

PRIORITY

ARTICLES OF INCORPORATION
OF
ROTARY DISTRICT 5390 FOUNDATION

459611
STATE OF MONTANA

FILED

MAR 21 2003 PD #40

SECRETARY OF STATE

Pursuant to the Montana Nonprofit Corporation Act, the undersigned, of legal age, adopts the following Articles of Incorporation.

1. Name. The name of the Corporation is ROTARY DISTRICT 5390 FOUNDATION.
2. Duration. The period of its duration is perpetual.
3. Members. The Corporation will not have members.
4. Public Benefit. The Corporation is a Public Benefit Corporation.
5. Purposes. The Corporation is organized and shall be operated not for profit but

exclusively for the charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. In furtherance of this objective, the Corporation shall have the following primary purposes:

- (a) The Corporation shall be operated for charitable, educational, and social welfare purposes. Specifically, the Corporation shall provide financial assistance to needy individuals, community groups, and projects in Montana on behalf of Rotary International District 5390. The Corporation also may provide scholarships to students in and from Montana for the purpose of furthering their education at qualified colleges, universities, and vocational institutions.
- (b) The Corporation shall have and exercise all rights and powers conferred on non-profit organizations under Section 35-2-118 of the Montana Non-Profit Corporation Act; *provided*, however, that the Corporation shall not engage in any activities or exercise any powers that are not in furtherance of the stated purposes of the Corporation.

6. Directors. The Corporation will be governed by a Board of Directors, who shall be elected in the manner provided in the Bylaws.

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7. **Registered Agent and Office.** The address of the initial registered office of the Corporation is 500 Transwestern Plaza II, 490 N. 31st Street, Billings, Montana, 59101. The name of the Corporation's initial registered agent is LAWCO.

8. **Restricted Activities.** No substantial part of the Corporation's activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene (including the publishing or distribution of statements) in any political campaign on behalf of or in opposition to any candidate for public office.

9. **Prohibited Activities.** Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3), or the corresponding section of any future federal tax code, or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

10. **Prohibited Distributions.** No part of the net earnings, properties or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of, or be distributable to, its members, directors, officers or other private person or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 5.

11. **Dissolution.** Upon dissolution of the Corporation, the Board of Directors shall, after paying or providing for payment of all of the liabilities of the Corporation, distribute all of the remaining assets of the Corporation exclusively for the purposes of the Corporation and the purposes set forth in Section 501(c)(3) of the Internal Revenue Code. Any assets not so distributed shall be disposed of by the District Court of the county in which the principal office of the Corporation is then

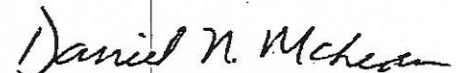
located, exclusively for the purposes or to the organization or organizations organized and operated for the purposes as the Court shall determine.

12. **No Personal Liability.** There shall be no personal liability of any director to the Corporation for monetary damages for breach of a director's duties to the Corporation, provided that this limitation shall not apply to a breach of the director's duty of loyalty to the Corporation, for acts or omissions not in good faith or involving intentional misconduct or knowing violation of the law, for transactions from which the director derives an improper personal economic benefit, or as otherwise limited in Section 35-2-213(2)(e) of the Montana Non-Profit Corporation Act, or its successor.

13. **Incorporator.** The name and address of the incorporator is:

Daniel N. McLean
P.O. Box 797
Helena, MT 59624-0797

DATED this 21st day of March, 2003.

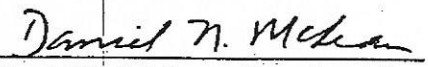

Daniel N. McLean, Incorporator

Consent of Registered Agent

The undersigned hereby accepts the appointment as the registered agent of ROTARY DISTRICT 5390 FOUNDATION, a Montana 501(c)(3) non-profit corporation, effective March 21, 2003.

DATED: March 21, 2003.

LAWCO

By 
Daniel N. McLean, Vice President

BYLAWS OF
ROTARY DISTRICT 5390 FOUNDATION

Initially Adopted March 21, 2003
Ratified and Amended December 7, 2005.

1. CORPORATION NAME, PURPOSES, POWERS AND OFFICES.

1.1 Name and Location.

This Corporation shall be known as ROTARY DISTRICT 5390 FOUNDATION. Offices of the Corporation shall be located in the city of Kalispell, Montana, and in such other localities as may be determined by the Board of Directors.

1.2 Authority.

This Corporation is incorporated under, and shall be operated according to the Montana Nonprofit Corporation Act (the "Act").

1.3 Purposes.

As stated in the Corporation's Articles of Incorporation, the Corporation is organized and shall be operated exclusively for charitable, scientific and educational purposes within the meaning of Code Section 501(c)(3).

1.4 Powers.

The Corporation shall have and exercise all rights and powers conferred on non-profit public benefit organizations under Section 35-2-118 of the Act; provided, however, that the Corporation shall not engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Corporation.

1.5 Registered Office.

The registered office of this Corporation required by the Act to be maintained in the state of Montana may be, but need not be, identical with the principal office in the state of Montana, and the address of the registered office and registered agent may be changed from time to time by resolution of the Board of Directors.

2. REGULATION OF CORPORATE ACTIVITIES AND DISTRIBUTIONS

2.1 Restricted Activities.

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

2.2 Exempt Activities.

Notwithstanding any other provision of these Bylaws, no Director, officer, employee, or representative of this Corporation 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 an 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 an organization contributions to which are deductible under Section 170(c)(2) of the Code and Regulations as they now exist or as they may hereafter be amended.

2.3 Prohibited Distributions.

No part of the net earnings, properties or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of, or be distributable to, its members, Directors, officers or other private person or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 1.3.

3. MEMBERS

The corporation shall not have members.

4. POWERS, AUTHORITY AND RESPONSIBILITY

4.1 Governing Body.

The Board of Directors shall have supervision, control and direction of the affairs of the Corporation, shall actively promote and pursue the Corporation's objectives, and shall supervise the disbursement of the Corporation's funds. The Board may appoint a President for the Corporation and may delegate to the President such authority as the Board deems appropriate.

The Board may adopt such rules and regulations for the conduct of its business as shall be deemed advisable, and may, in the execution of the powers granted, delegate certain of its authority and responsibility to one or more committees. The committee shall consider and act upon all committee recommendations, and may also consider such other matters regarding the Corporation as it deems appropriate, or as are requested for consideration by the President.

4.2 Composition and Manner of Selection.

The Board shall consist of no less than four (4) nor more than fourteen (14) directors, as shall be fixed from time to time by resolution of the Board of Directors. Four ex-officio Director positions shall be held by the following officers of Rotary International District 5390: District Governor, District Governor Elect, District Governor Nominee, and District Foundation Chair. Up to seven other members may be chosen from the subcommittee chairs under the District Foundation Chair. Up to three Directors may be club presidents from Rotary Clubs in District 5390, designated by the District Governor. The initial Board members shall be elected by the members of the Board of Directors of the Rotary Club of Montana, and thereafter shall be nominated by the Board of Directors as set forth above. The terms of the initial Directors shall begin immediately upon appointment by the Incorporator. Thereafter, terms of office shall begin on the date of the first annual corporation meeting following the election of any Board member.

4.3 Tenure of Office.

- (a) At the organizational meeting, the initial Directors (other than ex-officio Directors) appointed by the Incorporator shall be divided into three classes as shall be designated by resolution adopted by the new Board of Directors. One Director shall serve a term of one year, one Director shall serve a term of two years, and one Director shall serve a term of three years. Thereafter, at each Annual Meeting of the Board of Directors, a number of Directors equal to those whose terms have expired shall be elected for a term of three years. The election shall be by a majority of the Board of Directors.
- (b) Each Director shall hold office until his or her successor shall have been duly elected. Directors may serve consecutive terms.

4.4 Proxy Voting.

Proxies and proxy voting shall not be allowed on behalf of any Board member.

4.5 Vacancies.

The Board of Directors at any meeting shall fill any vacancy occurring in the Board of Directors because of death, resignation, removal, disqualification, or otherwise, or any Directorship to be filled by reason of an increase in the number of Directors. A Director elected by the Board to fill a vacancy shall assume the office immediately upon election, and shall be nominated for election at the next annual election of the Rotary Club of Montana.

4.6 Removal.

A Director may be removed, with or without cause, if a majority of the Directors present at a duly constituted meeting votes for the removal. Additionally, a Director shall be removed for three (3) consecutive unexcused absences from meetings of the Board of Directors.

4.7 Resignation.

A Director may resign at any time by delivering written notice to the Board of Directors. Unless the notice specifies a later effective date, a resignation is effective when the notice is delivered.

4.8 Regular Meetings.

The Board of Directors shall hold regular meetings on a designated day to be established by the Board. If it appears that a quorum of the Board will be unable to attend a regular meeting, the meeting may be rescheduled or cancelled.

4.9 Special Meetings.

Special meetings may be held by the Board of Directors at the discretion of the Chair of the Board or upon the written request of any two (2) members of the Board.

4.10 Annual Meeting.

The Corporation's annual meeting shall be held in July of each year. A report shall be presented at the annual meeting summarizing the Corporation's activities for the previous year.

4.11 Meetings by Conference Telephone.

The Board may permit any or all Directors to participate in a meeting of the Board by, or conduct the meeting through, the use of conference telephone or any means of communication by which persons participating in the meeting may hear each other simultaneously during the meeting. A Director participating in the meeting by conference telephone is deemed present in person at the meeting. The chairman of the meeting may establish reasonable rules as to conducting the meeting by telephone.

4.12 Notice of Board of Directors Meetings.

Written or printed notice of every annual, regular and special meeting of the Board of Directors, stating the date, time and place, but not necessarily the purpose of the meeting of the meeting must be given to each Director not less than two (2) days prior to the date of the meeting. Regardless of whether the meeting is a regular meeting or a special meeting, if a purpose of the meeting is to consider (1) an amendment to the Articles of Incorporation, (2) a plan of merger, (3) the sale, lease, exchange, or disposition of all, or substantially all of the Corporation's property, or (4) the dissolution of the Corporation, then a notice must be given to each Director at least seven (7) days before the meeting stating the purpose, and the notice must be accompanied by a copy of or summary, if applicable, of the proposed amendment to the Articles of Incorporation, the proposed plan of merger, the transaction for the disposition of the Corporation's property, or proposed plan of dissolution.

- (a) Effective Date. If mailed, notice of any meeting shall be deemed to be effective at the earlier of (1) five (5) days after deposited in the United States mail, addressed to the Director's business office, with postage prepaid, (2) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the Director), or (3) the date when received.
- (b) Waiver of Notice. Any Director may waive notice of any meeting. The waiver must be in writing, signed by the Director entitled in the notice, and filed with the minutes or corporate records. A Director's attendance at a meeting waives the Director's right to object to lack of notice of defective notice of the meeting unless the Director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

4.13 Quorum.

A majority of the members of the Board of Directors shall constitute a quorum at all meetings of the Board of Directors. No action shall be taken unless a quorum is present.

4.14 Manner of Acting.

Unless otherwise provided by the Act, the Articles of Incorporation or these Bylaws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. Each Director shall have one (1) vote.

4.15 Actions Without Meeting.

Any action required or permitted to be taken at a meeting of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same effect as a unanimous vote.

4.16 Presumption of Assent.

A Director who is present at meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the Director's dissent is entered in the minutes of the meeting or unless a written dissent to such action is filed with the person acting as the secretary of the meeting before the adjournment thereof, or unless such dissent is forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

4.17 Chair of the Board.

The Board of Directors may, by majority vote of the entire Board, appoint from the Directors, a Chair and/or Vice Chair. The Chair shall preside at all meetings of the Board

of Directors and shall have such other duties as the Board shall determine. The Vice Chair may act as Chair in the absence of the Chair.

4.18 Compensation of Directors.

No Director shall receive any compensation from the Corporation for services rendered as a Director. Directors may be reimbursed for any reasonable expenses incurred by them in the execution of their official duties, including travel expenses. Nothing contained herein shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving reasonable compensation for personal services rendered to the Corporation that are reasonable and necessary to carry out one or more of the tax exempt purposes of the Corporation.

5. COMMITTEES OF THE BOARD

5.1 Committees.

The Board may, by a majority vote of the full Board, create additional committees. Such committees shall include no less than two (2) Directors. The members of any such committees shall serve at the pleasure of the Board of Directors. Committees shall exercise such powers as may be designated by the Board of Directors.

5.2 Restrictions on Committees.

Each committee may exercise the specific authority which the Board confers upon the committee in the resolution creating the committee; *provided*, however, a committee may not (1) approve the dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; (2) elect, appoint, or remove Directors or fill vacancies on the Board or on any of its committees; or (3) adopt, amend, or repeal the Articles of Incorporation or Bylaws.

5.3 Committee Meetings.

The sections of these Bylaws which govern meetings, notice and waiver of notice, quorum and voting requirements, conduct of the Board, and action without meetings apply to committees and their members. In addition, the committees shall keep regular minutes of their proceedings and report the same to the Board. The committees are subject to all procedural rules governing the operation of the Board itself.

6. OFFICERS

6.1 Number and Qualifications of Officers.

The officers of the Corporation shall be a President, a Vice-President, a Secretary, and a Treasurer. The Board may elect other officers and assistant officers if the Board deems it necessary or desirable to do so. If the Board specifically authorizes an officer to

appoint one (1) or more officers or assistant officers, the officer may do so. Any two (2) offices, except the offices of President and Treasurer may be held by the same person.

6.2 Election and Term of Office.

The Board shall elect officers of the Corporation for one (1) year terms. Each officer shall hold office until a successor is duly elected and qualified or until he or she resigns, dies or is removed in a manner as provided for in Section 6.3. A designation or a specified term does not grant to the officer any contract rights, and the Board can remove the officer at any time prior to the termination of the designated term.

6.3 Removal of Officers.

The Board may remove any officer or agent at any time, with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person removed. The election or appointment of any officer or agent by the Board shall not of itself create contract rights.

6.4 Duties of the Officers.

The duties and powers of the officers of the Corporation shall be as follows or shall hereafter be set by resolution of the Board of Directors:

President. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. The President shall preside at all meeting of the officers of the Corporation and may sign any deed, mortgage, bond, contract or other instrument unless the Board of Directors has expressly granted the authority for such signing and execution to another officer or agent of the Corporation. The President shall be responsible for hiring and firing employees of the Corporation based upon the general guidelines prescribed by the Board of Directors. The President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Secretary. The Secretary shall in good faith (1) create and maintain one or more books for the minutes of the proceedings of the Board; (2) provide that all notices are served in accordance with these Bylaws or as required by law; (3) be a custodian of the corporate records; (4) when requested or required, authenticate any records of the Corporation, and (5) in general perform all duties incident to the office of Secretary and any other duties that the President or the Board may assign to the Secretary.

Treasurer. The Treasurer shall: (1) have charge and custody of and be responsible for all funds and securities of the Corporation; (2) receive and give receipts for moneys due and payable to the Corporation from any source, and deposit all moneys in the Corporation's name in banks, trust companies, or other depositories that the Board shall select; (3) submit the books and records to a Certified Public Accountant or other accountant for annual audit or review; and (4) in general perform all of the duties incident to the office of Treasurer and any other duties that the President or Board may assign to the

Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful performance of the Treasurer's duties and as insurance against the misappropriation of funds. If a bond is required, it shall be in a sum and with the surety or sureties that the Board shall determine.

6.5 Vacancies.

All vacancies in any office shall be filled promptly by the Board of Directors either at a regular meeting or at a special meeting called for that purpose.

6.6 Compensation of Officers.

Officers may receive reasonable salary or compensation as may be fixed by the Board of Directors.

7. CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

7.1 Contracts.

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instruments in the name of an on behalf of the Corporation and such authorization may be general or confined to specific instruments.

7.2 Loans.

The Corporation shall not allow anyone to contract on behalf of it for indebtedness for borrowed money unless the Board authorizes such a contract by resolution. The Corporation shall not allow anyone to issue evidence of the Corporation's indebtedness unless the Board authorizes the issuance by resolution. The authorization may be general or specific. The Corporation shall make no loans to any Directors or officers.

7.3 Checks, Drafts, etc.

All bank accounts and deposit accounts shall be in the name of the Corporation, and, unless specifically directed by the Board of Directors, such depositories may be designated by the President of the Corporation. The Board shall authorize by resolution which officers or agents may sign and issue all Corporation checks, draft or other orders for payment.

7.4 Investments.

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board, without being restricted to the class of investments which a Director is or may hereafter be permitted by law to make or any similar restriction; provided, however, that no action shall be taken by or on behalf of the Corporation if such action would result in the denial of the tax exemption under Section 501(c)(3) of the

Internal Revenue Code and its Regulations as they now exist, or as they may hereafter be amended. The Board may delegate to the Treasurer the day to day management of such investments as the Board may authorize.

8. INDEMNIFICATION AND ADVANCE FOR EXPENSES

8.1 Mandatory Indemnification.

The Corporation shall indemnify a Director or former Director, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he or she was a party because he or she is or was a Director of the Corporation against reasonable expenses incurred by him or her in connection with the proceedings.

8.2 Permissible Indemnification.

The Corporation shall indemnify a Director or former Director made a party to a proceeding because he or she is or was a Director of the Corporation, against liability incurred in the proceeding, if determination to indemnify him or her has been made in the manner prescribed by the Act and payment has been authorized in the manner prescribed by the Act.

8.3 Advance for Expenses.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of (a) a written affirmation from the Director, officer, employee or agent of his or her good faith belief that he or she is entitled to indemnification as authorized in this Article, and (b) an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation authorized in this article.

8.4 Indemnification of Officers, Agents and Employees.

An officer of the Corporation who is not a Director is entitled to mandatory indemnification under this Article to the same extent as a Director. The Corporation may also indemnify and advance expenses to an officer, employee or agent of the Corporation who is not a Director to the same extent as a Director or to any extent, consistent with the Act and public policy, that may be provided by the general or specific action of the Board or by contract.

8.5 Insurance.

The Corporation may purchase and maintain insurance (a) to insure itself with respect to the indemnification payments it is authorized or obligated to make pursuant to this Article, and (b) on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a

Director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to insure against any liability asserted against person and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of this Article.

9. **CONFLICT OF INTEREST.**

9.1 **Conflict of Interest.**

A Director shall disclose to the Board of Directors any material interest that the Director directly or indirectly has in any person or entity that is a party to a transaction under consideration by the Board of Directors. The interested Director shall abstain from voting on the transaction, provided, however that the Director's presence may be counted in determining whether a quorum is present for purposes of Section 4.13 of these Bylaws.

9.2 **Approval of Conflict of Interest Transactions.**

A transaction in which a Director has a conflict of interest may be approved:

- (a) In advance by the vote of the Board of Directors or a committee of the Board if: (i) the material facts of the transaction are disclosed or known to the Board or committee of the Board; and (ii) the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the Corporation; or
- (b) Before or after the transaction is consummated by obtaining approval of: (i) the attorney general; or (ii) a state district court in any action in which the attorney general is joined as a party.

10. **MISCELLANEOUS**

10.1 **Books and Records.**

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of the Board and committees having any of the authority of the Board. All books and records of the Corporation may be inspected by any Director, or his or her agent or attorney, for any proper purpose at any reasonable time at the main office of the Corporation.

10.2 **Fiscal Year.**

The fiscal year shall begin July 1 and end on June 30 each year, unless otherwise established by the Board.

10.3 Amending Bylaws.

The Bylaws of the Corporation may be altered, amended, added to, or repealed by majority vote of the entire Board as is necessary or appropriate to carry out the purposes of the Corporation to the fullest extent permitted by law. No such alteration, amendment, repeal or adoption shall in any way conflict with the purposes of the Corporation as stated in its Articles of Incorporation or otherwise cause the Corporation to lose its qualification as an organization described in Section 501(c)(3) of the Internal Revenue Code.

11. DISSOLUTION

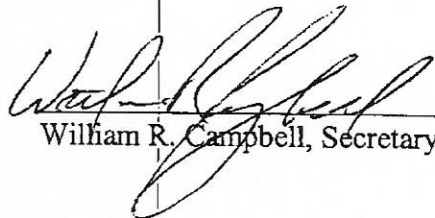
11.1 Dissolution.

The Corporation will not be dissolved while any assets remain in its control, or any obligations remain unpaid, and until a notice of the discontinuance or dissolution has been filed with the appropriate regulatory authorities. In the event of dissolution, unexpected balances of funds shall be disposed of in any manner authorized by law, which does not inure to the personal benefit of any contributor or officer of the Corporation.

CERTIFICATE OF ADOPTION OF BYLAWS

The undersigned hereby certifies that the above Bylaws of Rotary District 5390 Foundation, were duly adopted, ratified, and amended, and now constitute the Bylaws of the Corporation.

DATED: December 7, 2005.


William R. Campbell, Secretary