BYLAWS OF

**GAITHERSBURG ROTARY FOUNDATION**

ARTICLE I- NAME AND PURPOSE

**Section 1.01. Name.** The name of the Foundation shall be “Gaithersburg Rotary Foundation.” It shall be a nonprofit Foundation incorporated under the laws of the State of Maryland.

**Section 1.02. Purpose.** The Gaithersburg Rotary Foundation (“GRF” or the “Foundation”) is organized and shall be operated exclusively for education, scientific, and charitable purposes as may qualify it for tax exempt status under section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code).

**Section 1.03. Non-Discrimination Statement.** The Foundation is non-discriminatory and therefore does not discriminate against funding applicants on the basis of race, color, religion, or national or ethnic origin or gender.

ARTICLE II- MEMBERSHIP

**Section 2.01. Membership.** Membership, or Members, shall consist of the Board of Directors (hereinafter the “Board”) as well as the current officers of the Gaithersburg Rotary Club (“GRC”). Officers of the GRC consist of the following: President, President-elect, Secretary, Treasurer, Sergeant-at-Arms and Immediate Past President. As noted in sections 3.06 and 3.07, officers of GRC are eligible to nominate and vote for Board members.

ARTICLE III- BOARD OF DIRECTORS

**Section 3.01. Board Composition.** The Board shall consist of not less than three, nor more than five, Directors. Officers of the GRC may not serve concurrently as directors of the Board.

**Section 3.02. Board Functions.** The Board is responsible for the overall policy and direction of the Foundation. The Board may delegate responsibilities of the day-to-day operations to staff and committees, if any, but may make rules and regulations governing such operations.

**Section 3.03. Tenure.**Directors on the Board shall serve two-year terms and are eligible for re-election for up to three consecutive terms.

**Section 3.04. Resignation and Automatic Termination.** Resignation from the Board is effective on receipt of written notice by the Secretary. A Director shall be terminated from the Board due to excess absences of more than two unexcused absences from regular Board meetings in a year. The Board may grant excused absences in certain circumstances as follows: ceremonies and functions, physical and mental examinations, blood donations, funerals, voting/voter registration, illnesses, injuries, emergencies, and other good causes so designated by the Board. If the absence is not due to illness, injury, or an emergency, prior notice to the Secretary or President is required. If the absence is due to illness, injury, or an emergency, notice must be given as soon as reasonably possible of the cause for the absence.

**Section 3.05. Termination for Other Cause.** A Director may be removed when cause exists for such removal. The Board will entertain charges regarding the removal of any Director at a Special Meeting. At such a removal hearing, the Director in question may, but need not, attend. The Board shall adopt such rules for this hearing as it considers necessary for the best interests of the Foundation. Removal is effected by a three-fourths vote of the remaining Directors.

**Section 3.06. Vacancies.** When a vacancy on the Board exists mid-term and such vacancy creates a Board with fewer than three Directors, the Secretary must receive nominations for new members from the present Membership at least two weeks in advance of a Board meeting. These nominations shall be sent out the Members of the Board one week in advance of a Board meeting, to be voted on at the next Board meeting. These vacancies will be filled only to the end of the particular director’s term. When a vacancy on the Board exists mid-term and such vacancy creates a Board of more than two Directors, any nominations for new Directors must be received by the Secretary from the present Membership two weeks in advance of a Board meeting. These nominations shall be sent to the board Members of the Foundation one week in advance of a Board meeting, to be voted on at the next Board meeting. These vacancies will be filled only to the end of the particular director’s term.

**Section 3.07. Elections.** During the last quarter for each fiscal year of the corporation, the Members shall elect Directors to replace those whose terms will expire at the end of the fiscal year or add additional Directors to the Board. The Directors shall be nominated by the Members, as far as possible, to represent the varied interests and areas of expertise and competency that are of concern to the Foundation. This election shall take place during a meeting of the Board in accordance with the provisions of these bylaws.

**Section 3.08. Election Procedures.** New Directors shall be elected by a majority of Members present at such a meeting, provided there is a quorum present. Directors so elected shall serve a term beginning on the first day of the next fiscal year.

**Section 3.09. Compensation.**Directors shall serve without compensation with the exception that expenses incurred in the furtherance of the Foundation’s business are allowed to be reimbursed with documentation and prior approval of the Board.

**Section 3.10. Duties.** Each Director of the Foundation shall discharge his or her respective duties in compliance with the standards of the law of the State of Maryland, including, without limitation: (1) in good faith; (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner such Director reasonably believes to be in the best interest of the Foundation, as determined by the Board

ARTICLE IV - MEETINGS

**Section 4.01. Notice.** An official meeting requires that each director receive written notice at least two weeks in advance. Written notice will be deemed equally effective if sent by physical mail or e-mail. Notice may be waived by unanimous consent of the Board.

**Section 4.02. Regular Meetings.** The Board shall conduct regular meetings at least once every six months. Meetings shall be held at an agreed upon time and place. Written notice of regular meetings shall be sent by the Secretary to each director on the Board telling the time and place of such meetings.

**Section 4.03. Special Meetings.** Special meetings of the Board shall be called at the request of the President or one-third of the Board. Meetings shall be held at an agreed upon time and place. Written notice of special meetings shall be sent by the Secretary to each director on the Board telling the time and place of such meetings.

**Section 4.04. Quorum.** The presence of not less than forty percent (40%) of the Board shall constitute a quorum. A quorum shall be necessary to conduct the business of this Foundation. All decisions will be by majority vote of those present at a meeting at which a quorum is present. If fewer than forty percent (40%) of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting without further notice.

**Section 4.05. Action Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board or of any committee may be taken without a meeting if all the Directors on the Board or committee consent in writing to both taking the action without a meeting and approving the specific action. Such consents shall have the same force and effect as a unanimous vote of the Board or of the committee.

**Section 4.06. Participation in Meeting by Telephone Conference.** Directors on the Board may participate in a meeting through use of telephone conference or similar communications equipment, so long as Directors participating in such meeting can understand one another.

**Section 4.07. Participation by Proxy.** The Board may make provision for the use of proxies to vote on any question that may come before any meeting of the Board or any of its committees. Written notice of such proxy must be received by the Secretary at least twenty-four (24) hours before the meeting at which the proxy is intended to be used. Such proxies shall be used to meet the requirements for a quorum.

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ARTICLE V- OFFICERS

**Section 5.01. Officers.** The officers of the Foundation shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as the Board may designate. Any two (2) or more offices may be held by the same person, except the offices of President and Treasurer.

**Section 5.02. Appointment of Officers.** The officers of the Foundation shall be elected by a majority vote of the Board at a meeting of the Board, provided there is a quorum present. New officers may be created and filled by a majority of the Board at any meeting of the Board, provided there is a quorum present. Terms of office may be established by the Board, but shall not exceed two (2) years. Officers shall hold office until a successor is duly elected and qualified. Officers shall be eligible for reappointment for up to 3 consecutive terms.

**Section 5.03. Resignation.** Resignation as an Officer is effective on receipt of written notice by the Recording Secretary. Resignation as an Officer does not remove the person from the Board unless the written notice so provides.

**Section 5.04.** **Removal.** An officer may be removed by the Board at a meeting with a majority vote provided a quorum is present, or by action in writing pursuant to Section 3.05, whenever in the Board’s judgment the best interests of the Foundation will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed.

**Section 5.05. President.** The President shall be a Director of the Foundation and shall preside at all meetings of the Board. The President shall convene regularly scheduled Board meetings and shall perform all duties attendant to that office, subject, however, to the control of the Board, and shall perform such other duties as on occasion shall be assigned by the Board.

**Section 5.06. Vice-President.** The Vice-President shall be a Director of the Foundation and shall preside at meetings of the Board of Directors in the absence or request of the President. The Vice-President shall perform other duties as requested and assigned by the President, subject to the control of the Board of the Directors.

**Section 5.08. Secretary.** The Secretary shall be a Director of the Foundation and shall preside at meetings of the Board of Directors in the absence of or by request of the President, First Vice-President, and Second Vice-President. The Secretary shall oversee the taking of minutes of all meetings of the Board in the books proper for that purpose. The Secretary shall be responsible for keeping records of Board actions including sending out meeting announcements, distributing copies of minutes and the agenda to each Board member, and assuring that corporate records are maintained.

**Section 5.09. Treasurer.** The Treasurer shall be a Director of the Foundation and shall preside at meetings of the Board of Directors in the absence of or by request of the President, First Vice-President, Second Vice-President, and Secretary. The Treasurer shall make a report at each regular Board meeting on the status of the Foundation’s finances. The Treasurer shall be responsible for keeping the financial records of the Foundation in good order and shall chair the Finance Committee, prepare the budget, help develop the fundraising plans, and make financial information available to Board members and the public.

**Section 5.10. Compensation.**Officers shall serve without compensation with the exception that expenses incurred in the furtherance of the Foundation’s business are allowed to be reimbursed with documentation and prior approval.

**Section 5.11. Duties.** Each Officer of the Foundation shall discharge his or her respective duties in compliance with the standards of the law of the State of Maryland, including, without limitation: (1) in good faith; (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner such Officer reasonably believes to be in the best interest of the Foundation, as determined by the Board.

ARTICLE VI- INDEMNIFICATION AND LIABILITY

**Section 6.01. Indemnification.** Every Officer, Director, or employee of the Foundation may be indemnified by the Foundation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed on such Officer, Director, or employee in connection with any threatened, pending, or completed action, suit, or proceeding in which she/he may become involved by reason of being or having been an Officer, Director, or employee of the Foundation, or any settlement thereof, unless adjudged therein to be liable for negligence or misconduct in the performance of his/her duties. The foregoing right of indemnification shall be in addition and not exclusive of all other rights to which such Director on the Board, officer, or employee of the Foundation is entitled.

**Section 6.02. Board Selection and Approval.** The Board shall have the right to select attorneys and to approve any and all settlements or legal expenses incurred in connection with any suit, action, or proceeding to which the indemnification provided in Section 6.01 applies.

**Section 6.03. Liability.** Any Officer, Director, or other person who performs services for the Foundation at its request and who does not receive compensation other than reimbursement of expenses shall be immune from civil liability to the extent provided by applicable law. In addition, no Officer, Director, or other person who performs services for the Foundation at its request shall be personally liable for the debts or obligations of the Foundation of any nature whatsoever, nor shall any of the property of the Officers, Directors, or other person who performs services for the Foundation at its request be subject to the payment of the debts or obligations of the Foundation.

**Section 6.04. Limitations on Earnings.** No part of the net earnings of the corporation shall inure to any Officer or Director or any other private persons, except solely such reasonable compensation that the Foundation shall pay for services actually rendered to the Foundation, goods used by the Foundation, or reasonable allowance for the authorized expenditures incurred on behalf of and allowed by the Foundation.

**Section 6.05. Limitations on Property.**  No Director or Officer of the Foundation shall have any right, title, or interest in or to any property of the corporation.

ARTICLE VII- COMMITTEES

**Section 7.01. Establishment.** There may be two standing committees, the Executive Committee and the Finance Committee. The Board may establish additional committees by a majority vote of the Board.

**Section 7.02. Size, Duration, and Responsibilities.** The size, duration, and responsibilities of such additional committees shall be established by a majority vote of the Board.

**Section 7.03. Committee Chairs.** The President appoints all committee chairs. Committee chairs must be Directors on the Board.

**Section 7.04. Executive Committee.** The President is chair of the Executive Committee, which includes the officers of the Board. Except for the power to amend the articles of incorporation and bylaws, the Executive Committeeshall have all the powers and authority of the Board in the intervals between meetings of the Board, subject to the direction and control of the full Board.

**Section 7.05. Finance Committee.** The Treasurer is the chair of the Finance Committee, which includes three other Board members. The President may not serve on the Finance Committee. The Finance Committee is responsible for developing and reviewing fiscal procedures and fundraising plans. It is also responsible for developing and reviewing the annual budget and the annual report in accordance with Article VIII below.

ARTICLE VIII - FINANCIAL ADMINISTRATION

**Section 8.01. Fiscal Year.** The fiscal year of the Foundation shall be January 1 to December 31 but may be changed by resolution of the Board.

**Section 8.02. Annual Budget.** The Finance Committee is responsible for developing the annual budget, which must be approved by the Board. Any major change in the annual budget must be approved by the Board. Any minor change must be approved by the Board or the Executive Committee. All expenditures must be within the annual budget and must be approved by the Board or the Executive Committee.

**Section 8.03. Annual Report.** The Finance Committee is required to make and submit to the Board an Annual Report showing income, expenditures, pending income, and pending expenditures.

**Section 8.04. Checks, Drafts, Etc.** All checks, drafts, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange, and insurance certificates shall be signed or endorsed by such officer or officers or agent or agents of the Foundation and in such manner as shall from time to time be determined by resolution of the Finance Committee, subject to the approval of the Board.

**Section 8.05. Deposits and Accounts.** All funds of the Foundation, not otherwise employed, shall be deposited from time to time in general or special accounts in such banks, trust companies, or other depositories as the Finance Committee may select, subject to the approval of the Board. For the purpose of deposit and for the purpose of collection for that account of the Foundation, checks, drafts, and other orders of the Foundation may be endorsed, assigned, and delivered on behalf of the Foundation by any officer or agent of the Foundation, subject to Board authorization.

**Section 8.06. Investments.**  The funds of the Foundation may be retained in whole or in part in cash or be invested and reinvested on occasion in such property, real, personal, or otherwise, or stock, bonds, or other securities, as the Board in its sole discretion may deem desirable, without regard to the limitations, if any, now imposed or which may hereafter be imposed by law regarding such investments, and which are permitted to Foundations exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE IX – BOOKS AND RECORDS

**Section 9.01. Books and Records.** Correct books of account of the activities and transactions of the Foundation shall be kept at the office of the Foundation. These shall include a copy of the Certificate of Incorporation, a copy of these Bylaws, the financial records, and a minute book.

**Section 9.02. Minute Book.** The minute book shall consist of all minutes of meetings of the Board.

**Section 9.03. Financial Records.** The financial records of the Foundation are public information and shall be made available to the Members and the public.

ARTICLE X- AMENDMENT OF BYLAWS

**Section 10.01. Proposed Amendments.** Proposed amendments must be submitted to the Secretary two weeks in advance of a Board meeting. Proposed amendments shall be sent out to Directors on the Board with the notice of a Board meeting, to be voted on at the next Board meeting.

**Section 10.02. Amendment of Bylaws.** These bylaws may be amended by a two-thirds majority vote of the Board, provided prior notice is given of the proposed amendment in the notice of the meeting at which such action is taken or by unanimous consent in writing without a meeting pursuant to Section 4.05.

ARTICLE XI - DISSOLUTION

**Section 11.01. Dissolution.** At the time of dissolution of the corporation, assets shall be distributed by the Board after paying or making provisions for the payment of all debts, obligations, liabilities, costs and expenses of the corporation, for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code (or the corresponding section of any future federal tax code) or shall be distributed to the federal government, or to a state or local government, for the public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction for the county in which the principal office of the corporation is then located, exclusively for such purposes or to such Foundation or Foundations, as said court shall determine, which are organized and operated exclusively for such purposes.

CERTIFICATION

These bylaws were approved at a meeting of the Board of Directors by a two-thirds majority vote on (date).

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Secretary Date