

**BYLAWS FOR DISTRICT 5870 KEYWAY, INC.
A TEXAS NONPROFIT CORPORATION**

ARTICLE I

These bylaws constitute the code of rules adopted by the District 5870 Keyway, Inc. [hereinafter “the Corporation”], for the regulation and management of its affairs, and supersede any previously adopted bylaws.

ARTICLE II

Purpose

The purposes of the Corporation are all lawful purposes, including but not limited to charitable, benevolent, eleemosynary, patriotic, civic, educational, scientific, social, fraternal and aesthetic purposes. The Corporation shall be and is a non-profit corporation under the laws of the State of Texas. The Corporation was created, among other things, to promote Rotary District 5870’s programs.

ARTICLE III

Board of Directors

(1) Powers

The Board of Directors (“Directors”) of this Corporation is vested with the management of the business and affairs of this Corporation, subject to the Texas Non-Profit Corporation Act, the Articles of Incorporation, and these bylaws.

(2) Qualifications

Directorships shall not be denied to any person on the basis of race, creed, sex, religion, or national origin. Employees of the Corporation are ineligible to serve on the Board of Directors.

(3) Number of Directors

The Board of Directors will initially consist of three Directors. Upon majority resolution of the Board of Directors, the number of Directors may be increased or decreased from time to time, but in no event shall a decrease have the effect of shortening the term of an incumbent Director, or decreasing the total number of Directors to less than three Directors. Until the first meeting for electing the Directors occurs, the initial Board of Directors shall consist of the persons listed in the Articles of Incorporation as constituting the initial Board.

(4) Term of Directors

Directors shall serve terms of three (3) years. A Director may succeed himself for only one consecutive term. After serving two consecutive terms, a Director must vacate his position for at least one year before seeking re-election to another term.

(5) Election of Directors

Elections for Directors filling expired terms shall be held at the last meeting of the fiscal year. Any directorship to be filled by reason of an increase in the number of Directors shall be filled at the next regular meeting of the Board of Directors or at a special meeting called for that purpose. When a re-appointment or replacement is made, the re-appointment or replacement shall be considered effective on the date that the prior term expired (i.e., the new term does not begin on the date of the election). Board members whose terms have expired may continue serving until they are either re-appointed or until their successors are chosen.

(6) Staggered Terms

There shall be staggered terms of office for Directors so that one-third of the directorships shall be up for election each year (or if the number does not evenly divide by thirds, the board shall be divided as close to thirds a possible). The system for staggered terms of office shall be implemented as follows: At the meeting of the Board of Directors at which these bylaws are adopted there shall be a drawing in order to determine the initial terms of the Directors. After the drawing, one board member shall have an initial term of one year, one board member shall have a term of two years, and one board member shall have a term of three years. The minutes of this board meeting shall show the results of the drawing. Initial directors serving less than a full three-year term as their initial term (i.e., directors who draw a one-year term or two-year term), shall be considered to have served a full three-year term for purposes of the limits on more than two successive terms.

(7) Resignation

Any Director may resign at any time by delivering written notice to the Secretary or President of the Board of Directors. Such resignation shall take effect upon receipt or, if later, at the time specified in the notice.

(8) Removal

Any Director may be removed without cause, at any time, by a majority of the entire Board of Directors, at a Regular or Special Meeting called for that purpose. Any Director under consideration of removal must first be notified about the consideration by written notice at least five days prior to the meeting at which the vote takes place.

(9) Vacancies

Vacancies shall be filled by majority vote of the remaining members of the Board of Directors, though less than a quorum, and the Director filling the vacancy shall serve for the remainder of the term of the directorship that was vacated. Vacancies shall be filled as soon as practical. Any Director may make nominations to fill vacant directorships.

(10) Compensation

Directors shall not receive any salaries or other compensation for their services, but, by resolution of the Board of Directors, may be reimbursed for any actual expenses incurred in the performance of their duties for the Corporation, as long as a majority of disinterested Board of Directors approve the reimbursement. The Corporation shall not loan money or property to, or guarantee the obligation of, any Director

ARTICLE IV
Committees

(1) Executive Committee

The President, Treasurer, Secretary, and any other officers appointed by the Board of Directors of the Corporation shall constitute the executive committee. The executive committee shall have the authority to act on behalf of the Corporation in between Regular Meetings of the Board of Directors. The Board of Directors must validate the actions of the executive committee at its next Regular or Special Meeting. Any such action not so validated will not be legally binding on the Corporation. The President shall act as chairperson of the executive committee. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and all decisions shall be by majority vote of those present.

(2) Additional Committees

The Board of Directors may from time to time designate and appoint additional standing or temporary committees by majority vote of the Board of Directors. Such committees shall have and exercise such prescribed authority as is designated by the Board of Directors. The Directors may authorize these committees to exercise any powers, responsibilities, and duties consistent with the Articles of Incorporation and these bylaws.

ARTICLE V
Code of Ethics

The Board of Directors shall adopt a Code of Ethics governing the Corporation's Directors and Employees.

ARTICLE VI
Board Meetings

(1) Place of Board Meetings

Regular and Special Meetings of the Board of Directors will be held at any place that the Board of Directors may designate from time to time.

(2) Regular and Special Meetings

Regular meetings of the Board of Directors shall be held at least once each half of the year, or more frequently as deemed necessary by the Board of Directors. Special Meetings may be called by the President or any two Directors. An orientation session will be held each year for the new members of the Board of Directors.

(3) Notice of Board Meetings

Notice of the date, time, and place of Regular Meetings shall be given to each board member by regular mail, telephone (including voice mail), facsimile, or e-mail no less than fourteen days notice prior to the meeting. Notice of the date, time, and place of special meetings shall be given to each board member using the same methods, but with no less than three (3) days notice prior to the meeting, with the exception of special meetings held to amend the Articles of Incorporation or bylaws, for which a fourteen (14) day written notice by mail, email or facsimile shall be required specifying the proposed amendment.

(4) Waiver of Notice

Attendance by a Director at any meeting of the Board of Directors for which the Director did not receive the required notice will constitute a waiver of notice of such meeting unless the Director

objects at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called or convened.

(5) Quorum

A majority of the incumbent Directors (not counting vacancies) shall constitute a quorum for the purposes of convening a meeting or conducting business. At Board meetings where a quorum is present, a majority vote of the Directors attending shall constitute an act of the Board unless a greater number is required by the Articles of Incorporation or by any provision of these bylaws.

(6) Actions without a Meeting

Any action required or permitted to be taken by the Board of Directors under the Texas Non-Profit Corporation Act, the Articles of Incorporation, and these bylaws may be taken without a meeting, if all Directors individually and collectively consent in writing, setting forth the action to be taken. Such written consent shall have the same force and effect as a unanimous vote of the Board.

(7) Proxy Voting Prohibited

Proxy voting is not permitted.

ARTICLE VII
Officers

(1) Roster of Officers

The Corporation shall have a President, Secretary and Treasurer. The Corporation may have, at the discretion of the Board of Directors, such other officers as may be appointed by the Directors. The officers may be members of the Board of Directors, but one person may not hold more than one office.

(2) Election and Removal of Officers

All officers shall serve one-year terms. The election shall be conducted at the Board of Directors' first meeting of the fiscal year and following the election of the new Board of Directors filling expired terms, or as soon as practical thereafter. Officers shall remain in office until their successors have been selected. Officers may serve consecutive terms without limit. The election of officers shall be by majority vote of the Board of Directors attending the meeting.

(3) Vacancies

If a vacancy occurs during the term of office for any elected officer, the Board of Directors shall elect a new officer to fill the remainder of the term as soon as practical, by majority vote of Directors present.

(4) President

- The President will supervise and control the affairs of the Corporation and shall exercise such supervisory powers as may be given him/her by the Board of Directors.
- The President will perform all duties incident to such office and such other duties as may be provided in these bylaws or as may be prescribed from time to time by the Board of Directors. The President shall preside at all board meetings and shall exercise parliamentary control in accordance with Roberts Rules of Order.
- The President shall serve as an ex-officio member of all standing committees, unless otherwise provided by the Board of Directors or these bylaws.
- The President shall, with the advice of the Board of Directors and in accordance with the requirements of these bylaws, set the agenda for each meeting of the Board of Directors.

(5) Secretary

- The Secretary will perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws.
- The Secretary shall attest to and keep the bylaws and other legal records of the Corporation, or copies thereof, at the principal office of the Corporation.
- The Secretary shall take or ensure that someone takes minutes of all meetings of the committees and Board of Directors, and shall keep copies of all minutes at the principal office of the Corporation.
- The Secretary shall keep a record of the names and addresses of the Directors at the principal office of the Corporation.
- The Secretary shall, with the approval of the Board of Directors, set up procedures for any elections held by the Corporation. The Secretary shall keep a record of all votes cast in such elections.
- The Secretary shall ensure that all records of the Corporation, minutes of all official meetings, and records of all votes, are made available for inspection by any member of the Board of Directors at the principal office of the Corporation during regular business hours.
- The Secretary shall see that all notices are duly given in accordance with these bylaws or as required by law.
- The Secretary shall see that all books, reports, statements, certificates, and other documents and records of the Corporation are properly kept and filed.
- In the case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to fulfill the duties of Secretary, the Vice President shall perform the functions of the Secretary.

(6) Treasurer

- The Treasurer will have charge and custody of all funds of the Corporation, will oversee and supervise the financial business of the Corporation, will render reports and accountings to the Directors as required by the Board of Directors, and will perform in general all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these bylaws, or which may be assigned from time to time by the Board of Directors.
- The Treasurer shall give to the Corporation a bond with one or more sureties for the faithful performance of the duties of the office and for the restoration to the Corporation--in the case of his or her death, resignation, retirement, or removal from office—all books, papers, vouchers, money, and other property of whatever kind in his or her possession or

under his control belonging to the Corporation. The amount of the bond shall be determined by the Board of Directors.

- The Treasurer and the staff of the Corporation shall devise a plan providing for the acceptance and disbursement of all funds of the Corporation which shall be approved by the Board of Directors.
- The Treasurer, with the approval of the Board of Directors, shall set up all checking, savings, and investment accounts of the Corporation and deposit all such funds in the name of the Corporation in such accounts.
- The Treasurer's signature shall be the authorized signature for all checking, savings, and investment accounts of the Corporation unless the Treasurer, with the approval of the Board of Directors, designates another member of the Board of Directors or employee of the Corporation as the authorized signatory for a particular type of disbursement.
- The Treasurer shall prepare a quarterly report for the Board of Directors, providing an accounting of all transactions and of the financial conditions of the Corporation.
- The Treasurer shall keep all financing records, books, and annual reports of the financial activities of the Corporation at the principal office of the Corporation and make them available at the request of any Director or member of the public during regular business hours for inspection and copying.

ARTICLE VIII **Rules of Procedure**

The proceedings and business of the Board of Directors shall be governed by Robert's Rules of Parliamentary Procedure unless other rules of procedure are adopted by the Board.

ARTICLE IX **Executive Director**

The Board of Directors may, upon resolution, appoint an Executive Director to serve at the board's discretion and to carry out whatever tasks the board from time to time resolves. The Executive Director may serve without salary or other compensation, or may be paid an annual salary set by the Board of Directors. Subject to such supervisory powers as are vested in the Board of Directors, the Executive Director shall supervise, direct, and control the business of the Corporation and actively manage its business, and shall have such other powers and duties as may be prescribed by the Board of Directors or by these bylaws.

The Executive Director may engage in negotiations involving commitments of the resources of the Corporation or the acceptance of money or resources by the Corporation in furtherance of the purposes of the Corporation as set out in the Articles of Incorporation and these bylaws. The Executive Director shall generally be expected to attend all meetings of the Board of Directors and meetings of the general membership.

ARTICLE X **Indemnification**

(1) Insurance

The Corporation may provide indemnification insurance for its Board members, and the Board shall select the amount and limits of such insurance policy.

(2) Indemnification

To the extent permitted by law, any person (and the heirs, executors, and administrators of such person) made or threatened to be made a party to any action, suit, or proceeding by reason of the fact that he is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorney's fees and disbursements, incurred by him (or by his heirs, executors or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein.

(3) Limits on Indemnification

Notwithstanding the above, the corporation will indemnify a person only if he acted in good faith and reasonably believed that his conduct was in the corporation's best interests. In the case of a criminal proceeding, the person may be indemnified only if he had no reasonable cause to believe his conduct was unlawful.

ARTICLE XI
Operations

(1) Execution of Documents

Unless specifically authorized by the Board of Directors or as otherwise required by law, all final contracts, deeds, conveyances, leases, promissory notes, or legal written instruments executed in the name of and on behalf of the Corporation shall be signed and executed by the President or other person designated by the Board of Directors, pursuant to the general authorization of the Board. All conveyances of land by deed shall be signed by the President or two other members of Executive Committee and must be approved by a resolution of the Board of Directors.

(2) Disbursement of Funds

Financial Transactions which have a value of five thousand dollars (\$5,000) or more shall require majority approval of the Board of Directors or Executive Committee if a majority of the Board of Directors is not immediately available to vote on the transaction. In all other transactions, the Executive Director may dispense with the funds of the Corporation in accordance with the annual budget approved by the Board of Directors and the purposes of the Corporation as set out in the Articles of Incorporation and these bylaws. Notwithstanding the above, all checks of more than five hundred dollars (\$500) disbursing funds from any of the Corporation's accounts shall require the signatures of at least two of the following: the Executive Director, President, Secretary, or Treasurer.

(3) Procurement Policy

The Board of Directors may adopt a procurement policy setting forth rules governing the use of Corporation funds for purchases.

(4) Records

The Corporation will keep correct and complete records of account and will also keep minutes of the proceedings of the Board meetings and Committees. The Corporation will keep at its principal place of business the original or a copy of its bylaws, including amendments to date certified by the Secretary of the Corporation.

(5) Inspection of Books and Records

All books and records of this Corporation may be inspected by any Director for any purpose at any reasonable time on written demand.

(6) Loans to Management

The Corporation will make no loans of money or equipment to any of its Directors or Officers.

(7) Amendments

The Board of Directors may adopt Articles of Amendment (amending the Articles of Incorporation) by a vote of two-thirds of Directors present at a meeting where a quorum is present. The bylaws may be amended at any time by a vote of the majority of Directors at a meeting where a quorum is present.

(8) Fiscal Year

The fiscal year for the Corporation will be July 1st through June 30th.

(9) Audit

The Corporation shall have an annual audit in a form determined by the Board of Directors completed and submitted to the Board of Directors for their review by October 1st of each year for the previous fiscal year.

CERTIFICATION

I hereby certify that these bylaws were adopted by the Board of Directors of the District 5870 Keyway, Inc., at its meeting held on _____.

Secretary