



UNITED STATES NAVAL ACADEMY FOUNDATION

Bylaws Of United States Naval Academy Foundation, Inc.

ARTICLE I OFFICES

Section 1.01 Location. The principal office of the United States Naval Academy Foundation, Inc. (Corporation) shall be in the State of Maryland at an address designated in the Articles of Incorporation or determined by the Board of Directors.

ARTICLE II BOARD OF DIRECTORS

Section 2.01 Power of Board. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors (Board).

Section 2.02 Number of Directors. The number of directors constituting the entire Board shall be not fewer than one nor more than thirty-five. The number of directors may be increased or decreased by these bylaws. A majority of the entire Board may change the number of directors provided in these bylaws, provided that no decrease shall affect the tenure of office of any incumbent director.

Section 2.03 Ex Officio Directors. The Chairman and the President of the Naval Academy Alumni Association and the Chairman of the Executive Committee of Trustees of the Corporation shall serve ex officio as voting directors of the Corporation.

Section 2.04 Election and Terms of Directors.

- a) The term of office for all ex officio directors shall run concurrently with the term of office that qualifies the director for an ex officio directorship.
- b) All other directors shall be divided into four classes, each class to be elected for four-year terms with terms staggered so that the terms of only one class of directors shall expire each year.
- c) Directors shall be eligible for election to a second four-year term following the first. After serving for two consecutive four-year terms, however, a director shall be ineligible for reelection for a period of one year. Thereafter, a director shall be eligible again, as at the outset of his or her first term.
- d) Following service as a director, any former director may be elected a Director Emeritus by the Board.

Section 2.05 Newly Created Directorships and Vacancies. Directorships resulting from an increase in the number of directors, and vacancies occurring on the Board for any reason, may be filled by vote of the directors at any annual or special meeting of the Board. A director elected to fill a vacancy shall hold office for the balance of the term of his or her predecessor in office and, thereafter, shall be eligible for election to a four-year term.

Section 2.06 Requirement for Trustee Directors. At least twenty (20) percent of the directors shall be Trustees of the Corporation.

Section 2.07 Removal of Director. Except as otherwise provided by law, any director may be removed with or without cause by affirmative vote of a majority of the directors entitled to vote in elections of directors.

Section 2.08 Resignation. Any director may resign at any time upon written notice to the Corporation. Such resignation shall take effect at the time specified therein and no acceptance of such resignation shall be necessary to make it effective.

Section 2.09 Quorum and Action of the Board of Directors. A majority of the entire Board shall constitute a quorum for the transaction of business and the action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board.

Section 2.10 Meetings of the Board of Directors.

An annual meeting of the Board shall be held each year for the election of officers and directors and for the transaction of such other business as may properly come before the meeting.

Regular and special meetings of the Board may be held at such times as may be fixed by the Board or called for by the Chairman of the Board, the President, or a majority of the directors.

Notice of a meeting of the Board shall be written and shall be given not less than 10 nor more than 90 days prior to the meeting.

Notice of a meeting of the Board need not be given to any director who signs a waiver of notice to be filed with the records of the meeting or who is present at the meeting.

Section 2.11 Action by Written Consent; Meetings by Telephone Conference; Voting by Mail and Electronic Means. Any action required or permitted to be taken by a meeting of the Board may be taken by unanimous written consent signed by each member of the Board. The Board may conduct a meeting by telephone conference or similar communications equipment if all persons participating in the meeting can hear one another at the same time. Directors may vote by mail, fax, email or other electronic means on stated proposals and for the election of directors and officers.

ARTICLE III TRUSTEES

The Corporation shall have Trustees, Trustees Emeriti, and Associate Trustees. Initially, these will be those persons designated as such by the former Trustees of the U.S. Naval Academy Foundation. Hereafter, the Trustees shall select new and additional members of each of these groups.

Section 3.01 Trustees. A Trustee is a person selected by the Trustees and who believes in and supports the mission and objectives of the Naval Academy with strong emphasis on the physical development and athletic excellence of midshipmen as fundamental to the development of naval leaders.

Section 3.02 Trustees Emeriti. A Trustee Emeritus is a person selected by the Trustees who is a former Trustee that has made a significant contribution to the mission and objectives of the Naval Academy.

Section 3.03 Associate Trustees. An Associate Trustee is a person selected by the Trustees who assists the Corporation in attaining its objectives by making an annual contribution.

Section 3.04 Qualifications. The Trustees shall determine the qualifications for Trustees, Trustees Emeriti and Associate Trustees, including procedures for nomination, selection, tenure, number, etc., as appropriate.

Section 3.05 Trustees' Authority. The Trustees shall continue to have decision authority with respect to the allocation of all funds from the Naval Academy Fund to be expended for athletics, midshipmen physical development, preparatory school scholarships, and Trustees' administrative support.

Section 3.06 Fundraising. The Trustees may propose fundraising campaigns to the Board of the Corporation to support programs for which the Trustees have oversight responsibility and which may be underfunded. The Trustees shall have the specific responsibility when called upon by the Board of the Corporation to participate in fundraising campaigns in connection with programs for which the Trustees have oversight responsibility.

Section 3.07 Trustees' Committees. The Trustees shall have an Executive Committee with the Chairman and committee members to be elected by the Trustees, including a Trustee who is also a Director of the Corporation and nominated by the Board to serve *ex officio* as a member of the Trustee's Executive Committee.

Section 3.08 Executive Committee Authority. The Executive Committee of the Trustees shall have wide discretionary authority in dealing directly with the Superintendent of the Naval Academy on matters relating to midshipmen athletic excellence, physical development and scholarship programs.

Section 3.09 Trustees' Meetings. The Trustees may hold meetings of Trustees and committees of Trustees as the Trustees themselves deem appropriate.

Section 3.10 The Naval Academy Foundation Vice President, Athletic and Scholarship Division. The Vice President for the Athletic and Scholarship Division shall be accountable to and report to the President of the Corporation with regard to the Trustees budget and shall act as Executive Director of the Foundation Scholarship Program under the oversight and directions of the Trustees with authorization to maintain direct liaison with the Dean and Director of Admissions of the Naval Academy regarding candidates for scholarship under the Trustees discretionary authority. He or she shall also act as Executive Secretary of Trustees and supervise staff support of Trustee functions in the Corporation.

Section 3.11 Administrative. The Trustees shall provide for the responsibilities, compensation, benefits and tenure of staff employed to support Trustee functions in the Foundation.

ARTICLE IV COMMITTEES

Section 4.01 Executive Committee and other Committees.

The Board of Directors may appoint from among its members an Executive Committee, Nominating Committee, Joint Finance and Audit Committee (joint with USNA Alumni Association), Joint Investment Committee (joint with USNA Alumni Association), a Compensation Committee (joint with USNA Alumni Association) and such other committees as may be helpful in carrying out the purposes of the Corporation. Such committees, consisting of two or more directors, may act for the Board to the extent permitted by law and shall serve at the pleasure of the Board.

At least one member of the Executive Committee, the Joint Finance and Audit Committee shall also be a Trustee.

ARTICLE V OFFICERS, AGENTS AND EMPLOYEES

Section 5.01 Officers. The Board shall elect a Chairman of the Board, a President, a Secretary and a Treasurer, and may elect such other officers and give any of them such further designation or alternate titles, as it considers desirable. The same person may hold any two or more offices except those of President and Vice President. Each officer shall be elected at the annual meeting of the Board and shall hold office until his successor has been elected and qualified. Any officer may resign at any time by written notice to the Corporation and may be removed by the Board. Subject to the control of the Board, all officers shall perform such duties as may be provided by the Board and as generally pertain to their respective offices.

Section 5.02 Agents and Employees. The Board may appoint agents and employees who shall have such authority and perform such duties as the Board may prescribe. The Board may remove any agent or employee at any time with or without cause.

ARTICLE VI MISCELLANEOUS

Section 6.01 Members. The Corporation shall not have members.

Section 6.02 Fiscal Year. The fiscal year of the Corporation shall be the period July 1 through June 30, or such other period as may be fixed by the Board. The "fundraising year," for purposes of donor recognition, shall be the calendar year.

Section 6.03 Corporate Seal. The corporate seal shall be circular in form, shall have the name of the Corporation inscribed thereon and shall contain the words "Corporate Seal" and

"Maryland" and the year the Corporation was formed in the center, or shall be in such form as may be approved from time to time by the Board.

Section 6.04 Checks, Notes and Contracts, etc. The Board shall determine who is authorized from time to time on the Corporation's behalf to sign checks, drafts or other orders for payment of money; to sign acceptances, notes or other evidences of indebtedness; to enter into contracts; or to execute and deliver other documents and instruments.

Section 6.05 Books and Records. The Corporation shall keep at its offices correct and complete books and records of account of the activities and transactions of the Corporation, minutes of the proceedings of the Board and any committee of the Corporation, and a current list of directors and officers of the Corporation and their residence addresses.

Section 6.06 Operating Policies and Procedures. The Board will establish operating policies and procedures to supplement these bylaws.

Section 6.07 Amendment of Articles of Incorporation and By-laws. The articles of incorporation and bylaws of the Corporation may be adopted, amended or repealed in whole or in part by a two thirds vote of the Board, provided, however, that the Board shall consult with the Executive Committee of the Trustees before amending any provision of the articles of incorporation, bylaws, or operating policies and procedures which could affect the Trustees' function.

Section 6.08 Indemnification and Insurance. The Corporation may, by resolution of the Board, indemnify any director, officer, trustee, employee or agent against any and all expenses and liabilities actually and necessarily incurred by him or imposed on him in connection with any threatened, pending or completed action, suit, or proceeding (whether civil, criminal, administrative, or investigative) to which he may be or is made a party by reason of being or having been such director, officer, trustee, employee or agent; subject to the limitation, however, that there shall be no indemnification in relation to matters as to which it shall be proved that the act or omission of the director, officer, trustee, employee or agent was material to the cause of action adjudicated in the proceeding and was either (1) committed in bad faith or was the result of active and deliberate dishonesty, or (2) the director, officer, trustee, employee or agent actually received an improper personal benefit in money, property or services, or (3) in the case of any criminal proceeding, the director, officer, trustee, employee or agent had reasonable cause to believe that the act or omission was unlawful.

Amounts paid in indemnification of expenses and liabilities may include, but shall not be limited to, judgments, penalties, fines, settlements and reasonable expenses actually incurred by such director, officer, trustee, employee or agent. The Corporation may pay or reimburse reasonable expenses in advance of the final disposition of the proceeding upon receipt by the Corporation of a written affirmation by the director of the director's good faith belief that the standard of conduct necessary for indemnification by the Corporation has been met, and a written undertaking by or on behalf of the director to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

The provisions of this Article shall be applicable to claims, actions, suits, or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after adoption hereof.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which such director, officer, trustee, employee or agent may be entitled under

any statute, bylaw, agreement, vote of the Board, or otherwise, and shall not restrict the power of the Corporation to make any indemnification permitted by law.

The Board may authorize the purchase of insurance on behalf of any director, officer, trustee employee, or agent of the Corporation against any liability asserted against and incurred by him or her arising out of such person's position, whether or not the Corporation would have the power to indemnify such person against that liability under law.

In no case, however, shall the Corporation indemnify, reimburse, or insure any person for any taxes imposed on such individual under chapter 42 of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended (Code). Further, if at any time the corporation is deemed to be a private foundation within the meaning of Section 509 of the Code, then, during such time, no payment shall be made under this Article if such payment would constitute an act of self-dealing or a taxable expenditure, as defined in Sections 4941(d) or 4945(d), respectively, of the Code.

If any part of this Article shall be found in any action, suit or proceeding to be invalid or ineffective, the validity and the effectiveness of the remaining parts shall not be affected.

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