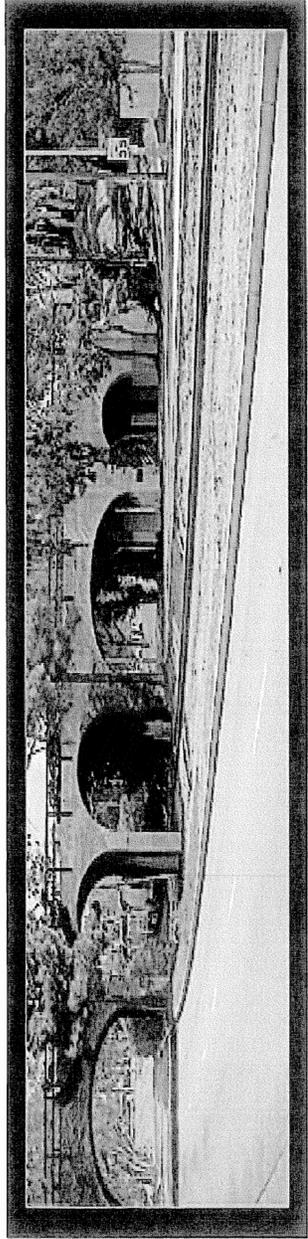
government affairs

- SB912 would allow local governmental bodies to adopt labor standards that are more stringent than those adopted by the state. This bill would provide that a hotel housekeeping worker shall not be required to clean a hotel room in less than 40 minutes on average;
- SB432 will not be heard by the Appropriations Committee until after summer recess. We'll be taking advantage of all PR activities to keep public opinion moving in our direction.
- Attend monthly Torrance Area Chamber of Commerce GAP committee meetings to review issues impacting the lodging industry
- Work closely with City officials on Brown Act and other key initiatives
- County, Represented by Supervisor Don Knabe;
- Organizing a reception with State Senator Ted Lieu to better represent lodging needs;
- Aligned with CA Hotel and Lodging Assn on state specific agenda items.



community

- We believe in our social responsibility to our community and the environment. Many of our hotels have active GREEN programs, one hotel is LEED certified;
- We recognize our role in supporting area businesses with one of the largest Japanese business owned communities per capita; DT proudly supports the Japanese Business Assn post tsunami;
- Actively supporting other social causes, both through the Torrance Area Chamber of Commerce and our own endeavors, including Kiwanis, Armed Forces, Children’s Miracle Network and Children’s Hospital Los Angeles, Torrance Cultural Arts Center, Rotary International, PTN and Leadership Torrance.
- Financial and personnel support for Torrance’s All American City Campaign.



Year in Review 2010-2011

message from our chair



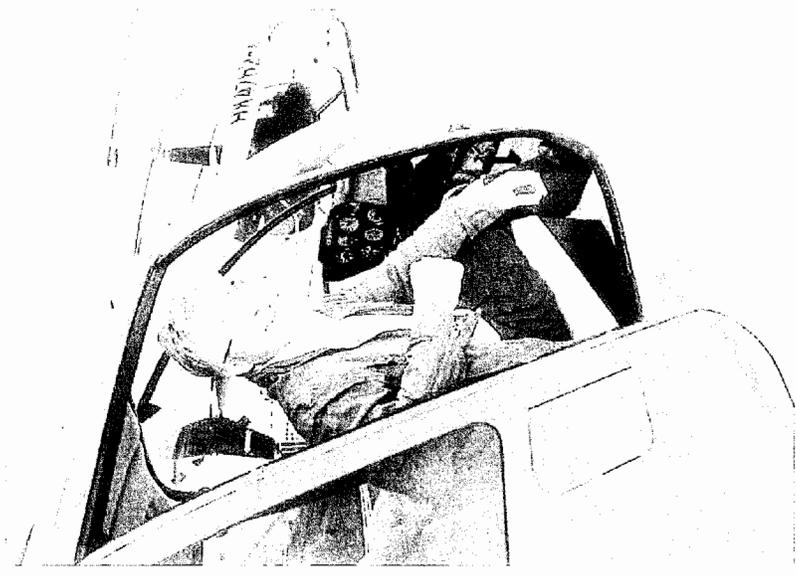
This past year has been exciting, yet challenging times for Discover Torrance. Emerging as a newly created non profit organization in tough economic times, has tested our endurance, yet our Executive Board has built a solid foundation to grow on. They have been completely engaged in creating the organization and positioning ourselves to compete with greater Los Angeles and Southern California. Lessons learned, we are poised to unveil a new website and public relations campaign to share our story with this greater audience! As the City's centennial is upon us, we embrace the opportunity to celebrate and showcase all that Torrance and the surrounding area has to offer.

Our business friendly city and convenience to southern California bring visitors here, and our safe community, clean beaches and charming ways bring them back! I look forward to a year of growth and prosperity to all our hoteliers, which, in return will benefit our City, business partners and residents alike!

Regards,
Pam Ryan, Chair

Fall 2011 and beyond

- Priority of developing brand awareness;
- Collaborate with the City in centennial celebration;
- Strengthen partnership with Torrance Area Chamber of Commerce;
- Aligned with Del Amo Fashion Center;
- Identify and implement transportation needs with in city and beach community to better support hotels;
- Unite with South Bay Cities to promote region;
- Conference center aspirations;
- DT 'APP';
- Familiarization Tours;
- Media Tours;
- Marketing and media pieces in Statewide publications;
- Trip Advisor Destination page and marketing buy;
- Open House;
- Attend key travel conferences.



Our Partners

- Best Western Avita Suites
- Courtyard Los Angeles Torrance South Bay
- Courtyard Los Angeles Torrance/Palos Verdes
- Days Inn Torrance Redondo Beach
- Extended Stay America Los Angeles Torrance
- Homestead Studio Suites – Los Angeles - Torrance
- Doubletree Hotel Torrance / South Bay
- Miyako Hybrid Hotel
- Torrance Ramada Inn
- Torrance Residence Inn Los Angeles/Torrance/Redondo Beach
- Staybridge Suites Torrance Redondo Beach
- Torrance Plaza Hotel
- Torrance Marriott South Bay
- Torrance Travelodge
- Torrance Inn
- City of Torrance
- Torrance Area Chamber of Commerce

310.8.310.310

310.8.310.310

310.8.310.310

310.8.310.310

310.8.310.310

310.8.310.310

www.discvortice.com

Discover Torrance

Financial Statements

December 31, 2010

JEROME V. LEVENTHAL
an Accountancy Corporation
20501 Ventura Blvd., Ste. 165
Woodland Hills, California 91364

June 21, 2011

To the Board of Directors
Discover Torrance
Manhattan Beach, California

I have compiled the accompanying statement of assets, liabilities and fund balance - modified cash basis of Discover Torrance (a nonprofit organization) as of December 31, 2010, the related statement of revenues and expenses - modified cash basis for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct a compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

These financial statements have been generated by the use of a computer. Consequently, due to rounding, insignificant differences may be present.

I am not independent with respect to Discover Torrance.



JEROME V. LEVENTHAL
an Accountancy Corporation

Discover Torrance
Assets, Liabilities and Fund Balance
Modified Cash Basis
December 31, 2010

ASSETS

CURRENT ASSETS		
Cash in Bank & on Hand	\$ 280,540	
Total Current Assets		\$ 280,540
PROPERTY AND EQUIPMENT		
OTHER ASSETS		
TOTAL ASSETS		<u>\$ 280,540</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES		
Payroll Taxes Payable	\$ 2,242	
Total Current Liabilities		\$ 2,242
OTHER LIABILITIES		
FUND BALANCE		
Profit (Loss) for Period	278,298	
Total Fund Balance		<u>278,298</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 280,540</u>

Discover Torrance
Revenue and Expenses - modified cash basis
Year Ended December 31, 2010

	Year Ended	
	December 31, 2010	%
REVENUE		
TOT Assessment Funds	\$ 341,876	91.20
Membership Fees	33,000	8.80
Total Revenue	374,876	100.00
OPERATING EXPENSES		
Salaries & Wages	18,103	4.83
Payroll Processing	78	0.02
Workers Compensation Insurance	1,144	0.31
Payroll Tax Expense	1,630	0.43
Consulting Services	32,000	8.54
Media Placements	215	0.06
Website Related	210	0.06
Computer and Internet Expenses	2,166	0.58
Meals and Entertainment	325	0.09
Bank Fees	39	0.01
Exempt Status Fees	875	0.23
Books & Publications	97	0.03
Membership Fees	8,566	2.29
Property Insurance	754	0.20
Liability Insurance	1,600	0.43
Health Insurance	1,200	0.32
Legal Fees	19,994	5.33
Office Supplies	484	0.13
Office Expense	527	0.14
Printing	196	0.05
Telephone	440	0.12
Telephone - Cell Phone	300	0.08
Travel & Mileage	205	0.05
Conference & Seminar Fee	5,430	1.45
Total Operating Expenses	96,578	25.76
Operating Income (Loss)	278,298	74.24
Net Profit (Loss)	\$ 278,298	74.24

See Accountant's Compilation Report

BYLAWS OF DISCOVER TORRANCE
A California Nonprofit Mutual Benefit Corporation
(As Amended March 8, 2011)

ARTICLE I
Recitals and Purposes

Section 1. Name of Corporation. The name of this Corporation shall be Discover Torrance, and it shall sometimes hereinafter be referred to as the "Corporation."

Section 2. Corporation is a Private Nonprofit Entity. The Corporation has been formed pursuant to the California Nonprofit Mutual Benefit Corporation Law as a nonprofit mutual benefit corporation. The Corporation is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose pursuant to Streets and Highways Code section 36614.5.

Section 3. Specific Purpose. Pursuant to the Property and Business Improvement District Act of 1994 (the Act), the City of Torrance, California created the Torrance Tourism Business Improvement District (the District), and the specific purpose for which this corporation is formed is to administer and implement the District's activities and operations, [§36614.5] to include, but not be limited to, sales promotion and marketing activities to increase occupancy in the Torrance lodging industry and enable Torrance to be competitive in the conference segment of the tourism market.

ARTICLE II
Principal Office

Section 1. Location of Principal Office. The principal office of the Corporation shall be located at such place within the City of Torrance as the board may from time to time designate by resolution.

Section 2. 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 III
Construction; Definitions

Section 1. Construction; Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

ARTICLE IV
No Members

Section 1. No Members. This Corporation shall have no members. Unless otherwise provided herein or in the California Nonprofit Mutual Benefit Corporation Law, any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the board of directors.

Section 2. Classes. The Board may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the board finds appropriate.

ARTICLE V
Board of Directors

Section 1. General Powers of Board. Subject to the provisions and limitations of the Act, the California Nonprofit Mutual Benefit Corporation Law, and any other applicable laws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the board. No director may act by proxy or through a designee on any matter.

Section 2. Specific Powers of Board. Without prejudice to the general powers set forth in Section 1 of this Article V, but subject to the same limitations, the board shall have the power to do the following:

(a) Exercise all powers vested in the board pursuant to the Act and otherwise under the laws of the State of California.

(b) Appoint and remove, at the pleasure of the board, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with applicable law, the articles of incorporation, and these Bylaws; fix their compensation; and require from them security for faithful service.

(c) Change the principal office or the principal business office in 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 in or outside California.

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

Section 3. Conditions on Powers of Board. The board shall comply with the Ralph M. Brown Act (Government Code sections 54950, et seq. (Brown Act))¹ at all times when matters within the subject matter of the District are heard, discussed, or deliberated, and with the California Public Records Act (California Government Code sections 6250, et seq. (Public Records Act)) for all documents relating to the activities of the District. [§36614.5]

Section 4. Number and Qualifications of Directors. The board of directors shall consist of at least ten but no more than 20 directors unless changed by amendment to these Bylaws. The exact number of directors shall be fixed, within those limits, by a resolution adopted by the board of directors.

The board of directors shall be composed of one representative designated by each assessed hotel which exists in the District at any given point in time, and one representative designated by the City of Torrance.

Section 5. Directors Designated by Assessed Hotels. If a person is designated by an assessed hotel to be its representative on the board and the designator is a natural person (for example, if the owner of the hotel is a natural person as opposed to a business entity), and if the designator dies, has been declared of unsound mind by a court order, or no longer has the capacity to act because of a disability or being subject to a conservatorship, the power to designate the individual to represent that

¹ These provisions are set forth in Article VI.

assessed hotel shall rest with the person or entity which is the successor in interest to the designator, or which has been made responsible for his or her affairs by virtue of a court order, as appropriate to the situation.

If a person is designated by an assessed hotel to be its representative on the board and the designator is not a natural person, and if there is a change in the designator by way of merger, reincorporation, or dissolution, the power to designate the individual to represent that assessed hotel shall rest with the person or entity which is the successor in interest to the designator.

If the term of a person designated to represent an assessed hotel on the board expires and the designator fails or refuses to appoint a successor or the designator can no longer be found, the person or entity with legal authority to conduct the operations and affairs of that hotel shall have the power to designate a successor.

The person or entity which has the power to designate an individual to be the representative of an assessed hotel on the board shall at all times have the power to remove that individual without cause and designate a successor.² The Board may, with reasonable cause, request that an individual designated as a representative be removed.

The City of Torrance shall at all times have the power to designate the individual to represent it on the board and to remove him or her, without cause, in a manner consistent with Section 5 of this Article V, these Bylaws, and the California Nonprofit Mutual Benefit Law.

Section 6. Terms of Directors. Each director shall hold office for six years and until a successor director has been designated and qualified.

Each director, including a director designated to fill a vacancy, shall hold office from January 1 of the year in which such term is to begin until the latter of December 31 of the year in which such director's term expires or until a successor has been designated, qualified, and installed. With respect to the original directors, their respective six-year terms shall be deemed to run until December 31, 2015.

If a hotel that is assessed ceases to be assessed, either because it has gone out of business as a hotel or is no longer subject to assessment pursuant to

² However, a designated director cannot be removed without cause by procedures applicable to other directors except with the written consent of the designating person or entity.

the ordinance which created the District, the term of the person who is representing that hotel on the board shall expire immediately upon the occurrence of either of the foregoing events.

Section 7. Vacancies on Board. A vacancy or vacancies on the board of directors shall occur in the event of (1) the death, removal, or resignation of any director; provided, however, that a director who was designated as a director may be removed by the person or persons who designated that director and may not be removed without the written consent of that person or persons; (2) the declaration by board resolution of a vacancy in the office of a director who has been declared of unsound mind by a court order or convicted of a felony; or (3) an increase in the authorized number of directors.

Section 8. Resignation of Directors. Except as provided below, any director may resign by giving written notice to the chair of the board, if any, or to the president or the secretary of the board. 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, the board may request a successor by the person or entity which designated that director to take office as of the date when the resignation becomes effective.

Section 9. Removal of Directors. In the event that the board of directors, with or without cause, desires the removal of a director, the Board of Directors may request, in writing, the removal and replacement of any director, with cause, by the person or entity which designated that director by the vote of the majority of the members of the entire board of directors at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given as provided in Article VI. However, a director who was designated as a director may be removed without cause by the person or entity which designated that director, and may not be removed without the written consent of that person or entity.

Any vacancy caused by the removal of a director shall be filled as provided in Section 10 of this Article V.

Any reduction of the authorized number of directors shall not result in any director's being removed before his or her term of office expires.

Section 10. Filling of Vacancies. Vacancies on the board with respect to directors designated by assessed hotels in the District shall be filled by the person or entity entitled to designate a director to represent the

interest of the hotel(s) pursuant to these Bylaws; a vacancy on the board with respect to the director designated by the City of Torrance shall be filled by the City of Torrance; and a vacancy on the board with respect to the President/CEO of the Torrance Area Chamber of Commerce shall be filled by the Torrance Area Chamber of Commerce.

Section 11. Quorum. A majority of the number of directors then serving shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the board, subject to the more stringent provisions of the California Nonprofit Mutual Benefit Corporation Law, including, without limitation, the provisions on (1) approval of contracts or transactions between the Corporation and one or more directors or between the Corporation and any entity in which a director has a material financial interest, (2) creation of and appointments to committees of the board, and (3) indemnification of directors.

Section 12. Compensation of Directors. Directors may receive such compensation, if any, for their services as directors or officers, and such reimbursement of expenses, as the board may establish by resolution to be just and reasonable as to the corporation at the time that the resolution is adopted.

Section 13. Advisors. The President/CEO, or his or her designee, of the Torrance Area Chamber of Commerce shall be invited to serve as an advisor to the Board. The Board may also invite others to serve as advisors. Advisors to the Board shall receive notice of Board meetings in the same manner as Directors, but shall not be Directors.

ARTICLE VI Meetings of Board

Section 1. Meetings Subject to Brown Act. All meetings of the board shall be subject to the requirements of the Brown Act. The provisions set forth below in this Article VI are intended to comply fully with the provisions of the Brown Act, but in the event that there is any conflict between any provision(s) of these Bylaws and any provision(s) of the Brown Act, the provision(s) of the Brown Act shall take precedence. All meetings of the board shall be open and public, and all persons shall be permitted to attend such meetings; provided, however, that the board shall be entitled to adjourn at any time for purposes of convening in closed session as provided in Section 18 of this Article VI.

As used in this Article VI, "meeting" includes any congregation of a majority of the members of the board at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the Corporation.

As used in this Article VI, "action taken" and "action to be taken" mean a collective decision made by a majority of the members of the board, a collective commitment or promise by a majority of the members of the board to make a positive or a negative decision, or an actual vote by a majority of the members of the board when sitting as a body or entity, upon a motion, proposal, resolution, order or ordinance.

Section 2. Location of Board Meetings. Subject to the provisions of the Brown Act, meetings of the board shall be held at any place within or outside California that has been designated by resolution of the board or in the notice of the meeting or, if not so designated, at the principal office of the corporation.

Section 3. Meetings by Telecommunication. Subject to the provisions of the Brown Act as set forth in Section 7 of this Article VI, any board meeting may be held by conference telephone, video screen communication, or other communications equipment. Participation in a meeting under this Section 3 shall constitute presence in person at the meeting if both the following apply:

(a) Each member participating in the meeting can communicate concurrently with all other members.

(b) Each member is provided the means of participating in all matters before the board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

Section 4. Prohibited Actions. Except as authorized pursuant to California Government Code section 54953, any use of direct communication, personal intermediaries, technological devices, or serial meetings that is employed by a majority of the members of the board to develop a collective concurrence as to action to be taken on an item by the members of the board is prohibited.

Section 5. Exempt Actions. The requirements of this Article VI shall not apply to any of the following:

(a) Individual contacts or conversations between a member of the board and any other person.

(b) The attendance of a majority of the members of the board at a conference or similar gathering open to the public that involves a discussion of issues of general interest to the public or to public agencies of the type represented by the board, provided that a majority of the members of the board do not discuss among themselves, other than as part of the scheduled program, business of a specified nature that is within the subject matter jurisdiction of the Corporation. Nothing in this paragraph is intended to allow members of the public free admission to a conference or similar gathering at which the organizers have required other participants or registrants to pay fees or charges as a condition of attendance.

(c) The attendance of a majority of the members of the board at an open and publicized meeting organized to address a topic of local community concern by a person or organization other than the Corporation, provided that a majority of the members of the board do not discuss among themselves, other than as part of the scheduled program, business of a specific nature that is within the subject matter jurisdiction of the Corporation.

(d) The attendance of a majority of the members of the board at an open and noticed meeting of another body of the City of Torrance, or at an open and noticed meeting of a legislative body of another local agency, provided that a majority of the members of the board do not discuss among themselves, other than as part of the scheduled meeting, business of a specific nature that is within the subject matter jurisdiction of the Corporation

(e) The attendance of a majority of the members of the board at a purely social or ceremonial occasion, provided that a majority of the members of the board do not discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the Corporation.

(f) The attendance of a majority of the members of the board at an open and noticed meeting of a standing committee of the board, provided that the members of the board who are not members of the standing committee attend only as observers.

Section 6. Meetings to Be Open. All meetings of the board shall be open and public, and all persons shall be permitted to attend any meeting of board, except as otherwise provided in the Brown Act.

Section 7. Teleconferencing. (a) Notwithstanding any other provision of law, the board may use teleconferencing for the benefit of the public and the board in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of the Brown Act and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding. For the purposes of this Section 12, "teleconference" means a meeting of the board, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this Section 7 shall prohibit the board from providing the public with additional teleconference locations.

(b) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the Corporation. All votes taken during a teleconferenced meeting shall be by roll call.

(c) If the board elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the board. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the board shall participate from locations within the District. The agenda shall provide an opportunity for members of the public to address the board directly pursuant to California Government Code section 54954.3 at each teleconference location.

Section 8. Secret Ballot Prohibited. The board shall take no action by secret ballot, whether preliminary or final.

Section 9. Rights of the Public. A member of the public shall not be required, as a condition to attendance at a meeting of the board, to register his or her name, to provide other information, to complete a questionnaire, or otherwise to fulfill any condition precedent to his or her attendance. If an attendance list, register, questionnaire, or other similar document is posted at or near the entrance to the room where the meeting is to be held, or is circulated to the persons present during the meeting, it shall state clearly that the signing, registering, or completion of the document is voluntary, and that all persons may attend the meeting regardless of whether a person signs, registers, or completes the document.

Section 10. Recording of Proceedings. Any person attending an open and public meeting of the board shall have the right to record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding by the board that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.

(b) Any tape or film record of an open and public meeting made for whatever purpose by or at the direction of the Corporation shall be subject to inspection pursuant to the Public Records Act, but may be erased or destroyed 30 days after the taping or recording. Any inspection of a video or tape recording shall be provided without charge on a video or tape player made available by the Corporation.

Section 11. Broadcasting of Proceedings. The board may not prohibit or otherwise restrict the broadcast of its open and public meetings in the absence of a reasonable finding that the broadcast cannot be accomplished without noise, illumination, or obstruction of view that would constitute a persistent disruption of the proceedings.

Section 12. Time and Place of Holding Regular Meetings. Except for advisory committees or standing committees, the board shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings.

Meetings of advisory committees or standing committees, for which an agenda is posted at least 72 hours in advance of the meeting pursuant to subdivision (a) of California Government Code section 54954.2, shall be considered for purposes of the Brown Act as regular meetings of the board.

Section 13. Location of Meetings. Regular and special meetings of the board shall be held within the boundaries of the District, except to do any of the following:

(1) Comply with state or federal law or court order, or attend a judicial or administrative proceeding to which the Corporation is a party.

(2) Inspect real or personal property which cannot be conveniently brought within the boundaries of the District, provided that the topic of the meeting is limited to items directly related to the real or personal property.

(3) Participate in meetings or discussions of multi-agency significance that are outside the boundaries the District. However, any meeting or discussion held pursuant to this subdivision shall take place within the jurisdiction of one of the participating local agencies and be noticed by all participating agencies as provided for in the Brown Act.

(4) Meet in the closest meeting facility if the board has no meeting facility within the District, or at the principal office of the Corporation if that office is located outside District.

(5) Meet outside the District with elected or appointed officials of the United States or the State of California when a local meeting would be impractical, solely to discuss a legislative or regulatory issue affecting the District and/or the Corporation and over which the federal or state officials have jurisdiction.

(6) Meet outside the District if the meeting takes place in or nearby a facility owned by the Corporation, provided that the topic of the meeting is limited to items directly related to the facility.

(7) Visit the office of the Corporation's legal counsel for a closed session on pending litigation held pursuant to California Government Code section 54956.9, when to do so would reduce legal fees or costs.

Section 14. Location of Emergency Meetings. If, by reason of fire, flood, earthquake, or other emergency, it shall be unsafe to meet in the place designated, the meetings shall be held for the duration of the emergency at the place designated by the presiding officer of the Corporation or his or her designee in a notice to the local media that have requested notice pursuant to section 54956, by the most rapid means of communication available at the time.

Section 15. Right to Receive Agenda by Mail. Any person may request that a copy of the agenda, or a copy of all the documents constituting the agenda packet, of any meeting of the board be mailed to that person. Upon receipt of the written request, the board or its designee shall cause the requested materials to be mailed at the time the agenda is posted pursuant to California Government Code sections 54954.2 and 54956, or upon distribution to all, or a majority of all, of the members of the board, whichever occurs first. Any request for mailed copies of agendas or agenda packets shall be valid for the calendar year in which it is filed, and must be renewed following January 1 of each year. The board may establish a fee for mailing the agenda or agenda packet, which fee shall not exceed the cost of providing the service. Failure of the requesting person to receive

the agenda or agenda packet pursuant to this section shall not constitute grounds for invalidation of the actions of the board taken at the meeting for which the agenda or agenda packet was not received.

Section 16. Posting of Agenda. (a) At least 72 hours before a regular meeting, the board, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public.

No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of the board or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under California Government Code section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of the board or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of the board, or the board itself, subject to rules or procedures of Corporation, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding Subdivision (a) of this Section 16, the board may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the board shall publicly identify the item.

(1) Upon a determination by a majority vote of the board that an emergency situation exists, as defined in California Government Code section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the board present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Corporation subsequent to the agenda being posted as specified in Subdivision (a) of this Section 16.

(3) The item was posted pursuant to Subdivision (a) of this Section 16 for a prior meeting of the board occurring not more than five calendar days

prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

Section 17. Right of Public to Address Meetings. (a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the board on any item of interest to the public, before or during the board's consideration of the item, that is within the subject matter jurisdiction of the Corporation, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of California Government Code section 54954.2. However, the agenda need not provide an opportunity for members of the public to address the board on any item that has already been considered by a committee, composed exclusively of members of the board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the committee on the item, before or during the committee's consideration of the item, unless the item has been substantially changed since the committee heard the item, as determined by the board. Every notice for a special meeting shall provide an opportunity for members of the public to directly address the board concerning any item that has been described in the notice for the meeting before or during consideration of that item.

(b) The board may adopt reasonable regulations to ensure that the intent of this Section 17 is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(c) The board shall not prohibit public criticism of the policies, procedures, programs, or services of the Corporation, or of the acts or omissions of the board. Nothing in this subdivision shall confer any privilege or protection for expression beyond that otherwise provided by law.

Section 18. Agenda for Closed Sessions. For purposes of describing closed session items pursuant to California Government Code section 54954.2, the agenda may describe closed sessions as provided in California Government Code section 54954.5. No legislative body or elected official shall be in violation of California Government Code section 54954.2 or 54956 if the closed session items were described in substantial compliance with California Government Code section 54954.5. Substantial compliance is satisfied by including the information provided in California Government Code section 54945.5, irrespective of its format.

Section 19. Adjournment. The board may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place

specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting, the Secretary of the Corporation, or his or her designee, may declare the meeting adjourned to a stated time and place and he shall cause a written notice of the adjournment to be given in the same manner as provided in California Government Code section 54956 for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this Section 19, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings by ordinance, resolution, bylaw, or other rule.

Section 20. Continuance. Any hearing being held, or noticed or ordered to be held, by the board at any meeting may by order or notice of continuance be continued or re-continued to any subsequent meeting of the board in the same manner and to the same extent set forth in California Government Code section 54955 for the adjournment of meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing, a copy of the order or notice of continuance of hearing shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 21. Special meetings. A special meeting may be called at any time by the presiding officer of the board, or by a majority of the members of the board, by delivering written notice to each member of the board and to each local newspaper of general circulation and radio or television station requesting notice in writing. The notice shall be delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the board. The written notice may be dispensed with as to any member of the board who at or prior to the time the meeting convenes files with the clerk or secretary of the board a written waiver of notice. The waiver may be given by telegram. The written notice may also be dispensed with as to any member of the board who is actually present at the meeting at the time it convenes. The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

Section 22. Emergency meetings. In the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the board may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement of Section 54956 or both of the notice and posting requirements. Emergency meetings may be held in locations specified in Section 14 of this Article VI.

For purposes of this Section 22, "emergency situation" means any of the following:

(1) Work stoppage or other activity which severely impairs public health, safety, or both, as determined by a majority of the members of the board.

(2) Crippling disaster which severely impairs public health, safety, or both, as determined by a majority of the members of the board. However, each local newspaper of general circulation and radio or television station which has requested notice of special meetings pursuant to California Government Code section 54956 shall be notified by the presiding officer of the board, or designee thereof, one hour prior to the emergency meeting by telephone and all telephone numbers provided in the most recent request of such newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this section shall be deemed waived, and the board, or designee of the board, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

Notwithstanding California Government Code section 54957, the board shall not meet in closed session during a meeting called pursuant to this Section 22.

All special meeting requirements, as prescribed in California Government Code section 54956, shall be applicable to a meeting called pursuant to this section, with the exception of the 24-hour notice requirement.

The minutes of a meeting called pursuant to this Section 22, a list of persons who the presiding officer of the Corporation, or his or her designee, notified or attempted to notify, a copy of the roll call vote, and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

ARTICLE VII
Committees

Section 1. Committees Generally. Except to the extent otherwise provided in this Article VII, the board from time to time may, by resolution adopted by a majority of the directors then in office, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may also establish from time to time any other committees it deems appropriate and may appoint non-directors to those committees. If the board or the Executive Committee does not appoint members to a committee or fill a vacancy on any committee, the Chairperson may appoint members to any committee, with the exception of the Executive Committee.

Section 2. 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 and no one who is not a director, 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 any absent member at any meeting. Any such committee shall have all the authority of the board, to the extent provided in the board resolution, except that no committee may do the following:

- (1) Fill vacancies on the board or any committee of the board;
- (2) Fix compensation of the directors for serving on the board or on any committee;
- (3) Amend or repeal articles of incorporation or amend, repeal, or adopt bylaws;
- (4) Amend or repeal any resolution of the board that by its express terms is not so amendable or repealable;
- (5) Create any other committees of the board or appoint the members of committees of the board; or
- (6) Approve any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest, except as special approval is provided for in Corporations Code §5233(d)(3).

Section 3. Audit Committee. The Corporation shall have an Audit Committee consisting of at least three directors, and may include nonvoting advisors. The Audit Committee shall perform the duties and adhere to the guidelines set forth in the Corporation's Audit Committee charter as amended from time to time by the board. Such duties include, but are not limited to:

- (1) Assisting the board in choosing an independent auditor and recommending termination of the auditor, if necessary;
- (2) Negotiating the auditor's compensation;
- (3) Conferring with the auditor regarding the corporation's financial affairs; and
- (4) Reviewing and accepting or rejecting the audit.

Members of the Audit Committee shall not receive compensation for their service on the Audit Committee in excess of that provided to directors for their service on the board. If the Corporation shall at any time have a finance committee, a majority of the members of the Audit Committee may not concurrently serve as members of the finance committee, and the chair of the Audit Committee may not serve on the finance committee.

Section 4. Executive Committee. The Corporation shall have an Executive Committee consisting of the Chairperson, the Vice Chairperson, the Secretary, the Chief Financial Officer, and the City-designated director. The Executive Committee, unless limited by a resolution of the board, may exercise all the authority of the board in the management of the business and affairs of the corporation between meetings of the board; provided, however, that the Executive Committee shall not have the authority of the board in reference to those matters enumerated in Section 2 of this Article VII. All actions of the Executive Committee shall be reported to and ratified by the full board at the next duly scheduled board meeting.

The President/CEO, or his or her designee, of the Torrance Area Chamber of Commerce shall be invited to serve as an advisor to the Executive Committee, and the Executive Committee may select additional advisors from time to time. Advisors shall not be members of the Executive Committee or the Board. Advisors shall be notified of committee meetings in the same manner as are committee members.

The Executive Committee shall work with the City to ensure lodging properties with health and safety code violations, business permit code violations, or similar violations are not actively promoted.

Section 5. Marketing Committee. The board shall establish a Marketing Committee, which shall consist of two or more directors and the Corporation's executive director, if any, who shall sit ex officio, without vote. The Marketing Committee shall bear the primary responsibility each year for initiating and overseeing the development and implementation of the annual marketing plan, subject to the ultimate overall approval of the board. The Marketing Committee shall also have such other responsibilities as the board might from time to time delegate to it.

Section 6. Meetings and Actions of Committees. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article VI of these Bylaws concerning meetings of the board, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the board and its members, except that the time for regular meetings of committees may be determined either by resolution of the board or by resolution of the committee. Special meetings of a committee may also be called by the committee chair or the Corporation's executive director, if any. Notice of special meetings of committees shall also be given pursuant to the Brown Act to any and all alternate members of the committee who shall have the right to attend all meetings of the committee and to all directors. Minutes shall be kept of each meeting of each committee and shall be filed with the Corporation's records. Not more than 20 days following the conclusion of each meeting of any committee, the chairperson of the committee shall submit minutes of such meeting to the Corporation's Secretary, who shall provide a copy of such minutes to all members of the committee and to all directors. The board may adopt rules not inconsistent with the provisions of these Bylaws or the Brown Act for the governance of any committee. A quorum for committee action shall be a majority of the voting board members of the committee.

ARTICLE VIII

Officers of the Corporation

Section 1. Officers. The officers of this Corporation shall be a Chairperson, a Vice Chairperson, a Secretary, and a Chief Financial Officer. The Corporation, at the board's discretion, may also have one or more vice presidents, one or more assistant secretaries, one or more assistant

treasurers, and such other officers as may be appointed under Section 3 of this Article VIII.

Officers shall serve two-year terms. The terms of the first officers elected shall expire on December 31, 2012.

Any number of offices may be held by the same person.

Section 2. Election of Officers. The officers of this corporation, except any appointed under Section 3 of this Article VIII, shall be chosen by the board and shall serve at the pleasure of the board, subject to the rights of any officer under any employment contract.

Section 3. Additional Officers. The board may appoint and authorize the Chairperson, the Vice Chairperson, or another officer to appoint any other officers that the Corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the Bylaws or established by the board.

Section 4. Removal of Officers. Without prejudice to the rights of any officer under an employment contract, the board may remove any officer with or without cause. An officer who was not chosen by the board may be removed by any other officer on whom the board confers the power of removal.

Section 5. Resignation of Officers. Any officer may resign at any time by giving written notice to the board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

Section 6. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for normal appointments to that office. However, vacancies need not be filled on an annual basis.

Section 7. Responsibilities of Chairperson. The Chairperson shall be the chief executive officer of the Corporation, shall preside at board meetings, and shall exercise and perform such other powers and duties as the board may assign from time to time.

Section 8. Responsibilities of Vice Chairperson. Subject to such supervisory powers as the board may give to the Chairperson, and subject

to the control of the board, the Vice Chairperson shall, in the absence of the Chairperson, preside at all meetings of the board. The Vice Chairperson shall have such other powers and duties as the board or the Bylaws may require.

Section 9. Responsibilities of Vice Presidents. If the Chairperson and the Vice Chairperson are absent or disabled, the vice presidents, if any, in order of their rank as fixed by the board, or, if not ranked, a vice president designated by the board, shall perform all duties of the Chairperson. When so acting, a vice president shall have all powers of and be subject to all restrictions on the Chairperson. The vice presidents shall have such other powers and duties as the board or the bylaws may require.

Section 10. Responsibilities of Secretary. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the board may direct, a book of minutes of all meetings, proceedings, and actions of the board and of committees of the board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; and the names of persons present at board and committee meetings.

The Secretary shall keep or cause to be kept, at the principal office, a copy of the articles of incorporation and the Bylaws, as amended to date.

The Secretary, or his or her designee, shall give, or cause to be given, notice of all meetings of the board and of committees of the board that these Bylaws or the Brown Act require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the board or the bylaws may require.

Section 11. Responsibilities of Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Chief Financial Officer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the board. The books of account shall be open to inspection by any director at all reasonable times.

The Chief Financial Officer shall (1) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the board may designate; (2) disburse or cause to be disbursed the Corporation's funds as the board may order; (3) render or cause to be rendered to the Chairperson, the Vice Chairperson, and the board, when requested, an account of all transactions as Chief Financial

Officer and of the financial condition of the Corporation; and (4) have such other powers and perform such other duties as the board or the Bylaws may require.

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 of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, resignation, retirement, or removal from office.

ARTICLE IX Contracts with Directors

Section 1. Contracts with Directors. No director of this Corporation nor any other corporation, firm, association, or other entity in which one or more of this Corporation's directors are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or other transaction with this Corporation unless the material facts regarding such director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and are noted in the minutes, or are known to all board members before consideration by the board of such contract or transaction, and such contract or transaction is authorized in good faith by a majority of the board by a vote sufficient for that purpose without counting the vote of the interested director.

ARTICLE X Loans to Directors and Officers

Section 1. Loans to Directors and Officers. This Corporation shall not lend any money or property to, or guarantee the obligation of, any director or officer of the unless (1) the board decides that the loan or guaranty may reasonably be expected to benefit the Corporation, and (2) before consummating the transaction or any part of it, the loan or guaranty is approved the vote of a majority of the directors then in office, without counting the vote of the director who is to receive the loan or guaranty.

ARTICLE XI Indemnification

Section 1. Indemnification. To the fullest extent permitted by law, this Corporation shall indemnify its directors and officers, and may indemnify employees and other persons described in California Corporations Code section 7237(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in California Corporations Code section 7237(a), 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 Section 1, shall have the same meaning as in California Corporations Code section 7237(a).

On written request to the board by any person seeking indemnification under California Corporations Code sections 7237(b) or 7237(c), the board shall promptly decide under California Corporations Code section 7237(e) whether the applicable standard of conduct set forth in California Corporations Code sections 7237(b) or 7237(c) has been met and, if so, the board shall authorize indemnification.

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

ARTICLE XII Insurance

Section 1. Insurance. This Corporation shall have the right, and shall use its best efforts, to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

ARTICLE XIII Corporate Records

Section 1. Corporate Records. This Corporation shall keep the following:

- (1) Adequate and correct books and records of account;
- (2) Minutes of the proceedings of its board and any committees of the board; and
- (3) A record of each assessed hotel's name, address, and designated director.

The minutes and other books and records shall be kept either in written form or in any other form capable of being converted into clearly legible tangible form or in any combination of the two.

Section 2. Inspection of Articles and Bylaws This Corporation shall keep at its principal office the original or a copy of the articles of incorporation and Bylaws, as amended to the current date, that shall be open to inspection by any person at all reasonable times during office hours.

Section 3. Directors' Inspection Rights. Every director shall have the absolute right at any reasonable time to inspect the Corporation's books, records, and documents of every kind, and to inspect the physical properties of the corporation. 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 books, records, and documents of every kind.

ARTICLE XIV Annual Reports and Statements

Section 1. Annual Reports. The board shall cause an annual financial report to be prepared within 120 days after the end of the corporation's fiscal year. That financial report shall contain the following information in appropriate detail:

- (1) A balance sheet as of the end of the fiscal year, an income statement, and statement of cash flows for the fiscal year, accompanied by an independent accountant's report or, if none, by the certificate of an authorized officer of the Corporation that they were prepared without audit from the Corporation's books and records; and
- (2) A statement of the place where the names and addresses of currently assessed hotels are located.

The report described above shall not apply if the Corporation receives less than \$10,000 in gross revenues or receipts during the fiscal year.

In addition, the board shall cause to be prepared a report for each fiscal year as set forth in California Streets and Highways Code section 36650.³

This Corporation shall annually notify each assessed hotel of its right to receive a copy of the financial report under this Section 1 of this Article XIV. Except as provided in the next paragraph of this bylaw, on written request by an assessed hotel, the board shall promptly cause the most recent annual report to be sent to the requesting assessed hotel. If the board approves,

³ 36650. (a) The [Corporation] shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The [Corporation's] first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the [Corporation] or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636....

the Corporation may send the report and any accompanying material sent pursuant to this section by electronic transmission.

Section 2. Annual Statement. As part of the annual report to all assessed hotels, or as a separate document if no annual report is issued, the Corporation shall annually prepare and mail, deliver, or send by electronic transmission to each assessed hotel, and furnish to its directors, a statement of any transaction or indemnification of the following kinds within 120 days after the end of the corporation's fiscal year:

(1) Unless approved by members under California Corporations Code section 7233(a), any transaction (a) to which the corporation, its parent, or its subsidiary was a party, (b) which involved more than \$50,000 or was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (c) in which any officer or Director of the Corporation had a direct or indirect material financial interest (a mere common directorship is not a material financial interest).

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, when practicable, the amount of that interest, except that, in a partnership in which such person is a partner, only the partnership interest need be stated.

(2) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any officer or director of the Corporation, unless the loan or guaranty is not subject to California Corporations Code section 7235(a).

Article XV Amendment of Bylaws

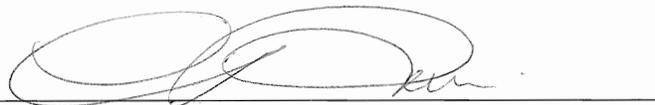
Section 1. Amendment of Bylaws. Except to the extent provided by the Act or otherwise by law, these Bylaws may be adopted, amended, or repealed by majority vote of the board.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of Discover Torrance, a California nonprofit mutual benefit corporation; that these bylaws, consisting of 26 pages, are the Bylaws of this Corporation as

adopted by the board of directors on March 8, 2012; and that these Bylaws have not been amended or modified since that date.

Executed on March 8, 2012, at Torrance, California.

A handwritten signature in black ink, appearing to read "Cherie Davis", is written over a horizontal line.

Cherie Davis
Secretary