

BY-LAWS

OF THE

FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.



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TABLE OF CONTENTS

Article 1.	Board of Directors	4
Section 1.	Number, Qualifications, Terms of Office and Manner of Selection/Election	4
Section 2.	Meetings	5 – 6
Section 3.	Emeritus Board Members	6
Section 4.	Honorary Board Members	6
Section 5.	Advisory Board Members	7
Section 6.	Designated Ex-Officio Membership	7-8
Section 7.	Resignation	8
Section 8.	Removal	8
Section 9.	Compensation	9
Section 10.	Conflicts and Duality of Interest	9
Section 11.	Conflict of Interest Policy	9
Article II.	Officers	9 – 12
Section 1.	Elected Officers	9
Section 2.	Terms of Office	10
Section 3.	Chair	10
Section 4.	Vice-Chair	10
Section 5.	Treasurer	10
Section 6.	Secretary	10
Section 7.	Executive Director	11
Section 8.	President of the University	11 – 12
Section 9.	Absence of Incapacity of Officers to Serve	12
Article III.	Standing Committees	12 – 17

Section 1.	Appointment of Committees	12
Section 2.	Executive Committee	13
Section 3.	Investment Committee	14
Section 4.	Audit Committee	14 – 15
Section 5.	Nominating Committee	15 – 16
Section 6.	Bylaws Committee	16
Section 7.	Development Committee	16 - 17
Section 8.	Finance Committee	17
Section 9.	Real Estate Committee	17
Section 10.	Membership and Quorum of Standing Committees	18
Article IV.	Order of Business	18
Article V.	Approved Major Activities	18 - 19
Article VI.	Seal	19
Article VII.	Personnel	19
Article VIII.	Amendments	19 – 20
Section 1.	Amendment of Bylaws	19
Section 2.	Amendment of Articles of Incorporation	19 - 20
Section 3.	Approval of Amendments by Board of Trustees	20
Article IX.	Confidentiality of Foundation Documents	20
Article X.	Checks	20
Article XI.	Audits	21
Section 1.	Annual Audits	21
Section 2.	Operational Audit	21

Article XII. Budget and Expenditures	21 - 22
Section 1. Preparation and Submittal of Operating Budget	21 - 22
Section 2. Review and Approval of Quarterly Expenditure Plans	22
Section 3. Budget Amendments	22
Article XIII. Reporting Requirements	22
Article XIV. Bond	23
Article. XV. Fiscal Year	23
Article XVI. Miscellaneous Provisions	23

BY-LAWS OF THE FLORIDA AGRICULTURAL AND MECHANICAL FOUNDATION, INC.

ARTICLE I

BOARD OF DIRECTORS

Section 1. Number, Qualifications, Terms of Office and Manner of Selection/Election

The number, qualifications, terms of office and manner of selection/election of the Board of Directors of the Foundation shall be as follows:

(a) There shall be a minimum of fourteen (14), but not more than thirty-one (31) elected directors, selected in the manner prescribed in these by-laws, and the ex-officio directors provided in this section. The members of the Board of Directors shall constitute the voting members of the Foundation.

(b) The President of the University, President of the National Alumni Association, Director of Alumni Affairs and the Chair of the Board of Trustees or their designee shall be members of the Board of Directors by virtue of their positions. Individuals serving in the aforementioned positions will serve as long as he or she holds the office or the position, or the designating individual holds the office or position, which resulted in his or her placement on the Board of Directors. Any vacancies in the aforementioned positions will be filled for the unexpired portion in the manner provided for the appointment.

(c) The term of office of elected members of the Board of Directors shall be four (4) years in length. Directors may be re-elected for additional terms. After serving two consecutive terms, the Director shall be eligible for re-election after showing a desire for continued membership in writing. Vacancies occurring during a term shall be filled for the unexpired portion thereof in the manner provided for the election of directors. All directors shall hold office until the expiration of their term and until their successors have been elected or until death, resignation or removal.

(d) The terms of office of elected directors shall be staggered so that the Board of Directors shall elect approximately seven (7) members to the Board annually, provided that the total number of directors does not exceed thirty-one (31) persons.

Section 2. Meetings

(a) The Board of Directors shall meet semi-annually. The time and place shall be determined by the Chair of the Board. At the last Board of Directors meeting during the calendar year, the Board shall elect directors as provided for in the Articles of Incorporation and By-Laws and shall transact such other business as may be brought before the Board.

(b) Special meetings of the Board of Directors must be called by Chair or by a petition of three-fourths (3/4) of the current directors. At the discretion of the Chair a special meeting shall be held at any time and place designated by the Chair of the Board of Directors.

(c) One-third (1/3) of the current membership shall constitute a quorum at any meeting of the Board of Directors. All questions shall be determined by majority vote of the quorum present. A majority of all members of the Board of Directors, however, must concur in the following:

- (i) Amendments to the By-Laws; and
- (ii) Amendments to the Articles of Incorporation.

(d) Notice of meetings shall be communicated by the Secretary to the directors not less than thirty (30) days preceding any meeting except special meetings as defined in section 2b.

(e) The Chair, or in the Chair's absence, the Vice-Chair, shall preside over all meetings of the Board of Directors. In the absence of both the Chair and Vice-Chair, the Board may appoint any member present to act as chair. The Secretary of the Foundation shall act as secretary of all of the meetings of the Board of Directors, but in the event of the secretary's absence, the presiding officer may appoint any member present to act as secretary of the meeting.

(f) A director is authorized a maximum of two unexcused absences in a two-year period. Any director exceeding this limit may forfeit his or her position on the Board of Directors. A final vote on the removal of a director will be by a majority vote of the Executive Committee. All excused absences must be granted by the Chair of the Board of Directors.

(g) Actions of the Board or its Committees may be taken by a majority of the members of the Board or its Committee, individually or collectively consenting in writing or by telephone conference to the actions. In writing or by telephone includes facsimile, telegraph, electronic transmission (such as email), satellite broadcast, or any other electronic means. The written consent(s) will be filed with the minutes of the proceedings of the Board or Committee. Action by written consent will have the same force and effect as action by voice vote of the Board or its Committees. Any certificate or other document filed under any provision of law which relates to an action taken without a meeting will state that the action was taken by written consent of a majority of the Board or its Committees without a meeting, and that the Bylaws of the Foundation authorize the Board and its Committees to act without a meeting as described in this section.

Section 3. Emeritus Board Members

Any incumbent, deceased or former Board member who has made an exceptional contribution to the progress and welfare of the University and has served with distinction and devotion as a Director for ten (10) years or more may be considered for designation by the Board as an Emeritus Board Member. Emeritus Directors are welcome to attend most meetings and special events of the Board of Directors. They may participate in discussions but shall not be entitled to vote with the full Board on board matters, nor hold or be appointed to serve as chair of any standing or ad hoc committees. In no event shall the Foundation be responsible for scheduling, reimbursing, or paying for any travel expenses or accommodation of an Emeritus Board Member associated with that member's attendance at any meeting of the Board.

Section 4. Honorary Board Members

Individuals whose achievements characterize them as a person whose name may lend further distinction to the Foundation may be nominated for honorary membership on the Board of Directors. These persons may be recommended by members of the Board, reviewed and nominated by the Nominating Committee, and voted upon by the full Board of Directors. Honorary members may serve for a term of four (4) years. Membership may be renewable upon unanimous vote by a quorum of the Board members at any annual meeting or other meeting called for such purpose.

Honorary membership will entitle the individual to be listed on Board stationery and documents, as well as Board programs; however, honorary membership does not entitle honorary members to voting privileges. They may participate in discussions but shall not be entitled to vote with the full Board on board matter, nor hold or be appointed to serve as chair of any standing or ad hoc committees. Attendance at Board meetings will not be required. In no event shall the Foundation be responsible for scheduling, reimbursing, or paying for any travel expenses or accommodations of an Honorary Board Member associated with that member's attendance at any meeting of the Board.

Section 5. Advisory Board Members

Advisory members are individuals whose achievements and business acumen characterize them as persons qualified to actively advise the Foundation Board as well as recommend prospective individuals or donors through corporations that may lend further distinction to the Foundation. These persons may be recommended by members of the Board, reviewed and nominated by the Nominating Committee, and voted upon by the Board of Directors. Advisory members may serve for a term of four (4) years. Membership may be renewable upon unanimous vote by a majority of the Board members at any annual meeting or other meeting called for such purpose.

The Advisory Committee shall focus on advancing the philanthropic function of the Foundation Board, through referral of prospective donors individual or corporate. Further the advisory members would be individuals dedicated to ensuring the enhancement of the status of the Foundation and the University.

Advisory membership will entitle the individual to be listed on Board stationery and documents, as well as Board programs; however, advisory membership does not entitle advisory members to voting privileges. Attendance at Board meetings will not be required.

Section 6. Designated Ex-Officio Membership

The Directors shall include among their members the persons who hold the following positions: a Faculty representative from the Faculty Senate recommended by

the President after consultation with the Faculty Senate Chairperson and a current Student Government Association (SGA) representative or student representative who is not serving on the Board of Trustees. They shall be considered members of the Foundation and shall have voting rights.

These individuals will serve a term of one-year commencing immediately following appointment and continuing through the meeting closest to the end of one year. These directors must sign and adhere to the Minimum Participation Standards for Ex-Officio Membership and must adhere to the Code of Ethics and Standards of Conduct set forth by the board. These directors may be re-elected for an additional term after showing a desire for continued membership in writing. These members must adhere to all provisions of the by-laws, except as specifically provided elsewhere in the By-Laws.

Section 7. Resignation

An elected director may resign at any time by submitting a written resignation to the Chair of the Foundation with a copy to the Secretary.

Section 8. Removal

Notwithstanding the provisions of Article I, Section 2 (f) of these Bylaws, an elected director may be removed, with or without cause, by a majority vote of the Board of Directors. In addition, a board member shall be removed for cause in the event he or she shall refuse or fail to fulfill his or her annual financial responsibility to the Foundation, as promulgated from time to time in the Foundation's Policy and Procedures, not later than March 31st in advance of the annual Spring meeting of the Foundation. Notwithstanding the provisions of Article I, Section 2 (f) of these Bylaws, a director shall be removed by a majority vote of the Board of Directors for refusal or failure to remain financially responsible. If a director fails or refuses to become financially responsible within ten (10) days, after being so advised by the Board Chair, that director shall likewise be denied paid travel and lodging accommodations to future board meetings and any other benefits of board membership to which that director might otherwise be entitled.

Section 9. Compensation

Elected directors shall not receive compensation for their services but may be reimbursed for reasonable expenses incurred for travel, meals and lodging associated with their attendance at meetings of the Foundation or when traveling on Foundation business.

Section 10. Conflicts and Duality of Interest

No contract or other transaction between the Foundation and one or more of the directors of any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested is either void or voidable because of such relationship or interest, because such director or directors are present at the meeting of the Board of Directors or a committee thereof that authorized, approved or ratified such contract or transaction, or because his or their votes are counted for such purpose, if the contract or transaction is approved in compliance with the provisions of Section 617.0882, Florida Statutes, as now or hereafter amended.

Section 11. Conflict of Interest Policy

The Board of Directors shall adopt and keep in full force and effect a substantial conflict of interest policy for its directors and principal officers in accordance with rules and regulations of the Internal Revenue Service applicable to tax exempt organizations.

ARTICLE II

OFFICERS

Section 1. Elected Officers

The officers of the Foundation Board will be the Chair, Vice Chair, Treasurer and Secretary. Such officers shall be elected and serve as provided in these Bylaws. Only members of the Board of Directors may be nominated and elected as an officer. Members of the FAMU BOT may not serve as elected officers of the FAMU Foundation. In the event a FAMU Foundation officer is elected to the FAMU BOT, the FAMU Foundation Board member must resign from the elected office, but may still serve as a member of the FAMU Foundation Board.

Section 2. Terms of Office

The officers of the Foundation shall be elected for a two (2) year term. Officers may be elected for an additional term; provided, no officer shall serve more than two (2), consecutive two year terms.

Section 3. Chair

The Chair of the Board of Directors shall preside over all meetings of the Board, and shall perform other duties which may be assigned from time to time by the Board of Directors; including, but not limited to, signing all contracts authorized by the Board.

Section 4. Vice-Chair

The Vice-Chair shall preside over all meetings in the absence or disability of the Chair and shall perform all duties which may be assigned from time to time by the Chair. In the event of a vacancy or prolonged disability in the office of the Chair, the Vice-Chair shall perform all the duties of the Chair.

Section 5. Treasurer

The Treasurer shall monitor and review all financial transactions of the Foundation and shall ensure proper disbursement of Foundation funds. The Treasurer, with such other officer or director as designated by the Board of Trustees, shall sign checks on behalf of the Foundation as provided in these Bylaws.

Section 6. Secretary

The Secretary shall record the minutes of all meetings of the Board of Directors and the Executive Committee and shall maintain these records in a book provided for that purpose. The Secretary shall attend to the giving and serving of all notices required by the By-Laws of this Foundation. The Secretary shall countersign, in the name of the Foundation, all contracts authorized by the Board of Directors, and when so ordered by the Board of Directors, the Secretary shall affix the corporate seal of the Foundation thereto. The Secretary shall have charge of all such books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to the examination of any director and they shall in general, perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors. The Secretary must be a member of the Board of Directors

Section 7. Executive Director

The Executive Director shall be confirmed by the Board of Directors, with prior approval by the President. The Executive Director shall be responsible for the general day-to-day management of the affairs of the Foundation and shall exercise such authority to accept gifts, collect revenues, and make routine expenditures as may be delegated by the Board of Directors or the Executive Committee. The selection, discipline and firing of FAMU Foundation employees shall be by the Executive Director with the consent of the Vice President of University Relations. Additionally, the Executive Director shall be responsible for the oversight, reporting and coordination of all activities pertaining to the portfolio investment strategy and administration. The Executive Director shall also be responsible for the maintenance and management of any or all of the Foundation's activities as may be required by the Board of Directors.

The Executive Director shall report to the President of the University and the Chair of the Board of Directors. The Executive Director shall serve as an ex-officio member of the Board of Directors and shall not have voting rights.

Section 8. President of the University

The President of the University shall have the powers and the duties of president of a state university in Florida as contemplated by law, and in regards to the Foundation it is recognized the University President's powers and duties include, but is not limited to the following:

- a. Monitor and control the use of University resources by the Foundation;
- b. Establish fundraising priorities that are consistent with the University's mission and ensure coordination of fundraising activities among all University direct support organizations;
- c. Control the use of the University's name;
- d. Monitor compliance of the Foundation with University regulations and policies and relevant state and federal laws, and provide reports and recommendations as required or necessary to the University Board of Trustees;

- e. Ensure that any political activities of the Foundation are coordinated with the University President's office;
- f. Review and approve the Foundation's quarterly expenditure plan, to determine if there are significant changes in Foundation's projects funded, expenditures or income projected in the approved annual budget or which would cause a significant commitment of the University's or Foundation's resources, as provided by University regulations and policies; and
- g. Approve Foundation contributions of funds or supplements to support Intercollegiate Athletics.

The President of the University shall be an ex-officio and voting member of all standing committees of the Board of Directors.

Section 9. Absence or Incapacity of Officers to serve

In the event of absence, disability, or refusal to act of any of the officers of this Foundation, the Board of Directors may appoint any member to perform the officer's respective duties.

ARTICLE III

STANDING COMMITTEES

There shall be an Executive Committee, Investment Committee, Audit Committee, By-Laws Committee, Nominating Committee, Development Committee, Finance Committee, Real Estate Committee and such additional standing or special committees as the Board may establish from time to time.

Section 1. Appointment of Committees

With the exception of the Executive Committee, the members of all the committees shall be appointed by the Chair of the Board of Directors. The Chair of the Board of Directors shall also appoint one member of each committee to serve as its Chair and one member of each committee to serve as its Vice-Chair. The Chair of the Board of Directors shall also have the power to appoint members to such additional standing or special committees as the Board may need from time to time.

Section 2. Executive Committee

- (a) The Executive Committee of the Board of Directors shall consist of the:
- Chair of the Board of Directors,
 - Vice-Chair of the Board of Directors,
 - Secretary of the Board of Directors,
 - Treasurer of the Board of Directors,
 - Executive Director of the Foundation,
 - President of Florida Agricultural and Mechanical University, and
 - Chair of the Board of Trustees of Florida Agricultural and Mechanical University, or appointed designee.

The Chair of the Board of Directors shall be the chair of the Executive Committee.

- (b) The Executive Committee shall meet at the call of the Chair of the Board of Directors. The presence of four (4) members shall constitute a quorum of the committee and the affirmative vote of a majority of the quorum present shall be necessary for the adoption of any resolution.

- (c) The Executive Committee shall provide governance to the Foundation in the intervals between the regular meetings of the Board of Directors. It shall have all the power and authority of the Board and other committees of the Board, with respect to the affairs of the Foundation subject only to such restrictions or limitations as the Board of Directors may specify from time to time.

- (d) The Executive Committee shall not have the authority to fill vacancies on the Board or the Executive Committee, elect or remove officers, amend, alter or repeal the Bylaws or Articles of Incorporation of the Foundation or any resolution of the Board, take any action on matters committed by the by-laws or resolution of the board solely to another committee of the Board. All actions of the Executive Committee shall be reported in writing to the Board of Directors within thirty (30) days after such action is taken or at the next meeting of the Board of Directors, whichever event occurs first. All action of the Executive Committee shall be included in the minutes of the Board of Directors.

Section 3. Investment Committee

(a) The Investment Committee shall provide advice to the Board of Directors and Executive Director regarding the management of the Foundation's investment portfolio. The Committee's responsibilities shall include, but not necessarily be limited to, the approval of endowment investment guidelines, objectives, investment allocations, the selection of investment advisors and consultants, and the review of the performance of investments.

(b) The Chair or Vice Chair of the Investment Committee is granted authority to make changes of Investment Managers while keeping the overall asset allocation as previously approved by the Board.

(c) The Investment Committee shall meet four (4) times annually to address investment issues.

(d) The Investment Committee shall report quarterly to the Board of Directors.

Section 4. Audit Committee

(a) The Audit Committee shall receive and analyze financial reports to insure that the information contained in such reports accurately describes the financial condition of the Foundation.

(b) It must attest that internal controls are in place to provide the necessary level of confidence, and that there are no material weaknesses in financial controls, and/or set timelines for improvements where deficiencies are identified. The Audit Committee must ensure in accordance with the mandate of the FAMU Board of Trustees that the audit company and/or visiting audit team is changed every two to five years to ensure an unbiased creditable audit of the Foundation records is accomplished.

(c) The Audit Committee shall be responsible for recommending the appointment of the independent public accountants, as well as review the cost and scope of any audit provided by such accountants or auditors. Any independent public accountants or auditors recommended by the Audit Committee to the Board of Directors shall be selected and approved in accordance with such policies or regulations governing the selection and retention of auditors as adopted by the University Board of Trustees.

(d) The Committee shall be responsible for the review and evaluation of the reports prepared by the independent accountants that describe any weakness in the organization's internal accounting and management controls, and that contain recommendations for improvements in such controls. The Committee shall determine if management has taken appropriate action on such recommendations.

(e) It shall also have responsibility to review the annual financial statements with the independent accountants and review new or proposed accounting standards which affect the banking, investment and fundraising industries, and their impact on the Foundation.

(f) The Audit Committee shall meet bi-annually prior to the Board meeting or as necessary to address audit issues. Members of the Audit Committee must meet separately/privately with members of the audit team without the presence of Foundation staff bi-annually.

Section 5. Nominating Committee

(a) The Nominating Committee shall solicit nominees for the Board from the members of the Board of Directors and the University community. Upon its consideration of an individual for nomination to the Board, the Nominating Committee shall consider the individual's diversity, demographic location and demonstrable qualities in the following areas:

- (i) intelligence, wisdom, and high moral character;
- (ii) devotion and willingness to be active and energetic in exercising critical judgment on policy matters;
- (iii) ability to work collegially with other Board members, the administration, faculty, staff, students, and the University community at large;
- (iv) notable record of leadership and accomplishment in the community or in a particular area of expertise; and
- (v) willingness to support the University through personal giving and/or fundraising.

(b) The Nominating Committee shall meet annually to review the terms of the Board of Directors and to prepare recommendations for the Board regarding the

nomination of Board members, in accordance with Article I, Section 1, of the By-Laws. The Committee shall present to the Board of Directors recommendations regarding candidates for officers of the Board. The recommendations will be made available to Board members at least thirty (30) days before the annual meeting. Other nominations may be made at the annual meeting.

(c) Members placed into nomination by the Nominating Committee shall be elected to board membership by a majority vote of the full Board. In evaluating an individual for re-election as a Board member, the Nominating Committee will consider, in addition to the criteria for new nominees set forth above, their record in the following areas:

- (i) knowledge of the University and higher education in general;
- (ii) active participation in and contribution to activities of the Board and the University;
- (iii) responsiveness and commitment to the Board and the University;
- (iv) offices held;
- (v) attendance at meetings;
- (vi) visibility in the community on behalf of the University; and
- (vii) advocacy of the interests of the entire University rather than any part or constituency.

Section 6. By-Laws Committee

The By-Laws Committee shall meet annually or as necessary to review the By-Laws of the Foundation to assure that guidelines for operating the business of the Board are properly updated and make recommendations to the Board regarding amendments and modifications as necessary.

Section 7. Development Committee

a) The Development Committee shall provide advice to the Board of Directors, the Executive Committee, and the Foundation regarding securing private, external financial support for the University.

b) The Development Committee shall also assist in the identification, cultivation, and solicitation of private gift prospects for the University as necessary.

c) The Development Committee shall meet a minimum of two (2) times annually.

Section 8. The Finance Committee

a) The Finance Committee shall establish and be responsible for the fiscal policy, including budget and spending. It shall review the annual budget and periodically ensure that the budget and current funds of the Foundation are administered in accordance with the policies of the Board of Directors.

b) The Finance Committee shall develop and review overhead charges, capital equipment purchasing and operation, and other policies. The Finance Committee is required to make detailed reports to the Board of Directors.

c) The Finance Committee shall receive and consider the Foundation's budget for each fiscal year as presented by the Executive Director. It shall then present the budget with appropriate recommendations to the Board of Directors at the last regular meeting prior to the beginning of the next fiscal year. Subsequent amendments or revisions shall be considered by the Committee and submitted with any recommendations to the Executive Committee.

d) The Finance Committee shall meet with the Foundation staff periodically to compare spending with the policies of the Foundation and the budget, and make recommendations to the Executive Director and Board.

e) The Treasurer of the Foundation, or their designee, shall be the secretary of the Finance Committee and shall keep minutes of the actions of the Committee.

Section 9. The Real Estate Committee

The Real Estate Committee shall constitute a standing committee of the Board and is charged with overseeing all matters concerning real estate owned or operated by, or being considered for purchase or operation by, the Foundation, and recommending any action relating to such matters that the committee deems advisable. The Committee shall participate in the cultivation of private gifts of real property to the Foundation.

Section 10. Membership and Quorum of Standing Committees

(a) The membership and standing committees, except for the Executive Committee, shall be composed of persons who are members of the Board of Directors. Committee members shall serve during the entire time of their term on the Board in accordance with Article I, Section 1(c) of these By-Laws.

(b) Fifty (50%) percent of the voting members of a committee shall constitute a quorum for the transaction of business. The acts of a majority of the members present and voting at a meeting at which a quorum is present shall be the acts of the Committee, except as specifically provided elsewhere in the By-Laws.

ARTICLE IV

ORDER OF BUSINESS

The order of business at all meetings of the Board of Directors shall be as follows, unless otherwise determined by the Chair or a majority of the directors present:

1. Roll Call
2. Reading of minutes of last meeting
3. Consideration of communications
4. Resignations and elections
5. Reports of officers
6. Reports of committees
7. Unfinished business
8. Original Resolutions and new business
9. Adjournment

ARTICLE V

APPROVED MAJOR ACTIVITIES

Approved major activities of the Florida Agricultural and Mechanical University Foundation shall be as determined and established by the Board of Directors. They may include, but are not to be limited to: a corporate support program, capital gift program, and planned giving and philanthropic foundations. The giving, directly or indirectly, of any gift to a political committee or committee of continuous existence as defined in Section 106.011, Florida Statutes, for any purpose other than those certified by a majority

roll call vote of the Board of Directors at a regularly scheduled meeting as being directly related to the educational mission of the University, is prohibited.

ARTICLE VI

SEAL

The seal of the Foundation shall be inscribed with the words “**Florida Agricultural and Mechanical University Foundation, Inc.**”, the figures “**1966**” and the words “**Corporation Not for Profit.**”

ARTICLE VII

PERSONNEL

a) The Foundation provides equal employment opportunities for all persons regardless of race, color, religion, gender, age or national origin.

b) Any person employed by the Foundation shall, for all purposes be deemed and considered an employee of the State of Florida and the University by virtue of their employment with the Foundation, except for any person with an employment agreement that specifically states otherwise, including but not limited to independent contractors and/or vendors.

ARTICLE VIII

AMENDMENTS

Section 1. Amendment of Bylaws

The Bylaws of the Foundation may be altered or amended at any meeting of the Board of Directors by resolution approved by a majority of the Board. Written notice of any proposed amendment of the Bylaws must be mailed to each member of the Board prior to any meeting at which the proposed amendment is to be considered.

Section 2. Amendment of Article of Incorporation

The Articles of Incorporation shall not be amended other than by a vote of the majority of the Board of Directors. Written notice of any proposed amendment of the

Articles of Incorporation must be mailed to each member of the Board prior to any meeting at which the proposed amendment is to be considered.

Section 3. Approval of Amendments by Board of Trustees

Any subsequent amendments to the Articles of Incorporation or Bylaws of the Foundation shall be submitted, by the President of the University, to the Board of Trustees for approval, prior to becoming effective.

ARTICLE IX

CONFIDENTIALITY OF FOUNDATION DOCUMENTS

The successful partnership between the Florida Agricultural & Mechanical University and the Florida Agricultural & Mechanical University Foundation, Inc. is based on effective service, trust and accountability. The Florida Agricultural & Mechanical University Foundation, Inc., as a direct support organization of the Florida Agricultural & Mechanical University, believes it should be sensitive to the public scrutiny of its financial affairs. However, the Foundation's ability to assure donors and prospective donors that their financial and personal information will be held in confidence is essential to fulfilling its primary mission of raising private support for Florida Agricultural and Mechanical University. The Florida Legislature has acknowledged, in Section 1004.28(5), Florida Statutes, that certain records of the Foundation are confidential and exempt from Florida Public Records Law.

ARTICLE X

CHECKS

Checks or drafts on the funds of the Foundation shall be signed by two of the officers or directors authorized to do so by the Board of Directors, those officers being the Chair, Vice Chair, Secretary, Treasurer, and Executive Director of the Foundation.

ARTICLE XI

AUDITS

Section 1. Annual Audits

a) After the close of each fiscal year, the Foundation shall cause a financial audit of its accounts and records to be conducted by an independent certified accountant pursuant to Sections 1004.28 (5) and 1010.34, Florida Statutes, as now or hereafter amended, and in accordance with such regulations and policies adopted by the University Board of Trustees, as now or hereafter amended.

b) The annual audit of the Foundation shall include as part of its audit scope the compliance testing of the Foundation with the required regulations and policies of the University governing direct support organizations, including but not limited to general accounting, fundraising and gift accounting, investment , University and Foundation employee compensation policies and procedures.

c) The annual audit report, including management letters and recommendations, management's response to the audit findings and recommendations shall be submitted to the President of the University and the Audit Committee of the Board of Trustees for the Board of Trustees review and approval.

Section 2. Operational Audit

Every three (3) years, the Board of Directors shall provide for an operational audit of the Foundation measuring and evaluating administrative controls within the Foundation against standards set by the University or the State of Florida for such organizations, including the Foundation's budget and operating policies and procedures.

ARTICLE XII

BUDGET AND EXPENDITURES

Section 1. Preparation and Submittal of Operating Budget

Operating budgets must be prepared, at least, on an annual basis consistent with all applicable state laws and the regulations and policies of the University Board of Trustees. The annual operating budget must be approved by the Foundation Board and the President of the University and submitted by the President to the Chair of the Board of Trustees for Board. All salary supplements, compensation, and benefits provided to

the President, University faculty, and to staff and employees of the Foundation with Foundation assets shall be detailed in the budget.

Section 2. Review and Approval of Quarterly Expenditure Plans

After approval of the yearly operating budget by the University Board of Trustees, the Foundation shall prepare and submit to the President of the University for approval a quarterly expenditure plan. The quarterly expenditure plan shall be submitted on or before the first date of the fiscal quarter in which they are to occur, and shall delineate any planned actions that would cause a significant commitment or change of University resources or represent a significant commitment or change of the resources of the Foundation. A significant commitment or change is any budgetary matter which is more than 15% but less than \$40,000 of the total amount of the Foundation's annual budget.

Section 3. Budget Amendments

The Foundation shall have the authority to amend its budget. Budget amendment requests which are provided for in Section 2 herein shall be approved by the University President, provided that no budget amendment affecting the President or the President's compensation, salary or other benefits shall be made without the approval of the University Board of Trustees. Other budget amendment requests shall require the approval of the President and the Board of Trustees.

ARTICLE XIII

REPORTING REQUIREMENTS

On or before June 30 of each year, the Executive Director shall prepare and submit to the President of the University, on behalf of the Foundation, the annual certification report as required by University regulations and policies, providing all the documentation, reports and certifications necessary for the report, to ensure the Foundation maintains its certification as a direct support organization of the University.

ARTICLE XIV

BOND

Each officer or employee who is authorized to sign checks on behalf of the Foundation; collect, hold, or disburse funds of the Foundation; or to handle negotiable instruments on behalf of the Foundation shall execute and deliver to the Foundation, at the Foundation's expense, a bond for the faithful discharge of their duties, the adequacy of which shall be determined by the Executive Committee.

ARTICLE XV

FISCAL YEAR

The FAMU Foundation shall conduct its financial operations observing a fiscal year ending on June 30 of each year, unless otherwise approved by the University Board of Trustees.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

The Articles of Incorporation and Bylaws of the Foundation will be consistent with Florida Statutes § 1004.28, as now or hereafter amended, and the applicable University regulations and policies, and any applicable rules of the Florida Board of Governors.