

## **BYLAWS OF EGUSD FIRST FOUNDATION**

### **ARTICLE 1: CORPORATE NAME**

Section 1.01. Corporate Name. The name of this nonprofit Public Benefit Corporation is EGUSD FIRST FOUNDATION (hereafter “Foundation” or “Corporation”).

### **ARTICLE 2: OFFICES**

Section 2.01. Principal Office. The principal office of the Foundation for the transaction of its business is located in Sacramento County, California at 9510 Elk Grove Florin Road, Room 111, Elk Grove, California 95624. The Board of Directors (“Board”) may change the location of the principal office at any time.

Section 2.02. Other Offices. The Foundation may also have other offices at such other places, within the State of California and in other states where it is qualified to do business, as its business may require and as the Board may, from time to time, designate.

### **ARTICLE 3: MISSION OF FOUNDATION**

Section 3.01. Mission of Foundation. The mission of the Foundation, as described in its Articles of Incorporation, is to cultivate community partnerships and equitable opportunities for Elk Grove Unified School District (EGUSD) students to flourish.

### **ARTICLE 4: CONSTRUCTION AND DEFINITIONS**

Section 4.01. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law for public benefit corporations (hereafter “the Law”) shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the term “person” includes a legal entity and a natural person. If the Law supersedes or is inconsistent with these Bylaws, then these Bylaws shall be deemed automatically amended to conform to the Law.

### **ARTICLE 5: DEDICATION OF ASSETS**

Section 5.01. Dedication of Assets. The property of this Foundation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this Foundation shall ever inure to the benefit of any Director, officer or member thereof or to

the benefit of any private person. Upon the dissolution or winding up of the Foundation, the Foundation will make every attempt to spend down funds in accordance with the Foundation's purposes. All remaining assets remaining after payment, or provision for payment, of all debts and liabilities of this Foundation shall be distributed, as determined by a majority vote of the Board, to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Internal Revenue Code section 501(c)(3).

## **ARTICLE 6: MEMBERSHIP**

Section 6.01. No Voting Members. The Foundation shall have no voting members within the meaning of the Law. The term "members" shall refer to members of the Board.

## **ARTICLE 7: BOARD OF DIRECTORS**

Section 7.01. General Powers. Subject to the provisions of the Law and any other applicable laws, and subject to any limitations in the Articles of Incorporation and these Bylaws, the activities and affairs of the Foundation shall be managed and all corporate powers shall be exercised by or under the Foundation's Board. The Board may delegate the management of the activities of the Foundation to others, including, but not limited to, one or more Directors or Board Committees (defined below), so long as the affairs of the Foundation are managed, and its powers are exercised, under the Board's ultimate jurisdiction. No assignment, referral or delegation of authority by the Board or anyone acting under such delegation shall preclude the Board from exercising full authority over the conduct of the Foundation's activities, and the Board may rescind any such assignment, referral or delegation at any time.

Section 7.02. Specific Powers. Without prejudice to its general powers, but subject to the same limitations set forth above, the Board shall have the following powers enumerated in these Bylaws, and permitted by law:

- A. To appoint and remove Directors, except as provided in Section 7.05;
- B. To perform any and all duties imposed on the Board collectively or individually by law, by the Articles of Incorporation of the Foundation, or by these Bylaws;
- C. To appoint and remove, employ and discharge, and except as otherwise provided by these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Foundation;
- D. To supervise all officers, agents and employees, if any, of the Foundation to assure their duties are performed properly;
- E. To meet at such times and places as required by these Bylaws;

- F. To register their addresses and email addresses with the Secretary of the Foundation or his or her designee, and any notices of meetings sent to them at such addresses shall be valid notice thereof;
- G. To change the principal office of the Foundation and designate other offices for the transaction of the Foundation's business as permitted by these Bylaws;
- H. To designate any place within the State of California for the holding of any meeting or meetings, including annual meetings;
- I. To acquire real or personal property, by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, encumber, convey or otherwise dispose of such property.
- J. To indemnify and maintain insurance on behalf of any of its Directors, officers, employees or agents for liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, subject to the provisions of the California Corporations Code and the limitations noted in these Bylaws.
- K. To hire staff, as determined by the Board.
- L. To perform such other specific and general powers as provided by the California nonprofit corporation law.

Section 7.03. Number of Directors. The number of Directors of the Foundation shall be not less than eleven (11) nor more than fifteen (15), which shall be an odd number of members.

Section 7.04. Reserved.

Section 7.05. Board of Directors and Terms.

- A. Except as otherwise set forth in these Bylaws and in accordance with all applicable laws, the following seats on the Board of Directors shall be filled as follows:
  - 1. The Ex Officio Directors shall be (1) a school board member, selected by the Board of the Elk Grove Unified School District (the "District"); (2) the Superintendent of the District; (3) the Chief Business Officer of the District; (4) the District Director of Family and Community Engagement; and (5) the District's Community Partnership Coordinator.

2. The remaining Directors, after appointment as the initial Directors, shall be selected by the Board of Directors after expiration of their terms.
  3. The term of the Directors, except for Ex Officio Directors, shall be for a period of three (3) years. For the initial Directors, the term shall be staggered into one, two and three years in approximately the same number for each staggered group of Directors as determined by the majority of the Ex Officio Directors. There shall be no term limits.
- B. Except as otherwise set forth in this Section 7.05, Directors need not be officers or employees of the District.

Section 7.06. Restriction on Interested Directors. No more than 49 percent of the persons serving on the Board may be “interested persons.” An interested person is (a) any person compensated by the Foundation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of this paragraph shall not affect the validity or enforceability of transactions entered into by the Foundation.

Section 7.07. Director Appointed to fill Vacancy; Reduction in Number of Directors.

- A. The term of office of a Director designated to fill a vacancy on the Board begins on the date of the Director’s appointment and continues: (1) for the balance of the unexpired term in the case of a vacancy created because of the resignation, removal, or death of a Director; or (2) for the term specified by the Board in the case of a vacancy resulting from the increase of the number of Directors authorized.
- B. A Director’s term of office shall not be shortened by any reduction in the number of Directors resulting from amendment of the Articles of Incorporation or the Bylaws, or other Board action without his or her consent.

Section 7.08. Reserved.

Section 7.09. Resignation by Director. Subject to the provisions of Section 5226 of the California Corporations Code, any Director may resign by giving written notice to the Chairperson of the Board, the President or the Secretary. The resignation shall be effective on receipt of the notice or at a date no later than thirty (30) days from receipt of the notice as specified in the notice and shall be irrevocable upon receipt. The acceptance of such resignation shall not be necessary to make it effective. If the resignation is effective at a future time, a successor may be appointed in accordance with Section 7.05 before such time, to take office when the resignation becomes effective. No Director may

resign if the Director's resignation would leave the Foundation without a duly elected Director in charge of its affairs, without first giving notice to the California Attorney General as required by law.

Section 7.10. Vacancies. A vacancy on the Board shall exist: (1) on the completion of term, death, loss of legal capacity, resignation or removal of any Director; and (2) whenever the number of authorized Directors is increased. The Board may declare vacant the office of a Director who has been removed under Section 7.08.

Section 7.11. Compensation of Directors. Directors shall serve without compensation on a voluntary basis. However, the Board may approve reasonable reimbursement of a Director's actual and necessary expenses while conducting Foundation business when they have received prior approval of at least two other Directors.

Section 7.12. Executive Committee of the Board. The Board may, pursuant to Corporations Code section 5212, by a majority vote of Directors, designate two (2) or more of its members (who may also be serving as officers of this Foundation) to constitute an Executive Committee of the Board and may delegate to such committee any of the powers and authority of the Board in the management of the business and affairs of the Foundation, except with respect to those powers set forth in Section 7.02. By a majority vote of its members then in office, the Board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the Board. The Executive Committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the Board from time to time as the Board may require.

## **ARTICLE 8: MEETINGS OF THE BOARD**

Section 8.01. Conduct of Meetings. Meetings of the Board shall be presided over in the following order of priority: Chairperson, President, Vice-President, Secretary or Treasurer. In the absence of the previously-named officers, a Director chosen by a majority of the Directors present at the meeting shall preside over the meeting. The Secretary of the Foundation shall act as Secretary of all meetings of the Board, provided that, in his or her absence or need to preside over the meeting, another person chosen by a majority of the Directors present at the meeting shall act as Secretary of the meeting. Meetings shall be governed by Robert's Rules of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation of this Foundation, or with provisions of law.

Section 8.02. Place of Meetings. Board meetings shall be held at the Foundation's principal office or at any place within the State of California which has been designated from time to time by the Board.

Section 8.03. Annual Meetings. An annual meeting shall be held in September of each year, or as soon thereafter as the annual meeting may be held. Directors

Section 8.04. Regular Meetings. Regular meetings of the Board shall, to the extent business needs to be conducted, be held at least two (2) times a year, including the annual meeting. Regular meetings of the Board may be held without notice if the time and place of the meetings are fixed by the Board.

Section 8.05. Special Meetings. Special meetings of the Board for any purpose may be called at any time upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, including a voice messaging system or by electronic transmission, including email. The notice need not specify the purpose of such meeting. Notwithstanding the foregoing, notice of such a meeting need not be given to a Director who provides a waiver of notice or consent to holding the meeting or an approval of the minutes thereof in writing, whether before or after the meeting, or who attends the meeting, prior thereto or at its commencement, the lack of notice to that Director. Any such waivers, consents, and approvals shall be duly noted in the minutes of the meetings. Notice of any special meeting shall be addressed or delivered to each Director at the Director's email, or mailing address if specified by the Director, as shown on the records of the Foundation or as may have been given to the Foundation by the Director for purposes of notice.

Section 8.06. Teleconference and Electronic Meetings. In accordance with California Corporations Code section 5211(a)(6), Directors may participate in a Board meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the Foundation. Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subsection constitutes presence in person at that meeting as long as all Directors participating in the meeting are able to hear one another. Participation in a meeting through use of electronic transmission by and to the Foundation, other than conference telephone and electronic video screen communication, such as by email, pursuant to this subsection constitutes presence in person at that meeting if both of the following apply: (a) each Director participating in the meeting can communicate with all of the other Directors concurrently; and (b) each Director is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the Foundation.

Section 8.07. Adjourned Meeting and Notice. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than seventy-two (72) hours, then notice of adjournment to another time or place shall be given to the Directors who were not present at the time of adjournment.

## **ARTICLE 9: ACTIONS BY THE BOARD**

Section 9.01. Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of any business except adjournment. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the provisions of the Law. All action items require a quorum.

Section 9.02. Action Without Meeting. Any action that the Board is required or permitted to take may be taken without a meeting, pursuant to the Law, if all Directors consent in writing to the action; provided, however, that the consent of any Director who has a material financial interest in a transaction to which the Foundation is a party and who is an “interested Director” as defined in Corporations Code section 5233 shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as any other validly approved action of the Board. All such consents shall be filed with the minutes of the proceedings of the Board.

## **ARTICLE 10: OFFICERS**

Section 10.01. Officers. The officers of this Foundation shall be a President, a Vice President, a Treasurer, and a Secretary. Apart from the officers, the Foundation shall also have a Chairperson of the Board selected by the Board of Directors. The Chairperson may also serve as the President.

The Foundation may also have such other officers as the Board deems advisable. Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the President or the Chairperson of the Board.

Section 10.02. Responsibilities of the Officers.

- A. Chairperson of the Board. The Chairperson of the Board shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time.
- B. President. Subject to such supervisory powers as the Board may give to the Chairperson of the Board and subject to the control of the Board, the President may serve as the general manager and chief executive officer of the Foundation and shall supervise, direct, and control the Foundation’s activities, affairs, and officers. In the absence of the Chairperson of the Board, the President shall preside at the Board meeting as Vice Chairperson, pro tempore.
- C. Vice President. If the President is absent or disabled, the Vice President shall perform all duties of the President. When so acting, a Vice President shall have

all powers of and be subject to all restrictions on the President. The Vice President shall have such other powers and perform such other duties as the Board or the Bylaws may require.

- D. Secretary. The Secretary shall keep or cause to be kept, at the Foundation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; and the names of persons present at Board and committee meetings. The Secretary shall keep or cause to be kept, at the Foundation's principal California office, a copy of the Articles of Incorporation and Bylaws, as amended to date. The Secretary shall give, or cause to be given, notice of all meetings of the Board, and of committees of the Board that these Bylaws require to be given. The Secretary shall have such other powers and perform such other duties as the Board or the Bylaws may require.
- E. Treasurer. To the extent authorized and delegated by the President, the Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Foundation's properties and transactions. The Treasurer shall send or cause to be given to the members and Directors such financial statements and reports as are required to be given by law, by these bylaws, or by the board. The books of account shall be open to inspection by any Director at all reasonable times. The Treasurer shall (i) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Foundation with such depositories as the board may designate; (ii) disburse the Foundation's funds as the Board may order; (iii) render to the President, Chairperson of the Board and the Board, when requested, an account of all transactions as Treasurer and of the financial condition of the Foundation; and (iv) have such other powers and perform such other duties as the Board or the Bylaws may require. If required by the Board, the Treasurer shall give the Foundation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Foundation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Treasurer on his or her death, resignation, retirement, or removal from office. In lieu of a Treasurer, the Board may contract for accounting services or may use District staff, if provided, to perform the role of Treasurer.

#### Section 10.03. Officer Selection.

- A. Selection. The Board shall select the officers who shall serve at the pleasure of the Board.
- B. Eligibility. Any Director may serve as an officer of this Foundation. If there is a vacancy in more than one office, then a remaining officer may hold more than one



office except that neither the Secretary nor the Treasurer may serve as the President.

- C. Term of Office. Each officer serves at the pleasure of the Board, holding office until resignation, removal, or disqualification from service, or until his or her successor takes office, whichever occurs first.

Section 10.04. Removal and Resignation of Officers. The Board may remove any officer, with or without cause, at any time. Any officer may resign at any time by giving written notice to the Chairperson of the Board, the President or the Secretary of the Foundation. The resignation shall be effective on receipt of the notice or at a date no later than thirty (30) days from receipt of the notice as specified in the notice and shall be irrevocable upon receipt. The acceptance of such resignation shall not be necessary to make it effective.

Section 10.05. Officer Vacancies. Any vacancy caused by the death, loss of legal capacity, resignation, removal, disqualification, or otherwise, of any officer may be filled in any manner desired by a quorum of the Board. If there is a vacancy in any office other than that of President, then such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy.

## **ARTICLE 11: CONTRACTS WITH DIRECTORS**

Section 11.01. Contracts with Directors. No Director of this Foundation nor any other corporation, firm, association, or other entity in which one or more of this Foundation's Directors are Directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or transaction with this Foundation, unless (a) the material facts regarding that Director's financial interest in such contract or transaction or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and noted in the minutes, or are known to all members of the Board prior to the Board's consideration of such contract or transaction; (b) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for the purpose without counting the votes of the interested Directors; (c) before authorizing or approving the transaction, the Board considers and in good faith decides after reasonable investigation that the Foundation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (d) the Foundation for its own benefit enters into the transaction, which is fair and reasonable to the Foundation at the time the transaction is entered into. This Section does not affect any donations received from the Directors.

Section 11.02. Loans to Directors and Officers. This Foundation shall not lend any money or property to or guarantee the obligation of any Director or officer; provided, however, that the Foundation may advance money to a Director or officer of the Foundation for expenses reasonably anticipated to be incurred in the performance of his

or her duties if that Director or officer would be entitled to reimbursement for such expenses by the Foundation.

## **ARTICLE 12: INDEMNIFICATION**

Section 12.01. Indemnification. To the fullest extent permitted by law, this Foundation shall indemnify its Directors, officers, employees, and other persons described in Corporations Code section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the Foundation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in that section of the Corporations Code.

On written request to the Board by any person seeking indemnification under Corporations Code section 5238(b) or section 5238(c), the Board shall promptly decide under Corporations Code section 5238(e) whether the applicable standard of conduct set forth in Corporations Code section 5238(b) or section 5238(c) has been met and, if so, the Board shall authorize indemnification. If a quorum of the Board, by majority vote, cannot authorize indemnification, because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, the Board shall consider for approval indemnification, under the rule of necessity, by less than a majority of the quorum of the Directors. At that meeting, the members of the Board shall determine under Corporations Code section 5238(e) whether the applicable standard of conduct has been met and, if so, the members present at the meeting in person shall authorize indemnification.

To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification pursuant to these Bylaws in defending any proceeding covered by those sections shall be advanced by the Foundation before final disposition of the proceeding.

## **ARTICLE 13: INSURANCE**

Section 13.01. Insurance. This Foundation shall have the right, and shall use its best efforts, to purchase and maintain errors and omissions insurance to the full extent permitted by law on behalf of its officers, Directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, Director, employee, or agent in such capacity or arising from the officer’s, Director’s, employee’s, or agent’s status as such.

## **ARTICLE 14: EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS**

Section 14.01. Execution of Instruments. The Board may authorize any officer or agent of the Foundation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances. Unless so authorized, or ratified by subsequent action of the Board, or is otherwise provided in these Bylaws, no officer, agent, or employee shall have any power or authority to bind the Foundation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 14.02. Checks and Notes. Except as otherwise specifically provided by action of the Board recorded in the official minutes of its meetings, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money and other evidence of indebtedness of the Foundation may be signed by the President, Vice President, or Treasurer. Any such indebtedness in the amount of \$500.00 (Five Hundred Dollars) or more, or in such other amount as may be established by action of the Board, requires two signatures, one of which must be that of the President.

Section 14.03. Deposits. All funds of the Foundation shall be deposited from time to time to the credit of the Foundation in such banks, trust companies, or other depositories as the Board may select.

Section 14.04. Gifts. The Board may accept on behalf of the Foundation any contribution, gift, bequest, or devise for the nonprofit purposes of the Foundation.

## **ARTICLE 15: CORPORATE RECORDS AND REPORTS**

Section 15.01. Maintenance of Corporate Records. The minutes and other books and records of the Foundation shall be kept either in written form or in any other form capable of being converted into clearly legible tangible form or in any combination of the two. This Foundation shall keep at its principal California office the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date. The Directors shall have the right to inspect the corporate records at any reasonable times and upon giving a reasonable notice to the Secretary of the Foundation.

Section 15.02. Annual Report. To the extent required by law, an annual report and audit reports shall be prepared in accordance with applicable law.

## **ARTICLE 16: CONFLICT OF INTEREST AND COMPENSATION APPROVAL**

Section 16.01. Purpose of Conflict of Interest Policy. The purpose of this conflict of interest policy is to protect this tax-exempt Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Foundation or any "disqualified person" as defined in Section

4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible “excess benefit transaction” as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

#### Section 16.02. Definitions.

- A. Interested Person. Any Director, principal officer, member of a committee with governing Board delegated powers, or any other person who is a “disqualified person” as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.
- B. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
1. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement; or
  2. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or
  3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate governing Board or committee decides that a conflict of interest exists.

#### Section 16.03. Conflict of Interest Avoidance Procedures.

- A. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with governing Board delegated powers considering the proposed transaction or arrangement.
- B. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing Board or committee meeting

while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

- C. Procedures for Addressing the Conflict of Interest. An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The Chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or committee shall determine whether the Foundation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Foundation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

- D. Violations of the Conflicts of Interest Policy. If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

#### Section 16.04. Records of Board and Board Committee Proceedings.

The minutes of meetings of the Board and all committees with Board-delegated powers shall contain:

- A. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing Board's or committee's decision as to whether a conflict of interest in fact existed.

- B. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 16.05. Compensation Approval Policies. Currently, the Bylaws do not permit compensation of members of the Board of Directors, as the Board. However, if the Bylaws are ever amended to approve compensation, these policies shall apply.

A voting member of the Board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for Directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following Sections of this Article as well as the preceding paragraphs of this Section of this Article, the Board or a duly constituted compensation committee of the Board shall also comply with the following additional requirements and procedures:

- A. The terms of compensation shall be approved by the Board or compensation committee prior to the first payment of compensation.
- B. All members of the Board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each Board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
  - 1. is not the person who is the subject of compensation arrangement, or a family member of such person;
  - 2. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement;

3. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement;
  4. has no material financial interest affected by the compensation arrangement; and
  5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the Board or committee member.
- C. The Board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:
1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. “Similarly situated” organizations are those of a similar size and purpose and with similar resources;
  2. the availability of similar services in the geographic area of this organization;
  3. current compensation surveys compiled by independent firms; and
  4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the Board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

- D. The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the Board or compensation committee that approved the compensation. Such documentation shall include:
1. the terms of the compensation arrangement and the date it was approved.
  2. the members of the Board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member.

3. the comparability data obtained and relied upon and how the data was obtained.
4. If the Board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
5. If the Board or committee make adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the Board or committee meeting.
6. any actions taken with respect to determining if a Board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).
7. The minutes of Board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the Board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the Board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next Board or committee meeting following final action on the arrangement by the Board or committee.

## **ARTICLE 17: ACCOUNTING YEAR**

Section 17.01. Accounting Year. The accounting year of the Foundation shall be the fiscal year.

## **ARTICLE 18: AMENDMENT OF BYLAWS**

Section 18.01. Amendment of Bylaws. Unless otherwise required by law, these Bylaws may be amended at any time by a majority of a quorum of the Board of Directors.



**END OF BYLAWS**