

THE EMPLOYEE OWNERSHIP FOUNDATION, INC.

By-Laws

*[Approved May 1, 2003]
Amended November 9, 2007*

ARTICLE I.

Name and Operating Year

Section 1. Name.

The name of this Corporation shall be The Employee Ownership Foundation, Inc. (Hereafter referred to in these By-Laws as the “the Foundation”.)

Section 2. Adoption of Fiscal Year.

The Foundation shall operate on a fiscal year that is the same as The ESOP Association’s fiscal year.

ARTICLE II.

Offices

Section 1. Principal Office.

The principal office of the Foundation shall be located in the Washington, DC, metropolitan area.

Section 2. Other Offices.

The Executive Committee of the Foundation, or the Board of Trustees may establish subordinate offices at any location.

ARTICLE III.

Executive Committee

Section 1. Number.

The Executive Committee shall consist of nine [9] members.

Section 2. Members.

The members of the Executive Committee shall be the Chair of the Foundation, the Immediate Past Chair of the Foundation, the Immediate Past Chair of The ESOP Association, the Chair of The ESOP Association, the Secretary-Treasurer of The ESOP Association, the Chair of the State and Regional Chapter Council of The ESOP Association, a person who represents a Corporate member of The ESOP Association as an at-large member of The ESOP Association's Board of Directors, the Chair of the ESOP Association's Advisory Committees' Chairs' Council, and one person who is a Trustee of the Foundation, and who is not a person named previously in this Section.

Section 3. Election and Term.

- (a) The members of the Executive Committee who serve on the Board of Directors of The ESOP Association shall elect the Chair of the Foundation, and elect one person from the Board of Trustees of the Foundation.
- (b) The Chair and the one person elected by the members of the Executive Committee who serve on the Board of Directors of The ESOP Association, shall serve two-year [2] terms, and are eligible to serve an additional two-year term. The term of the members of the Executive Committee who serve because of their position on the Board of Directors of The ESOP Association shall serve a term which is the same as their term on the Board of Directors of The ESOP Association.

Section 4. Transaction of Business

A majority of the Executive Committee shall constitute a quorum for the transaction of business.

Section 5. Powers of the Executive Committee.

Subject to limitations of the Articles of Incorporation and other sections of the By-Laws of the Foundation, the Executive Committee shall have powers conferred upon the Foundation by law, the Articles of Incorporation, and the By-Laws including the power

- (a) to amend the Articles of Incorporation and By-Laws of the Foundation
- (b) to interpret the Articles of Incorporation and By-Laws;
- (c) to select and remove agents and employees of the Foundation, to prescribe powers and duties for them, and to fix their compensation;
- (d) to remove members of the Executive Committee who serve because of their election to the Committee by other members of the Executive Committee, including the Chair, for cause;

- (e) to borrow money and incur indebtedness for the purposes of the Foundation, and for that purpose to cause to be executed and delivered in the Foundation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidence of debt and securities;
- (f) to establish policies and procedures.

Section 6. Action after Board of Trustees Review.

If the Board of Trustees in a regular or called meeting of the Trustees sets forth its disagreement with a decision or action of the Executive Committee, under Article IV, Section 4.a, the Executive Committee shall discontinue the activity or alter its earlier decision and report its actions to the Board of Trustees at the Board of Trustees next meeting.

Section 7. Time and Place of Meetings.

- (a) Required Meetings. The Executive Committee shall meet at least four [4] times a year, except that fewer meetings may be held if there is unanimous agreement of Executive Committee members not to hold a meeting.
- (b) Other Meetings. The Chair may call for other meetings, and other meetings may be called by the other six [6] members if they do so unanimously in writing.
- (c) Notice. The Foundation office shall notify members at least fourteen [14] days before a meeting as to time and place.

Section 8. Compensation.

The Foundation shall not compensate a member of the Executive Committee for their services as members of the Executive Committee. A member of the Executive Committee may be reimbursed for expenses in conjunction with their service as a member only if approved by the Executive Committee.

**ARTICLE IV.
Board of Trustees**

Section 1. Number.

There shall be no more than forty [40] members of the Board of Trustees.

Section 2. Members.

- (a) The Board of Trustees shall include the Chair of the Foundation, the Immediate Past Chair of the Foundation, the Immediate Past Chair of The ESOP Association, the Chair of The ESOP Association, the Secretary-Treasurer of The ESOP Association, the Chair

of the State and Regional Chapter Council of The ESOP Association, a person who represents a Corporate member of The ESOP Association as an at-large member of The ESOP Association's Board of Directors, the Chair of the ESOP Association's Advisory Committees' Chairs' Council, and one person who is a Trustee of the Foundation, and who is not a person named previously in this Section.

(b) Up to thirty-four persons elected by the Executive Committee.

Section 3. Meetings.

1. Regular Meetings. The Board of Trustees shall meet [2] times a year at a time and place determined by the Chair of the Foundation.
2. Other meetings. A majority of the Board of Trustees shall cause other meetings to take place if the call for the meeting is in writing, at a place designated in the call for a meeting.
3. Notice. The Foundation office shall provide written notice of a meeting fourteen [14] days prior to the meeting.

Section 4. Powers of the Board of Trustees.

(a) Primary Power. Upon receiving reports and information on decisions and actions of the Executive Committee Pursuant to its power under Article III, Section 5, the Board of Trustees shall approve or disapprove decisions and actions of the Executive Committee that involve the following:

- (I) amendments to the Article of Incorporation or By-Laws
- (II) an interpretation of the Article of Incorporation or By-Laws
- (III) any policy and procedure adopted by the Executive Committee
- (IV) the removal of elected members for cause from the Board of Trustees
- (V) the borrowing of money or incurring of indebtedness for the Foundation

(b) Other Powers

- (I) The Board of Trustees shall have the power to establish committees, task force, or other working groups of the Board of Trustees, except for the Executive Committee.
- (II) Any member of the Board of Trustees who is not a member of the Executive Committee may place on the agenda of the Executive Committee at one of the Executive Committee's regularly scheduled meetings any item, if that request

is in writing, or if the entire Board of Trustees ratifies such a request by three of its members at one of its regularly scheduled meetings.

Section 5. Action Without a Meeting.

Any action required or permitted to be taken by the Board of Trustees may be taken without a meeting, if all members of the Board individually or collectively consent in writing to action. Written consent or consents shall be filed with the minutes of the proceedings of the Board. Action by written consent shall have the same force and effect as the unanimous vote of the Trustees.

Section 6. Compensation.

The Foundation shall not compensate Trustees for their services as Trustees. Trustees may be reimbursed for expenses in connection with their services as Trustees only when authorized by a majority of the Board of Trustees.

**ARTICLE V.
Indemnification**

- (a) Any member of the Board of Trustees and Executive Committee member who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such individual is or was a Board member or officer of the Foundation shall be indemnified by the Foundation, to the fullest extent of the law, against expenses, judgments, fines, settlements, and legal defense expenditures in connection therewith.
- (b) Any indemnification under subsection (a) above shall be made only as authorized by the Executive Committee of the Foundation in specific case upon a determination that indemnification of such a Trustee, or Executive Committee member is proper in the circumstances because such Trustee has met the provisions and intent of these By-Laws. No individual shall be entitled to indemnification under this section unless, with respect to the conduct that is the subject of the proceeding, that person acted in good faith and in a manner that such person believed to be in the best interest of the Foundation and with due care and prudence.
- (c) No individual shall be entitled to indemnification with respect to any claim as to which such person has been judged to be liable to the Foundation.
- (d) The Foundation shall maintain Trustees' and Officers' liability insurance suitable to provide Board members and officers with protection against liability asserted against or incurred in their conduct of duties as Board and Executive Committee members.

ARTICLE VI.
Officers

Section 1. Officers.

The officers of the Foundation shall be the Chair, Vice Chair, Secretary-Treasurer, and the Foundation's President and Executive Vice President. All officers except for the President and Executive Vice President shall be members of the Executive Committee and Board of Trustees of the Foundation.

Section 2. Qualifications.

Except for the President and Executive Vice President, each officer must be a representative or an employee of a Corporate member of The ESOP Association to represent a corporation who is a member in good standing, of The ESOP Association.

Section 3. Chair.

The Chair shall preside at all meetings of the Executive Committee and the Board of Trustees, except the meeting of the Executive Committee that elects the Chair. The Chair may serve on all committees and task forces as a non-voting ex officio member. The Chair shall be responsible for appointing all committees, and shall supervise all committees. The Executive Committee may prescribe other powers and duties for the Chair.

Section 4. Vice Chair.

The Immediate Past Chair of The ESOP Association shall be the Vice Chair of the Foundation. The Vice Chair shall chair the meeting of the Executive Committee that elects the Chair of the Foundation. In the absence or the disability of the Chair, the Vice Chair shall perform the duties of the Chair. The Executive Committee may prescribe other powers and duties for the Vice Chair.

Section 5. Secretary-Treasurer.

The Secretary-Treasurer of The ESOP Association shall be the Secretary-Treasurer of the Foundation. The Secretary-Treasurer shall ensure that the Foundation maintains the necessary records of the Foundation's Executive Committee, Board of Trustees, and other activities for which records are required, including its financial records. The Board of Trustees may prescribe other powers and duties for the Secretary-Treasurer.

Commentary: The current By-Laws made the TEA Secretary-Treasurer the Vice Chair, and had this elaborate process to "elect" a Foundation Secretary-Treasurer as nominated by a nominating committee. This causes considerable confusion, because elsewhere in the current Foundation By-Laws, the Secretary-Treasurer does not exist as a member of the Executive Committee. I believe it is simpler to have the Immediate Past Chair of TEA be Vice Chair, and have the Secretary-Treasurer of TEA be the Secretary-Treasurer of the Foundation. The

original thinking back in the mid-90's was that the Secretary-Treasurer would be Chair of the Foundation, as that office has the least formal assignments of TEA officers, but this approach was ditched when Dan was made chair. And this approach eliminates a so-called "nominating" committee, which in the current by-laws is to nominate only one person—a somewhat odd piece of baggage for the nomination of one person, who is not really recognized elsewhere in the current By-Laws.

Section 6. President.

The Chief Staff Officer of The ESOP Association shall be President of the Foundation.

Section 7. Executive Vice President.

The Executive Vice President shall be a full-time employee and officer of the Foundation. In consultation with the President, the Executive Committee shall select and approve the appointment of the Executive Vice President, and in cooperation with the President oversee his or her work as the Chief Operating Office of the Foundation, prescribe other responsibilities and duties, and set his or her compensation.

Section 8. Compensation.

The officers, with the exception of the President and Executive Vice President, shall receive no compensation for their services as officers.

ARTICLE VII.

Amendment of By-Laws

A majority of the Executive Committee may adopt new By-Laws, amend the By-Laws, or repeal the By-Laws.

ARTICLE VIII.

Finances

Section 1. Execution of Contracts.

The Executive Committee, except as otherwise provided in these By-Laws, may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Foundation, and such authority may be general or confined to specific instances; and unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Foundation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

Section 2. Deposits.

The Executive Committee may select, or may delegate the selection to an officer or agent of the Foundation, banks, trust companies or other depositories to which all funds of the Foundation shall be deposited. The Executive Committee shall delegate the power of endorsement of deposits to the credit of the Foundation to any officer or agent or such an endorsement may be made by hand-stamped impression in the name of the Foundation.

Section 3. Instruments of Indebtedness.

An officer or agent of the Foundation shall sign instruments of indebtedness of the Foundation, such as checks, drafts, notes, etc., in a manner prescribed by the Executive Committee.

Section 4. General and Special Bank Accounts.

The Executive Committee may authorize the opening and keeping of general and special bank accounts, and make rules with respect thereto, not inconsistent with the By-Laws.

Section 5. Authorization to Pay Organizational Expenses.

The President or Executive Vice President is authorized to pay all fees and expenses incident to and necessary for the organization of this Foundation.

Section 6. Authorization to Obtain Necessary Insurance.

The President or Executive Vice President is authorized to obtain the appropriate insurance to protect the Foundation from loss by fire, theft, and liability; the Chief Staff Officer is authorized to obtain such additional coverage as is deemed appropriate by the Executive Committee.

Section 7. Contracts for Goods and Services.

The President or Executive Vice President is authorized to enter into contracts or arrangements for goods or services necessary of the conduct of the Foundation business, subject to the guidelines approved by the Executive Committee.

ARTICLE IX. Committees

Section 1. Committees.

The Chair, subject to the approval of the Executive Committee, may create committees and prescribe their function. The Board of Trustees may establish committees of the Board of Trustees.

Section 2. Committee membership and Appointment.

- (a) The Chair shall appoint committee members and committee chairs. Committee members and committee chairs shall serve at the pleasure of the Chair.
- (b) The Executive Committee shall develop guidelines for all Foundation committees. In general the guidelines shall pertain to frequency of committee meetings, attendance requirements of committee meetings, number of committee members, specific procedures for appointment of committee members, criteria for the chair to follow in reappointing committee chairs and committee members, and specific reporting requirements of the committees to the chair. The committees shall comply with the guidelines and the failure to do so shall be considered by the chair when appointing committee chairs and members.

ARTICLE X. Representations

Either in person or by proxy, the Chair, Vice Chair, Secretary-Treasurer, may vote, represent, and exercise any other rights incident to the voting securities of any other corporation standing in the name of the Foundation. The Executive Committee may authorize other officers to do the same.

ARTICLE XI. Miscellaneous

The Executive Committee and committee meetings shall be conducted in accordance with Robert's Rules of Order.