



BYLAWS OF THE STAFFORD ROTARY FOUNDATION

The Stafford Rotary Foundation (the "Foundation"), a non-stock corporation duly formed under the provisions of the Virginia Non-stock Corporation Act, Chapter 10, Title 13.1 of the Code of Virginia (the "Code"), hereby adopts the following Bylaws of the Foundation which shall govern the management and operation of the Foundation's business and the regulation of its affairs, to the extent consistent with the Foundation's Articles of incorporation (the "Articles") and applicable law, and in accordance with Section 13.1-823 of the Code.

ARTICLE I

Purpose

Section 1. Purpose. The Foundation is organized and shall operate exclusively for charitable, literary, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, including any specific purposes set forth in the Foundation's Articles. It will receive and maintain a fund or funds and apply the principal and income therefore, and any other property or funds of the Foundation to such uses and purposes as will, in the discretion of the Directors (hereafter called "Trustees") of the Foundation, most effectively assist, encourage and advance the objectives, purposes and programs of the Stafford Rotary Club, Inc. (the "Club") to promote the objectives and purposes of Rotary International and its Foundation.

ARTICLE II

Members

Section 1. Members. There shall be one class of membership in the Foundation consisting of Active and Honorary members in good standing of the Club, a Virginia Non-stock Corporation. There are no dues associated with membership in the Foundation.

Section 2. Voting Privileges. All Members in good standing shall be entitled to voting privileges at any annual or special meeting of the Members.

Section 3. Annual Meetings. The annual meeting of the Members of the Foundation shall be held at the same date and time in December of each year as the annual meeting of the Club. At the annual meeting, the Chairman or other Officer of the Foundation shall report to the Members concerning the Foundation's activities and finances, and Members may consider such other business as may lawfully come before them. In the event of the failure to hold an annual meeting, such meeting may be called at a later date upon request of ten (10) Members, a majority of the Board of Trustees (the "Board") or by the Chairman of the Foundation.

Section 4. Special Meetings. The Chairman, a majority of the Trustees or ten (10) Members having voting rights, may call special meetings of the Members. Notice of any special meeting of the Trustees shall be given at least two (2) days prior to either a written or oral notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Members shall be given to the Members by or at the direction of the Chairman or the Trustees calling the meeting not less than ten (10) days before the date of such meeting in any of the following ways: Personally, by mail, by electronic communication or by placing same in the Club weekly bulletin. In case of a special meeting, or when required by statute or by these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice.

Section 6. Quorum. A quorum shall be constituted by one-third of the Members of the Foundation entitled to vote at a meeting. If a quorum is not present at any meeting of Members, a majority of the Members present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The majority voice vote of the Members present at any meeting at which a quorum is present shall constitute the act of the Members, except as otherwise required by law or these bylaws.

ARTICLE III

Board of Trustees (the Board)

Section 1. General Powers. The Board shall manage the affairs of the Foundation. It shall have the duty and responsibility of preserving the assets of the Foundation; of accepting or rejecting donations of personal property to the Foundation; of deciding and implementing the expenditure of Foundation funds in furtherance of goals and purposes of the Foundation; and publicizing the activities and accomplishments of the Foundation in order to increase the funds of the Foundation in furtherance of those goals and purposes.

Section 2. Annual Report. The Board shall have provided to the Members at least Ten (10) days prior to the annual meeting and present at the annual meeting of Members a report, verified by the Chairman and Treasurer or by a majority of the Trustees, showing in appropriate detail, as of the end of the fiscal year immediately preceding the annual meeting, (and that of the portion of the current fiscal year in which the annual meeting occurs) the following:

- 1) The assets and liabilities of the Foundation,
- 2) The principal changes in assets and liabilities,
- 3) The revenue or receipts of the Foundation,
- 4) The expenses or disbursements of the Foundation,
- 5) The number of Members of the Foundation as of the date of the report, together with a statement of increase or decrease in such number, and
- 6) A narrative of the highlights of the Foundation's activities and accomplishments.

The annual report of the Board shall be filed with the records of the Foundation and an abstract entered in the minutes of the proceedings of the annual meeting of members.

Section 3. Number, Tenure, and Qualifications. The number of Trustees shall be seven (7), three (3) *ex-officio* and four (4) elected members. All Trustees shall have voice and vote in all matters coming before the Board. The three (3) *ex-officio* members shall consist of those persons holding the offices of President Nominee, Immediate Past President and Treasurer of the Club so long as they hold these offices. The four (4) elected Trustees shall be divided into one (1) class of two (2) persons and two (2) classes of a single person. The members of each class shall serve three-year terms beginning on July 1, the classes being so arranged that the term of only one (1) class begins on any given July 1. No person shall serve as an elected Trustee for more than six consecutive years. To be qualified as a Trustee, the individual must be a member in good standing of the Club.

Section 4. Nominations. The current President and President-elect of the Club and the Chairman of the Foundation shall serve as the Nominating Committee for the Foundation. The Nominating Committee shall prepare a slate of name(s) annually for Trustee positions to be filled for election by the Members of the Foundation at its Annual Meeting.

Section 5. Organizational Meeting. Immediately after each annual election, the newly elected Trustees shall meet with the continuing Trustees for the purpose of organization, planning for the ensuing year, and for the transaction of other such business as may come before the meeting. The new Board shall assume its duties as the governing body of the Foundation on July 1.

Section 6. Special Meetings. Special meetings of the Board may be called by or at the request of the Chairman or a majority of Trustees. Notice of any special meeting of the Board shall be given at least two (2) days prior with either a written or oral notice.

Section 7. Quorum. A majority of the Trustees shall constitute a quorum for the transaction of business at any meeting of the Board. Any Trustee who is on the telephone and able to hear and speak to other participants at a meeting via speakerphone or conference call shall be deemed present therefore. If a quorum is not present at any such meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice.

Section 8. Proxy Voting. The majority of the Trustees at any meeting at which a quorum is present shall constitute an act of the Trustees except as otherwise required by law or by these Bylaws. For the purpose of Article II, 7, the vote of any Trustee not present at a meeting at which a quorum is present shall nevertheless be counted and be deemed valid if, prior to a vote, such Trustee: 1) delivers such Trustees written proxy on the exact motion voted upon at the meeting to the Secretary or other officer of the Foundation personally, by mail or electronic communication, or 2) delivers such Trustee's written proxy to the Secretary of the Foundation permitting another Trustee present to vote in such Trustee's place and such other Trustees then votes, or 3) vote by other methods approved by the Board with written consent of all Trustees.

Section 9. Conflict of Interest. Should any Trustee have a substantial interest or conflict of interest, directly or indirectly, with respect to any matter which comes before the Board, such Trustee shall disclose same and refrain from participating in discussing and voting on such matter.

Section 10. Vacancies. A vacancy on the Board shall occur upon the death, resignation, removal, disqualification or other removal of a Trustee. In such event, the vacancy shall be filled by the person appointed or elected by the Board to serve the unexpired portion of the term of such Trustee.

Section 11. Compensation. Trustees as such shall not receive any compensation for their services, but nothing herein contained shall preclude a Trustee from serving the Foundation in any other capacity and receiving compensation.

ARTICLE IV

Officers

Section 1. Officers. The Officers of the Foundation shall consist of a Chairman, Vice-Chairman, Secretary, Treasurer and such other Officers as may be elected in accordance with the provisions of this Article or the Articles. From time-to-time, the Board may appoint an individual or individuals to assist the Secretary or Treasurer. These individuals will have the authority to perform such duties as described by the Board.

Section 2. Election and Term of Office. The Board shall elect the Officers of the Foundation annually. .

Section 3. Removal. The Board whenever in its judgment the best interest of the Foundation would be served may remove any Officer from the Board.

Section 4. Vacancies. A vacancy in any office shall occur upon the death, resignation, removal, disqualification or other removal of an Officer. In such event, the vacancy shall be filled by the person appointed or elected by the Board to serve the unexpired portion of the term of such officer.

Section 5. Chairman. The Chairman of the Foundation shall be the principal executive officer of the Foundation. The Chairman shall preside at all meetings of the Members and of the Board. The Chairman may sign, with the Secretary or any other proper officer of the Board authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases when the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws or by statute to some other officer of the Foundation; in general the Chairman shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time-to-time.

Section 6. Vice Chairman. In the absence of the Chairman or in the event of the inability or refusal to act by the Chairman, the Vice Chairman shall perform the duties of the Chairman and when so acting shall have all powers of and be subject to all restrictions of the office and shall perform such other duties as these Bylaws or the Board may prescribe.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings of the Board electronically and in one or more books provided for such purpose; see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; be custodian of the corporate records and seal of the Foundation, and see that the seal is affixed to all appropriate documents, the execution of which on behalf of the Foundation under its seal, is duly authorized in accordance with the provisions of these bylaws; and in general perform all of the duties incident to the office of secretary, and such other duties as may be assigned by the Chairman from time-to-time.

Section 8. Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Foundation; receive and give receipts for monies due and payable to the Foundation from any source whatsoever; and deposit all monies in the name of the Foundation in such financial institutions or other depositories as shall be selected; and in general perform all duties incident to the office of treasurer, and such other duties as may be assigned by the Chairman or the Board from time-to-time. All records shall be kept electronically and forwarded to the new Treasurer when the current Treasurer's term of office expires. The Treasurer shall insure that all required fiscal information be posted in good order on the Foundation website.

Section 9. Trustees, Non-Officers. The Trustees shall perform all duties incident to their positions and any such other duties as may be assigned by the Chairman or the Board from time-to-time.

Section 10. Transfer of Authority. In the absence of any Officer of the Foundation or for any other reason that the Board may deem sufficient, the Board may transfer the power or duties of that office to any other officer or to any other Board member.

ARTICLE V

Committees

Section 1. General. The Board may establish committees and prescribe the duties and authority of such committees as they may determine is in the best interest of the Foundation from time-to-time. The number of committee members and their term shall be as determined by the Board. Such committees may include individuals not on the Board provided that at least one member of the committee shall be a member of the Board.

Section 2. Appointments. The Board shall appoint all committees except the Nominating Committee which will consist of the Foundation Board Chairman, the Club President and President-elect. The Committees identified in this Article shall have the responsibilities set forth herein, but the Board may appoint such further committees or subcommittees, as it from time-to-time deems appropriate.

Section 3. Standing Committees. The Foundation shall have a Development Committee to promote giving of charitable contributions to the Foundation, an Investment Committee to invest cash and other assets received and a Grants and Scholarship Committee to make recommendations to the Board for making charitable contributions.

Section 4. Nominating Committee. The Nominating Committee shall prepare and submit prior to the annual meeting, a slate of Trustees proposed for election at the annual meeting of the Members.

Section 5. Investment Committee. The Investment Committee shall be responsible for the investment of the funds of the Foundation. In doing so, it shall have due regard for the preservation and safety of funds subject to its supervision, and also for appropriate growth opportunities to maintain and advance the Foundation's support of the Club's humanitarian, educational and charitable endeavors. The Investment Committee may engage outside investment advisors to assist with its responsibilities. The Board must approve any such arrangements.

Section 6. Development Committee. The Development Committee shall be responsible for identifying and developing new fundraising projects and establish policies and procedures for increasing funds through donations, bequests, memorials, etc. The Committee will present its recommendations to the Board for approval.

Section 7. Grants and Scholarships Committee. The Grants and Scholarships Committee shall be responsible for determining the recipients of grants and scholarships that may be awarded by the Foundation. The Committee shall give publicity to the scholarships and awards that it may be in position to give and shall develop such application forms as it may deem appropriate and shall solicit and receive such other information, as it may deem appropriate for the making of any grants or scholarships. It shall make recommendations to the Board for any grants or scholarships to be awarded, and the amount thereof, and any such grants or scholarships shall be made with final approval from the Board.

ARTICLE VI

Contracts, Checks, Deposits and Funds

Section 1. Contracts. The Board may authorize one or more officers or agents 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 granted may be general or specific.

Section 2. Checks. All checks, drafts or orders for the payments of money, notes or other evidence of indebtedness issued in the name of the Foundation shall be valid only when signed by two officers of the Foundation designated to sign same by the Board, including without limitation, the Chairman, Secretary and Treasurer.

Section 3. Deposits. All funds of the Foundation shall be deposited into an account or accounts of the Foundation's at one or more financial institutions selected by the Board.

ARTICLE VII

Books and Records

The Foundation shall keep correct and complete books and records of account, minutes of the meetings of its Members and Board of Directors and the names and addresses of all active members at the principal office of the Foundation. Any Member, or his agent or attorney may inspect all books and records of the Foundation, for any reasonable purpose upon request at any reasonable time.

ARTICLE VIII

Fiscal Year

The fiscal year of the Foundation shall commence on the first day of July and end on the 30th day of June of the succeeding year.

ARTICLE IX

Waiver of Notice

Whenever any notice is required to be given under the laws of the Commonwealth of Virginia, or the Articles or Bylaws of this Foundation, a waiver thereof may be signed by any person entitled to such notice, whether before or after the time stated therein, in which event such waiver of notice shall be deemed equivalent to the giving of such notice.

ARTICLE X

Indemnification

This Foundation hereby indemnifies and holds its Officers and Trustees harmless from and against any liability and expenses which may be incurred by reason of any act or omission to act of said persons on behalf of the Foundation or in furtherance of the interests of the Foundation, including but not limited to any expenses incurred in connection with the defense of any proceeding or claim, provided (1) the individual's conduct was in good faith; (2) the individual acting in an official capacity believed such conduct was in the best interests of the Foundation, or in all other cases was at least not opposed to its best interests; and (3) in the case of any criminal proceedings, the individual had no reasonable cause to believe the conduct was unlawful.

ARTICLE XI

Amendments to Bylaws

These by-laws may be amended at any regular Board meeting, a quorum being present, by a two-thirds vote of all members present, provided that notice of such proposed amendment shall have been distributed to each member at least ten days before such meeting.

ARTICLE XII

Contributions to The Foundation

Section 1. Funding Options. Members, organizations and other donors may contribute tax-deductible gifts to The Foundation in any of one or more of the following ways:

- 1) **Endowment Funds.** Gifts that are to be retained in perpetuity. The income derived from investment of such gifts shall be utilized to make charitable contributions and any realized gain in value may also be utilized for such purposes.
- 2) **Restricted Funds.** Gifts that are designated for specific charitable and educational purposes. They can be donated at the initiative of an individual or group or solicited by the Foundation or the Club for a specific purpose. The Foundation typically holds the funds until the goals have been achieved and then released for payment to a specific project or organization. Such funds are usually, but not always, collected and distributed within the same fiscal year.
- 3) **Unrestricted Funds.** Gifts solicited and collected by the Foundation, through whatever appropriate activities, to be used at the request of the Clubs' Board of Directors for purposes that further the Club's humanitarian, educational, scientific and charitable endeavors as defined by the vocational, international, youth and community avenues of service of the Club.

Section 2. Assets Contributed. Members and other donors may contribute cash, securities, real estate and other assets to the Foundation; however, the Foundation Board shall have the right, in its discretion, to refuse to accept: 1) any asset contributed except cash; and/or 2) any restricted gift. For purposes of these Bylaws, contributions "in-kind" shall include any item that must be stored at the Foundation's expense. The Foundation may be named as a beneficiary under any Will, Trust, life insurance policy, annuity, or other entity.

Section 3. Restricted Gifts. Any Foundation Member or other donor may require that cash gifts exceeding \$100 to the Foundation be allocated: 1) to one or more of the Funds described in Section 1 of this Article XII; and/or 2) to any category of charity described in Article XII. Any such funds are hereby designated as "Restricted Gifts".

Section 4. Investment and Management of Foundation Assets. The Board shall hold, invest, manage and administer all funds and property of the Foundation. In furtherance of this responsibility, in addition to the powers otherwise granted by statute or these Bylaws, the Board is authorized to do the following:

- 1) To sell, lease, transfer or exchange all or any part of the property of the Foundation at such prices and upon such terms and conditions and in such manner as they deem best;
- 2) To execute and deliver any proxies, securities or real estate as they deem suitable for the investment of Foundation funds;
- 3) To invest and reinvest in such loans, securities or real estate as they deem suitable for the investment of Foundation funds;
- 4) To adopt budgets and appropriate funds for activities of the Foundation;
- 5) To select and employ suitable agents and attorneys, including the employment of investment managers to whom may be delegated such powers in managing and investing the funds of the Foundation as the Board may deem advisable, and as the laws of Virginia may permit, and to pay their reasonable compensation and expenses; and
- 6) To pay all necessary expenses of administering the Foundation out of the funds of the Foundation, including out-of-pocket expenses incurred by a Trustee, unless otherwise provided by the Board.

ARTICLE XIII

Guidelines for Charitable Contributions by The Foundation

Section 1. Charitable Contributions. The Foundation shall make charitable contributions in accordance with the following guidelines:

- 1) Charitable contributions to Stafford area schools and/or to schools in Stafford for educational scholarships for students deemed worthy and needy;
- 2) Charitable contributions for youth activities and to youth organizations within, or substantially benefiting, the Stafford area;
- 3) Other charitable organizations within, or substantially benefiting, the Stafford area;
- 4) Charitable organizations which help alleviate suffering in a time of crisis, wherever situated; and
- 5) Other charitable organizations approved by a majority of the Members of the Foundation.

Section 2. Contributions In-Kind. The Foundation may make charitable contributions in-kind to any charitable organization deemed needy and worthy, wherever situated.

ARTICLE XIV

Financial Reports

Section 1. Books and Financial Records. The Board shall provide accurate books and records of the receipts, expenditures, investments, properties and all other assets of the Foundation to the end

that all property received shall be devoted exclusively to the purposes set forth in the Articles and these Bylaws.

Section 2. Reports. The Treasurer of the Foundation shall periodically notify the Trustees of the status of Foundation appropriations and the amount of money that is available to further the purposes of the Foundation. In addition, the Treasurer shall prepare an operating budget annually for the Foundation's costs to be submitted to the Board for approval.

Section 3. Financial Review. The Board shall annually appoint an individual or firm, having the necessary credentials, to review the accounts of the Foundation, including without limitation, its receipts and expenditures, and furnish a written report of such review to the Board. The Board may, in its discretion, require an annual certified audit.

ARTICLE XV

Non-Stock Corporation

In accordance with Section 13.1-814 of the Code, the Foundation shall not issue shares of stock. No dividend shall be paid and no part of the income of the Foundation shall be distributed to its Trustees or Officers.

ARTICLE XVI

Foundation Seal and Logo

The Foundation seal and logo shall be in such form as shall be approved by the Board.

ARTICLE XVII

Implied Amendments

Any action taken or authorized by the Board which would be inconsistent with the Bylaws then in effect but is taken or authorized by the affirmative vote of not less than the number of Trustees that would be required to amend these Bylaws so that the Bylaws would be consistent with such action, shall be given the same effect as if these Bylaws had been temporarily amended or suspended to the extent necessary to permit the specific action so taken or authorized.

ARTICLE XVIII

Exempt Activities

Notwithstanding any other provision of these Bylaws, no member, Trustee, officer, employee, or representative of this Foundation shall take any action or carry on any activity by or on behalf of the corporation not permitted to be taken or carried on by a organization exempt under Section 501(c)(3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended, or by an organization contributions to which are deductible under Section 270c(2) of such Code and regulations as they now exist or as they may hereafter be amended.