

BY-LAWS OF THE LATAH COUNTY FREE LIBRARY DISTRICT FOUNDATION

Amended 07/13/2004

Corrected 12/11/2006

Amended 01/19/2007

ARTICLE I Offices and Agent

Section 1. Principal Office. The principal office of the corporation in the State of Idaho shall be located in the City of Moscow, County of Latah. The corporation may have such other offices, either within or without the State of Idaho, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Section 2. Registered Office and Agent. The registered agent and registered office of the corporation as set forth in the Articles of Incorporation may be changed from time to time by a vote of the Board of Directors.

ARTICLE II Purposes and Powers

Statement of Purpose

The Latah County Library District Foundation (LCLDF) was established to enable LCLD to fulfill more completely its mission through the development and enhancement of its properties and operations beyond what is possible through annual operating monies. All distributions from the undesignated portion of the Fund shall be used only for needs outside the annual operating budget of the LCLD such as programs that enable LCLD to fulfill its mission through capital needs, special projects, and outreach.

The purpose and objects of the corporation shall be to operate exclusively for charitable, scientific, and educational purposes as a nonprofit corporation, with its activities so conducted and for such purposes as the making of distributions to organizations that qualify as exempt organizations under Section 501(c) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

The corporation shall be entitled to exercise all the powers specified in the Articles of Incorporation of the corporation, subject to the following limitations:

(1) No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and expenses incurred, and to make payment and distributions in furtherance of the purposes of the corporation set forth above;

(2) No part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in any political campaign on behalf of any candidate for private office.

(3) Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c) of the Internal Revenue Code of 1954 (or the corresponding future provisions) or by a corporation described in Sections 509(a) (3) of the Internal Revenue Code of 1954 (or corresponding future provisions).

ARTICLE III Members

The members of the corporation shall be appointed by resolution of the Board of Directors.

ARTICLE IV Board of Directors

Section 1. General Powers. Its Board of Directors shall manage the business and affairs of the corporation. The Board of Directors shall further have sole power and authority, by a vote of a majority of directors then in office, to (1) amend or restate the Articles of Incorporation of the corporation, (2) approve the merger or consolidation of the corporation with any other corporation, (3) authorize the dissolution of the corporation, or (4) approve the sale, lease, exchange or other disposition of all, or substantially all, of the property or assets of the corporation.

Section 2. Number, Tenure and Qualifications. All directors of the corporation must be residents of Latah County, Idaho or nearby areas that are served by the Latah County Free Library District. The Board of Directors shall consist of not fewer than ten (10), seven (7) of whom shall represent the seven communities in which the Latah County Free Library District operates a library, and three (3) of whom shall be members at large. The Director of the Latah County Free Library District shall be a member of the board ex officio with vote. An honorary category of director emeritus may be provided. A director emeritus shall be entitled to attend meetings but shall not vote and shall not be responsible for the acts of the Board of Directors while serving as an honorary director emeritus.

Section 3. Removal From Office. Any director may be removed from office at any time for cause, on a vote of two-thirds of any directors then in office, at any general or special meeting called for the purpose of such removal.

Section 4. Annual Meeting. The annual meeting of the Board of Directors shall be held each year on the second Monday in September. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Idaho, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Idaho, as the place for holding any special meeting of the Board of Directors called by them.

Section 6. Notice. Notice of any special meeting shall be given at least four days previous thereto by written notice delivered or mailed to each director at his or her business address. Notice given by mail shall be deemed delivered when posted in the United States mail, addressed to each director's business address and with postage prepaid. Any director may serve notice of any meeting and the attendance of a director at a meeting shall constitute a waiver of notice thereof. The business to be transacted at any special meeting, or the purpose thereof, shall be specified in the notice or waiver of notice of such a meeting.

Section 7. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any matter is taken, shall be presumed to have assented to the action taken unless a dissent shall be entered in the minutes of the meeting or unless the director shall file a written dissent to such an 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 8. Quorum. A quorum shall consist of a majority of those present, but no fewer than three (3) directors fixed by Section 2 of this Article IV and shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than majority are present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 9. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present, shall be the act of the Board of Directors for corporate purposes with the exception that a majority of the directors who have been elected and qualified are required to amend these bylaws or the articles of incorporation.

Section 10. Vacancies. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office. In default of election within one month by the member so entitled, the remaining directors, although less than a quorum, may elect a director to fill any vacancy by a majority vote. Any director so elected shall serve for the unexpired term of a predecessor in office of the full term of such new directorship.

Section 11. Informal Action by Directors. Any action required to be taken at a meeting of the directors or any action which may be taken at a meeting of the directors, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. A director may participate in any meeting by telephone and may vote and be considered as present at a meeting for all corporate purposes.

Section 12. Committees. The Board of Directors may, by majority vote of all directors in office, appoint such committees as it deems desirable to assist in its duties, which committees may include an executive committee which may exercise any power and perform any function granted by the Board of Directors subject to the limits imposed by Section 30-3-79 of the Code of the State of Idaho.

Article V Officers

Section 1. Numbers. The officers of the corporation shall be a president, a vice president, a secretary and a treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The same person, except the offices of president and secretary, may hold any two or more offices.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at each annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer having been duly elected and qualified shall hold such office until death or until the officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. The Board of Directors may remove any officer or agent elected or appointed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The president shall be the principal executive officer for the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the affairs of the corporation. The president shall, when present, preside at all meetings of the Board of Directors. The

president may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments, which The Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors 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, and in general shall perform all duties incident to the office of president, and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the president or in the event of death, inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president, and shall also perform such other duties as from time to time may be assigned by the president or by the Board of Directors.

Section 7. Secretary. The secretary shall: (a) keep the minutes of the Board of Director's meetings in one or more books provided for that purpose, (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, (c) be custodian of all corporation records, (d) keep a register of the post office addresses of each director which shall be furnished to the secretary by such director, and (e) In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board of Directors.

Section 8. Treasurer. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposits all such monies in the name of the corporation in such banks, trusts companies or other depositories as shall be selected in accordance with provisions of these Bylaws, and (b) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the president or by the Board of Directors.

Section 9. Compensation. No salary or other compensation shall be paid directors for their services; however, nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation there for.

Section 10. Delegating Powers to Other Officers. In case of the absence of any officer of the corporation or any other reason that may be sufficient to the board, the Board of Directors may delegate the duties and powers of said absent officer for the time being to any other officer or to any director.

Article VI

Endowment Administration Guidelines

Section 1. Investment Guidelines.

- I. Objectives
- II. The assets are to be invested with the same care, skill, and diligence that a prudent person would exercise in investing funds. The primary objective will be to achieve a reasonable total return on the assets, while limiting the risk exposure and assuring the preservation of capital.
- III. Policies
- IV. The Committee Members shall use the above objectives in making investment decisions to accomplish the objectives set forth above. These guidelines are not intended to restrict or impede the efforts of the Committee Members to attain the Endowment Fund objectives nor is it intended to exclude the Committee Members from taking advantage of appropriate opportunities as they arise. The Committee Members shall have discretion and flexibility to implement the objectives and policies herein set forth.
- V. The Committee Members shall establish and maintain an asset allocation to reflect and be consistent with the objectives and policies herein set forth. The Committee Members shall not

invest in private placement, letter stock, futures transaction, arbitrage, options and shall not engage in short sales, margin transactions or other similar specialized investment activities.

VI. Asset Allocation

VII. Because the security markets may vary greatly throughout a market cycle, the Committee Members may recommend changes in the asset mix of the Endowment Fund within the following ranges as long as that mix is consistent with the policy guidelines of the Endowment Committee:

1. Equities: 50-70%
2. Fixed Income: 30-50%
3. Cash Reserves 10-20%

VIII. Reporting

IX. The Endowment Committee shall provide the Board of Trustees quarterly status reports, including the fund value, the asset allocation strategy and plan, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

Section 2. Distribution Policy

- I. Procedure for distributions. Allocations of funds available for distribution will be made using the following procedure:
 - A. Organizations can seek funds from the LCFLD through a matching grant process managed by LCLDF for capital expenditures. Matching is optional for non-capital expenditures.
 - B. Upon consent and approval of the LCFLD and the LCLDF funds may be transferred to the LCLD business office for those uses consistent with the "Statement of Purpose" governing the Fund.
 - C. LCLDF may obligate a reasonable amount of funds for general expenses for marketing and development purposes.
- II. Policy on allocations/distributions
 - A. Normally, the funds available for distribution shall be limited to the cash earnings from interest and dividends after the deduction of appropriate fees and expenses. Under ordinary circumstances, the principal shall not be available for distribution. By definition, the principal shall consist of the original gifts plus capital appreciation.
 - B. Distributions from the General Fund will be limited to 5% per year of endowment's value and will not begin until a balance of \$300,000 is reached.
 - C. Earnings from sub-funds shall be re-invested unless a need is demonstrated for the expenditure of the earnings.
 - D. Earnings of the sub-funds in any calendar year, which remain unexpended or unencumbered at the conclusion of the first quarter of the next calendar year shall be added to and become part of the sub-fund from which it came.

Section 3. Gift Acceptance Policy.

- A. The gift acceptance policy will serve as a guideline to the LCLDF and outside advisors. Questions, which arise in the review and acceptance of gifts to the LCLDF, will be referred to the Investment Committee.
- B. All gifts to LCLDF shall be deemed to be gifts to the LCLDF unless a contrary intention is clearly expressed by the donor.
- C. The LCLD treasurer shall promptly deliver all gifts for the LCLDF to the Treasurer of the LCLDF (Chair of the Investment Committee). The disposition of assets will be carried out in accordance with the Gift Acceptance Policy and Investment Guidelines adopted by the LCFLD. The Treasurer may appoint an ad hoc committee to determine whether to sell or hold securities.
- D. Acknowledgments and Recognition. The Chairperson of the Investment Committee shall be responsible for appropriate acknowledgement and recognition of the donors.

- E. Gifts & Bequests may be designated to a particular sub-fund of the LCLDF. In such a case, the earnings would be available for use only for the designated purposes stated regarding that sub-fund. If the bequest to the Fund is otherwise undesignated, the assets will be assigned to the General Fund of the Foundation. Gifts may be designated that a new sub-fund be created (follow guidelines in Attachment A) or to one of the following sub-funds:

Community Sub-Funds

Bovill Capital Expenditures
Deary Capital Expenditures
Genesee Capital Expenditures
Juliaetta Capital Expenditures
Moscow Capital Expenditures
Potlatch Capital Expenditures
Troy Capital Expenditures

District Sub-Funds

Library Programs (Adult & Children)
LCLD Capital Improvement/Maintenance
Staff Education/Scholarship

- F. All gifts by cash or cash equivalent (e.g., check, money order, etc.) shall be accepted. Checks shall be made payable to the "Latah County Library District Foundation".
- G. Publicly Traded [Registered] Securities-- Registered securities, such as those traded on a stock exchange, shall be accepted. The donor's value of a gift of registered securities shall be the average of the high and low market price on the date of the gift. Any gift of securities intended for the Foundation shall be transferred directly to the Investment Committee.
- H. Closely held [Unregistered] Securities may be accepted after consultation with the Investment Committee. Prior to acceptance, the Investment Committee will explore methods and timing of liquidation of the securities. The administrators will determine: The fair market value, any restrictions of the transfer, and whether and when an initial public offering might be anticipated. No commitment for the disposition of unregistered securities shall be made prior to completion of the gift of the securities.
- I. Real Property
- i. The Investment Committee before acceptance must first review gifts of real property.
 - ii. The Donor normally is responsible for obtaining and paying for an appraisal of the property. An independent, qualified appraiser must perform the appraisal.
 - iii. The Investment Committee may require an environmental appraisal of any proposed gift of real property.
 - iv. The appraisal should contain photographs of the property, the tax map number, the assessed value, the current asking price, a legal description of the property, the zoning status, covenants, easements, and complete information regarding all mortgages, liens, litigation, title disputes, and any environmental impacts.
 - v. The property must be conveyed by warranty deed prior to the execution of any contract of sale by the grantor.
 - vi. Depending on the value and desirability of the gift, the Donor may be asked to pay for all or a portion of the following:
 - vii. Maintenance costs, if any
 - viii. Real estate taxes due prior to date of conveyance
 - ix. Insurance
 - x. Real estate broker's commission and other costs of sale
 - xi. Appraisal and preliminary title report costs
 - a. The value of any gift of real property shall be its appraised value; however, this value may be reduced by costs of maintenance, insurance, real estate taxes, broker's commissions, and other expenses of sale incurred by the LCLDF.
- J. Life Insurance. A gift of a life insurance policy must first be referred to the Investment Committee prior to acceptance and can be accepted only if LCLDF is named as the owner

- and beneficiary of 100% of the policy. The value of the gift is the policy's net cash value. If the policy is partially paid-up, the value for the gift is the policy's cash surrender value.
- K. Tangible Personal Property. A gift of tangible personal property shall be referred to the Investment Committee prior to acceptance. A gift of jewelry, all works of art shall be valued by the proceeds from the sale, or if returned, by a qualified appraisal. LCLDF shall adhere to all IRS requirements relating to the disposition of gifts of tangible personal property and will provide appropriate forms to the Donor and IRS, where required.
 - L. Deferred Gifts. Examples: Charitable gift annuity (or deferred gift annuity), Pooled income funds, Charitable remainder trust, Charitable lead trust, and Testamentary bequests.
 - i. Neither LCLDF nor members of the Investment Committee shall act as an executor (personal representative) for a Donor's estate nor as a trustee or co-trustee on a charitable remainder trust or any other planned giving instrument.
 - ii. If planned gift illustrations or sample documents are provided Donors it will be free of charge. The following disclaimer should be included in all gift documents furnished Donors by the Investment Committee: "We strongly urge that you consult with your attorney, financial and/or tax advisor to review and approve this complementary information. This information in no way constitutes advice. We will gladly work with your independent advisors to assist in any way."
 - iii. Privacy Policy. The Investment Committee, LCLDF, its staff, and volunteers shall hold all information obtained from or about Donors/prospects in the strictest confidence. The name, the amount and the conditions of any gift shall be considered confidential and is not to be published without the express written approval of the Donor and/or beneficiary.
 - iv. Investment Committee may, when appropriate, retain qualified professional legal counsel related to planned gift agreements.
 - M. Right to Decline Gifts. The LCLDF, upon the advice of the Investment Committee, reserves the right to decline any gift that is not consistent with the mission or policies of the LCLD. Also, any gifts that would create an administrative burden or cause the Foundation to incur excessive expenses may be declined.

ARTICLE VII Limited Liability

Unless otherwise provided by Chapter 30-3-39 of the Code of the State of Idaho, directors, officers and employees of the corporation shall not, as such, be liable for corporate debts and obligations, and directors, officers, employees and any volunteers shall not be personally liable for any claim based upon an act or omission of such person performed in the reasonable discharge of his or her corporate duties.

ARTICLE VIII Indemnification

Section 1. Authority. The corporation may by resolution indemnify any person pursuant to Section 30-3-88 of the Code of the State of Idaho, provided such indemnification is made by a majority vote of a quorum of disinterested directors.

Section 2. Conditions.

(a) The corporation shall indemnify every person, their heirs, executors and administrators against all judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, incurred by them in connection with any claim, action, suit or proceeding (whether actual or threatened, brought by or

in the right of the corporation or otherwise, civic, criminal, administrative or investigative, including appeals), to which they may be or are made a party by reason of their being or having been a director or officer of the corporation or, at its request, of any other corporation, based upon an act of omission of such person performed in the reasonable discharge of their corporate duties.

(b) There shall be no indemnification (i) as to amounts paid in settlement or other disposition any threatened or pending action by or in the right of the corporation unless such amounts are found reasonable by a quorum of disinterested directors and the indemnification is supported by the written recommendation of independent legal counsel or the court having jurisdiction of the action shall approve the settlement or (ii) as to matters in respect of which it shall be determined by judgment or otherwise that such director or officer was negligent in the performance of their duties to the corporation or such other corporation and, in the case of criminal action or proceeding, that they had reasonable cause to believe that their conduct was unlawful.

(c) Any such person shall be entitled to indemnifications of right (i) if they have been wholly successful, on the merits or otherwise, with respect to any claim action, suit or proceeding or (ii) except as herein above provided, in respect to matters as to which a court or independent legal counsel shall have determined that they acted in good faith for a purpose which they reasonably believed to be in the best interests of the corporation and, in addition, in any case of a criminal action or proceeding, had no reasonable cause to believe that their conduct was unlawful.

Section 3. Insurance. The corporation may by resolution purchase and maintain insurance for itself and on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against them and incurred by them in any such capacity or arising out of their status as such, provided such insurance is authorized by majority vote of a quorum of directors.

ARTICLE IX Contracts, Loans, Checks and Deposits

Section 1. Contracts. 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 and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors.

Section 3. Checks, Drafts, etc. All checks, drafts and other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed 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.

Section 5. Fiscal Year. The fiscal year of the corporation shall commence on September 1 of each year.

ARTICLE X Seal

The corporation shall not have a corporate seal.

ARTICLE XI Dissolution

Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all liabilities of the corporation, dispose of the assets of the corporation to organization affiliated with the corporation in such proportions as the Board shall determine, provided that said organization shall at the time of such dissolution be qualified as exempt organizations which are not private foundations under the provisions of Section 501(c) (3) and 509 (a)(1) or (2) of the Internal Revenue Code of 1954 (or corresponding future provisions). If no such organization is in existence or so qualified at such time, then all of the assets of the corporation shall be distributed to one or more organizations selected by the Board of Directors which at the time qualify as exempt organization which are not private foundations under Section 501 (c)(3) and 509 (a)(1) or (2) of the Internal Revenue Code of 1954 (or corresponding future provisions). Any assets not so disposed of shall be disposed by the District Court of the county in which the principal office of the corporation is then located, exclusively for the purposes of the corporation, or to such organization or organizations as said court shall determine, which are organized and operated exclusively for the purposes of the corporation.

ARTICLE XII Amendments

These Bylaws and the Articles of Incorporation may be altered, amended or repealed, and new Bylaws or Amendments to the Articles of Incorporation adopted by a majority vote of the directors at a meeting at which a majority of the directors, who are elected and qualified, are present.

ARTICLE XIII Rules of Order

The latest edition of Robert's Rules of Order shall, in the absence of provision to the contrary herein, be observed in governing the transactions of the business of the Board of Directors.

APPROVED AND ADOPTED THIS _____ DAY OF _____, 19

President Secretary

Note: Warren S. Owen, President and Lori Keenan, Secretary signed the original document on September 19th, 1994.

[ATTACHMENT A]
Agreement to create a Sub-Fund

[Name of Sub-Fund]
[Date]

This agreement between [Donor's name] and The Latah County Library District Foundation (LCLDF) of Moscow, Idaho establishes:

THE _____ ENDOWED SUB-FUND.

This sub-fund shall be for the exclusive benefit of and/or to further the purposes of the Latah County Library District (LCLD), and shall be restricted for the following uses and purposes [Use separate sheet if necessary]:

PRIMARY USE OF FUNDS:

SECONDARY USE (in case funds are remaining after the funding of the Primary Use):

TERTIARY USE (in case funds are remaining after the funding of the Primary and Secondary Uses):

By their signatures below, the donors acknowledge that the initial funding must be at least \$5000 to establish this named sub-fund. Once established, subsequent contributions to this sub-fund can be any amount. Only the income from this sub-fund may be expended for the restricted purposes indicated above. The LCLDF shall make decisions on expenditures.

This agreement may be modified only by mutual consent of the donors and the LCLDF Board of Directors. If LCLDF should ever cease to exist, all assets of this endowed sub-fund shall be added to the succeeding organization. However, this endowed sub-fund shall retain its identity and shall maintain the integrity of the original intent of the donors.

Donor

Date Signed

Donor

Date signed

Chairperson, LCLDF

Date signed