

Bylaws of the Rotary Club of Coronado Foundation

This organization has been formed pursuant to the General Nonprofit Corporation Law of the State of California. In order to facilitate the operation of the affairs of this corporation in the fulfillment of its purposes and objectives, the following Bylaws are hereby promulgated.

Article 1

Section 1.01 Name

The name of this corporation is the Rotary Club of Coronado Foundation.

Article 2

Section 2.01 Power of the Foundation Board of Trustees

Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation and these Bylaws, the business and affairs shall be managed, and all corporate powers shall be exercised by or under the direction of the Rotary Club of Coronado Foundation Board of Trustees (the “Foundation Board”).

The Foundation Board administers all funds received by the Rotary Club of Coronado Foundation (“Foundation”). The Foundation Board will administer two separate Foundation funds: The Rotary Club of Coronado Endowment Fund (the “Endowment Fund”) and the Rotary Club of Coronado Foundation Annual Fund (the “Annual Fund”).

In its deliberation, the Foundation Board shall strongly consider the Governance Guidelines for the both Rotary Club of Coronado and Rotary Club of Coronado Foundation Boards in its actions.

Section 2.02 Foundation Income

Funding of the Foundation comes from various fundraising events of the Rotary Club of Coronado, and other donations from members of the Rotary Club of Coronado or the general public.

The Foundation may engage in fundraising activities by individuals and set recognition levels and/or awards. Foundation fundraising events are under the direction of the Board of Directors of the Rotary Club of Coronado (the “Club Board”). Only funds specifically designated for the Endowment Fund by the donor (such as proceeds from Crown Fellowships) or by the Rotary

Club of Coronado Board of Directors shall be allocated to the Endowment Fund. All other contributions to the Foundation shall be allocated to the Annual Fund.

Section 2.03 Investment of Foundation Funds

At its discretion, the Foundation Board may invest Foundation funds.

Section 2.04 Distribution of Foundation Funds

The Foundation Board may fund,

1. Other charitable organizations,
2. Third parties which are consistent with the goals of Rotary and our club (e.g., student activities and awards),
3. Any reasonable costs associated with the administration of the foundation funds.

The Club Board and Foundation Board will agree before the start of each Rotary year (July 1) what portion of administrative salary and other costs are associated with club operations and the club Foundation. To this end they will use input from the club administrative staff.

Club Foundation income from the previous Rotary year not designated for the Endowment Fund is a part of the Annual Fund to be disbursed the following Rotary year.

In funding matters, the Foundation Board will strongly consider the recommendations of the Club Board. The Foundation Board will approve or disapprove the recommendations of the Club Board by majority vote within seven calendar days of receiving the recommendations. If there is no response from a Trustee within that 7-day period, that Trustee vote will be considered approval of the Club Board recommendation. The Club Board funding recommendations and the Foundation Board vote may both be done electronically.

If the Foundation Board disapproves of any Club Board funding recommendation, the Foundation Board Chairman will discuss the reason for the disapproval with the Club President and allow the Club Board to resubmit the recommendations.

Both Boards will honor any donations designated by a donor to a specific entity.

Article 3

Section 3.01 Principal Office

The principal office shall be in the Rotary Club office at 1000 Orange Ave. Coronado, CA 92118.

Article 4

Section 4.01 Qualification of Trustees

So long as the Rotary Club of Coronado (the Rotary Club) remains chartered by Rotary International, Trustees shall be required to be members in good standing of the Rotary Club of Coronado.

Section 4.02 Number of Trustees

Except as provided in Section 4.11 below, the authorized number of voting Trustees of this corporation shall be seven (7).

Section 4:03 Terms of Trustees

Terms of office for new Trustees shall be two years, with re-election to the Board possible for two additional consecutive two-year terms.

No trustee shall serve more than a total of six consecutive years. Trustee elections will be staggered with three Trustees being elected each even-numbered year, and four Trustees each odd-numbered year.

Section 4.04 Nominative Committee - Trustees

The Nominating Committee for Trustees shall consist of the Chairman of the Foundation Board, Vice Chairman of the Foundation Board, and the President and the President-elect of the Rotary Club. The Nominating Committee will submit to the membership of the Rotary Club at its first regular meeting in May, the names of Rotarians for nominated for election to the Trustee positions which are open.

Section 4.05 Additional Nominees

Immediately prior to the election to be held in the manner specified in Section 4.06, any member of the Rotary Club may nominate any other member of the Rotary Club who meets the criteria of Section 4.01 for the position of Trustee.

Section 4.06 Election of Trustees

The members of the Rotary Club shall elect the Trustees during the first regular meeting held in June of each year. Only those members present at the meeting shall exercise such voting privilege.

Section 4.07 Election of Trustees if Rotary Club Ceases to Exist

In the event the Rotary Club ceases to exist for any reason, Trustees to be elected shall first be nominated for election by a committee formed for that purpose, selected from existing members of the Board. The vote of at least two-thirds of the existing Trustees is required to elect a successor Trustee.

Section 4.08 Commencement of Term

The term of a Trustee shall commence on the first day of July, immediately following such election and shall terminate on the thirtieth day of June of the second year thereafter.

Section 4.09 Vacancies

In the event that a Trusteeship becomes vacant at any time, the Foundation Board shall elect a successor Trustee from candidates meeting the criteria of Section 4.01. That new Trustee will serve out the term of the Trustee being replaced.

Section 4.10 Honorary Non-voting Trustees

The Immediate Past President of the Rotary Club, so long as that organization is chartered by Rotary International, shall automatically be an honorary non-voting Trustee and shall serve as such only during the period that the office in the Rotary Club is so held. The Board may designate non-voting honorary Trustees who shall serve at the pleasure of the Board. Non-voting Trustees shall not count towards establishing a quorum of the Board.

Section 4.11 Interim Board of Trustees

Whereas, under the by-laws of this corporation in effect prior to the adoption of these by-laws, the Board of Trustees was comprised of the members of the Club Board, in order to effect the transition to a Board of Trustees which is separate and apart from the Club Board, the Club Board shall appoint an Interim Board of Trustees to serve as such from the time these by-laws are adopted until the Club members first vote for a Board of Trustees pursuant to Section 4.06, as submitted to the Club members by the Nominating Committee. Such appointments by the Club

Board shall specify a term for each Trustee to facilitate the staggering of Trustee terms pursuant to Section 4.03.

Article 5

Section 5.01 Officers

The Officers of this corporation shall be a Chairman, Vice Chairman, Treasurer and Secretary.

Section 5.02 Election of Officers.

The Foundation Board will elect its own officers not later than June 15th for officers taking office each July 1st.

Section 5.03 Officer Vacancies

In the event that an officer ceases to be an officer due to termination of membership in the Rotary Club or for any other reason, the Foundation Board shall appoint a successor officer from among the other Trustees to fill the unexpired part of the officer's term.

Section 5.04 Officer Terms

Officers shall be elected to serve a one-year term beginning July 1 and ending the following June 30. An officer may serve more than one term at the discretion of the Board. Trustees shall not serve as President of the Board for more than two consecutive years.

Article 6

Section 6.01 Duties of the Chairman

The Chairman shall preside at all Foundation Board meetings, shall implement the policies declared by the Foundation Board, and shall supervise and control the affairs of the corporation. The Chairman shall have such other powers and duties as the Foundation Board or the Bylaws may prescribe. The Chairman is an ex-officio member of all Foundation committees.

Section 6.02 Duties of the Vice Chairman

In the absence of the Chairman, or in the event of his/her inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman and in so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall have such

other powers and perform such other duties as the Foundation Board or the Bylaws may prescribe.

Section 6.03 Duties of the Treasurer

The Treasurer has the responsibility for reviewing the Foundation financial statements and records with the staff and identifying other significant financial issues for the Executive Committee and the Foundation Board. The Treasurer shall report the current status of these, and any other financial issues, to the Foundation Board on a regular basis. The Treasurer shall have such other powers and perform such other duties as the Foundation Board or the Bylaws may prescribe.

Section 6.04 Duties of the Secretary

The Secretary shall be the Executive Director of the Rotary Club. The Secretary shall be a non-voting member of the Foundation Board. The Secretary shall be responsible for recording the minutes of all meetings of the Foundation Board, for giving notice of the meetings, and for maintaining all the books and records of the corporation. The Secretary shall keep a copy of the articles of Incorporation and Bylaws as amended to date, at the office of the Rotary Club.

Article 7

Section 7.01 Regular Meetings

The Foundation Board shall hold at least four quarterly meetings at such time and place as the Chairman prescribes to address investments, expenditures, and other items brought before the Board.

- (a) At one meeting in May, in addition to the foregoing, the Foundation Board will
 - (i) Elect Board officers;
 - (ii) Determine what portion of the club administrative costs are used for Foundation activities.
- (b) A joint meeting in July will be held with the Club Board. The Foundation Board may conduct business electronically, such as promulgation of the Rotary Fiscal Year's Spending Plan (including distribution of funds per Section 2.04).

Section 7.02 Special Meetings

Special meetings may be called by the Chairman or Vice Chairman when acting as the Chairman or by any three Trustees.

Section 7.03 Notices

Notice of regular and special meetings shall be given by email to all officers and Trustees at least two days prior to such meetings, provided that

- (i) the notice of any special meetings shall include the purpose for which that meeting is called,
- (ii) the Foundation Board may not act on any other matter at a special meeting duly noticed, and
- (iii) in lieu of email notice, a majority of those present at a regular or special meeting may waive proper notice, which shall be considered the equivalent of the email notice.

Section 7.04 Quorum

The presence of a majority of the Trustees shall constitute a quorum for the transaction of business at any meeting of the Foundation Board.

Section 7.05 Rules of Procedure

The Roberts Rules of Order, as revised periodically, shall constitute the rules of procedure governing the conduct of all meetings.

Article 8

Section 8.01 Committees

The Foundation Board may form Foundation Committees composed of its members as the Foundation Board may desire, delegating such powers and authority and assigning such functions and duties as the Foundation Board may determine. Members of the Rotary Club of Coronado who are not members of the Foundation Board shall be permitted to serve on such Committees, in addition to members of the Foundation Board.

Article 9

Section 9.01 Indemnification of Trustees, Officers, Employees and Other Agents

To the fullest extent of the law, this corporation shall indemnify its Trustees, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines,

settlements and other amounts actually and reasonable 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 corporation 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 Section 5238(a) of the California Corporations Code.

Section 9.02 Execution of Documents

The Board may authorize any officer or officers and its agent or agents to enter into any contract or execute any instrument in the name of, and on behalf of, the corporation; such authority may be general or confined to specific instances; and unless so authorized, no other person shall have any power or authority to enter into or bind the corporation by contract or to pledge its credit or to create any liability.

Section 9.03

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, and the singular number includes the plural, the plural number includes the singular, and the term 'person' includes both the corporation and a natural person.

Section 9.04 Amendments

These Bylaws may be amended by a vote of two-thirds of the voting members of the Foundation and Club Boards, provide that any amendments hereto shall not be inconsistent with the Articles of Incorporation.

Article 10

Section 10.01 Disbursements from Endowment Fund. Each year, in conjunction with or separate from the disbursements made from the Foundation Annual fund, the Board shall also disburse to those persons or entities specified in Section 2.04, four per cent (4%) of the corpus of the Endowment Fund, determined as of the thirtieth day of June for the fiscal year immediately preceding the fiscal year in which such disbursements will take place, provided those disbursements are made after the Foundation Board strongly considers the recommendations of the Club Board regarding the recipients of such disbursements, and provided such disbursements are consistent with the Governance Guidelines for the Rotary Club of Coronado and Rotary Club of Coronado Foundation.

Section 10.02 Conflict of Interest Policy.

(a) Definitions:

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement,
- b. A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement, or
- c. 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.

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

4. A financial interest is not necessarily a conflict of interest. Under Section 10.02(b)(2), 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.

(b) Procedures

1. 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.

2. 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.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing 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.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing 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.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing 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.

4. Violations of the Conflicts of Interest Policy

- a. If the governing 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.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines

the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

(c) Records of Proceedings

The minutes of the governing 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.

(d) Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation.
- b. 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.
- c. No voting member of the governing 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.

(e) Annual Statements

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement that affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and

d. Understands the Foundation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

(f) Periodic Reviews

To ensure the Foundation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Foundation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

(g) Use of Outside Experts

When conducting the periodic reviews as provided for in subsection (f), the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Section 10.03 Non-discrimination Policy. The Rotary Club of Coronado Foundation does not and shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations. These activities include, but are not limited to, hiring and firing of staff, selection of volunteers and vendors, provision of services, and selection of potential distributees of funds for charitable purposes. We are committed to providing an inclusive and welcoming environment for all members of our staff, clients, volunteers, subcontractors, vendors, and clients.

The Rotary Club of Coronado Foundation is an equal opportunity employer. We will not discriminate and will take measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the bases of race, color,

