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Amended 08/02/19
Amended 02/07/20
Amended 04/27/22

BY-LAWS

of

COVENANT WOODS

A Virginia Nonstock Corporation

ARTICLE I

NAME

The name of the corporation is Covenant Woods (hereinafter referred to as the "Corporation").

ARTICLE II

PURPOSES

The purposes of the Corporation shall be as follows:

A. Purpose. The purpose for which the Corporation is organized is to perform in the Commonwealth of Virginia:

(i) the providing of services and facilities to meet the special needs of the elderly, including, without limitation, the service of providing a continuing care retirement

community in which elderly men and women of respectable character may be provided a comfortable home and health care; and

(ii) the providing of home health services to the community at large.

B. Non-Profit and Non-Political. The Corporation is not formed for financial gain, and no part of the assets, income, or profit of the Corporation is distributable to, or inures to the benefit of its directors, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to and for the Corporation affecting one or more of its purposes and benefits and to make payments and distributions in furtherance of its charitable purpose. No substantial part of the activities of the Corporation shall be for propaganda or attempting to influence legislation. The Corporation shall not participate in any political campaign on behalf of or in opposition to any candidate for public office or any political cause (including the publication or distribution of statements).

Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under the section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under sections 170(c), 2055 and 2522 of the Internal Revenue Code, or the corresponding section of any future federal tax code.

In the event of dissolution of the Corporation, its assets shall be distributed for one or more exempt purposes within the meaning of section 501(c) (3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any assets not so disposed of shall be disposed of by a court of competent jurisdiction of the city or county in which the principal office of the Corporation is then located, exclusively for such purposes or to such

organization or organizations, as the court shall determine, which are organized and operated for such purposes.

ARTICLE III

REGISTERED AGENT AND REGISTERED OFFICE

The address of the registered office of the Corporation is 7090 Covenant Woods Drive, Mechanicsville, VA 23111. The name of the County in which the registered office is located is Hanover County, VA. The name of the registered agent is Erik K. Mauritsen, who a resident of Virginia, an officer of the Corporation, and whose business office is identical to the registered office of the Corporation. The Board of Directors (“Board”) may change the registered agent at any time by resolution.

ARTICLE IV

CORPORATE SEAL AND FISCAL YEAR

The corporate Seal and Fiscal Year shall be as follows:

- A. Corporate Seal. The seal of the Corporation shall consist of a circular design with the words "Covenant Woods" around the top margin thereof, the words "Established 1883" at the bottom and a tree in the center thereof.
- B. Fiscal Year. The fiscal year of the Corporation shall begin on April 1, and end on March 31.

ARTICLE V

BOARD OF DIRECTORS

The business and affairs of the Corporation shall be under the direction of the Board. The Board shall be elected by the present Board and shall then maintain itself as follows:

- A. Number of Directors. The Board shall consist of fifteen (15) voting members and a single non-voting ex officio member as described in Section C below. Subject to the

provisions at the end of this Section A, and excluding the ex officio director, it is the goal of the Corporation that at all times the number of male and female Directors be approximately even.

This goal is intended to provide diverse, quality membership on the Board.

B. Term of Office. The term of office of each voting director shall be three (3) years. The voting director's term begins April 1. Each voting director shall hold office until the election of his/her successor on the Board. If a vacancy occurs during a voting director's term, the vacancy shall be filled by the Board at any meeting of the Board.

No voting director may be elected for more than two (2) consecutive full three (3) year terms. For the purpose of this Article V, any director serving a portion of a term of a vacating director shall be considered as having served the full three (3) year term. Any such abbreviated term combined with a consecutive full three (3) year term shall prevent such director from serving a third term without an intervening one-year break in service. A director who has served two full consecutive terms shall be eligible for reelection to the Board after a one (1) year break in service.

Any voting director may resign at any time. Any voting director may be removed from office at any time upon a vote of at least two thirds (2/3) of the members of the Board.

Notwithstanding the prior provisions, from time to time in order to provide continuity and/or expertise on projects or other pertinent business, the Board is empowered to make exceptions regarding term limitations to extend the tenure of a voting director or directors.

C. Ex Officio Non-Voting Director. In addition to the voting directors, the chair of the Residents' Council at the facility operated by the Corporation shall be a non-voting ex officio director.

Such director shall serve in this capacity only as long as he or she is chair of the Residents' Council. Any successor as chair of the Residents' Council shall immediately succeed to the position as ex officio director.

Such ex officio director shall be entitled to attend and speak at all regular meetings of the Board.

Such ex officio director shall not be entitled to attend any meetings of the Board wherein the Board is meeting in executive session.

D. Chair: Powers and Duties. The Chair shall preside at all meetings of the Board, shall discharge the duties of a presiding officer, shall chair the Executive Committee, shall appoint all committee chairmen and shall perform whatever other duties the Board may from time to time prescribe. The Chair shall serve an initial two-year term unless otherwise requested by the Governance Committee and the Board. The position of Chair shall not extend the Director's term of service as a Director.

E. Vice Chair: Powers and Duties. The Vice Chair shall, in the absence or disability of the Chair, perform the duties and exercise the powers of the Chair. The Vice Chair also shall perform whatever duties and have whatever powers the Board may from time to time prescribe. The Vice Chair shall serve an initial two-year term unless otherwise requested by the Governance Committee and the Board. The position of Vice Chair shall not extend the Director's term of service as a Director.

F. Secretary: Powers and Duties. The Secretary shall attend all meetings of the Board of Directors and shall keep, or cause to be kept, a true and correct record of the proceedings of those meetings. The Secretary shall keep the corporate seal of the Corporation, and when directed by the Board, shall affix it to any instrument requiring it. The Secretary shall give, or cause to be given, notice of all meetings of the Board and shall perform whatever additional duties the Board or the Chair may from time to time prescribe. The Secretary shall serve an initial two-year term unless otherwise requested by the Governance Committee and the Board. The position of Secretary shall not extend the Director's term of service as a Director.

G. Regular Meetings. Regular meetings shall be held at Covenant Woods on a quarterly basis (April, July, October, and January) or at such other times and places as may be decided by the Board.

H. Annual Meeting. The Annual Meeting shall be the regular meeting occurring in the month of April.

I. Special Meetings. Special meetings of the Directors may be called by the Chair or the Board and shall be held at such times and such places as the person or persons calling the meeting shall designate.

J. Notice of Special Meetings. Notice of a Special meeting shall be given to each director by delivering the notice to the director at the director's residence or business address (or such other place as the director may have directed in writing) by electronic mail, mail, fax, or messenger, or other means of written communication. Notice may also be given to a director by telephone. Notice must be given at least seventy-two (72) hours before the meeting, if practicable, but in no event less than twenty-four (24) hours before the meeting. Notice to any director may be waived by such director in writing at any time.

K. Quorum. A majority of the voting directors shall constitute a quorum for the transaction of the business of the Corporation except where the laws of the Commonwealth of Virginia require the affirmative vote of more than such a percentage, in which special event the percentage required thereby shall constitute a quorum. If in any meeting there be in attendance less than a quorum, those in attendance shall adjourn the meeting.

L. Action Without Meeting. Action required or permitted to be taken at a Board meeting may be taken without a meeting if the action is taken by all voting members of the Board and if the action is evidenced by written consents stating the action taken, signed and dated by each voting director, either before or after the action taken, and delivered to the secretary for inclusion in the corporate minutes.

M. Agenda. An agenda shall be mailed to the address of record of each director prior to the next meeting of the Board. The agenda is not meant to be limiting in any way but, rather, is to serve as a guideline for discussion at the meeting. New business and matters not on the agenda may be addressed at the board meeting for discussion and vote.

N. Compensation. There shall be no salary or other compensation paid to any director of the Corporation on account of any services rendered by the director in the director's capacity as an officer or director, nor shall any director receive any honorarium or other compensation for services rendered to the Corporation as such officer or director other than reimbursement for any actual expenses incurred on behalf of the Corporation. Nothing herein contained shall, however, preclude the employment of the services of any firm or corporation in which any director may own an interest, provided that such director shall not participate in the authorization thereof.

O. Bond. The Board may require at any time that any director or officer furnish a bond satisfactory to the Board. The cost of the premium shall be paid by the Corporation.

ARTICLE VI

OFFICERS OF CORPORATION

The officers of the Corporation are employees of the Corporation and shall have the duties and powers as follows:

A. Officers. Officers of the Corporation shall be the President/CEO, one or more vice presidents, and Chief Financial Officer, and, in the discretion of the Board, such other officers and assistant officers as may be deemed necessary or advisable to carry on the Corporation's business. They shall hold office until their successors have qualified and are employed unless they are sooner removed from office by the Board.

B. Vacancies. When a vacancy occurs in one of the offices by death, resignation or otherwise, it shall be filled by the Board. The officer so selected shall hold office until his or her successor is chosen and qualified.

C. Removal of Officers. Any officer of the Corporation may be removed, with or without cause, by a majority vote of the Board then present at any meeting of the Board.

D. President/CEO. The powers and duties of the President/CEO shall be as set forth in Article VIII.

E. Chief Financial Officer. The Chief Financial Officer shall be the Corporation's Chief Financial Officer and shall, subject to the direction of the President/CEO, prepare and maintain accounts and other appropriate financial statements and information and provide regular reports to the Board.

F. Delegation of Duties. Whenever an officer is absent or whenever for any reason the Board may deem it desirable, the Board may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

ARTICLE VII

STANDING AND SPECIAL COMMITTEES

In addition to the Executive Committee and Governance Committee, the Board may create one or more committees to assist the Board in carrying out its duties. The Board shall have the authority to create standing and special committees as follows:

A. Committees. The Board may create such standing and special committees, consisting of three or more persons, as it deems necessary to promote the purposes and carry on the work of the Corporation. The chair of each standing or special committee shall be appointed by the Board Chair. The term of each chair shall be one (1) year with reappointment for two (2) additional one-year terms, at the discretion of the Board Chair. The Board Chair shall be a member ex-officio of all committees except the Governance and Audit Committees.

B. Executive Committee. The Executive Committee shall be comprised of the officers of the Board, the Chairs of the standing committees, as well as the Pres./CEO and CFO as non-voting members, ex-officio. If necessary, the Executive Committee shall make such recommendation to the Board as to any additional members as it shall determine, and the Board shall by a resolution appoint such additional members as it may determine for a term of not more than one year. The Chair shall be chair of the Executive Committee. The Executive Committee shall be vested with full and complete authority with respect to the business and affairs of the Corporation except that it shall not without the approval of the Board: (1) fill vacancies on the board or on any of its committees; (2) amend the Articles of Incorporation pursuant to Virginia Code Section 13.1-885 (allowing amendment of the Articles of Incorporation by the Board of Directors); (3) adopt, amend, or repeal the Bylaws; (4) approve a plan of merger; (5) sell the assets of the Corporation other than in the regular course of business; (6) dissolve the Corporation; or any other actions specified in Virginia Code Sections 13.1-869, 13.1-885, 13.1-895, 13.1-900, 13.1-903 (or the equivalent sections of any code of law subsequently enacted by the Commonwealth of Virginia) or any actions otherwise prohibited by law. The Executive Committee shall keep minutes of its meetings, which minutes shall be presented to the next regularly scheduled meeting of the Board of Directors.

C. Governance Committee. The Governance Committee shall nominate and recommend to the Board a slate of persons to serve as Directors of the Corporation and such Board positions as Chair, Vice Chair and Secretary, consistent with the provisions of Article V (A). In addition, this committee is responsible for Board development, administering the annual Board self-evaluation, Board education, as well as Board policy development.

D. Audit Committee. This committee shall report directly to the Board; consist of the CFO and three (3) Board members, one of whom is recommended to be a CPA but at a minimum be well versed in the audit process; reviews the organizational Form 990, commenting

prior to the distribution of the Form 990 to the entire Board for their review; and will have the responsibility for recommending the selection of auditors, evaluating their performance, reviewing the results of all audits and providing follow-up and guidance as necessary. The committee shall also review and comment on the content of the Form 990 for the corporation.

E. Standing Committees. In addition to the Executive Committee and Governance Committee, the standing committees of the Board of Directors are as follows:

Audit Committee, Finance Committee, Development/Benevolence Committee

These committees shall consist of at least three (3) voting Directors. Persons who are not voting Directors may serve in an advisory capacity to these committees if so appointed by the Chair.

F. Powers of Standing Committees. Except as provided by the Bylaws, no standing committee shall have or exercise the authority of the Board but shall advise and make recommendations to the Board for action by the Board.

ARTICLE VIII

PRESIDENT/CEO

The Board shall employ and elect as President/CEO a suitable person to serve as chief executive officer for the Corporation. The President/CEO shall have control over the day-to-day operations of the Corporation and execute policy established by the Board and may authorize and take all action necessary or appropriate to carry out such operations. The President/CEO shall be fully accountable to the Board, shall report to and communicate regularly with the Board, and shall perform all other duties as may be required by the Board and more fully described in the President/CEO job description. The President/CEO shall be responsible for the preparation of the annual budget of the Corporation and for timely reporting to the Board on the activities of the Corporation. The President/CEO shall prepare all reports due for filing with the State Corporation Commission and other regulatory agencies and shall present such reports to the Board. The President/CEO shall not be a member of the Board. The President/CEO, however,

shall normally attend all meetings of the Board but shall, at the discretion of the Board, be excluded from any meeting or portion of a meeting.

ARTICLE IX

FINANCE

The Board shall be empowered to receive contributions and funds, including legacies and endowments, to invest the same or place the same on deposit in such depositories as it shall from time to time designate and order the disbursement of such funds from time to time in order to carry into effect the objects and purposes of the Corporation. The Chair, the President/CEO and the Chief Financial Officer may carry out the above powers of the Board, including the selection, purchase and sale or other disposition of securities, investments, deposits and other assets, pursuant to any guidelines or directions provided by the Board.

ARTICLE X

AMENDMENTS

The Bylaws may be amended, repealed or altered in whole or in part by a majority vote in any regular or special meeting of the Board of the Corporation. Prior to any meeting to amend, repeal or alter the Bylaws, ten (10) days advance written notice shall be given to each director identifying with reasonable specificity the specific Bylaws to be changed and the nature of the amendments to be considered, but the Board shall have the authority to make any amendments to the Bylaws as it determines.

ARTICLE XI

INDEMNIFICATION

Indemnification of directors and officers shall be provided as follows:

A. Definition. For purposes of this Article, the definitions contained in Section 13.1-875 of the Virginia Nonstock Corporation Act or any successor statute, as now written or hereafter amended, shall be deemed to be incorporated herein by reference, provided, however, that the term "proceeding" shall include, in addition to what is described in such statute, a suit by or in the right of the Corporation.

B. Maximum Indemnification of Directors. The Corporation shall indemnify directors of the Corporation to the fullest extent now or hereafter permitted by law (including indemnification as permitted by Section 13.1-883 of the Virginia Nonstock Corporation Act, or any successor statute, as now written or hereafter amended, against liability and expenses incurred, unless incurred as a result of gross negligence or willful misconduct) in connection with any proceeding arising out of their service to the Corporation or to another organization at the Corporation's request.

C. Indemnification of Officers and Other Persons. With respect to officers and other persons who serve the Corporation, the Corporation shall provide indemnification as required by law and may, as authorized at any time by general or specific action of the Board, provide further indemnification to the same extent set forth in Paragraph B of this Article, in connection with any proceeding arising out of such person's service to the Corporation or to another organization at the Corporation's request.

D. Other Indemnification Applicable. Indemnification provided pursuant to the foregoing provisions of this Article shall not be exclusive of any other right of indemnification to which any person may be entitled from legal entities other than the Corporation, including indemnification under policies of insurance that may be purchased and maintained by the Corporation or others, whether or not the Corporation would have the power to indemnify such person in the particular instance under the provisions of this Article, but no person shall be

entitled to any indemnification by the Corporation to the extent he or she is indemnified by another, including an insurer.

End of By-Laws