OPTION 1: PROVIDING FOR BOTH MEMBERS AND DIRECTORS;
MEMBERS AND DIRECTORS ARE THE SAME GROUP OF INDIVIDUALS IN THIS SAMPLE
CODE OF REGULATIONS, BUT NEED NOT BE IF THIS STRUCTURE IS UTILIZED

Under Option 1, there are two governing bodies, Members and Directors.

- Members authorize significant actions like mergers, liquidations, sales of substantially all the Foundation’s assets, and election of Directors.

- Under a structure like this, Member actions typically require a higher threshold vote than Director actions.

- Although this sample Code of Regulations contemplates that Members and Directors are one and the same group of individuals, this need not be the case.

Pros of this Structure

- If Members and Directors are not the same individuals, this structure accommodates the participation of some high-level individuals as Members who would approve fundamental actions for the Foundation but may not have the time to be involved in the Foundation’s affairs on a day-to-day basis.

- Note, though, that modern governance principles suggest that the body most closely aligned with a nonprofit corporation’s affairs should make the fundamental decisions for the nonprofit corporation. This structure does not advance that principle.

Cons of this Structure

- Often nonprofit corporations do not keep track of which body should approve which actions, and they invariably convene the wrong body to approve actions not within their domain. This concern is present with the structure contemplated by Option 1.

- The structure under Option 1 is less popular these days, although it can be used constructively when two different groups of individuals (that may overlap to some extent) desire to be involved in governance, but at different levels of involvement.
OPTION 1: Providing for both Members and Directors; Members and Directors are the same group of individuals in this sample Code of Regulations, but need not be if this structure is utilized

CODE OF REGULATIONS

OF

[LAKEWOOD WELLNESS FOUNDATION]

ARTICLE I

MEMBERS

Section 1. Designation of Members; Term of Office. The members of the Corporation ("Members") shall consist of those persons who at any given time shall be serving as members of the Board of Directors of the Corporation.

Section 2. Annual Meeting. The annual meeting of Members shall take place at such time as the Board of Directors or the President shall determine on the same date and at the same place as the annual organization meeting of the Board of Directors. The purpose of the Annual Meeting shall be to elect the Directors of the Corporation to fill open Director seats and to transact such other business as may properly come before the meeting.

Section 3. Special Meetings. A special meeting of the Members may be called at any time by the President or by a majority of the Members. Special meetings shall be held at the principal office of the Corporation or, in the case of a special meeting called by the President, at such place within or without the State of Ohio as the President shall determine.

Section 4. Notice of Meetings. Not less than ten days before the date fixed for a meeting of the Members, written notice stating the date, time, place, and, in the case of a special meeting, purposes of the meeting shall be given by or at the direction of the President. The notice shall be given by electronic mail transmission, telefacsimile, personal delivery, or mail using the Members' respective electronic mail addresses, telefacsimile numbers, or addresses as they appear on the records of the Corporation.

Section 5. Quorum. The majority of the full number of Members shall constitute a quorum for the transaction of business at any meeting of the Members; provided, however, that no action required by law or by the Articles of Incorporation or this Code of Regulations to be authorized or taken by a designated proportion or number of Members may be authorized or taken by a lesser proportion or number.

Section 6. Waiver of Notice. Notice of the time, place, and purposes of any meeting of the Members may be waived in writing either before or after the holding of the meeting. The attendance of any Member at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by the Member of notice of the meeting.

Section 7. Voting Rights of Members. Each Member shall be entitled to one vote upon any matter properly submitted to the Members for their vote and no Member shall have veto power. Notwithstanding any provision of the Ohio Nonprofit Corporation Law now or hereafter in force requiring the vote or consent of the Members of the Corporation for the
OPTION I: Providing for both Members and Directors; Members and Directors are the same group of individuals in this sample Code of Regulations, but need not be if this structure is utilized authorization or taking of any action, such action may be authorized or taken only by a majority vote or consent of the full number of Members unless otherwise expressly required by law, the Articles of Incorporation, or this Code of Regulations.

Section 8. Voting by Mail. Except as may be otherwise provided by law or by the Articles of Incorporation, the voting upon all matters required or permitted to be voted upon by the Members may be conducted by mail, with the same effect as voting at elections and upon other matters at a meeting of the Members duly called and held and at which a quorum of the Members is present.

Section 9. Action Without a Meeting. Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting with the affirmative vote and approval of, and in a writing or writings signed by, all of the Members, which writing or writings shall be filed with or entered upon the records of the Corporation.

ARTICLE II
DIRECTORS

Section 1. Authority and Duties. The Board of Directors ("Directors") shall have general supervision and charge of the property, affairs, and finances of the Corporation. Without limiting the generality of the foregoing, the Directors shall elect the officers of the Corporation and shall cause a full report concerning the affairs of the Corporation to be rendered to the Members at any annual meeting of the Members.

Section 2. Number, Term of Office, Election, and Removal of Directors. The number of Directors shall be fixed by the Members, but shall be no less than X and no more than Y. Directors shall be elected by the Members to serve for a [three-year] term.

Any Director at any time may be removed from office for any cause deemed sufficient by the Members, by majority vote of the full number of Members acting at a meeting of the Members. Vacancies on the Board of Directors caused by death, resignation, removal from office, or any other cause other than the expiration of a term shall be filled by majority vote of the Directors then in office for the unexpired portion of the three-year term.

Note: We will want to consider whether term limits are desirable.

Section 3. Annual Organization Meeting. The annual organization meeting of the Board of Directors shall take place at such time and on such date each year as the Board of Directors or the President shall determine, at the principal offices of the Corporation or at such other place within or without the State of Ohio as the Board of Directors or the President shall determine. The purpose of the annual organization meeting shall be to elect the President and other officers of the Corporation, to receive the reports of officers and committees of the Board of Directors, if any, and to transact such other business as may properly come before the meeting.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times as the Board of Directors or the President shall determine. Regular meetings shall be held at the principal offices of the Corporation or at such
OPTION 1: Providing for both Members and Directors; Members and Directors are the same group of individuals in this sample Code of Regulations, but need not be if this structure is utilized

other place within or without the State of Ohio as the Board of Directors or the President shall determine. The purposes of regular meetings of the Board of Directors shall be to consider and act upon any matters which are proper subjects for action by the Board of Directors.

Section 5. Special Meetings. The President or a majority of the Directors in office may call a special meeting of the Board of Directors, to be held at any time at the principal offices of the Corporation or at such other place within or without the State of Ohio as the Board of Directors or the President shall determine. A special meeting may be held for any purpose which would be a proper purpose of a regular meeting.

Section 6. Notice of Meetings. Not less than [two] days before the date fixed for an annual organization or regular meeting of the Directors, or [two] days in the case of a special meeting, written notice stating the date, time, place, and, in the case of a special meeting, the purposes of the meeting shall be given by or at the direction of the President or the Directors calling the meeting. The notice shall be given by electronic mail transmission, telefacsimile, personal delivery, or mail using the Directors’ respective electronic mail addresses, telefacsimile numbers, or addresses as they appear on the records of the Corporation.

Section 7. Quorum. The Directors present in person or through the use of authorized communications equipment at any meeting of the Board of Directors shall constitute a quorum for the transaction of business at any such meeting; provided, however, that no action required by law or by the Articles of Incorporation or this Code of Regulations to be authorized or taken by a designated proportion or number of Directors may be authorized or taken by a lesser proportion or number.

Section 8. Voting Rights of Directors. Each Director shall be entitled to one vote upon any matter properly submitted to the Directors for their vote and no Director shall have veto power. Notwithstanding any provision of the Ohio Nonprofit Corporation Law now or hereafter in force requiring the vote or consent of the Directors of the Corporation for the authorization or taking of any action, such action may be authorized or taken only by a majority vote or consent of those Directors present at a meeting at which a quorum is present unless otherwise expressly required by law, the Articles of Incorporation, or this Code of Regulations.

Section 9. Waiver of Notice. Notice of the time, place, and purposes of any meeting of the Board of Directors may be waived in writing either before or after the holding of the meeting. The attendance of any Director at any meeting (or participation at a meeting held through the use of telephone or other communications equipment) without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by the Director of notice of the meeting.

Section 10. Action Without a Meeting. Any action which may be authorized or taken at a meeting of the Board of Directors may be authorized or taken without a meeting with the affirmative vote and approval of, and in a writing or writings signed by, all of the Directors, which writing or writings shall be filed with or entered upon the records of the Corporation.

Section 11. Meetings by Means of Communications Equipment. Meetings of the Directors may be held through the use of any telephone or other communications equipment
OPTION I: Providing for both Members and Directors; Members and Directors are the same group of individuals in this sample Code of Regulations, but need not be if this structure is utilized if all persons participating can hear each other and participation in a meeting pursuant to this Section 11 of Article II shall constitute presence at such meeting.

ARTICLE III
COMMITTEES

Section 1. Formation of Committees; Power of Committees. The Board of Directors from time to time may elect or appoint committees comprised of a portion of its members. The Committees shall serve at the pleasure of the Board of Directors and shall have such authority and perform such duties as from time to time may be determined by the Board of Directors. Unless otherwise determined by the Board of Directors, any committee of the Board of Directors may act by a majority of its members, and any act or authorization of any act by a committee of the Board of Directors within the authority delegated to it shall be as effective for all purposes as the act or authorization of the Board of Directors.

Section 2. Action without a Meeting. Any action which may be authorized or taken at a meeting of any committee of the Board of Directors may be authorized or taken without a meeting with the affirmative vote and approval of, and in a writing or writings signed by, all of the members of the committee, which writing or writings shall be filed with or entered upon the records of the Corporation.

Section 3. Advisory Committees. The Board of Directors from time to time may appoint committees to review, study, and advise the Board on various matters. Such Advisory Committees may include as members individuals who are not Directors; provided, however, Advisory Committees with members other than Directors of the Corporation shall not be permitted to act for the Board of Directors, and the acts of such Advisory Committees shall not be considered as acts of the Board of Directors.

Note: If the Board is large enough, we may want to mandate the formation of an executive committee.

ARTICLE IV
OFFICERS

Section 1. Election and Designation of Officers. The Board of Directors shall elect a President, [a Vice President,] a Secretary, and a Treasurer, and may elect such other officers as the Board of Directors may deem necessary or desirable. Any two or more offices may be held by the same person, but no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if the instrument is required to be executed, acknowledged, or verified by two or more officers.

Section 2. Term of Office; Vacancies. The officers of the Corporation shall hold office until the next annual organization meeting of the Board of Directors and until their successors are elected, except in case of resignation, removal from office, or death. The Board of Directors may remove any officer at any time with or without cause by a majority vote of the Directors then in office. Any vacancy in any office may be filled by the Board of Directors.
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Section 3. President. The President shall preside at all meetings of the Members and of the Board of Directors. Subject to directions of the Board of Directors, s/he shall have general supervision over the affairs of the Corporation. S/he may execute all authorized deeds, mortgages, contracts, and other obligations in the name of the Corporation and shall have such other authority and shall perform such other duties as may be determined by the Board of Directors.

Section 4. Vice President. The Vice President, or the Vice Presidents if more than one, shall have such authority and perform such duties as may be determined by the Board of Directors.

Section 5. Secretary. The Secretary shall keep the minutes of meetings of the Members and of the Board of Directors. The Secretary shall keep such books as may be required by the Board of Directors, shall give notices of the meetings of the Members and of the Board of Directors required by law, or by this Code of Regulations, or otherwise, and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 6. Treasurer. The Treasurer shall cause to be kept, under the Treasurer's supervision, accurate financial accounts and shall hold the same open for inspection and examination by the Directors, shall prepare or cause to be prepared a full report concerning the finances of the Corporation to be presented at each annual organization meeting of the Board of Directors, and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

Section 7. Other Officers. The other officers, if any, whom the Board of Directors may elect shall have such authority and perform such duties as may be determined by the Board of Directors.

Section 8. Delegation of Authority and Duties. The Board of Directors is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

ARTICLE V
LIMITATION OF LIABILITY IN DAMAGES
AND INDEMNIFICATION

Section 1. Limitation of Liability in Damages of a Director. Other than in connection with an action or suit in which the only liability asserted against a Director is for voting for or assenting to a statutorily proscribed assets distribution or loan (a "Statutorily Proscribed Act"), a Director of the Corporation shall be liable in damages for any action he takes or fails to take as a Director only if it is proved by clear and convincing evidence, in a court of competent jurisdiction, that his action or failure to act was either undertaken with deliberate intent to cause injury to the Corporation or undertaken with reckless disregard for the best interests of the Corporation.
Section 2. Third Party Action Indemnification. The Corporation shall
indemnify any person who was or is a party, or is threatened to be made a party, to any
threatened, pending, or completed civil, criminal, administrative, or investigative action, suit, or
proceeding, including all appeals (other than an action, suit, or proceeding by or in the right of
the Corporation), by reason of the fact that he is or was a Director or officer of the Corporation,
or is or was serving at the request of the Corporation as a trustee, director, or officer of another
domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint
venture, employee benefit plan, trust, or other enterprise, against expenses (including attorneys'
fees), judgments, decrees, fines, penalties, and amounts paid in settlement actually and
reasonably incurred by him in connection with the action, suit, or proceeding, unless it is proved
by clear and convincing evidence in a court of competent jurisdiction that his action or failure to
act involved an act or omission undertaken with deliberate intent to cause injury to the
Corporation or undertaken with reckless disregard for the best interests of the Corporation and
that, with respect to any criminal action or proceeding, he had reasonable cause to believe his
court conduct was unlawful; the termination of any action, suit, or proceeding by judgment, order,
settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself,
constitute such proof.

Section 3. Derivative Action Indemnification. Other than in connection with
an action or suit in which the liability of a Director for voting or assenting to a Statutorily
Proscribed Act is the only liability asserted, the Corporation shall indemnify any person who was
or is a party or is threatened to be made a party to any threatened, pending, or completed action
or suit, including all appeals, by or in the right of the Corporation to procure a judgment in its
favor by reason of the fact that he is or was a Director or officer of the Corporation, or is or was
serving at the request of the Corporation as a trustee, director or officer of another domestic or
foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, employee
benefit plan, trust, or other enterprise, against expenses (including attorneys' fees) actually and
reasonably incurred by him in connection with the defense or settlement of the action or suit
unless it is proved by clear and convincing evidence in a court of competent jurisdiction that his
action or failure to act involved an act or omission undertaken with deliberate intent to cause
injury to the Corporation or undertaken with reckless disregard for the best interests of the
Corporation, except that the Corporation shall indemnify him to the extent the court in which the
action or suit was brought determines upon application that, despite the proof but in view of all
the circumstances of the case, he is fairly and reasonably entitled to indemnity for such expenses
as the court shall deem proper.

Section 4. Determinations of Indemnification Rights. Any indemnification
under Section 2 or Section 3 of this Article V (unless ordered by a court) shall be made by the
Corporation only as authorized in the specific case upon a determination that indemnification of
the trustee, director or officer is proper in the circumstances. The determination shall be made
(a) by a majority vote of those Directors who in number constitute a quorum of the Directors and
who also were not and are not parties to or threatened with any such action, suit, or proceeding,
(b) if such a quorum is not obtainable (or even if obtainable) and a majority of disinterested
Directors so directs, in a written opinion by independent legal counsel compensated by the
Corporation, or (c) by the court in which the action, suit, or proceeding was brought.
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Section 5. Advances of Expenses. Unless the action, suit, or proceeding is one in which the liability of a Director for voting for or assenting to a Statutorily Proscribed Act is the only liability asserted, expenses (including attorneys' fees) incurred by the Director or officer of the Corporation in defending any action, suit, or proceeding referred to in Section 2 or 3 of this Article V shall be paid by the Corporation, as they are incurred, in advance of the final disposition of the action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the Director or officer in which he agrees both (a) to repay the amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that his action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Corporation or undertaken with reckless disregard for the best interests of the Corporation and (b) to cooperate with the Corporation concerning the action, suit, or proceeding.

Section 6. Purchase of Insurance. The Corporation may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, and self-insurance, for or on behalf of any person who is or was a Director, officer, employee, agent, or volunteer of the Corporation, or is or was serving at the request of the Corporation as a trustee, director, officer, employee, agent, or volunteer of another domestic or foreign nonprofit corporation or corporation for profit, or a partnership, joint venture, employee benefit plan, trust, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against liability under the provisions of this Article V or of the Ohio Nonprofit Corporation Law. Insurance may be purchased from or maintained with a person in which the Corporation has a financial interest.

Section 7. Heirs; Non-Exclusivity. The limitation of liability in damages and the indemnification provided by this Article V shall continue as to a person who has ceased to be a trustee, director, or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person and shall not be deemed exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification as a matter of law or under the Articles of Incorporation, this Code of Regulations, any agreement, or any insurance purchased by the Corporation, or pursuant to any vote of the Members or disinterested Directors, or by reason of any action by the Board of Directors to take into account amendments to the Ohio Nonprofit Corporation Law that expand the authority of the Corporation to indemnify a trustee, director, or officer, or otherwise, both as to action in his official capacity and as to action in another capacity while holding an office or position.

Section 8. No Mandatory Indemnification of Volunteers. Section 1702.12(E)(5) of the Ohio Nonprofit Corporation Law shall not apply to the Corporation to the extent that it requires the indemnification of volunteers (as that term is defined in Section 1702.01(N) of the Ohio Nonprofit Corporation Law) other than Directors or officers of the Corporation or trustees, directors, or officers of another domestic or foreign nonprofit corporation or corporation for profit, or partnership, joint venture, employee benefit plan, trust, or other enterprise serving at the request of the Corporation.
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ARTICLE VI
AMENDMENTS

This Code of Regulations of the Corporation may be amended, or new Regulations may be adopted, by the affirmative vote of a majority of the full number of Members at a meeting held for that purpose or, without a meeting, by the written consent of all of the Members.

ARTICLE VII
FISCAL YEAR

The fiscal year of the Corporation shall end on December 31 of each year or on such other date as may be fixed from time to time by the Board of Directors.