

BYLAWS
OF
THE CATHOLIC FOUNDATION FOR THE PEOPLE
OF THE DIOCESE OF ROCKFORD

ARTICLE I

NAME

This corporation shall be known as the Catholic Foundation for the People of the Diocese of Rockford (referred to herein as the "Corporation").

ARTICLE II

OBJECTIVES

The objectives of the Corporation are:

- a.** To further the religious, charitable, educational and social services of the Catholic Church of the Diocese of Rockford.

- b.** To receive and administer funds for religious, charitable, educational and social purposes for the benefit of Diocese of Rockford itself or any of its institutions. The funds received by the Foundation from individuals, the Diocese of Rockford itself or any of its institutions for these purposes will be placed in accounts established on the books of the Foundation to be known as Participating Accounts. In order to establish a Participating Account an individual, the Diocese of Rockford itself or any of its institutions will enter into a Participating Agreement with the Foundation. Any individual, the Diocese of Rockford itself or any of its institutions which executes a Participating Agreement shall hereinafter be referred to as a Participating Fund Member. Notwithstanding the foregoing, if the Foundation receives funds from multiple sources pursuant to a single fundraising campaign, it may hold the funds other than in a Participating Account.

- c. To do and perform such acts as may be necessary or appropriate for carrying out the foregoing purposes of the Corporation and in connection therewith to exercise any of the powers granted to non-profit corporations by the Illinois State Corporation Laws.

ARTICLE III

ACTIVITIES

The Corporation shall be restricted to activities of a religious, charitable, social and educational nature consistent with the purposes of the Corporation. No part of the assets of the Corporation shall inure to the benefit of any private person or private organization. No part of the activities of the Corporation shall be the carrying on, promotion of, or otherwise attempting to influence legislation. The Corporation shall not participate in or intervene in or publish or distribute statements in any political campaign on behalf of any candidate for public office. Pursuant to 805 ILCS 105 ' 107.03 the Corporation shall have no members as that term is utilized in the Illinois General Not For Profit Corporation Act of 1986. Any provision of law requiring notice to, or the vote, consent, or other action by members of the Corporation in connection with any matter shall be satisfied by notice to, the presence of, or the vote, consent or other action by the Board of Directors.

ARTICLE IV

OFFICES

The principal office of the Corporation shall be located at the Office of Charitable Giving, Diocese of Rockford, 555 Colman Center Drive, in the City of Rockford, County of Winnebago, State of Illinois. The Corporation shall continuously maintain in the State of Illinois a registered office and a registered agent at such office, and said office may be changed from time to time by the Board of Directors. The Corporation may have such additional offices, within or without the state, as the Board of Directors may designate or as the activities of the Corporation may require from time to time.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General Powers. To the extent delegated by the Bishop of the Catholic Diocese of Rockford (the "Bishop"), the business and affairs of the Corporation shall be managed by its Board of Directors. Subject to the provisions of Illinois law, the Articles of Incorporation, the Bylaws of this Corporation, and the powers reserved to the

Bishop hereunder, the Board of Directors shall do and perform every act and thing whatsoever which it shall deem necessary, expedient or advisable to carry out the purposes of this Corporation.

Section 2. Number. The Board of Directors shall consist of no less than thirteen (13) and no more than eighteen (18) (not counting the Honorary Board Members). The number of directors of the Corporation may be increased or decreased from time to time by amendment to the Bylaws, so long as any increase or decrease complies with the provisions of the Illinois Not for Profit Corporation Act. No decrease in the number of directors shall have the effect of shortening the term of office of any incumbent director.

Section 3. Classification and Term of Office. The members of the Board of Directors shall be composed of four (4) classifications: Ex Officio; Appointed; At Large, and Honorary. Each of the classifications shall be designated and appointed as follows:

- a. **Ex Officio.** Two (2) members of the Board of Directors shall be appointed as members to the Board ex officio. Those members shall be the Bishop of the Catholic Diocese of Rockford and the Diocesan Fiscal Manager for the Catholic Diocese of Rockford.
- b. **Appointed.** One (1) member of the Board shall be appointed solely by the Bishop. This member shall be known as the "Bishop's Designee" and shall serve as a Director until removed by the Bishop or upon voluntary resignation.
- c. **At Large.** The remaining members of the Board of Directors shall be "at large" members and shall be appointed as members to the Board of Directors in accordance with the provisions of Section 4 of this Article V. The makeup of the At Large Directors shall be representative of the people of the Diocese of Rockford. Each At Large Director shall serve a term of three (3) years or until a successor is duly appointed and qualified. Terms shall be staggered in three tiers the first time At Large Directors are appointed.
- d. **Honorary.** Honorary members shall have served faithfully and responsibly as an ex officio, appointed, or at large member. They will be invited to participate in all Board discussions but may not serve as an officer or have voting rights. There shall be no term of office.

Section 4. Appointment. The Chairman of the Corporation shall appoint a nominating committee who shall present a slate of At Large and Honorary candidates for review by the Board. The Board shall consider the recommendations of the nominating committee and shall vote on a slate of At Large and Honorary candidates for final approval by the President of the Corporation. Upon receiving the Board's recommendation, the President shall consider the candidates for At Large and Honorary Director so

recommended by the Board and shall then officially name and appoint the individuals who are to serve as At Large and Honorary Directors of the Corporation.

Section 5. Resignation. Any director of the Corporation may resign at any time, whether by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the Secretary of the Corporation. Such resignations shall take effect at the time specified thereon. Acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. The Board of Directors may remove any At Large Director, with or without cause.

Section 7. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of any increase in the number of directors shall be filled by the President in the manner as outlined in Section 4 above. A director appointed to fill a vacancy occurring in the Board of Directors shall be appointed for the unexpired term of his predecessor in office. Directors appointed to fill vacancies occurring in the Board of Directors by reason of an increase in the number of directors shall be divided into the three groups of directors so that the three groups of directors remain as nearly equal in number as possible.

Section 8. Annual Meeting. An annual meeting of the Board of Directors shall be held during the month of August, each year, on the date, hour and place specified by the Chairman, unless otherwise provided by resolution of the Board of Directors.

Section 9. Special Meetings. In addition to the annual meeting set forth above, special meetings of the Board of Directors shall be held at least three (3) times per year and shall be called by or at the request of the Board of Directors by resolution, the President or the Chairman of the Board, to be held on the date, hour and place as the person or persons calling such meeting shall specify.

Section 10. Notice of Meetings. Notice of the annual meeting and each special meeting of the Board of Directors shall be given at least ten (10) days before the date of the meeting by written notice to each director stating the place, day and hour of the meeting. Unless otherwise specified in the provision of the Illinois Not For Profit Corporation Act, the Articles of Incorporation or the Bylaws, neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in the notice or the waiver of notice of such meeting.

Section 11. Notice. Notice of a special meeting of the Board of Directors shall be given at least ten (10) days previously thereto by written notice given personally to each director. Unless otherwise specified in the provision of the Illinois Not For Profit Corporation Act, the Articles of Incorporation or the Bylaws, neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in the notice or the waiver of notice of such meeting.

Section 12. Quorum. One half of the number of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors but, if less than such one half is present at the meeting, a majority of the directors present may adjourn and reconvene the meeting from time to time without further notice.

Section 13. Manner of Acting. 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 of Directors, unless the act of a greater number is required by the provisions of the Illinois Not For Profit Corporation Act, the Articles of Incorporation, or as otherwise provided in these Bylaws. Each member of the Board of Directors, including the Chairman, Vice Chairman or other director presiding at the meeting of the Board of Directors, shall be entitled to one vote.

Section 14. Action by Unanimous Written Consent. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed by all the directors of the Corporation.

Section 15. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporation matter is taken shall be presumed to have assented to the action taken, unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 16. Rescission by President. The President of the Corporation shall have reserved to him the power and authority to rescind and overturn any and all actions of the Board upon written notice to an Officer of the Board that the President, in his capacity as President of the Corporation and Bishop of the Catholic Diocese of Rockford, desires to exercise the powers reserved to him and rescind the action in question. All acts, discretions and authorities of the Board shall be subject to the ability of the President to rescind and overturn any such action or decision of the Board at the President's sole discretion at any time.

Section 17. Compensation and Expenses. Directors shall serve without salary. Expenses incurred in connection with performance of their official duties may be reimbursed to directors upon approval of the Board of Directors.

Section 18. Conflict of Interest. The provisions of Section 108.60 of the Illinois Not for Profit Corporation Act of 1986, as amended from time to time, shall specifically apply to the conduct of Directors and shall govern any questions or situations that might arise from time to time as to any conflict of interest between an individual director and the transactions of the Corporation.

ARTICLE VI

OFFICERS

Section 1. Officers. The officers of the Board of Directors and the Corporation shall be a President, Vice President, Secretary, Treasurer, Chairman, and Vice Chairman. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 2. Election and Term of Office. The President and Treasurer shall serve as long as they remain Bishop of the Catholic Diocese of Rockford and Diocesan Fiscal Manager for the Catholic Diocese of Rockford, respectively. The Vice President shall serve as long as his appointment as the Bishop's Designee to the Board of Directors remains in effect. The remaining officers of the Board of Directors and the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and accepted office or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer elected by the Board of Directors (i.e. other than the President, Vice President and Treasurer) may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but any such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. President. The President shall be, ex officio, the Bishop of the Catholic Diocese of Rockford. The President delegates the general supervision, management and control of all the business and affairs of the Corporation to the Board of Directors, unless specifically delegated by the President to a President-Appointed Committee by the resolution appointing such Committee pursuant to Article IX hereinafter. The President shall have reserved to him the power and authority to rescind all decisions of the Board upon written notice to the Chairman of the Board and all decisions of any President-Appointed Committee upon written notice to the Chairman of said Committee. The President shall be responsible for the appointment of new At Large members to the Board of Directors of the Corporation pursuant to the provisions of Section 4 of Article V herein.

Section 5. Vice President. The Vice President shall be the Bishop's Designee to the Board of Directors. The Vice President shall represent the regular presence and the intentions of the Bishop and shall regularly communicate to the Bishop, at least after each Board Meeting, the ongoing issues of the Board of Directors.

Section 6. Treasurer. The Treasurer shall be, ex officio, the Diocesan Fiscal Manager for the Catholic Diocese of Rockford. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such form and with

such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of all Corporations funds and shall keep or cause to be kept, in books belonging to the Corporation, full and accurate records of all receipts and disbursements, and he shall deposit all money and other valuable effects in the name of the Corporation and in such depositories as may be designated for that purpose by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and directors at the meetings of the Board or whenever requested by them an account of all his transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall be an ex officio member of any committee of the Corporation empowered to disburse or commit funds of the Corporation.

Section 7. Chairman. The Chairman shall preside at all meetings of the Board of Directors and the Executive Committee. The Chairman shall perform such other duties as from time to time may be prescribed by the Board of Directors.

Section 8. Vice Chairman. In the absence of the Chairman or in the event of his death, inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall perform such other duties as from time to time may be prescribed by the Chairman and the Board of Directors.

Section 9. Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these Bylaws, the Articles of Incorporation, or as required by law, be custodian of the Corporation's records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized, and in general perform all duties incident to the office of Secretary of the Board and such other duties as from time to time may be prescribed by the President or Board of Directors.

Section 10. Additional Officers. Officers in addition to those hereinafter described, who are elected or appointed to the Board of Directors, shall perform such duties as shall be assigned to them by the President or the Board of Directors.

Section 11. Compensation and Expenses. Officers shall serve without salary unless they are also employees of the Corporation. Expenses incurred in connection with performance of their duties may be reimbursed to officers upon approval of the Board of Directors.

ARTICLE VII

EXECUTIVE DIRECTOR

Section 1. Staff Appointment. The Office of Charitable Giving of the Diocese of Rockford shall provide a staff person to serve as the Corporation's Executive Director.

Section 2. Duties. The Executive Director shall be in charge of the day-to-day business operations of the Corporation. The Executive Director shall see that the resolutions and directions of the Board of Directors and President-Appointed Committees are carried into effect except in those instances in which the Board of Directors or President-Appointed Committee specifically assigns that responsibility to some other person. He may sign, with the President, Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors or President-Appointed Committee, any contract or other instrument which the Board of Directors or President-Appointed Committee has authorized to be executed, except in cases where the signing and execution thereof shall be specifically delegated by the Board of Directors or President-Appointed Committee, or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The Executive Director shall provide each President-Appointed Committee with a quarterly report of that President-Appointed Committee's investment activity and results for the past quarter. The Executive Director shall perform such other duties as from time to time may be prescribed by the Board of Directors or President-Appointed Committees.

Section 3. Vacancy. Any vacancy occurring in the position of Executive Director shall be filled by the Office of Charitable Giving of the Diocese of Rockford with the affirmative confirmation of the President of the Corporation.

ARTICLE VIII

BOARD APPOINTED COMMITTEES

Section 1. Appointment. The Board of Directors may appoint such committees as are deemed appropriate. Each committee shall have and may exercise such power as is set forth in these Bylaws or as may be conferred or authorized by the resolution appointing it; provided, however, that no such committee have the authority to amend, alter or repeal these Bylaws or the Articles of Incorporation; elect, appoint or remove any member of any such committee or any director or officer of the Corporation; adopt a plan of merger or adopt a plan of consolidation with another corporation; authorize the sale, lease, exchange or mortgage of any of the property and assets of the Corporation; authorize the voluntary dissolution of the Corporation or revoke proceedings therefore; adopt a plan for the distribution of the assets of the Corporation; or amend, alter or repeal any resolution of

the Board of Directors. The designation and appointment of any committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon it or him by law.

The Board of Directors shall have the power at any time to fill vacancies in, to change the size or membership of, and to discharge any other committee. The President shall have the power to fill vacancies in, to change the size or membership of, and to discharge committees.

Section 2. Committees. All committees shall consist of at least one (1) director and may include such directors as may be appointed thereto by the Board of Directors or by the President.

Section 3. Quorum. A majority of the members of a committee shall constitute a quorum and any transaction of a committee shall require a majority vote of the quorum present at any meeting. Each member of a committee, including the person presiding at the meetings, shall be entitled to one (1) vote.

Section 4. Removal of Members. The body or person that appointed the committee may remove, at any time, with or without cause, a member or members of that committee.

Section 5. Meetings. Members of committees shall meet at the call of the Chairman at such place as he shall designate after reasonable notice has been given to each committee member. Each committee shall keep minutes of its proceedings and make a written report to the Board of Directors of its action within a reasonable time subsequent thereto.

Section 6. Terms of Office. Each member of a committee shall continue as such until the next annual meeting of the members of the Corporation and until his successor is appointed, unless the committee shall be sooner terminated or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 7. Chairman. One member of each committee shall be appointed chairman.

Section 8. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 9. Executive Committee. The Executive Committee, if created by the Board of Directors, shall be composed of not less than six (6) members, including the President and the Officers of the Board. All members of the Executive Committee must be members of the Board of Directors. The Chairman shall be the Chairman of the Executive Committee. The Executive Committee shall serve during the periods when the Board is not in session and shall

be authorized to take such action as may be necessary on behalf of the Corporation. The President of the Corporation shall have reserved to him the power and authority to rescind and overturn any and all actions of the Executive Committee upon written notice to the Chairman that the President, in his capacity of President of the Corporation and Bishop of the Catholic Diocese of Rockford, desires to exercise the powers reserved to him and rescind the action in question. All acts, discretions and authorities of the Executive Committee shall be subject to the ability of the President to rescind and overturn any such action or decision of the Executive Committee at the President's sole discretion at any time.

ARTICLE IX

PRESIDENT-APPOINTED COMMITTEES

Section 1. Appointment. The President may appoint such committees for the purposes of fundraising and endowments as he deems appropriate. Each committee shall have and may exercise such power as may be conferred or authorized by the President's resolution appointing it; provided, however, that no such committee shall have the authority to amend, alter or repeal these Bylaws or the Articles of Incorporation; elect, appoint or remove any director or officer of the Corporation; adopt a plan of merger or adopt a plan of consolidation with another corporation; authorize the voluntary dissolution of the Corporation or revoke proceedings therefor; adopt a plan for the distribution of the assets of the Corporation upon dissolution; or amend, alter or repeal any resolution of the Board of Directors. Each such committee may appoint such subcommittees as are deemed appropriate. Each subcommittee shall have and may exercise such powers as may be conferred or authorized by the President-Appointed committee appointing it, subject to the foregoing limitations. The designation and appointment of a subcommittee by a President-Appointed Committee and the delegation of authority thereto shall not operate to relieve the President-Appointed Committee or any individual member thereof of any responsibility imposed upon it or him by law. The President shall have the power to fill vacancies in, to change the size or membership of, and to discharge all President-Appointed Committees.

Section 2. Members. The members of each President-Appointed Committee shall initially be those persons appointed thereto by the President. Vacancies shall be filled by the President. A member appointed to fill a vacancy occurring on the Committee shall be appointed for the unexpired term of his predecessor. Members appointed to fill vacancies occurring on the Committee by reason of an increase in the number of Committee members shall be divided into the three groups of members so that the three groups of members remain as nearly equal in number as possible. The number of Committee members may be increased or decreased from time to time by the President.

Section 3. Quorum and Manner of Acting. A majority of the members of a President-Appointed Committee shall constitute a quorum, and any transaction of a Committee shall require a majority vote of the quorum present at any meeting. Each member of a Committee, including the person presiding at the meetings, shall be entitled to one vote.

Section 4. Action by Unanimous Written Consent. Any action which may be taken at a meeting of a President-Appointed Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Committee members.

Section 5. Removal of Committee Members. The President may remove, at any time, with or without cause, a member or members of any President-Appointed Committee.

Section 6. Meetings. Each President-Appointed Committee shall hold an annual meeting of its members on the last Tuesday of the month of August at the location designated by the Chairman of the Committee. Special meetings of each said Committee may be called by or at the request of the President or Chairman of that Committee to be held at such place and time as the person calling the meeting shall specify by at least 15 days prior written notice to each Committee member. Each Committee shall keep minutes of its proceedings and make a written report to the President and to the Board of Directors of its action within a reasonable time subsequent thereto.

Section 7. Terms of Office. The President's resolution establishing a Committee and appointing the initial members thereof shall specify the terms during which the members shall serve. Terms may be staggered. Each member of a President-Appointed Committee shall continue as such until his successor is appointed, unless the Committee shall be sooner terminated or unless such member be removed from such Committee, or unless such member shall cease to qualify as a member thereof.

Section 8. Chairman. One member of each President-Appointed Committee shall be appointed Chairman of the Committee by the President.

Section 9. Vacancies. Vacancies in the membership of any President-Appointed Committee may be filled by the President.

Section 10. Executive Committee. The President may create an Executive Committee of any President-Appointed Committee. Such Executive Committee, if created, shall be composed of those persons appointed thereto by the President from time to time. All members of a particular Executive Committee must be members of the President-Appointed Committee it serves. The Chairman of the President-Appointed Committee shall be the chairman of said Executive Committee. The Executive Committee shall serve during the periods when the President-Appointed Committee is not in session and shall be authorized to take such action as may be necessary on behalf of the President-Appointed Committee.

Section 11. Rescission by President. The President of the Corporation shall have reserved to him the power and authority to rescind and overturn any and all actions of a President-Appointed Committee and any Executive Committee thereof upon written notice to the Chairman of the Committee that the President, in his capacity of President of the Corporation and Bishop of the Catholic Diocese of Rockford, desires to exercise the powers reserved to him and rescind the action in question. All acts, discretions and authorities of a President-Appointed Committee and of any Executive Committee thereof shall be subject to

the ability of the President to rescind and overturn any such action or decision of the President-Appointed Committee and any Executive Committee thereof at the President's sole discretion at any time.

Section 12. No Conflict. The provisions of Section 108.60 of the Illinois Not for Profit Corporation Act of 1986, as amended from time to time, shall specifically apply to the conduct of Committee members and shall govern any questions or situations that might arise from time to time as to any conflict of interest between an individual Committee member and the transactions of the Corporation."

ARTICLE X

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The President, or if properly delegated by the President, the Board of Directors, may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be made by or to this Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instance; provided, however, no loans shall be made by the Corporation to its directors, officers or committee members.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall have two signatures by such officer or officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE XI

BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors, and committees having any of the authority of the Board of Directors.

ARTICLE XII

ACCOUNTING YEAR AND AUDIT

Section 1. Accounting Year. The accounting year of the Corporation shall begin on the first day of July and end on the last day of June in the following year.

Section 2. Audit. At the end of the accounting year, the books of the Corporation shall be closed and audited by a certified public accountant selected by the Board of Directors. The Corporation report of the auditor shall be promptly mailed to each director and a copy thereof shall be furnished to any Participating Fund Member upon request.

ARTICLE XIII

SEAL

The Corporate Seal shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Illinois."

ARTICLE XIV

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the General Not For Profit Corporation Act of Illinois or under the provisions of the Articles of Incorporation of the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XV

AMENDMENTS

The Bylaws of the Corporation may be altered, amended or repealed and new Bylaws adopted by the vote of a majority of the directors, and the approval of the President of the Corporation; provided, however, that the Articles of Incorporation shall never be amended so as to make the Corporation other than a charitable organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

ARTICLE XVI

GIFTS AND PARTICIPATING FUND MEMBER ACCOUNTS

Section 1. Acceptance of Gifts.

- a. The Board of Directors may accept on behalf of the Corporation any gift, grant, bequest, deposit, or devise for the general purposes or for any special purpose of the Corporation. The Board of Directors will comply with the Gift Acceptance Policy of the Diocese of Rockford.
- b. The power to accept gifts rests with the Board of Directors, except: (1) when the gift is for a specific function and for less than the amount required to finance the capital facility and equipment cost; or (2) when there is a question as to whether the purposes or timeliness of the gift are compatible with the ideals, objectives, programs and Christian principles of the Diocese of Rockford.
- c. A gift, grant, bequest, deposit or devise in an amount of \$500,000.00 or less shall be deemed irrevocable.
- d. For a gift, grant, bequest, deposit or devise in an amount that exceeds \$500,000.00, a donor may, only at the time of acceptance, designate that up to one-half of the amount shall be held and utilized as retained earnings, as that term is defined in these by-laws, now and as amended from time to time in the future. The balance of said gift, grant, bequest, deposit or devise as well as any amounts not designated as retained earnings at acceptance shall be deemed irrevocable.

Section 2. Annuities, Trusts & Investments. The Corporation shall have the right to accept, invest and participate in Trust and Annuity Investments with other entities or persons.

Section 3. Funds and Accounts. All such property received and accepted by the Corporation shall become a part of the Corporation property and may be commingled with other assets of the Corporation. Notwithstanding anything herein to the contrary, if a President-Appointed Committee is given the power to direct the investment of certain property and/or funds, it may do so independent of and without the approval of the Board of Directors. Unless otherwise stated in a resolution of the President, a President-Appointed Committee shall have the power to distribute the income earned on said property and funds, but not the corpus which shall at all times be retained by the Foundation in

furtherance of the purposes for which the President-Appointed Committee was established. However, such property shall or may be placed in any number of separate and distinct funds or accounts whenever the Board of Directors, in its judgment, determines that such property should be placed in a separate and distinct fund or account.

Section 4. Administration of Funds and Accounts.

- a. Appointment of Committee.** There may be a committee of three (3) or more persons, one of whom must be a director, appointed by the Board of Directors, known as the Finance and Investment Committee, who will have the responsibility for monitoring the funds and making recommendations to the Board concerning the investment, reinvestment and general management of the assets for the funds.
- b. Definitions.** With regard to administration of funds and accounts, where references are made as to "corpus", "income", "capital gain", "loss", "total return", and "retained earnings":
 - 1. Corpus:** original contribution and subsequent additional contributions thereto;
 - 2. Income:** dividends and interest earned;
 - 3. Capital Gain:** appreciation in the value of investments, whether realized or unrealized;
 - 4. Loss:** depreciation in the value of investments, whether realized or unrealized;
 - 5. Total Return:** income plus capital gains or losses measured over a period of time;
 - 6. Retained Earnings:** That portion of each Participating Fund Member=s account that represents the cumulative total returns from the inception of the account through the date of the most recent statement less all withdrawals made by the Participating Fund Member and less any amounts transferred from this category to Corpus.
- c. Management of Funds.** Subject to the Illinois Not For Profit Corporation Act, the Articles of Incorporation, these Bylaws and the control and direction of the Board of Directors and the President, the Finance and Investment Committee shall have the following powers:

1. **General.** To recommend alternatives to the Board for the investment and reinvestment of the corpus and total return of the funds and accounts in such securities and such property, real or personal, wherever situated as is deemed prudent and, in making such recommendations, the committee shall not be restricted to securities or other property of the character authorized or required by applicable law from time to time for trust investments.
2. **Purchase of Property.** To purchase or subscribe for any securities or other property and to retain the same in the funds and accounts.
3. **Sale, Exchange, Conveyance and Transfer of Property.** To sell, exchange, convey, transfer or otherwise dispose of any securities or other property held in the funds and accounts by private contract or at public auction.
4. **Exercise of Owner's Rights.** To vote any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options and to make any payment incidental thereto; to oppose or to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or changes in connection therewith, and generally to exercise any of the powers of any owner with respect to stocks, bonds, securities or other property held as part of the funds and accounts.
5. **Registration of Investments.** To cause any securities or other property held as part of the funds and accounts to be registered in the name of the Corporation or, to the extent permitted by law, in the name of the nominee with or without the addition of the words indicating that such securities are held in a fiduciary capacity, and to hold any securities unregistered or in bearer form. However, the books and records of the committee shall at all times show that such investments are part of the funds and accounts.
6. **Lending.** To lend money on adequate security and reasonable interest.
7. **Retention of Cash.** To keep such portion of the funds and

accounts in cash or such balances as the committee may from time to time deem to be in the best interest of the funds and accounts, without liability of interest thereon.

8. **Retention of Property Acquired.** To accept and retain for such time as the committee may deem advisable any securities or other property received or acquired by the Corporation, hereunder, whether or not such securities or other property would normally be purchased as investment hereunder.

d. Distributions to Participating Fund Members.

1. **Distributions.** Subject to the Illinois Not For Profit Corporation Act, the Articles of Incorporation, these Bylaws, and the control and direction of the Board of Directors and the President, the distributions to Participating Fund Members from any fund or account shall be made as hereinafter set forth.

2. **Distribution of Corpus.** There shall be no distribution of corpus, except as permitted herein and in emergency situations as determined via the procedure adopted by the Board of Directors from time to time, which determinations shall be final and not eligible for appeal.

3. **Distribution of Total Return.**

- (a) The Board of Directors, at its discretion, shall create from capital gains a reserve to protect or conserve the corpus in the event of capital loss.

- (b) Within sixty (60) days after the end of each fiscal year, participating fund members have the right to transfer their funds from one investment fund to another. The investment funds are as follows:

- (1) Balanced fund;

- (2) Income fund;

- (3) Growth fund.

If the participating fund member chooses not to make a transfer as aforesaid, the funds of the participant shall

remain in the fund previously selected by the participant.

- (c) At the end of each fiscal year, each Participating Fund Member shall have the right, within forty (40) days of being notified of the total return of the Participating Account established by the Participating Fund Member for the previous fiscal year, to take their distribution of total return as follows:
 - (1) Withdraw the total return for the most recent fiscal year, or any portion thereof;
 - (2) Designate all, or a portion thereof, of the total return for the most recent fiscal year to be transferred into retained earnings;
 - (3) Designate all, or any portion thereof, of the total return for the most recent fiscal year, and/or any accumulated retained earnings, to be transferred into corpus.

Distributions shall be made annually as soon as practicable following notification as long as such distribution will not jeopardize the accounts of the Foundation, as determined by the Board of Directors.

4. Distribution of Beginning of the Year Retained Earnings. A distribution of retained earnings may be requested once per quarter by submitting a written request to the Finance and Investment Committee of the Board of Directors. Distribution will be made as soon as practicable following notification, as long as such a distribution will not jeopardize accounts of the Foundation, as determined by the Board of Directors.

e. Review of Financial Information.

1. Quarterly Financial Results: Following the close of each calendar quarter the Finance and Investment Committee will review the performance summary for each investment manager employed by the Catholic Foundation. Such performance summary shall be prepared by the diocesan accounting department. The committee will also review the quarterly reports prepared by the Investment Monitor employed by the Foundation.

2. Annual Audit Reports: Annually the Finance and Investment Committee will review the audited financial statements of the Catholic Foundation prior to the November meeting of the Board and if the financial statements meet with the approval of the Committee, the Committee shall make a recommendation to the full Board of Directors that the audited financial statements be approved at the November meeting of the Board and placed on file with the records of the Foundation. If the Finance and Investment Committee is unable to recommend to the Board approval of the audited financial statements at its November meeting, the Committee will report the reasons why approval is not recommended and what steps the Committee recommends be taken so that approval of the audited financial statements may be recommended. Additionally, the Finance and Investment Committee will review any management letters or letters of reportable conditions prepared by the independent auditing firm, along with the response thereto prepared by the Diocesan Director of Financial and Administrative Services.

f. General Powers of Committees. Subject to the Illinois Not For Profit Corporation Act, the Articles of Incorporation and these Bylaws, and at the direction and control of the Board of Directors and the President, the Finance and Investment Committee shall have the following additional powers:

- 1. Execution of Instrument.** To make, execute, acknowledge and deliver any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.
- 2. Employer of Agents.** To employ suitable agents and to pay their reasonable expenses and compensation.
- 3. Power to do any Necessary Act.** To do all such acts, take all such proceedings and exercise all such rights and privileges, although no specifically mentioned herein, as the committees may deem necessary to properly build, invest, preserve and administer the funds and accounts, and to carry out the purposes of the Corporation.

g. Indemnification of Committee Members. No member of the Finance and Investment Committee or any committee administering any separate fund or account shall be personally liable so long as he uses good faith with respect to anything which he does or fails to do for any action or failure to act of any predecessor member of the

committee, and the Corporation shall indemnify and save harmless each member of these committees against any loss, liability or damage arising out of any act or omission to act as a committee member hereof, exception only the member's own willful misconduct or lack of good faith.

ARTICLE XVII

INDEMNIFICATION

Each director, officer and committee member of the Corporation now and hereafter in office and his heirs, executors and administrators, shall be indemnified by the Corporation against all liabilities, costs, expenses and amounts, including counsel fees, reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may be made a party, or in which he may be or become involved by reason of his acts of omission or commission, or alleged acts of omission or commission as such director, officer or committee member, or subject to the provisions hereof, any settlement thereof, whether or not he continues to be such director, officer or committee member at the time of incurring such liabilities, costs, expenses or amounts; provided that such indemnification shall not apply to liabilities incurred with respect to any matter to which such director, officer or committee member shall be finally adjudged in such action, suit or proceeding to have been individually guilty of willful misfeasance or malfeasance in the performance of his duty as such director, officer or committee member; and provided further that the indemnification herein provided shall, with respect to any settlement of any such suit, action, proceeding or claim, include reimbursement of any amounts paid and expenses reasonably incurred in settling any such suit, action, proceeding or claim, when, in the judgment of the Board of Directors of the Corporation, such settlement and reimbursement appears to be for the best interest of the Corporation. Indemnification pursuant to this Article shall be reduced by the amount of any other indemnification or reimbursement of such officer, director or committee member of the liability and expense to which indemnification is claimed. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such director, officer or committee member may be entitled to under any statutes, bylaw, agreement or otherwise. Expenses incurred with respect to any claim, action, suit or other proceeding of the character described in this Article may be advanced by the Corporation prior to the final disposition thereof upon receipt of any undertaking by or on behalf of the recipient to repay such amount unless it shall ultimately be determined that he is entitled to indemnification under this Article.

Notwithstanding anything herein to the contrary, except as prohibited under the Illinois General Not For Profit Corporation Act, each director and officer of the Corporation now and hereafter in office, and his heirs, executors and administrators, shall be indemnified by the Corporation against all liabilities, costs, expenses and amounts, including attorneys fees, reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may be made a party, or in which he may be or become involved by reason of any acts of omission or commission by any of the following:

- (i) A President-Appointed Committee;
- (ii) An Executive Committee of any President-Appointed Committee;

- (iii) A subcommittee of a President-Appointed Committee; or
- (iv) Any members of any of the foregoing committees or subcommittees;

unless said officer or director is sued, made a party to, or became involved in any action in his capacity as a member of any of the foregoing committees or subcommittees.

Notwithstanding anything herein to the contrary, except as prohibited under the Illinois General Not For Profit Corporation Act, each member of a President-Appointed Committee, an Executive Committee of any President-Appointed Committee or a subcommittee of a President-Appointed Committee, now and hereafter in such office, and his heirs, executors and administrators shall be indemnified by the Corporation against all liabilities, costs, expenses and amounts, including attorneys fees, reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may be made a party, or in which he may be or become involved by reason of any acts of omission or commission by any of the following:

- (i) The Board of Directors or any officer of the Corporation;
- (ii) The Executive Committee of the Board of Directors;
- (iii) Any subcommittee of the Board of Directors; or
- (iv) Any members of any of the foregoing committees or subcommittee;

unless said member of a President-Appointed Committee, Executive Committee of any President-Appointed Committee or subcommittee of a President-Appointed Committee is sued, made a party to or became involved in any action in his capacity as an officer of the Corporation or as a member of the Board of Directors, the Executive Committee of the Board of Directors, or any subcommittee of the Board of Directors."

ARTICLE XVIII

DISSOLUTION

Section 1. Dissolution. The Corporation may be dissolved in accordance with the laws of the State of Illinois upon the affirmative vote of at least two-thirds of the members of the Board of Directors.

Section 2. Distribution of Assets. The assets of the Corporation shall be distributed pursuant to the provisions of the Articles of Incorporation.