

**THE COMMUNITY FOUNDATION HOLDING COMPANY, INC.**

**A Maryland non-stock Corporation**

**Article I**

**Purpose and Plan**

SECTION 1.01. Statement of purpose. The Purpose of THE COMMUNITY FOUNDATION HOLDING COMPANY, INC., a Maryland non-stock corporation (hereinafter referred to as "Corporation") is to operate for charitable and educational purposes by conducting and supporting activities for the benefit of, to perform the functions of, or to carry out the purposes of the following organization which qualifies ("Qualified Organization") as an exempt organization under Sections 501(c)(3) and 509 (a)(1) of the Internal Revenue Code of 1986, as amended from time to time (hereinafter referred to as "Code"): The Community Foundation of Frederick County, Maryland, Inc. ("Supported Organization").

**Article II**

**Board of Trustees**

SECTION 2.01. Purpose of these By-Laws. These By-Laws are adopted by the Trustees to proscribe rules for their governance and functioning.

SECTION 2.02. Function of Trustees. The affairs of the Corporation shall be managed under the direction of its Board of Trustees ("Board").

SECTION 2.03. Number of Trustees. The number of Trustees of the Corporation ("Trustee" or "Trustees") shall be not less than two (2) nor more than twenty-five (25), as determined by the Board of Trustees of the Supported Organization ("Supported Organization Board") in its annual meeting.

SECTION 2.04. Eligibility and Tenure of Trustees. A Trustee shall be each individual who is a Trustee at the time of the incorporation of the Corporation, plus each individual who is designated as such by the affirmative vote of at least two-thirds (2/3) of the entire Supported Organization Board. Upon the recommendation of the Chairman of the Supported Organization, the Trustees shall be appointed each year at the annual meeting of the Supported Organization Board. They shall hold office until the annual meeting of the Supported Organization Board next succeeding their appointment and thereafter until their respective successors have been duly appointed.

SECTION 2.05. Removal of Trustee. Any Trustee may be removed from office with or without cause by two-thirds (2/3) vote of the Supported Organization Board.

SECTION 2.06. Vacancy on Board. In the case of any vacancy on the Board, the

Trustees may appoint a Trustee to fill such vacancy until the next annual meeting of the Supported Organization Board.

SECTION 2.07. 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 2.08. Compensation. Each Trustee shall be entitled to receive reimbursement from the Corporation for expenses incurred in attending any meeting of the Board. In general, the Trustees shall not receive any stated salary for their services; provided, however, that the Board may fix a sum to be allowed for attendance at each of its meetings and such sum may be payable, in the Board's discretion, even if a meeting is adjourned because a quorum is not present.

SECTION 2.09. Committees. The Board may appoint from among its members an Executive Committee. In addition to the Executive Committee, the Board may appoint by resolution such committee(s) as it may deem appropriate, and may grant such committee(s) the right to exercise the powers of the Board. Such committee(s) shall have all the powers delegated by the Board except for the power to direct distribution of the Corporation's assets. Each committee may fix rules of procedure for its affairs. A majority of the members of a committee shall constitute a quorum for the transaction of matters before it 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.

### Article III

#### Meetings of the Trustees

SECTION 3.01. Annual Meetings. The annual meeting of the Board of the transaction of its affairs shall be held on the same day as the annual meeting of the Supported Organization Board, or on such other day as shall be set by the Supported Organization Board.

SECTION 3.02. Regular Meetings. The Board shall hold such regular meetings at such time as may be fixed by the Board, or if no time has been fixed by the Board at such time away be fixed by the Chairman.

SECTION 3.03. Special Meetings. Special meetings of the Board may be called at any time for any purpose by the Chairman of the Board, the President or upon the request in writing of at least twenty-five percent (25%) of the Trustees. Such call and/or request shall state the purpose(s) of the meeting. Matters coming before the Board at a special meeting shall be confined to the purpose(s) stated in the notice of the meeting.

SECTION 3.04. Place of Holding Meetings. Meetings of the Board shall be held at the principal office of the Corporation, unless otherwise designated by the Board.

SECTION 3.05. Notice of Meetings. The Secretary shall give 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 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.

SECTION 3.06. Quorum. The presence of Trustees comprising a majority vote of all Trustees shall constitute a quorum at meetings 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 3.07. Conduct of Meetings. 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 president, 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, 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.

SECTION 3.08. Voting. 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 two-thirds (2/3rds) vote, it shall mean the affirmative vote of at least two-thirds (2/3rds) 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.

SECTION 3.09. Informal Action by Trustees. Any action required or permitted to be taken at a meeting of the Board, or of any committee thereof, may be taken without a meeting, if a unanimous written consent setting forth the action so taken is filed with the minutes of the Board or committee and is signed by each Trustee or committee member entitled to vote on the subject matter of the action so taken.

SECTION 3.10. Telephonic Meetings. Any meeting of the Board, or of any committee thereof, may be conducted without the physical presence of a quorum of the Trustees if a quorum of the Trustees is present in person and/or by telephone or similar communications equipment, so

long as all individuals who are present in person or by telephone may telephonically hear one another at the same time.

## Article IV

### Officers

SECTION 4.01. Election, Tenure and Compensation. The Trustees shall have the power to adopt and ordinances for conducting their affairs as necessary and convenient to accomplish the purposes of the Corporation stated in Section 1.01 hereof. Pursuant to this power, the Trustees may elect officers, subject to the control and direction of the Board, to run the day-to-day affairs of the Corporation. Each year, the Trustees will elect a Chairman, President, Secretary, and Treasurer and may elect one or more Vice-Chairmen, one or more assistants to the foregoing officers and/or such other officers as the Board may consider necessary for the proper conduct of the affairs of the Corporation. A person may hold more than one office of the Corporation, but may not serve concurrently as both President and Secretary. An individual who holds more than one office may not act in more than one capacity to execute, acknowledge or verify any instrument required to be executed, acknowledged or verified by more than one officer.

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 4.0. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Trustees 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.

SECTION 4.0.1. Powers and Duties of the Vice-Chairman of the Board. The Vice-Chairman of the Board, if one be elected, shall in the absence of the Chairman of the Board preside at all meetings of the Board of Trustees 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.

SECTION 4.02. Powers and Duties of the President. The President shall have general charge and control of all the Corporation's affairs and properties. The President 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 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, and shall be a non-voting member of all standing committees of the Board. In general, the President 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.

SECTION 4.03 Secretary. The Secretary shall give, or cause to be given, notice of all meetings of the Board and all other notices required by law or these By-Laws; provided that if the Secretary fails to do so for any reason, such notice may be given by any person directed to do so by the President or by those Trustees upon whose written request the meeting is called as provided in these By-Laws. The Secretary shall record all proceedings of the Board meetings, of any committees of the Board in the books provided for that purpose, and shall be custodian of the books, records, and seal of the Corporation. The Secretary shall witness all documents on behalf of the Corporation, the execution of which are duly authorized. In general, the Secretary shall have the powers and duties generally incident to the office of secretary and such other duties as may be assigned by the Board and/or the Chairman, and shall be subject to the control of the Board and the Chairman.

SECTION 4.04. Treasurer. The Treasurer shall have custody and charge of, and be responsible for, all funds, securities, receipts, and disbursements of the Corporation and shall keep full and accurate records of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the Corporation in such depositories as shall be designated by the Board or the President. The Treasurer shall disburse the funds of the Corporation as may be ordered by the President or the Board, taking proper vouchers for such disbursements. When requested, the Treasurer shall render to the President and the Board an account of all his transactions as Treasurer and of the financial condition of the Corporation. In general, the Treasurer shall have the powers and duties generally incident to the office of Treasurer and such other duties as may be assigned by the Board and/or the President, and shall be subject to the control of the Board and the President.

SECTION 4.05. Assistant Secretary. The Board may elect and appoint an Assistant Secretary or more than one Assistant Secretary. In the case of the absence or disability of the Secretary, the duties of the office shall be performed by any Assistant Secretary, and the taking of any action by an Assistant Secretary in lieu of the Secretary shall be conclusive evidence of the absence or disability of the Secretary. Each Assistant Secretary shall have such other powers and perform such other duties as may be assigned by the Board and/or the President, and shall be subject to the control of the Board and the President.

SECTION 4.06. Assistant Treasurer. The Board may elect and appoint an Assistant Treasurer or more than one Assistant Treasurer. In case of the absence or disability of the Treasurer, the duties of the office shall be performed by any Assistant Treasurer, and the taking of any action by an Assistant Treasurer in lieu of the Treasurer shall be conclusive evidence of the absence or disability of the Treasurer. Each Assistant Treasurer shall have such other powers and perform such other duties as may be assigned by the Board and/or the President, and shall be subject to the control of the Board and the President.

## Article V

### Liability and Indemnification of Trustees, Officers and Employees

SECTION 5.01. Liability. No Trustee shall be responsible for the acts of omission or commission of any other Trustee or of any predecessor Trustee. The Trustees shall not at any time be held liable for mistake of law or of fact, or of both law and fact, or errors of judgment, or any loss coming to the Corporation's assets or the Corporation, or to any other person, except through actual fraud or willful misconduct on the part of the Trustee to be charged. If this provision shall be held invalid as to any class of persons or instances, such fact shall not impair its application to all other classes of persons and instances.

SECTION 5.02. Indemnification. The Corporation shall indemnify a Trustee or officer and may, but shall not be required to, indemnify an employee or agent of the Corporation in connection with a suit or proceeding as permitted in this ARTICLE V.

(a) To the extent that a Trustee or officer incurs expenses in the defense of any suit or proceeding, the Corporation shall pay reasonable expenses including, but not limited to, attorneys fees, court costs, deposition costs, other fees, judgments, fines and amounts paid in settlement, in advance of the final disposition of the suit or proceeding upon receipt by the Corporation of:

(i) A written affirmation by the Trustee of the Trustee's good faith belief that he or she is not liable under Section 5.01 above; and

(ii) A written undertaking by or on behalf of the Trustee to repay the amount if it shall ultimately be determined that he or she is in fact liable under Section 5.01 above.

(b) To the extent that an employee or agent of the Corporation successfully defended himself or herself on the merits or otherwise in any proceeding, including a proceeding brought by or on behalf of the Corporation, such indemnification against actually and reasonably incurred to the proceeding may include fees, judgments, fines and amounts paid in settlement, and shall only be granted in each specific case upon a determination and authorization by the majority of a quorum of the Board.

(c) Nothing contained in this ARTICLE V shall limit or preclude the exercise or be deemed exclusive of any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any individual who is or was a Trustee, officer, employee, and/or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any such individual. It is the intent of this ARTICLE V to provide indemnification to Trustees and officers to the fullest extent now or hereafter permitted by law. Therefore, indemnification shall be provided in accordance with any theory upon which a claim is made, including but not limited to

negligence, breach of duty, mismanagement, corporate waste, breach of contract, breach of warranty, strict liability, violation of the Employee Retirement Income Security Act of 1974, as amended, or violation of any other state or federal laws.

(d) Any word(s) used in this ARTICLE V shall have the same meaning as provided in Section 2-418 of the Corporations and Associations Article, Annotated Code of Maryland.

(e) Notwithstanding any other provision of this ARTICLE V, there shall be no indemnification with respect to matters as to which indemnification would result in inurement of net earnings of the Corporation to the benefit of any individual within the meaning of Section 501(c) (3) of the Code.

SECTION 5.03 Bonds. The Board may require any officer, agent or employee of the Corporation to give a bond to the Corporation, conditioned upon the faithful discharge of his or her duties, with one or more sureties and in such amount and with such companies as may be satisfactory to the Board. No bond or surety shall be required of a Trustee.

## 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 and countersigned by the Secretary, Treasurer, an Assistant Secretary or an Assistant Treasurer of the Corporation.

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

### Miscellaneous Provisions

SECTION 7.01. 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 7.02. Fiscal Year. The fiscal year of the Corporation shall end on June 30<sup>th</sup>.

SECTION 7.03. Notices. Whenever under the provisions of these By-Laws, notice is required to be given to any Trustee or officer, 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 facsimile transmission, written confirmation obtained. The effective date of such notice shall be deemed to be the third day following the date of mailing of such certified mail, the actual date of hand delivery or facsimile transmission or the date such facsimile is transmitted. Any Trustee or officer may waive any notice required to be given under these By-Laws.

SECTION 7.04. Amendment of the Articles of Incorporation or By-Laws. Anything in these By-Laws to the contrary notwithstanding, these By-Laws or any provision hereof may be altered, amended or supplemented only upon proper notice and upon a two-thirds (2/3) affirmative vote of the Trustees. Notwithstanding the Trustees' ability to amend these By-Laws, no amendment shall authorize the Trustees or any officer to conduct the affairs of the Corporation in any manner or for any purpose contrary to the provisions of Sections 501(c)(3) and 509(a)(3) of the Code. Any amendment which purports to allow the Trustees or officers to



conduct the affairs of the Corporation in any manner or for any purpose contrary to the provision of Sections 501(c) (3) and 509(a) (3) of the Code shall be invalid and void ab initio.

The above By-Laws were adopted the \_\_\_\_\_ day of \_\_\_\_\_.

2<sup>nd</sup> Revised Draft 08/16/02

3<sup>rd</sup> Revised Draft 3/10/03

4<sup>th</sup> Revised Draft 3/20/03

Revised 3/28/03, Board Approval