

BY-LAWS
OF
COMMUNITY FOUNDATION OF CARROLL COUNTY, INCORPORATED

ARTICLE I
DEFINITIONS

All terms and provisions of these By-Laws, and all operations of this 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 public charity. For purposes of these By-Laws:

- (a) 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;
- (b) the term “Carroll County” means to include the vicinity thereof, and surrounding areas [and elsewhere in Maryland] as the Board of Directors may from time to time determine; and
- (c) 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.

Article II
Membership and Directors

(a) Qualifications of Members and Directors. The membership of this corporation shall consist of members of the Board of Directors as the Board shall be constituted from time to time. The Board of Directors shall consist of United States citizens who reside in or are employed in or near Carroll County. No person who is holding an elected public office shall be a member of the Board of Directors. Each member of the Board of Directors is to be selected for knowledge of the educational, cultural, civic, public and other charitable needs of the Carroll County Area, and shall serve without compensation except for payment of reasonable expenses incurred for this corporation.

Each member of the Corporation, Board of Directors, and officers and each member of a Committee of the Corporation shall serve at the pleasure of the Board of Directors and may be removed without assignment of cause.

Members of the Board of Directors who by change of citizenship, residence, office, or employment of otherwise cease to be qualified shall automatically cease to be members of the Board of Directors. The Board of Directors shall have the authority to establish an attendance policy for Board members. Leaves of absence to members of the Board for specific periods of time for appropriate reasons may be authorized by the Board at the discretion of the Board.

(b) Conflicts of Interests. Directors who are holders of any other office or position are to act in their own right as Directors, and not as representatives or delegates of their own or any other organization, interest or group. Directors who have a conflict of interest as to a particular issue or who participation in and/or voting on said particular issue may give rise to the appearance of a conflict of interest as to said particular issue are expected to abstain from participation in and voting on said issue.

(c) Number and Election. The Board of Directors shall consist of not less than three (3) nor more than twenty-five (25) persons as the Board of Directors may from time to time determine. Persons shall be elected to serve as Directors at the annual meeting of the Board.

- (d) Directors' Term of Office. The full term of office of a member of the Board of Directors shall be three (3) years and until a successor is chosen and qualifies. Terms of office shall be arranged so that approximately one third of the Directors' terms expire on December 31st each

year. Terms shall expire on December 31st or such other date as the Directors may designate. A member of the Board of Directors 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.

Vacancies. The Executive Committee may recommend and Board of Directors shall vote to fill any vacancies on the Board resulting from death, resignation, refusal to serve, or otherwise. Such person shall the balance of the unexpired term to which they were appointed.

(e) Meetings.

- (1) An annual meeting of the Board of Directors for the election of Directors and officers and the transaction of other regular business shall be held in December or such other month as the Directors may designate.
- (2) The Board of Directors 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 Chairperson.
- (3) Special meetings of the Board of Directors may be called by the Chairperson and shall be called upon request of any three (3) Directors.
- (4) Notice of all meetings of the Board of Directors shall be given by mail to the usual business or residence address of each Director at least thirty (30) days before any such meeting, but such notice may be waived by any Director and attendance at any such meeting shall be deemed to constitute a waiver or notice thereof; provided, however, that this notice provision shall be inapplicable with respect to any annual meeting of the members at which any Director is first elected or appointed as such.

(f) Quorum; Action by Board. A simple majority of the members of the Board shall constitute a quorum for the proper conduct of the 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. Any action of the Directors or of its Executive Committee may be taken by a majority vote of the Body without a meeting if a consent in writing setting forth the action taken is signed by all members of such body to acknowledge that the action was taken by a majority of their number by mail or phone or subsequent approval and such consents are filed with the official minutes of the corporation no later than the next Board meeting. Members of the Board of Directors, Executive Committee or any other committee may participate in a meeting by means of conference telephone or similar equipment by which all persons participating can communicate with each other and participate at the same time and this participation shall constitute presence at a meeting.

(g) Powers and Duties of the Directors. The Board of Directors shall have general charge of affairs, property and assets of the corporation. It shall be the duty of the Directors 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 Directors 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 the reasonable compensation for services and expenses thereof. The Board of Directors 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.

(h) Audit; Public Reports.

- (1) An independent auditor appointed or approved by the Board of Directors shall at such

time as the Board of Directors 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 distributions, and a list of projects and/or organizations to or for which funds were used or distributed for charitable purposes, and such other additional report or information as may be ordered from time to time by the Board of Directors. The auditor shall also prepare such financial data as may be necessary for returns or reports required by state or federal government to be filled by the corporation. The auditor's charges and expenses shall be proper expenses.

- (2) The Board of Directors shall at least annually make such distribution of a written report of its financial condition, activities and distributions to representative persons and organizations in the community of Carroll County Area, including at least one daily newspaper of general circulation in said area as well, as is necessary in the opinion of the Board of Directors, to reasonably inform the interested public of the operations of the corporation.
- (3) The Board of Directors shall take all other appropriate actions to make the corporation and its purposes known to the people of the community of Carroll County Area and in that connection seek gifts to the corporation for the wide segment of the population of such community.

(i) Fiduciary Nature of Board. Each member of the Board of Directors shall serve in a fiduciary capacity and shall exercise his or her powers in such a 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.

(k) Liability. Neither the Board of Directors, nor any of its members individually, shall be liable for acts, neglects or default of an employee, agent or representative selected with reasonable care, not 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.

Article III **Officers**

(a) Selection. At the annual meeting of the Board of Directors, members shall elect from among their membership a Chairperson of the Board, one or more Vice Chairmen of the Board, a Treasurer, a Secretary, and such officers of the corporation as the Board of Directors 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 Chairperson and Vice Chairperson, two (2) or more offices may be held by the same person.

(b) Duties. The officers shall have the following duties:

(1) Chairperson of the Board. The Chairperson of the Board shall be the chief executive officer of the corporation and shall preside at all meetings of the Board and its Executive Committee.

(2) Vice Chairperson. A Vice Chairperson [designated by the Executive Committee] shall perform the duties of the Chairperson in the absence or inability of that officer. Vice Chairmen shall perform such other duties as may be assigned by the Chairperson or Board of Directors.

(3) 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 Directors and keep accurate account of same; and, in general, perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to him by the Chairperson or the Board of Directors.

(4) Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors and Executive Committee in one or more books provided for that purpose; 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 Chairperson or the Board of Directors.

(5) Other Offices. If the Board of Directors establishes other offices, it shall designate the duties thereof.

(6) Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by action of the Board of Directors.

(c) Executive Director. The Board of Directors shall have the power to appoint an Executive Director, who shall serve at their pleasure, and act as chief operations officer of the corporation in performing such duties as may be assigned. The Executive Director shall be an ex-officio non-voting member of the Board of Directors, of the Executive Committee, and of all committees of the Corporation.

Article IV Committees

(a) The standing committees and duties of said committees of the Board are as follows:

(1) Executive Committee. The Executive Committee is comprised of the Chairperson, the Vice Chairperson, the Secretary, the Treasurer, and all Committee Chairs of standing Committees. The Executive Director shall be an ex-officio non-voting member of this committee. Except as otherwise provided herein, such committee shall, during the intervals between the meetings of the Board of Directors, possess and exercise all powers of the Board of Directors in the management of the affairs of the corporation. Among the various duties, responsibilities and powers of the Executive Committee are the authority to appoint ad hoc/temporary committees, as needed, conduct periodic reviews of the By-Laws, conduct periodic self-assessments of the purposes, goals and accomplishments of the corporation, conduct an annual evaluation of the Executive Director, review the Executive Director's strategic plans and budget in conjunction with the Finance Committee and provide general advice and counsel to the Board regarding the operations of the corporation. A simple majority of the members of the Executive Committee present at any meeting shall constitute a quorum, and the action of the simple majority of members present shall be the action of the Executive Committees. All action by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to control, revisions, and alternation by the Board of Directors, provided that no rights of third persons shall be prejudicially affected thereby.

(2) Distribution Committee. The Distribution Committee reviews requests for grants from non-profit organizations serving Carroll County and recommends to the Board the awarding of appropriate grants to not-for-profit 501(c)(3) organizations in Carroll County and like organizations the have a substantial presence in and that serve this community in the areas of education, recreation, the arts, health, social and medical services, and historic preservation that also promote the mission and goals of the corporation. The Committee also reviews and makes recommendations to the Board or the awarding of annual scholarships to deserving students who meet the criteria for each existing scholarship.

(3) Finance Committee. The duties and responsibilities of the Finance Committee include reviewing financial procedures, reviewing operating budgets and monitoring results, reviewing and setting investment guidelines for accounts, monitoring investments and portfolios, reviewing the scope of all audits and recommending auditor to the Board, reporting and making recommendations to the Board in conjunction with the aforementioned duties and performing other duties as assigned by the Board of Directors.

(4) Marketing and Development Committee. The Marketing and Development Committee is responsible for the development of a marketing plan, marketing, and fundraising on behalf of the corporation and for reviewing periodically relations with donors. The Marketing and Development Committee shall develop for the Board approval of those policies deemed necessary and appropriate by the Finance Committee, shall develop and periodically review the ethics and guidelines to be used in relation to donors and the acceptance of gifts in every nature.

(b) The Board of Directors 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 the 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 Directors or as the Board of Directors may provide and except as provided herein may include non-members as well as members of the Board of Directors.

(c) To a committee whose members the Board of Directors appoints and with 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 Finance Committee to invest and reinvest the assets of the Foundation with such investment managers as the Board of Directors from time to time authorizes and to state investment guidelines and

(d) to any Distribution Committee to commit the Board to grants to charitable agencies and make pledges for payments in future years to recipients. Any action voted by a committee shall be effected by its instructing the Executive Director to implement the desired action. If the Executive Director believes it desirable, he or she may, before implementing any such action, obtain the approval of the Chairperson, who may if considered expedient, put the matter to the Executive Committee. Any committee which, having been granted the authority to act in place of the Board by the Board and without prior approval of the Board as to a given action and/or without prior notice to the Board of a given action, shall give notice to the entire Board no later than the next Board meeting of any action it has taken on behalf of the entire Board.

Article V **Indemnification**

(a) Conditions for Indemnification. The corporation shall indemnify each Director, Committee member, officer and employee and each former Director, Committee member, officer and employee of this corporation, and each person who is serving at its request as a Director, Committee member, Director, 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 reason of being or having been such member Director, Committee member, Director, officer or employee, provided a determination is made: by the Board of Directors of this corporation acting at a meeting at which a quorum consisting of Directors who neither were nor are parties to or threatened with any such action, suit or proceeding is present, of 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:

- (1) such Director, Committee member, Director, Officer or employee was not, and has not been adjudicated to have been negligent or guilty of misconduct in the performance of his or her duty to the corporation;
- (2) he or she acted in good faith in what was reasonably believed to be the best interest of such corporation; and
- (3) in any matter the subject of a criminal action, suit or proceeding, he or she has no reasonable cause to believe that his or her conduct was unlawful.

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

Article VI Gifts to the Corporation

(a) 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 corporation). The corporation may enter into agreements with agents having custody of funds of the corporation, specifying additional terms of such custody. A donor may designate one or more agents of the corporation to have custody of and administer the investment of a gift, and if more than one, the portions of the gift to be so held and administered by each.

(b) Terms. Each donor making a gift to the corporation accepts 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 the 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 agency agreement between the corporation and agents having custody of the funds of the corporation, each from time to time amended.

(c) Gifts in Trust. If a gift is made to a Director in trust to make income or other payment for a period of a life of lives or other period to any individuals or for non-charitable purposes, followed by payments to the corporation, 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 Directors may take such actions as it from time to time deems necessary to protect the corporation's rights to receive such payments.

(d) Donor's Restrictions.

(1) Any donor may, with respect to a gift made by such a donor to the corporation, provide at the time of the gift, restrictions which are not inconsistent with the charitable purposes of the corporation as to:

- (i) the field of charitable purposes or particular charitable organizations or purposes to be supported,
- (ii) the manner of distribution, including amounts, times and of payment and whether from principal and/or income,
- (iii) the geographical limits or use of the gift, including use in or for areas outside the Carroll County area,
- (iv) the name, as a memorial or otherwise, for a fund given or addition to a fund preciously held, or anonymity for the gift,
- (v) reasonable limits on or additions to investment powers of an agent having custody

(2) All such restrictions by donors shall be followed except as provided in sections (f) and (g) of this Article VI or in other provisions of these By-Laws or in the Articles of Incorporation or by law.

(e) Investments. No gift shall be required to be separately invested or held unless so provided by a restriction of the donor, as it is necessary in order 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 interest of such fund in each common investment

(f) Presumption as to Donors' Intent. Each gift to the corporation shall be presumed to be intended (1) to be used only for charitable purposes, (2) to be productive of a reasonable return of net income which, if accumulated, is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and (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 Directors 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 Directors so far as necessary to avoid such result. If the donor has clearly stated that compliance with the restriction is a condition of the gift, then the gift shall not be accepted in case of such advice 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.

(g) Variance. Whenever the Board of Directors decides that conditions or circumstances are such or have so changed since a restriction by the donor as to purpose, or manner of distribution, use or investment, that literal compliance with the restriction is unnecessary, undesirable, impractical, impossible, or the restriction is not consistent with the corporation primarily serving effectively the charitable needs of the Carroll County area, if any, by the affirmative vote of a majority of its members, order such variance from the restriction such application of the whole or any part of the principal or income of the fund as in its judgment is then necessary more effectively to serve the charitable purposes of the corporation.

Article VII **Distribution and Disbursements**

(a) Distribution of Capital. Determinations may be made to distribute capital from funds given without restrictions as to principal or income 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 Board shall inform such agent as far in advance as it deems practical so as to permit the agent to adjust its investment policies accordingly, and may, upon advice from the agent as to how the desired distribution and any necessary liquidation of investments can most economically be accomplished, adjust its directions for distribution so far as it deems practicable accordingly.

(b) Investigations and Research. The Distribution Committee and other committees charged by the Board of Directors with distribution 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 distribution of funds given for charitable purposes. Funds bequeathed and given by donors to the Corporation may be assessed by the Board of Directors 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 expense incurred by the Distribution 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.

(c) Distribution to Other Organizations or Agencies. The Distribution 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 for such purposes, direct distributions to such persons, organizations, governments, or

governmental agencies in the opinion of the Distribution Committee or such other committee can best carry out such purposes or help create new qualified charitable organizations to carry out such purposes.

Article VIII
Corporate Seal

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

Article IX
Fiscal Year

The fiscal year of the corporation shall be the twelve-month period ending on the 31st day of December, or such other period as may be designated to the Board of Directors.

Article X
Amendments and Dissolution

The members of the Board of Directors by written assent thereto of two-thirds of such Board members, or by vote of a of the Board at a meeting called for that purpose or at any annual meeting of such Board may, subject to the limitations of Article SIXTH of the Article of Incorporation:

- a) amend the Articles of Incorporation or these By-Laws
 - 1) in order to maintain deductibility of gifts to the corporation for Federal income, gift and estate tax purposes for donors and their estates;
 - 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;
 - 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
 - 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.
- b) 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
- c) dissolve this corporation.