



STCA STANDARD OPERATING PROCEDURES

Health Trust Fund of the Scottish Terrier Club of America, a not-for-profit corporation

WHEREAS, the Scottish Terrier Club of America (the "STCA") was created and exists as a NOT-FOR-PROFIT CORPORATION with the purpose to encourage and promote the quality breeding of pure-bred Scottish Terriers and to do all possible to bring their natural qualities to perfection; and,

WHEREAS, the health and well-being of the Scottish Terrier breed is inherently of concern to the STCA, its members and all who share in the goals and objectives of the STCA; and,

WHEREAS, as defined by the STCA Board of Directors (STCA Board), "Health is the state of complete mental, physical, and social well-being; not merely the absence of disease or infirmity. This begins with genetic endowment, but includes the interaction of the body with the environment. The environment includes physical surroundings, good nutrition, and nurturance. Research is studious inquiry, systematic investigation of some phenomena or series of phenomena, acquisition of knowledge and dissemination of the findings of such study, education being a primary objective," and that the mission of the Health Committee of the STCA is to:

1. Detect and investigate health problems
2. Monitor health in Scottish Terriers
3. Participate in research to enhance prevention of illness
4. Develop and advocate sound breeding practices
5. Foster safe and healthful environments
6. Study and share information that promotes better health in our dogs
7. Promote and encourage constructive attitudes toward health concerns; and

WHEREAS, as with most breeds of dogs, the Scottish Terrier is affected

from time to time by certain diseases and defects from genetic or other causes which can only be cured or contained through better understanding of the causes and treatment or other remedies for such diseases and defects; and

WHEREAS, STCA Board deems it appropriate and necessary to establish a special fund to be held in Trust for the purposes of funding, whole or in part, research and studies into the diseases and defects affecting the Scottish Terrier, and for the purposes of education, including, but not limited to, education of STCA members on health issues and disseminate the results of such research, studies, and educational programs to breeders and owners of Scottish Terriers and other pure-bred dogs in order to enhance the opportunities for the cure or containment of such diseases and defects:

NOW, THEREFORE,

1. There is hereby created a special Trust fund to be held separate and

apart from all other funds of the STCA and to be known and maintained, as hereinafter provided, as "THE HEALTH TRUST FUND OF THE SCOTTISH TERRIER CLUB OF AMERICA" (the "Fund"). The Fund shall be initially funded by the contribution of

\$ _____ from the existing funds of the STCA raised from the 1993 Montgomery County Heath Fair and Auction, for health research and education, which contribution is hereby approved and authorized.

2. (a) The Fund shall be governed by seven(7) Trustees, who shall be

seven(7) until changed by the STCA Board.[Amended by the STCA Board on October 4,2008]. At all times the authorized number of Trustees shall be an odd number.

(b) All Trustees shall be elected by a majority vote of the entire STCA Board. STCA Board, except for the initial Trustees elected, shall elect Trustees at the special Board meeting in October of each year, prior to the Annual Meeting of the club.

One(1) of the Trustees shall be a past or current Board member.[Amended by the STCA Board on October 4, 2008] and the remaining six(6) may be members of STCA but are not required to be. As a guideline for Trustees elected, it is recommended that three(3) of the Trustees shall have had experience in fields in which this Trust agreement is intended to support programs, projects, and activities, and one(1) shall have had experience in the field of finance. The initial Trustees shall serve until their successors are elected and agree to serve. Successor Trustees shall serve for a term of three(3) years each or until their respective successors are elected and agree to serve as herein provided; provided, however, in order to create

staggered terms for Trustees, the terms of office for successor Trustees shall be one(1), two(2), three(3) years respectively, thereafter each Trustee shall serve a term of three(3) years. There is no limit on the number of consecutive terms a Trustee may serve. [Amended by the STCA Board on April 24, 2009 to allow for 3 terms for a Trustee; subsequent amendment to remove all term limits by the STCA Board on October 6, 2011.]

(c) The initial Trustees have been elected by the majority of the entire Board at a special meeting of the Board of STCA on October 6, 1994, and are hereby determined to be _____, _____,
_____, _____, _____.

Successor Trustees shall be elected by the STCA Board in the same manner and at the special Board meeting in October of each year prior to the Annual Meeting of the Club.

3. The STCA Board reserves the right exclusively to determine and make final decisions as follows:

(a) On the election of Trustees of this health Trust fund

(b) On expenditures from the property of the Trust fund, except for:

(i) The reasonable and necessary expenses of administration

Including costs of bonding as well as expenditures

contemplated in paragraph 5 hereof, as specifically

authorized by STCA Board prior to incurring said expenses;

and all of said expenses of administration of the Trust shall

be chargeable to the Trust fund, and shall not come out of

the Club's general fund.

(ii) Expenditures of income or principal of gifts to the Trust fund

which are prescribed by the terms of the gift or bequest,

both of which require only the approval of the Trustees.

(c) On a sale, exchange, lease, mortgage, pledge, or other disposition of substantially all of the assets of the Trust.

(d) On the amendment of the terms of this Trust and any supplement to the Trust.

(e) On the termination of this Trust and distribution of the assets in the Fund on date of termination.

4. All Trustees of the fund shall have a vote in matters of the management and use of the Fund. No proxy voting shall be permitted. Except as provided below with respect to consent actions, Trustees may act only upon the affirmative vote of at least three(3) Trustees. Trustees may meet in person or by any means of conference communication in which each Trustees can contemporaneously hear the discussion of matters under consideration, or by combination thereof, not less frequently than annually. The annual meeting date shall be established by the Chairman, but additional meetings may be called by written notice signed by three(3) or more Trustees and given as hereafter provided. No meeting or conference of Trustees shall be held except upon written notice given at least seven (7) days in advance of the meeting or conference except in a meeting or conference in which such notice is waived by all Trustees. Participation in a meeting or conference by a Trustee shall be deemed to be such a waiver unless the Trustee announces that he or she is not waiving notice of the meeting. Alternatively, Trustees can take action by any written instrument evidencing their consent action and signed by all, not less than all, Trustees. Trustees shall elect by majority vote one of their members to serve as Chairman, and one of their members to serve as Secretary. Such Chairman and Secretary shall serve for terms of one(1) year or until their successors are elected and agree to serve. The Chairman shall preside at all meetings or conferences of the Trustees, but shall not be disabled from voting by virtue thereof, and the Secretary shall take and maintain minutes and all official records of the proceedings of Trustees. Trustees shall provide STCA Board with a copy of all minutes. Trustees shall designate two(2) Trustees authorized to write checks, and the signature of both designated shall be required to write checks on the Trust checking account, and the Treasurer Trustee shall be bonded in an amount equal to the total value of the Trust assets. Except as otherwise expressed herein provided, all meetings or conferences of Trustees shall be conducted in accordance with the most current edition of Roberts' Rules of Order.(Amended by STCA Board on January 21, 1995)

5. No Trustee shall be personally liable or answerable for the exercise of any discretion or power herein provided with respect to the Fund or for anything whatsoever in connection with the Fund, except for his or her own misconduct or negligence; provided, however, no Trustee shall be liable for any error in judgment made in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. Nothing herein contained shall require any Trustee to risk or expend his or her own funds or otherwise incur any financial liability in the performance of any duty hereunder, or in the exercise of any right or power pursuant hereto.

6. No Trustee shall be entitled to any salary, fee, or other compensation for service as a Trustee, except that upon prior written approval by the STCA Board any Trustee may be paid or reimbursed any actual expenses incurred in the performance of his or her duties and responsibilities pursuant hereto with respect to the Fund, and as specifically authorized in writing by the STCA Board prior to being incurred.

7. A vacancy among the Trustees can occur by virtue of (i) the death; or the incapacity or resignation of a Trustee or (ii) upon determination by two-thirds affirmative vote of the entire STCA Board after notice of at least thirty(30) days in writing to the affected Trustee and a hearing which may be specifically conducted or conducted in conjunction with the regular business of the STCA, that a Trustee has been guilty of misconduct or negligence in the performance and discharge of duties and responsibilities with respect to the fund. For purposes hereof, a Trustee shall be conclusively presumed to be incapacitated and his or her Trusteeship vacant if

(i) such a Trustee is adjudged by a court of competent jurisdiction to not be mentally competent or physically capable of attending to his or her own affairs, or (ii) a petition or other proceeding is filed in a court of competent jurisdiction which seeks, in whole or in part, to have a conservator, receiver, or trustee appointed for such Trustee, or his or her personal affairs; and such petition or other proceeding is not withdrawn, dismissed, or determined in favor of such Trustee within sixty(60) days of the filing thereof, or (iii) a letter is received by the STCA Board from the current physician of that Trustee stating that the trustee is unable to manage his or her own affairs. In the event of a vacancy, the majority of the entire STCA Board shall at a special meeting or by voting by mail, elect a successor Trustee to serve the remainder of the term, of the Trustee whose trusteeship is vacant.

8. Trustees shall, subject to the rights expressly reserved exclusively in STCA Board, have the management and control of the Fund. Trustees shall exercise their independent judgment with respect to the administration of the Fund and shall not be required to take any action or to omit from taking any action which in their good faith judgment is not in the best interests of the Fund and the purposes for which it was created. In the administration of the Fund, Trustees are hereby empowered as follows:

(a) To accept and receive grants, contributions and bequests for the purposes of the Fund from individuals and organizations, including state, federal, and local governments. Any such grants, contributions and bequests may be conditioned upon the raising of matching funds or other such conditions as Trustees may in their discretion approve; but no such grant, contribution or bequests to the Fund shall be accepted or received by Trustees if the acceptance or receipt of same will jeopardize the deductibility of grants, contributions or bequests to the Fund for purposes of regular federal income or estate taxation by persons or organizations make such grants, contributions or bequests.

(b) To establish depository relationships in the name and for the credit of the Fund with one or more financial institutions having a total deposit base of not less than _____ (\$ _____) and whose deposits are insured by the Federal Deposit Insurance Corporation or its successor; provided, however, moneys of the Fund shall not be deposited in any financial institution if, after giving credit for such deposit, the total deposits of the Fund in such financial institution shall exceed ninety percent(90%) of the then effective limits of insurance provided for single deposit accounts by the Federal Deposit Insurance Corporation or its successor.

(c) To invest and reinvest moneys, including investment earnings, in or standing to the credit of the Fund in:

(i) Direct, general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or any obligations unconditionally guaranteed as to the payment of principal and interest by the full faith and credit of the United States of America;

(ii) Bonds, debentures, or notes or other evidences of Indebtedness payable in cash issued by or combination of any of the following agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers' Home Administration, Maritime Administration, Public Housing Authority, or Government National Mortgage Association;

(iii) The following investments fully insured by the Federal Deposit Insurance Corporation: certificates of deposit, savings accounts, deposit accounts or depository receipts of banks and federal savings banks;

(iv) Money market funds rated in the highest rating category by Moody's Investors Service or Standard and Poor's Corporation, or their successors, or any other nationally recognized credit rating agency or organization whose ratings are considered by registered broker dealers to be reliable in evaluating the credit worthiness of investments (such rating agencies being hereinafter referred to as a "Rating Agency");

(v) Investment agreements with institutions whose long-term unsecured debt is rated, with regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in one of the two highest rating categories by a Rating Agency;

(vi) Any participation certificate of the Federal Home Loan Mortgage Corporation or any mortgage-backed securities of the Federal National Mortgage Association; and

(vii) Any account with a registered broker-dealer under the Securities Exchange Act of 1934 and which is insured by the Securities Investors Protection Corporation or its successors provided that the investment, if any, within or to the credit of such account are in one or more of the categories described above in subparagraphs (i) through (vi).

Notwithstanding anything to the contrary, herein contained, the investment and reinvestment of the moneys in or standing to the credit of the Fund shall always be done with due regard for the purposes for which the Fund was created and no such investment or reinvestment shall be made for a term longer than that consistent with such purposes. Under no circumstances shall any moneys in or standing to the credit of the Fund be loaned to the STCA or invested in any obligation of or secured by a pledge by STCA.

(d) To liquidate investments of moneys in or standing to the credit of the Fund from time to time and to reinvest or hold without reinvestment the proceeds of such investments for the purposes for which the Fund was created.

(e) UPON THE WRITTEN APPROVAL OF A MAJORITY OF STCA BOARD, to contribute a portion of the moneys in or standing to the credit of the Fund to one or more organizations described in Section 501(c)3 of the Internal Revenue Code of 1986, as amended, to pay for or assist in paying for studies or research which, in the judgment of the Trustees, has a reasonable likelihood of leading to a cure for, improved treatment of, or better understanding of the causes of one or more diseases or defects affecting Scottish Terriers; provided, however, no such contribution shall be made until the recipient thereof shall have furnished Trustees with a written commitment (i) that such a contribution will be utilized for the purposes for which it was made, (ii) that, upon completion of the study or research for which the contribution is made, the recipient will furnish Trustees with a report of the study or research, including, but not limited to, a description of the undertaking and the conclusions reached and the basis for such conclusions, and (iii) that the recipient will grant free limited license for Trustees to reproduce the report or summary thereof and distribute the same to breeders and owners of Scottish Terriers or other purebred dogs without regard to their membership in STCA; and provided further, however, that Trustees shall not under any circumstances make any such contribution to any organization for which a Trustee or a member of the STCA Board of Directors serves as an officer, director, or Trustee.

(f) UPON THE WRITTEN APPROVAL OF A MAJORITY OF THE STCA BOARD, to contract in writing with one or more persons or organizations, deemed qualified by Trustees, to conduct studies or research or education which, in the judgment of Trustees, has a reasonable likelihood of leading to a cure for, improved treatment of, or better understanding of the causes of one or more diseases or defects affecting Scottish Terriers; provided, however, no such contract shall be entered unless such contract provides, among other things, (i) that, upon completion of the study or research for which to contract is made, the contracting party will furnish Trustees with a written report of the study or research, including, but not limited to, a description of the undertaking and the conclusions reached and the basis for such conclusions, and the Trustees shall promptly furnish a copy of said written report to the STCA Board; and (iii) that the contracting party will grant a joint unlimited license for Trustees to reproduce the report or a summary thereof and use the same without restriction for such purposes as Trustees deem appropriate; and provided further, however, that Trustees shall not contract with (i) Trustees or members of the STCA Board, or (ii) any organization for which a Trustee or member of the STCA Board serves as an officer, director, or Trustee, or (iii) any person or organization that constitutes a "related party" to a Trustee or member of STCA Board within the meaning of such term as defined in the Internal Revenue Code of 1986, as amended, or (iv) any person or organization if such contracting would jeopardize the deductibility of grants, contributions or bequests to the Fund for purposes of regular federal income or estate taxation by persons or organizations making such grants, contributions or bequests.

(f) To sue and, subject to the limitations on personal liability herein contained, to be sued.

(g) To do such other and additional things as may be authorized by Supplemental Resolution of STCA Board; and amendment to this Trust Agreement, and acceptable by then Trustees; provided, however, that the exercise of such powers does not jeopardize the deductibility of grants, contributions or bequests to the Fund for purposes of regular federal income or estate taxation by persons or organizations making such grants, contributions or bequests.

9. Notwithstanding anything to the contrary herein contained, the Fund is organized and established exclusively for the purposes herein specified, and Trustees shall operate and administer the Fund at all times exclusively for such purposes and no others. Under no circumstances shall Trustees be empowered to borrow money for or on behalf of the Fund or to mortgage, pledge or hypothecate the Fund or any part thereof.

10. No part of the activities of or with respect to the Fund shall be for the purpose of or involve carrying on propaganda or otherwise attempting to influence legislation, and the Fund shall not be used directly or indirectly for the purpose of participating in or intervening in, including the publishing of statements, any political campaign on behalf of any candidate for public office.

11. Trustees shall not engage in any activities for the purpose of or resulting in the private profit of any of them or of the directors, officers or employees of STCA or any of them, or of any person or organization giving, granting, contributing or bequeathing property to the Fund and no part of the Fund's net earnings shall inure in whole or in part to any person having a personal or private interest in the Fund or STCA. Trustees shall not engage in any act of self-dealing as defined in the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any subsequent code or law; nor retain any excess Fund earnings or holding not necessary or prudent for the purposes for which the Fund is established; nor make any investment in such manner as to incur tax liability under the Internal Revenue Code of 1986, as amended, or the corresponding provisions of or any subsequent code or law.

12. The term of this Fund is perpetual; provided, however it may be terminated by STCA Board at any time: STCA Board may at any time consider recommendations from Trustees that the Fund be terminated for the reason that the assets of the Fund are insufficient to satisfy the purposes for which the Fund was established. Upon a termination of the Trust Agreement, all investments therein shall be liquidated as promptly as possible under the circumstances, having due regard for avoiding losses on such investments to the greatest extent possible, and all moneys and other assets in the Fund shall there upon be paid over and distributed to the United States of America unless applicable law with respect to organizations and funds to which contributions are deductible for regular federal income or estate tax purposes permits the disposition thereof to other similarly organized organizations or funds, in which case all moneys and other assets in the Fund shall be transferred to the STCA to be used by the STCA Board for the same purposes established under this Trust Agreement, or for contribution by STCA Board to another tax-exempt organization, corporation, or Trust Agreement which is organized and exists for purposes similar to those of this Trust Agreement, and if no such organization or fund exists, then all moneys and other assets held in Trust under the terms of This Trust Agreement shall be contributed to the Canine Health Foundation of the American Kennel Club(Amended by STCA Board on October 4, 2008). All of the foregoing subject to conditions imposed upon grants, contributions and bequests by donors approved and accepted by Trustees, at time received.

13. This Trust Agreement may be amended or supplemented by the STCA Board to cure any ambiguity, inconsistency or formal defect or omission with respect to the organization or operation of the Fund; to grant or confer upon Trustees any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon Trustees to the extent that the same are not inconsistent with the purposes of the Fund; or make any changes which are necessary in order that grants, contributions and bequests to the fund will be deductible for purposes of regular federal income or estate taxation to the persons or organizations making such grants, contributions or bequests. In no event shall the Trust Agreement be amended or supplemental made thereto in a manner which changes the purposes for which the Fund is established.

14. This Trust Agreement shall be deemed to be a covenant and contract between the STCA and Trustees, for the benefit of persons and organizations making grants, contributions and bequests to the Fund. This Trust Agreement may be emended or supplemented only by the STCA Board.

15. This Trust Agreement and the Fund hereby established shall be subject to and construed in accordance with the applicable laws of the United States of America and of the State of New Jersey without regard to laws with respect to conflicts of law or choice of law.

16. This Trust Agreement and Fund was authorized by Resolution of STCA Board, adopted at a special meeting of STCA Board, on October 8, 1994, held after giving all of the required notices and at which a quorum was present and voting throughout, by majority of entire Board.

IN WITNESS THEREOF, this Trust Agreement has been established, entered into and executed on this 8th day of October, 1994.

THE SCOTTISH TERRIER CLUB OF
AMERICA, INC., A NEW JERSEY
NOT-FOR-PROFIT CORPORATION

By _____

ATTEST: President

Secretary

ACCEPTED BY TRUSTEES

_____ Date _____

Amended by the STCA Board on January 1, 1995 before Document was adopted.

1. First Formal Amendment – August 6, 1996
2. Second Formal; Amendment – October 1, 2008
3. Third Formal Amendment – October 1, 2008
4. Fourth Formal Amendment – October 1, 2008
5. Fifth Formal Amendment – April 24, 2009
6. Sixth Formal Amendment – October 6, 2011