



**WASHINGTON COUNTY
COMMUNITY FOUNDATION, INC.**

BY-LAWS

Last Amended December 16, 2008

BY-LAWS OF
WASHINGTON COUNTY COMMUNITY FOUNDATION, INC.

ARTICLE I

GENERAL

Section 1.01. Name. The name of the corporation is Washington County Community Foundation, Inc. (hereinafter sometimes referred to as "Foundation").

Section 1.02. Mission. The Washington County Community Foundation's mission is to improve the quality of life by providing a vehicle for philanthropic giving across a broad spectrum of giving levels to support diverse community needs and to provide prudent stewardship of those charitable funds.

Section 1.03. Purposes. The purposes of the Foundation are as follows:

- a) To solicit, accept, receive and hold title to any and all funds and property, real and personal, wheresoever situated, whether by purchase, gift, bequest, devise or other-wise, either absolutely or in trust for any of its stated purposes, to invest and reinvest and to manage, disburse and handle such funds and property, real or personal and to hold, expend and distribute the same in accordance with the purposes of the Foundation and any restrictions or instructions from any donor which are not inconsistent with those purposes. The Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.
- b) To follow a total return investment policy seeking to achieve for the investments held in those accounts of the Washington County Community Foundation a reasonable long-term total return, consistent with acceptable investment risk, derived both from appreciation of capital and from earnings and distributions with respect to capital.
- c) The Foundation shall have unlimited power to engage in and to do any lawful act or activity for which non-profit foundations may be incorporated under the Act of July 29, 1977 and P. L. 105 and further the Foundation is organized specifically for

charitable, educational and scientific purposes.

d) No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Foundation shall not participate in or intervene in (including the publishing and distribution of statements) any political campaign on behalf of any candidate for public office.

e) No part of the net earnings of the Foundation shall inure to the benefit of or be distributable to its directors, officers, or other private person except that the Foundation shall be authorized the power to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.

f) Notwithstanding any other provisions set forth herein, the Foundation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from Federal Income Tax under Section 501(c) (3) of the Internal Revenue Code of 1954, as amended, or corresponding provisions of any subsequent Federal tax laws, or (ii) by a corporation, contributions to which are deductible for Federal Income Tax purposes.

g) Upon the dissolution of the Foundation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Foundation, distribute all assets of the Foundation exclusively for the purposes of the Foundation in such manner, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purposes as shall at the time qualify as an organization, or organizations described in Section 501(c) (3) of the Internal Revenue Code of 1954, as amended.

h) To conduct affairs of the Foundation so that no distinction shall be made as to race, color, creed, religion, sex, age or handicap with regard to membership, employment, professional staff or delivery of services.

Section 1.04. Area. The Foundation shall conduct its activities principally in the geographic area of Washington County, but is not limited to such area.

ARTICLE II

MEMBERSHIP

Section 2.01. Membership. The membership shall consist of a single class of members

who shall be the members of the Board of Trustees of the Foundation.

ARTICLE III

MEETINGS

Section 3.01. Annual Meeting. There shall be an annual meeting of the Foundation and such special meetings as may be called. The annual meeting of the Foundation shall be held in June of each year on a date and at a time and place determined by the Board of Trustees. Ten days written notice of this meeting must be mailed to each member of the Foundation by the Secretary.

Section 3.02. Special Meetings. Special Meetings of the Foundation may be called at any time by the Chairman or by the Secretary on written request of at least five members of the Foundation. The object of such special meeting must be stated in the call and at least ten (10) days written notice must be mailed to each member of the Foundation by the Secretary.

Section 3.03. Quorum. Six (6) members of the Foundation present in person shall constitute a quorum for the conduct of business. Members present at a duly organized meeting shall continue to conduct the business of the Foundation, despite withdrawal of members leaving less than a quorum.

Section 3.04. Voting. Voting may be in person or by proxy. Cumulative voting shall not be practiced.

Section 3.05. Meeting Agenda. The agenda for the four meetings of the Foundation shall be as follows:

- a) Annual Meeting:
 - 1. Call to Order
 - 2. Presentation and approval of minutes of last annual and interim special meetings
 - 3. Presentation of the Annual Report of the Board of Trustees.
 - 4. Transaction of other proper business.

5. Election of members of the Board of Trustees.

6. Adjournment

b) Special Meetings:

1. Call to Order

2. Reading of the Official Call for the meeting

3. Transaction of business for which the meeting was called.

4. Adjournment

ARTICLE IV

TRUSTEES

Section 4.01. Management. The management of this Foundation shall be vested in a Board of Directors which shall be known as the Board of Trustees, as provided by law. The Board of Trustees shall have charge, control and management of the property, affairs and funds of the Foundation, and also shall have the power and authority to do and perform all acts and functions not inconsistent with these By-Laws, and the laws of the Commonwealth of Pennsylvania, the Articles of Incorporation, or with any action taken by the Foundation. This power and authority shall include the power and authority to affiliate with another Foundation or Foundations.

Section 4.02. Board of Trustees. The Board of Trustees shall consist of not more than thirty-five (35) members. Each year, the Board of Trustees shall fix the size of the class to be elected. The Trustees shall be divided into three classes as nearly equal as possible, one-third to be elected initially to serve for a term of one (1) year, one-third initially to serve for a term of two (2) years, and the remaining Trustees to serve for a term of three (3) years. Thereafter, each Trustee shall serve, upon election, for a term of three (3) years.

Section 4.03. Election Criteria. The Board of Trustees members shall be selected initially by the incorporators and thereafter shall be elected at the annual meeting according to the following criteria:

- a) Trustees shall be elected from a class consisting of individuals nominated from the general public by the Nominating Committee of the Foundation.
- b) All Trustees shall be natural persons of full age, selected with consideration for the following qualities:
 - 1. Demonstrated interest in public service;
 - 2. Broad representation within the Foundation service area, based on geography, economic and social groupings and philanthropic participation;
 - 3. Availability to engage actively in the governance of the Foundation.
- c) A Trustee may not be reelected to more than three full terms consecutively.

Section 4.04. Vacancies. The Board may declare a vacancy to exist when it has determined that a member thereof has been absent for three (3) consecutive meetings without valid excuse.

Section 4.05. Filling Vacancies. Vacancies on the Board due to death, resignation or other cause will be filled for the unexpired terms.

Section 4.06. Action by Unanimous Written Consent. If and when the Trustees shall severally or collectively consent in writing to any action to be taken by the Foundation, such action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Trustees.

Section 4.07. Voting. A simple majority of the votes cast by the Trustees shall decide every question or matter submitted to the Trustees, except amendment of the By-Laws. Any act of the majority of the Trustees present and voting at a meeting shall constitute the action of the Board. Proxies shall not be permitted.

Section 4.08. Participation in Meeting by Telephone. One or more Trustees may participate in a meeting of the Board or of a committee of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and all Trustees so participating shall be deemed present at the meeting.

ARTICLE V

FISCAL YEAR

Section 5.01. Receipts and Disbursements. The fiscal year for the Foundation shall commence January 1 and end December 31 of each year.

Section 5.02. Independent Audit. All the accounts and books, together with all supporting data, shall be audited at the end of each fiscal year by an independent entity designated by the Board of Trustees.

ARTICLE VI

BOARD OF TRUSTEES

Section 6.01. Meetings. The Board of Trustees shall meet not less frequently than four (4) times during the fiscal year at a time and place fixed by the Board. Special meetings of the Board of Trustees may be called by the Chairman and shall be called by the Secretary on the written request of three (3) or more members of the Board. Notice of any special meetings shall state the business to be transacted and no other business shall be considered.

Section 6.02. Notice. Notice of regular and special meetings of the Board shall be given by written notice mailed at least five (5) days prior to the meeting date.

Section 6.03. Quorum. Six (6) Trustees shall constitute a quorum for the conduct of business, but a lesser number may meet and adjourn from time to time until a quorum is present. Members present at a duly organized meeting shall continue to conduct the business of the Foundation, despite withdrawal of members leaving less than a quorum.

ARTICLE VII

OFFICERS

Section 7.01. Designation. The officers of the Foundation shall be a Chairman, Vice-Chairman, Immediate Past Chairman, Secretary and Treasurer. The officers shall be elected by ballot from among the membership of the Board at the first meeting subsequent to the Annual Meeting of the Foundation, which shall be the organizational meeting. Officers shall serve for one (1) year, or until their successors have been duly elected, except for the Immediate Past Chairman who shall serve a two year term

following the immediate completion of his/her term as Chairman. In the case of any vacancy occurring in an office, a successor may be elected at any regular meeting of the Board to complete the unexpired term of the vacant office. The Board may also choose an Assistant Secretary and such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall have such authority and shall perform such duties as from time to time the Board shall prescribe.

Section 7.02. Chairman. The Chairman shall preside at all meetings of the Foundation and the Board of Trustees and shall be an ex-officio member of all committees of the Board, except the Executive Committee, on which the Chairman shall act as Chairman. The Chairman shall serve a term of one (1) year and shall not be eligible for re-election as Chairman.

Section 7.03. Vice-Chairman. The Vice-Chairman shall assume the authority and duties of the Chairman in the absence of the Chairman. The Vice-Chairman shall also be known as the Chairman-Elect, shall serve a term of one (1) year and also shall not be eligible for re-election as Vice-Chairman.

Section 7.04 Immediate Past Chairman. The Immediate Past Chairman shall serve in an advisory capacity to the Chairman and other officers and shall also be a voting member of the Executive Committee. The Immediate Past Chairman shall serve a term of two (2) years which shall commence immediately upon completion of his/her term as Chairman. In the event that the Immediate Past Chairman has completed his/her third and final term as Trustee, the third term shall be extended up to an additional two years to permit the Immediate Past Chairman to serve the full two years of the position. The Immediate Past Chairman shall not be eligible for re-election as Immediate Past Chairman.

Section 7.05. Secretary. The Secretary shall keep a record of all the proceedings of the Board of Trustees and of the Foundation. In addition, the Secretary shall have custody of the records and seal of the Foundation. In addition, the Secretary shall conduct the correspondence of the Foundation and of the Board of Trustees and shall give notice by mail, as provided in these By-Laws, of all meetings of the Foundation and of the Board of Trustees. The Secretary shall notify persons of their election to office as a member of the Board of Trustees or as an officer of the Foundation.

Section 7.06. Treasurer. The Treasurer shall supervise the fiscal and monetary affairs of the Foundation. Acting with the Finance & Audit Committee and the Investment Committee, the Treasurer shall formulate and recommend to the Board of Trustees sound financial policies to guide the Foundation.

ARTICLE VIII

COMMITTEES OF THE BOARD OF TRUSTEES

Section 8.01. Designation. The committees of the Board of Trustees shall be Standing and Special. The Chairman shall appoint the members of all committees, as well as the Chairman thereof.

Section 8.02. Standing Committees. The Standing Committees shall be:

- a) Executive;
- b) Development;
- c) Allocations & Programs;
- d) Finance & Audit;
- e) Investment;
- f) Nominating;
- g) Legal;

and such other committees as the Board of Trustees may from time to time authorize. All committees are responsible to the Board of Trustees

Section 8.03. Executive Committee. The Executive Committee shall consist of the officers of the Foundation, the Immediate Past Chairman, and the chairpersons of all standing committees. The Executive Committee shall meet at the call of the Chairman. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the meetings of the Board of Trustees, provided any action so taken shall not conflict with the policies of the Board.

Section 8.04. Development Committee. The Development Committee shall consist of at least three (3) Trustees, including the Vice-Chairman. The Committee shall be responsible to the Board for fund raising, developing financial resources for the Foundation from both public and private sources and for developing suitable recognition for donors.

Section 8.05. Allocations and Program Committee. The Allocations and Program Committee shall consist of at least three (3) Trustees and shall be responsible to the Board for identifying programs, projects and recipients and for recommending allocations to them based on available, unrestricted resources. This committee shall establish a comprehensive procedure for receiving and evaluating grant applications and for evaluating performance under grants that have been made. This committee shall also recommend to the Board allocation of available restricted resources in accordance with a donor's directions.

Section 8.06. Finance & Audit Committee. The Finance & Audit Committee shall consist of at least three (3) Trustees, including the Treasurer, who shall act as Chairman. The committee shall be responsible to the Board for the oversight and reporting of all financial assets of the Foundation.

- a) The Committee shall direct the preparation of financial statements of the Foundation in the form prescribed by the Board of Trustees.
- b) The Committee shall prepare and submit to the Board at its last meeting before the end of the fiscal year, a proposed comprehensive budget showing expected receipts and income for the ensuing year.
- c) The Committee shall conduct an annual review of all insurance policies and shall renew, negotiate and recommend purchase of such coverage as is necessary to protect the assets of the Foundation. In reviewing risks to be insured, the Committee shall be assisted by the Chairman who shall make suggestions concerning hazards arising out of the real estate, equipment, supplies, personnel and activity.
- d) The Committee shall cause an audit to be made annually of all books of receipts and disbursements. The Committee shall meet at least annually with the auditor and provide a report to be made to the Board of Trustees.

Section 8.07. Investment Committee The Investment Committee shall consist of at least three (3) Trustees, including the Treasurer. The committee shall be responsible to the Board for the investment of all restricted and unrestricted financial assets of the Foundation.

- a) The Committee shall provide:

That the endowment, trust and capital funds be deposited with one or more trust companies or banks or Foundations or comparable institutions duly authorized to conduct such business in the state and reports on such investments shall be received from time to time.

That income from endowment, trust and capital funds, after deduction of legitimate expenses, is paid into the Foundation. Income shall be defined in accordance with board policies.

That both principal and income from endowment, trust and capital funds are used in accordance with the terms of the purpose for which they were created.

- b) The Committee shall also recommend proper investment of accumulated unrestricted funds.
- c) The Committee shall examine annually and as often as it may consider necessary, the investment portfolio of the Foundation.

Section 8.08. Nominating Committee. The Nominating Committee shall consist of at least three (3) Trustees and shall have the duty of nominating at the Annual Meeting of the Foundation, and at other meetings when vacancies are to be filled, candidates to be voted upon in electing officers and members of the Board of Trustees as hereinbefore provided.

Section 8.09. Legal Committee. The Legal Committee shall consist of at least three (3) Trustees and shall from time to time offer advice and guidance to the Board of Trustees regarding legal issues relevant to community foundations.

Section 8.10. Special Committees. Special Committees (including Ad Hoc Committees) may be appointed by the Chairman for such special tasks as circumstances warrant. Special Committees shall limit their activities to the accomplishment of assigned tasks and shall have no power to act except as is specifically conferred by action of the Board of Trustees. On completion of the task for which appointed, such Special Committees shall stand discharged.

ARTICLE IX

CONFLICTS OF INTEREST

Section 9.01. Designation. A conflict of interest exists with respect to a given matter if a

member of the Board of Trustees, any committee of the Board, or staff member has a financial or fiduciary interest in another organization, business or individual that would be affected by any action of the Board, committee or staff person. A member shall be construed to have a financial interest in an organization, business or individual from which he or she derives an income, and to have a fiduciary interest in an organization, business or individual for which he or she performs in the capacity of a Trustee or Director. The following are examples of financial and fiduciary interest, but are not intended to be all inclusive.

Financial Interest

Owner
Officer
Professional Staff Affiliate
Employee
Professional Advisor (e.g., lawyer, accountant, architect, underwriter or other consultant)

Fiduciary Interest

Director
Trustee

Section 9.02 Limitation on Action. No member of the Board of Trustees, any of its committees, or staff members shall act upon or decide any matter with respect to which he or she has a conflict of interest.

Section 9.03. Resolving Conflicts of Interest. A member of the Board of Trustees or any of its committees who believes that he or she has a conflict of interest with respect to any matter shall announce to the body the existence of the conflict of interest prior to the beginning of any discussion on the matter and shall abstain from such discussion and from voting on the matter.

A member of the Board of Trustees or of any of its committees who believes that another member of the body has a conflict of interest may so advise the chair, who shall decide whether a conflict of interest exists, subject to an appeal, which shall be decided by a vote of a majority of the members of that body present and entitled to vote, excluding the member whose interest is in question and any other members who have already been disqualified by reason of a conflict of interest.

In the event a conflict of interest is later determined to have existed at the time of a final vote and the body has authorized action on any given transaction or matter which is still pending and uncompleted, a challenge to the validity of that transaction may be made in the forum in which the conflict of interest first rose by a board member or a member of any committee or any staff member and the challenge shall be resolved in

the following manner:

- a) The chair of the appropriate forum shall decide if a conflict of interest existed at the time of the final vote authorizing the transaction or action subject to an appeal which shall be decided by a vote of a majority of the members present and entitled to vote, excluding any member whose interest is in question and any other members who have already been disqualified by reason of a conflict of interest.
- b) Where a conflict of interest is found to have existed, the Board of Trustees shall review the transaction or action taken on the basis of the facts and circumstances as they existed at the time of the challenged vote and either ratify or void the transaction or action taken, by majority vote, excluding any member whose interest is in question and any other members who have already been disqualified by reason of a conflict of interest; provided however, that such review shall be unnecessary if the challenged vote was carried by more than a majority of the body voting, excluding those members having a conflict of interest.

ARTICLE X

FIDELITY BONDS INSURANCE INDEMNIFICATION OF TRUSTEES, OFFICERS AND OTHER PERSONS

Section 10.1. Fidelity Bonds. Such officers, trustees and employees of the Foundation, as the Board of Trustees shall designate, shall be covered by bonds of fidelity, secured from a guaranty company, in amounts determined and approved by the Board of Trustees. The Foundation shall defray the cost of any fidelity bond so required.

Section 10.2. Liability Insurance. Liability insurance may be secured covering the trustees, officers, employees and agents as the Board of Trustees shall designate in amounts determined and approved by the Board of Trustees.

Section 10.3. Indemnification.

- a) This Foundation shall, to the full extent permitted by the Not For Profit Corporation Code and the Directors Liability Act and any other laws of the Commonwealth of Pennsylvania as amended from time to time, pay the expenses incurred by an officer, director, employee, or agent in defending a civil or criminal action, suit or proceeding brought by any third party or brought by or in the right of the Foundation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount

if it shall ultimately be determined that he is not entitled to be indemnified by the Foundation.

b) This Foundation shall to the full extent permitted by the Not For Profit Corporation Code and the Directors Liability Act and any other laws of the Commonwealth of Pennsylvania, as amended from time to time, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Foundation) by reason of the fact that he/she is or was a representative of another Foundation, partnership, joint venture, trust or other enterprise, against judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding if he/she acted in good faith and in a matter he/she reasonably believes to be in, or not opposed to, the best interest of the Foundation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Foundation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

c) This Foundation shall to the full extent permitted by the Directors Liability Act of the Commonwealth of Pennsylvania, as amended from time to time, indemnify a Director for monetary damage including judgments and amounts paid in settlement for any action taken or any failure to take any action, whether or not the indemnified liability arises or arose from any threatened, pending or complete action by or in the right of the Foundation unless the Director has breached or failed to perform the duties of his/her office and the breach constitutes self dealing, willful misconduct or recklessness; provided that indemnification will not be provided for any responsibility or liability under a criminal statute or for the payment of taxes pursuant to local, state or federal law.

d) The indemnification and advancement of expenses provided by, or granted pursuant to this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person

e) It is the intent of this Foundation, to the fullest extent permitted by the Not For Profit Corporation Code and the Directors Liability Act and any other laws of the Commonwealth of Pennsylvania, as amended from time to time, to defend and indemnify against any liability not covered by malpractice liability insurance or other insurance any person who was or is a party or is threatened or made party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including anti-trust, civil rights and punitive damage claims, by reason of the fact that he or she is or was a Director, Officer, or an employee or agent designated to receive this protection, of another Foundation, partnership, joint venture, trust or other enterprise. This Article X shall not be deemed exclusive of any rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, contract, vote by members or disinterested directors or pursuant to the direction, howsoever embodied, of any court of any competent jurisdiction or otherwise, both as to action in his/her official capacity and as to action in another capacity by holding such office.

f) Unless ordered by a court, any indemnification under Sections 2 and 3, shall be made by the Foundation only upon the determination that indemnification is proper in the circumstances presented. Such determination of indemnification shall be made by disinterested members of the Board of Directors.

g) Indemnification shall not be made under Sections 2 and 3, where the act or failure to act giving rise to the claim has been determined by a court to have constituted misconduct or recklessness.

h) This Foundation shall have the authority to create a fund of any nature, or otherwise secure or insure in any manner, its indemnification obligations under these By-Laws or otherwise, including but not limited to securing malpractice liability insurance covering the Board of Directors, the officers and such employees as the Board of Directors shall designate in amounts determined and approved by the Board.

ARTICLE XI

WAIVER OF NOTICE

Section 11.1. General. Whenever any notice is required to be given under the provisions of the Pennsylvania Non Profit Corporation Law, or under the provisions of the Articles of Incorporation or by the By-Laws of the corporation, a Waiver thereof, in writing,

signed by the persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

DISSOLUTION OF THE FOUNDATION

Section 12.1. Dissolution. The Foundation may dissolve by resolution of the Board of Trustees by a vote of not less than a majority of the members of the Board. The manner of dissolution shall be as required by the law of the Commonwealth of Pennsylvania, the law of the United States and the official acts of the Board of Trustees. Upon dissolution, the assets of the Foundation shall be distributed as hereinbefore provided in the Purpose of the Foundation.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1. Offices. The address of the registered office of the Foundation shall be at such location as designated by the Board. The Foundation may have such other offices at such places as the Board may designate.

Section 13.2. Corporate Seal. The Board shall prescribe the form of a corporate seal.

ARTICLE XIV

AMENDMENT OF BY-LAWS

Section 14.1. Amendment. These By-Laws may be amended or repealed and new By-Laws may be adopted at any regular or special meeting of the Board of Trustees, provided the vote in the affirmative is at least a majority of the full Board and provided, further, that the Trustees have been given twenty (20) days written notice of the proposed action and the form or substance of the amendment.