

**BY-LAWS
OF
THE COMMUNITY FOUNDATION OF
FREDERICK COUNTY, MARYLAND, INCORPORATED**

A Maryland non-stock Corporation

Article I

Definitions and Purpose

SECTION 1.01. Statement of Purpose. The purpose of THE COMMUNITY FOUNDATION OF FREDERICK COUNTY, MARYLAND, INC., a Maryland non-stock corporation (hereinafter referred to as “Corporation”) is to operate for charitable and educational purposes by administering and distributing property donated to the Corporation for the benefit of persons and charitable organizations in Frederick County, Maryland.

SECTION 1.02. Purpose of these By-laws. These By-laws are adopted by the Board of Trustees to prescribe rules for the governance and functioning of the Corporation and its Trustees.

SECTION 1.03. Definitions. All terms and provisions of these By-laws, and all operations of the Community Foundation of Frederick County, Maryland, Inc. (hereinafter referred to as the “Corporation”), shall be construed, applied and carried out in accordance with the intent of this corporation to be an organization which is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 and which is a public charity. For purposes of these By-laws:

1.03.1. the terms “public charity,” “charitable purposes” and “qualified charitable organization” means the same as their respective definitions in Article Eighth of the Articles of Incorporation of this Corporation;

1.03.2. the terms “Frederick City,” “Frederick County” and “Frederick County Area” mean to include the vicinity thereof, and surrounding areas and elsewhere in Maryland as the Board of Trustees may from time to time determine; and

1.03.3 any reference to a provision of the Internal Revenue Code of 1986 includes the corresponding provision or provisions then in effect of any subsequent Federal Tax laws.

SECTION 1.04. Books and Records. The Corporation shall keep accurate and complete books and records of its accounts and transactions and minutes of the proceedings of its Board and of its committees. The books and records of the Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction.

SECTION 1.05. Notices. Whenever under the provisions of these By-laws, notice is required to be given to any Trustee or officer, such notice shall be deemed given when it is delivered personally, sent by mail, telephone, telegram, facsimile, or other electronic means by which receipt of notice can be verified it shall be by a communication in writing, signed by the party sending such communication, delivered by certified mail, postpaid, return receipt requested, personally hand delivered, a dated receipt being obtained, or via e-mail or facsimile transmission. The effective date of such notice shall be deemed to be the next day following the date notice is given. Any Trustee or officer may waive any notice required to be given under these By-laws.

Article II

Board of Trustees

SECTION 2.01. Function of Trustees. The affairs of the Corporation shall be managed under the direction of its Board of Trustees (hereinafter sometimes referred to as the "Board").

SECTION 2.02. Number and Election. The Board of Trustees shall consist of not less than three (3) nor more than twenty-five (25) persons as the Board of Trustees may from time to time determine. Persons shall be elected to serve as Trustees at the annual meeting of the Board by affirmative vote of at least two-thirds (2/3) of the Board.

SECTION 2.03. Qualifications of Trustees. The membership of the Corporation shall consist of members of the Board of Trustees (hereinafter sometimes referred to as the "Board") as that Board shall be constituted from time to time.

2.03.1. The Board of Trustees shall consist of individuals who live or work in Frederick County.

2.03.2. Each member of the Board of Trustees is to be selected for knowledge of the educational, cultural, civic, moral, public and charitable needs of the Frederick County Area.

2.03.3. No person who is holding an elected public office shall be a member of the Board of Trustees.

2.03.4. Trustees who are holders of any other office or position are to act in their own right as Trustees on behalf of the Corporation, and not as representatives or delegates of their own or any other organization, interest or group.

2.03.5. Members of the Board of Trustees who no longer work or reside in Frederick County, Maryland due to change of residence, office, or employment or otherwise cease to be qualified shall automatically cease to be members of the Board of Trustees.

2.03.6. Failure to attend three (3) consecutive regular meetings of the Board of Trustees without an excuse acceptable to the Board of Trustees shall operate as a tender of

resignation, which the Board of Trustees may, but shall not be required to, accept.

SECTION 2.04. Compensation. Each Trustee shall serve without compensation except for payment of reasonable expenses incurred for the Corporation.

SECTION 2.05. Trustees' Term of Office. The full term of office of a member of the Board of Trustees shall be three (3) years and until a successor is chosen and qualifies. Terms of office shall be arranged so that approximately one-third (1/3) of the Trustees' terms expire each year. Terms shall expire on September 30th or such other date as the Board may designate. A Trustee shall serve not more than two (2) consecutive full terms of three (3) years after which a person may serve again after an intervening year or to fill a vacancy that occurs other than by expiration of his or her own term.

SECTION 2.06. Removal. Each Trustee, Officer and member of a committee of the Corporation shall serve at the pleasure of the Board of Trustees and may be removed with or without cause by a two-thirds (2/3) vote of the total Board membership, at any regular or special meeting of the Board.

SECTION 2.07. Vacancies. The Governance Committee may recommend and the Board approve persons to fill any vacancies on the Board resulting from death, resignation, refusal to serve, or otherwise. Such persons shall serve until the next annual election, at which time they may be candidates for election to serve the balance of the unexpired term to which they were appointed.

SECTION 2.08. Chairman of the Board. The Trustees shall elect a chairman ("Chairman") to preside at all meetings of the Board at which the Chairman is present, and the Chairman shall be ex-officio a member of all standing committees. The Chairman shall exercise such powers as may be assigned by the Board and shall be subject to the control of the Board.

SECTION 2.09. Meetings.

2.09.1. An annual meeting of the Board of Trustees for the election of Trustees and officers and the transaction of other business shall be held in September or such other month as the Board of Trustees may designate.

2.09.2. The Board of Trustees shall hold such regular meetings at such time and place as may be fixed by the Board, or if no time or place has been fixed by the Board, at such time and place as may be fixed by the Chairman.

2.09.3. Special meetings of the Board of Trustees may be called by the Chairman and shall be called upon request of any three (3) Trustees. Matters coming before the Board at a special meeting shall be confined to the purpose(s) in the notice of the meeting.

2.09.4. The Secretary shall give twenty-four (24) hours advance notice to each Trustee of each special meeting of the Board of Trustees. The notice shall state the time and place of the meeting. Notice is given to a Trustee when it is delivered personally to him, sent by

mail, telephone, telegram, facsimile, or other electronic means by which receipt of notice can be verified, at least one (1) day before the day of the meeting. Unless the By-laws or a resolution of the Board of Trustees provides otherwise, the notice need not state the business to be transacted at or the purposes of any special meeting of the Board of Trustees. No notice of any meeting of the Board of Trustees need be given to any Trustee who attends except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, or to any Trustee who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Trustees, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

2.09.5. Meetings of the Board shall be presided over and chaired by the Chairman of the Board or, in his or her absence, by the Vice Chairman or, in his or her absence, by the Secretary, or in his or her absence, by a chairman to be elected at the meeting. The Secretary of the Corporation or, in his or her absence (or when the Secretary is presiding over any meeting), any Assistant Secretary shall act as secretary of such meetings or, if none of said officers is present, the Chairman shall appoint a person to act as secretary of the meeting.

2.09.6. Except as otherwise specifically provided to the contrary herein, all elections, resolutions and other matters requiring a vote of the Trustees shall be had and all questions shall be decided by the affirmative vote of a majority of all votes entitled to be cast thereon at a duly constituted meeting of the Trustees; and where these By-laws require a majority vote, it shall mean the affirmative vote of at least a majority of all votes entitled to be cast thereon at a duly constituted meeting of the Trustees. Each Trustee shall be entitled to one (1) vote.

2.09.7. Meetings of the Board shall be held at the principal office of the Corporation, unless otherwise designated by the Board.

SECTION 2.10. Quorum. A simple majority of the members of the Board in attendance at a meeting shall constitute a quorum for the proper conduct of business at any meeting of the Board; and the action of a simple majority of members present at such a meeting shall be the action of the Board. In the absence of a quorum, the meeting may be adjourned from time to time by a majority vote of the Trustees present or represented, without any notice other than by announcement at the meeting, until a quorum is present. At any resumption of an adjourned meeting at which a quorum is present, any matters may be transacted which might have been transacted if the meeting had been held as originally called.

SECTION 2.11. Meeting by Electronic Media. Members of the Board of Trustees, Executive Committee or any other committee may participate in a meeting by means of conference telephone or similar video teleconferencing equipment by which all persons participating can hear each other and participate at the same time and this participation shall constitute presence at a meeting for all purposes including establishing a quorum.

SECTION 2.12. Action by Board. Any action required or permitted to be taken at a

meeting of the Board, or of any committee thereof, may be taken without a physical meeting if a unanimous written consent setting forth the action so taken is signed by all members of the Board or committee and filed with the official minutes of the Corporation. An e-mail from a Trustee affirmatively consenting to such action shall constitute said Trustee's written consent to the action that is the subject of the meeting.

SECTION 2.13. Powers and Duties of Trustees. The Board of Trustees shall have general charge of the affairs, property and assets of the Corporation. It shall be the duty of the Trustees to carry out the aims and purposes of this Corporation and, to this end, to manage and control all of its property and assets. In carrying out its duties, the Board of Trustees is authorized to elect officers and to employ or arrange for services of such persons, including attorneys, agents and assistants, as in its opinion are necessary or desirable for the proper administration of the Corporation, and to pay reasonable compensation for services and expenses thereof. The Board of Trustees may also, from time to time, appoint and retain as advisors persons whose advice, assistance or support may be deemed helpful in determining policies and formulating programs for carrying out the Corporation's purposes and pay the reasonable expenses thereof.

SECTION 2.14. Audit; Public Reports.

2.14.1. An independent auditor appointed or approved by the Board of Trustees shall at such time as the Board of Trustees may determine, but at least annually, prepare for the Corporation as a whole a consolidated financial statement, including a statement of combined capital assets and liabilities, and a statement of income, expenses and grants and scholarships awarded, and such other additional reports or information as may be ordered from time to time by the Board of Trustees. The auditor shall also prepare such financial data as may be necessary for returns or reports required by state or federal government to be filed by the Corporation. The auditor's charges and expenses shall be proper expenses.

2.14.2. The Board of Trustees shall at least annually disseminate a written report of its financial condition, activities and grants to representative persons and organizations in the community of Frederick County Area as will, in the opinion of the Board of Trustees, reasonably inform the interested public of the operations of the Corporation.

2.14.3. The Board of Trustees shall take all other appropriate actions to make the Corporation and its purposes known to the people of the community of the Frederick County Area and in that connection seek gifts to the Corporation for and from a wide segment of the population of such community.

SECTION 2.15. Fiduciary Nature of Board. Each member of the Board of Trustees shall serve in a fiduciary capacity, and shall exercise his or her powers in such manner as not to disqualify any gift from deduction as a charitable contribution, gift or bequest in computing any Federal income, gift or estate tax of the donor or his or her estate, and not to disqualify the Corporation from Federal income tax exemption as a qualified charitable organization and/or from classification as a public charity. All Trustees shall disclose all potential conflicts of interest to the Chairman or President and shall abstain from votes where necessary to avoid a

conflict of interest. All Trustees shall keep all Corporation matters confidential.

Article III

Officers

SECTION 3.01. Selection. At the annual meeting of the Board of Trustees members shall elect from among their membership a Chairman of the Board, one (1) or more Vice Chairmen of the Board, a Treasurer, a Secretary, and such other officers of the Corporation as the Board of Trustees deems necessary, to hold office for one (1) year, and until the election and qualification of their successors. Except in the case of the offices of Chairman and Vice-Chairman, two (2) or more offices may be held by the same person. The President/Chief Executive Officer (“CEO”) is appointed by the Board, as necessary. The foregoing officers shall run the day-to-day affairs of the Corporation, subject to the control and direction of the Board. The election of an individual as an officer and the terms and conditions of employment and continued employment of each officer shall be determined by the Board. Assuming officers are elected, the officers shall be elected by the Board at their annual meeting or, whenever a vacancy requires, at a special meeting called for that purpose. In the event that any office shall not be filled by the Board or, once filled, subsequently becomes vacant, then such office and all references thereto in these By-laws shall be deemed inoperative unless and until such office is filled in accordance with the provisions of the By-laws. Any officer may be removed from his position with or without cause by a two-thirds (2/3) affirmative vote of the Board.

SECTION 3.02. Powers and Duties. The officers shall have the following powers and duties:

3.02.1. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board and its Executive Committee at which he or she shall be present. He or she shall have and may exercise such powers as are from time to time assigned by the Board of Trustees.

3.02.2. Vice Chairman. One (1) or more Vice Chairmen shall perform the duties of the Chairman in the absence or inability of that officer. Vice Chairmen shall perform such other duties as may be assigned by the Chairman or Board of Trustees.

3.02.3. President/CEO. The President/CEO shall have general day to day oversight and control of all the Corporation’s affairs and properties. The President/CEO may sign and execute, in the name of the Corporation, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated by law, these By-laws or the Board to some other officer or agent of the Corporation. The President/CEO shall be a non-voting member of the Board and all standing committees of the Board. In general, the President/CEO shall have the powers and duties of supervision and management generally incident to the office of president and such other duties as may be assigned by the Board, and shall be subject to the control of the Board.

3.02.4. Treasurer. The Treasurer shall have general charge of all money and

other property belonging to the Corporation and shall receive and disburse the same under direction of the Board of Trustees and keep an accurate account of same; shall preside at all meetings of the Board in the absence of the Chairman and Vice-Chairmen of the Board or in the event of a vacancy in such office, and, in general, to perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Chairman or by the Board of Trustees. When requested, the Treasurer shall render to the Board an account of all his transactions as Treasurer and of the financial condition of the Corporation.

3.02.5. Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Trustees and Executive Committee in a safe and secure form, either electronically or in hard copy; shall preside at all meetings of the Board in the absence of the Chairman and Vice-Chairman of the Board or in the event of a vacancy in such office, see that all notices are duly given to each said bodies in accordance with the provisions of these By-laws or as required by law; be custodian of the corporate records and of the seal of the Corporation; and, in general, perform such other duties as from time to time may be assigned by the Chairman or the Board of Trustees.

3.02.6. Other Offices. If the Board of Trustees establishes other offices, it shall designate the duties thereof.

3.02.7. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by action of the Board of Trustees.

Article IV

Committees

SECTION 4.01. Executive Committee. The Board of Trustees may create an Executive Committee comprised of the Chairman, the Vice-Chairmen, the Secretary, the Treasurer, and the immediate past Chairman. The President shall be a non-voting member of this committee. Except as otherwise provided herein, such committee shall, during the intervals between the meetings of the Board of Trustees, possess and exercise all powers of the Board of Trustees in the management of the affairs of the Corporation. A quorum is constituted by a majority of the members of the Executive Committee present at any meeting, and the action of a majority of members present shall be the action of the Executive Committee. The Executive Committee shall keep full records and accounts of its proceedings and transactions. All action by the Executive Committee shall be reported to the Board of Trustees at its next meeting, with such action being subject to control, revision, and alteration by the Board of Trustees, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in the Executive Committee shall be filled by action of the Board of Trustees, and the Trustees may appoint one (1) or more Trustees as alternate members of the Executive Committee who may take the place of any absent member or members at any meeting.

SECTION 4.02. Grants Committee. The Board of Trustees may create a Grants Committee, the members of which shall have the responsibility and duty as delegated by the

Board of Trustees to determine grants to be made from funds available for grantsmaking at the discretion of the Board which are neither designated, agency, nor donor- advised. A majority of the members of the Grants Committee shall be selected from among the Board of Trustees; provided, however, that such Grants Committee as the Board appoints shall include no person who is holding an elected public office. Each member of the Grants Committee is to be selected for knowledge of the charitable needs of the Frederick County Area and shall serve without compensation except for payment of reasonable expenses incurred for the Corporation. Members of the Grants Committee who are holders of any other office or position (or who are appointed by the holder of any office or an officer or board of any other organization) are to act in their own right, and not as representatives or delegates of their own or any other organization, interest or group.

SECTION 4.03. Governance Committee. At its first meeting in every calendar year or within a reasonable time thereafter, the Board of Trustees shall elect a Governance Committee of three (3) to five (5) persons, a majority of whom are members of the Board of Trustees. The Governance Committee shall serve as the nominating committee to propose candidates to fill vacancies on the Board of Trustees, occurring by virtue of expiration of terms, death, removal from the Frederick County or otherwise. As requested by the Board of Trustees, the Governance Committee shall also nominate officers of the Corporation to be considered by the Board of Trustees for election to the ensuing term.

SECTION 4.04. Investment Committee. The purpose of the Investment Committee is to invest the assets of the Corporation by utilizing the services of an investment consultant and investment managers recommended by the Committee and ultimately approved by the Board so that the real value of each fund is preserved and enhanced, a perpetual stream of investment return is generated to support the purposes of the Corporation and the Corporation is perceived as a good steward of its financial assets. The Investment Committee shall be appointed by the Board and the Committee shall be governed by its Charter as amended from time to time.

SECTION 4.05. Delegation of Authority to Committees. To a committee whose members the Board of Trustees appoints, and which reports its actions to the Board periodically, the Board may delegate its authority to act in place of the Board and without prior notice to it including, without limiting the generality of the foregoing, the authority which it has extended a) to any Investment Committee to invest and reinvest the assets of the Foundation with such investment managers as the Board of Trustees from time to time authorizes and to state investment guidelines and b) to any Grants Committee to commit the Board to grants to charitable organizations and make pledges for payments in future years to recipients. Any action voted by a committee shall be effected by it instructing the President to implement the desired action. If the President believes it desirable he or she may, before implementing any such action, obtain the approval of the Chairman, who may if considered expedient, put the matter to the Executive Committee.

SECTION 4.06. Other Committees. The Board of Trustees may provide for such other standing or special committees as it deems desirable, and may discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, the Articles of Incorporation or these By-laws as said Board may prescribe. Vacancies

in such committees shall be filled by action of the Board of Trustees or as the Board of Trustees may provide and except as provided herein may include non-members as well as members of the Board of Trustees.

SECTION 4.07. Committee Procedure. Regular and special meetings of each committee may be held at any time and place upon the call of the Chairman of the Board, the President/CEO, the Chairman of the committee, or any two (2) other members of the committee who shall give notice to each committee member of each meeting of the committee. The notice shall state the time and place of the meeting. Notice is given to a committee member when it is delivered personally to him or her, sent by mail, telephone, telegram, facsimile, or other electronic means by which receipt of notice can be verified, at least one (1) day before the day of the meeting. Unless the By-laws or a resolution of the committee provides otherwise, the notice need not state the business to be transacted at or the purposes of any meeting of the committee. No notice of any meeting of the committee need be given to any committee member who attends except where a committee member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, or to any committee member who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any committee meeting may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement. A majority of the members of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee. The members of a committee present at any meeting, whether or not they constitute a quorum, may appoint a committee member to act in the place of an absent member. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting, if a unanimous written consent which sets forth the action is signed by each member of the committee and filed with the minutes of the committee. Minutes of meetings of each committee shall be available to the committee. The members of a committee may conduct any meeting thereof by conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time.

ARTICLE V

Liability and Indemnification of Trustees, Officers and Employees

SECTION 5.01. Liability. Neither the Board of Trustees, nor any of its members individually, shall be liable for acts, neglects or defaults of an employee, agent or representative selected with reasonable care, nor for anything it may do or refrain from doing in good faith, including the following if done in good faith: errors in judgment, acts done or committed on the advice of counsel, or mistakes of fact or law.

SECTION 5.02. Conditions for Indemnification. The Corporation shall indemnify each Trustee, Committee member, officer and employee and each former Trustee, Committee member, officer and employee of the Corporation, and each person who is serving or has served at its request as a Trustee, Committee member, officer or employee of another corporation,

against expenses, judgments, decrees, finance penalties or threatened action, suit or proceeding, criminal or civil, to which he or she was, is or may be made party by reason of being or having been such member Trustee, Committee member, officer or employee, provided a determination is made by the Board of Trustees of this Corporation acting at a meeting at which a quorum consisting of Trustees who neither were nor are parties to or threatened with any such action, suit or proceeding is present, or if all of the above are parties, by a body elected by the Board of three (3) or more temporary additional Board members impartial as to this matter, to determine whether and subject to what procedures it shall be determined who may properly be indemnified, that:

5.02.1. such Trustee, Committee member, officer or employee was not, and has not been adjudicated to have been grossly negligent or guilty of misconduct in the performance of his or her duty to the Corporation;

5.02.2. he or she acted in good faith in what was reasonably believed to be the best interest of such corporation, and;

5.02.3. in any matter the subject of a criminal action, suit or proceeding, he or she had no reasonable cause to believe that his or her conduct was unlawful.

SECTION 5.03. Non-exclusive. The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which such Trustee, Committee member, officer or employee may be entitled apart from the provisions of this Article.

Article VI

Bank Accounts and Loans

SECTION 6.01. Accounts. The Board shall designate such Trustees or officers of the Corporation who shall have the authority to deposit any funds of the Corporation in such bank(s), saving(s), or financial institution(s) as shall be designated by the Board. The Board shall also designate such Trustees or officers who may withdraw any or all of the funds of the Corporation in any bank, savings, or financial institution, upon checks, drafts or other instruments or orders for the payment of money which are drawn against the account or in the name or on behalf of the Corporation and made or signed by such Trustees, officers or agents. Each bank, savings, or financial institution holding funds of the Corporation is authorized to accept, honor, cash and pay, without limit as to amount, all checks, drafts or other instruments or orders for the payment of money, when drawn, made or signed by Trustees or officers so designated by the Board until written notice of revocation by the Board of the authority of such Trustees or officers has been received by such bank, savings, or financial institution. The Secretary of the Board shall certify to the bank(s), savings institution(s), or financial institution(s) holding funds of the Corporation the signature(s) of the Trustees or officers of the Corporation so designated by the Board to draw against such funds. If the Board fails to designate the persons having authority to sign checks, drafts or other instruments or orders for the payment of money, as provided in this Section 6.01, all such checks, drafts and other instruments or orders for the payment of money shall be signed by the President/CEO and countersigned by a member of the Executive Committee or the Chief

Financial Officer.

SECTION 6.02. Loans. The Board shall designate such Trustees or officers who shall have authority to make loans and advances or to establish other forms of credit for the Corporation from such banks, trust companies, institutions, corporations, firms or persons designated by the Board; and as security for the repayment of such loans, advances or other forms of credit, to assign, transfer, endorse and deliver, either originally or in addition to or substitution for any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interests, deposits, accounts, documents covering merchandise, bills and accounts receivable and other commercial paper and evidences of debt at any time held by the Corporation; as evidence of such loans, advances or other forms of credit, to make, execute and deliver one or more notes, acceptances or written obligations of the Corporation on such terms and with such provisions as to the security, sale or disposition thereof as such Trustees or officers shall deem proper; and also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the Corporation, and to that end to endorse, transfer and deliver the same. The Secretary of the Board shall certify to each such bank, trust company, institution, corporation, firm or person the signatures of such designated Trustees or officers; and each such bank, trust company, institution, corporation, firm or person is authorized to rely upon such certification until written notice of the revocation by the Board of the authority of such Trustees or officers has been received by such bank, trust company, institution, corporation, firm or person.

Article VII

Corporate Seal

SECTION 7.01. The Board of Trustees may provide a seal for the Corporation which shall be in the charge of the Secretary or such other officer as the Board of Trustees may from time to time direct, and shall be affixed to such documents as may require the corporate seal.

Article VIII

Fiscal Year

SECTION 8.01. The fiscal year of the Corporation shall be the twelve (12) month period ending on the 30th day of June, or such other period as may be designated by the Board of Trustees.

Article IX

Amendments and Dissolution

SECTION 9.01. Subject to any limitations in the Articles of Incorporation, the members of the Board of Trustees, by written assent thereto of two-thirds (2/3) of such Board members, at a meeting called for that purpose or at any annual meeting of such Board may:

9.01.1. amend the Articles of Incorporation or these By-laws

9.01.1.1. in order to maintain deductibility of gifts to the Corporation for Federal income, gift and estate tax purposes for donors and their estates;

9.01.1.2. in order for the organization to be exempt under section 501(c)(3) of the Internal Revenue Code of 1986 and/or its classification as a public charity;

9.01.1.3. in order to conform to and with any provision or provisions of the laws of the State of Maryland and the United States; and/or

9.01.1.4. in such other respects, consistent with the objectives and purposes of the Corporation, as such voting members may from time to time find necessary.

9.01.2. direct transfer of all Corporation funds to a new Corporation or Corporations organized for exclusively charitable purposes and with provisions consistent with those of the Articles of Incorporation and these By-laws; and

9.01.3. dissolve this Corporation.

Article X

Gifts to the Corporation

SECTION 10.01. Method. Donors may make gifts to the Corporation by naming or otherwise identifying the Corporation, whether or not an agent is designated to have custody of the property contributed. Gifts shall vest in the Corporation upon receipt and acceptance by it (whether signified by an officer, employee or agent of the Corporation). The Corporation may enter into agreements with agents having custody of funds of the Corporation, specifying additional terms of such custody.

SECTION 10.02. Terms. Each donor making a gift to the Corporation accepts and agrees to all the terms of the Articles of Incorporation and these By-laws, and provides that the fund so created shall be subject to the provisions of these By-laws for the presumed intent of donors, variance from a donor's restrictions and amendments and termination, and to all other terms of the Articles of Incorporation and these By-laws and any organization agreement between the Corporation and agents having custody of the funds of the Corporation, each from time to time amended.

SECTION 10.03. Gifts in Trust. If a gift is made to a trustee or in trust to make income or other payments for a period of a life or lives or other period, to any individuals or for non-charitable purposes, followed by payments to the Corporation, followed by payments to any individuals or for non-charitable purposes, only the payments to the Corporation shall be regarded as subject to the Corporation's Articles of Incorporation and these By-laws, and then only when the Corporation becomes entitled to their use. The Board of Trustees may take such

actions as it from time to time deems necessary to protect the Corporation's rights to receive such payments.

SECTION 10.04. Donor's Restrictions.

10.04.1. Any donor may, with respect to a gift made by such donor to the Corporation, provide at the time of the gift, restrictions which are not inconsistent with the charitable purposes of the Corporation, such as:

10.04.1.1. the field of charitable purposes or particular charitable organizations or purposes to be supported,

10.04.1.2. the manner of grants, including amounts, times and conditions of payment, and whether from principal and/or income and /or according to the Corporation's policies, as may be in effect from time to time,

10.04.1.3. the geographical limits or use of the gift, including use in or for areas outside the Frederick County area,

10.04.1.4. the name, as a memorial or otherwise, for a fund given or addition to a fund previously held, or anonymity for the gift,

10.04.1.5. reasonable limits on or additions to investment powers of an agent having Custody of the gift for the Corporation.

10.04.2. All such restrictions by donors shall be followed except as provided in sections 10.06 and 10.07 of this Article X or in other provisions of these By-laws or in the Articles of Incorporation or by law.

SECTION 10.05. Investments. No gift shall be required to be separately invested or held unless so provided by a restriction of the donor and approved by the Board, as it is necessary to follow any other restriction of the donor as to purpose or investment, or in order to prevent tax disqualification, or it is required by law. Restrictions involving the naming of a fund as a memorial or otherwise may be satisfied by keeping under such name accounts reflecting appropriately the investment return of such fund in each common investment.

SECTION 10.06. Presumption as to Donors' Intent. Each gift to the Corporation shall be presumed to be intended:

10.06.1. to be used only for charitable purposes,

10.06.2. to be productive of a reasonable total return which if accumulated is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and

10.06.3. to be used only for such of those purposes and in such manner as not to

disqualify the gift or fund from deduction as a charitable contribution, gift or bequest in computing any Federal income, gift or estate tax of the donor or his or her estate and not to disqualify the Corporation from exemption from Federal income tax as a qualified charitable organization and/or from classification as a public charity; and each gift and fund shall not be otherwise applied.

If a restriction by the donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board of Trustees is advised by counsel that there is substantial risk of such result, the restriction shall not be followed, but shall be varied by the Board of Trustees so far as necessary to avoid such result. If however the donor has clearly stated that compliance with the restriction is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the condition and restriction need not be followed. Reasonable charges and expenses of counsel for such advice and proceedings shall be proper expenses.

SECTION 10.07. Variance. Whenever the Board of Trustees decides that conditions or circumstances are such or have so changed since a restriction by the donor as to purpose, or manner of grant, use or investment, that literal compliance with the restriction is unnecessary, undesirable, impractical, impossible, or the restriction is not consistent with the Corporation effectively serving the charitable needs of the Frederick County Area, it may, by the affirmative vote of a majority of its members, order such variance from the restriction and such application of the whole or any part of the principal or investment return of the fund as in its judgment is then necessary more effectively to serve the charitable purposes of the Corporation.

Article XI

Grants and Disbursements

SECTION 11.01. Grant of Capital. Determinations may be made to distribute capital from funds given without restrictions as to principal or investment return as well as pursuant to provisions expressly permitting use of principal. With respect to funds of this Corporation in the custody of an agent, the Investment Committee shall inform such agent as far in advance as it deems practicable so as to permit the agent to adjust its investment policies accordingly, and may, upon advice from the agent as to how the desired grant and any necessary liquidation of investments can most economically be accomplished, adjust its directions for grant so far as it deems practicable accordingly.

SECTION 11.02. Investigations and Research. The Grants Committee and other committees charged by the Board of Trustees with distributing grants and/or making loans shall gather and analyze facts and conduct such investigation and research as from time to time is necessary in order to determine the most thorough granting of funds given for charitable purposes. Funds bequeathed and given by donors to the Corporation may be assessed by the Board of Trustees as it believes desirable to defray the cost of administration of the Corporation including but not limited to such fact gathering, analysis, research, evaluation, etc. for such purposes or from funds given without restriction as to purpose. Disbursements for other proper administrative expenses incurred by the Grants Committee, including salaries for such

professional and other assistance as it from time to time deems necessary, shall be directed to be paid so far as possible, first from any funds which are available for such purposes, and any balance out of other available funds of the Corporation.

SECTION 11.03. Grants to Other Organizations. The Grants Committee and other committees established by the Board to make grants, if so authorized by the Board, may in furtherance of the Corporation's charitable purposes when needs therefore have been determined and with appropriate provisions to assure use for such purposes, direct grants to such persons, organizations, governments, or governmental organizations in the opinion of the Grants Committee or such other committee can best carry out such purposes or help create new qualified charitable organizations to carry out such purposes.

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