

Foundation for the Development of Democratic Local Public Administration

FOUNDING Document

Founded: 1990.

Registered under the court registration number: 01-01-0001079

The present Founding Document in effect is the Founding document dated 22 November, 1990 and its text modified by the Ministry of Interior in a unified text. The modifications are shown in the Founding document in italics.

The Founding Document of the Foundation for the Development of Democratic Local Public Administration in a unified structure together with the modifications

Conseil General de la Drome and the French local government, ville de Valence are both mentioned by this document. These co-founders have not practiced their rights of founders for decades and based on the legislation in effect, they obstruct the operation of the Foundation. According to 3:394. § (1) of Act V. of the year 2013 on Civil Code, if the founder dies, is terminated without successor, or does not practice its rights as a founder definitively, the rights of the founders are practiced by the organs determined by the person, or foundation organ designated by the founder in the Founding Document, in its absence it is practiced by Advisory Board. As the Founding Document adopted on 22 November, 1990, contains no such prescription, thus with the authorization of the legislation, the Advisory board received the right to practice the rights of the Founders. According to 3:396. § (1) of Act V. of the year 2013 on Civil Code, these rights and responsibilities might be transferred by the Founder if the property contribution taken up in the Founding Document is fulfilled. The Conseil General de la Drome and the French local government, ville de Valence, as Founders did fulfill their property contribution.

Taking into account the above, as the organ practicing the rights of the French Founders, the Advisory board – based on the prescriptions of the 3:396. § (1) of Act V. of the year 2013 on Civil Code – concluded an agreement with the Ministry of Interior, and transferred the rights and responsibilities of the French founder to the Ministry of Interior.

The Founding Document put into a uniform structure together with the present modifications was prepared based on the founding decision of the Ministry of Interior, Act CLXXV. of year 2011 on right of association, legal status of public interest, operation and support of civil organizations and the prescriptions of Act V. of the year 2013 on Civil Code stating that the Foundation – in accordance with the founders' decision may continue its activities based on 11. § (1) of Act CLXXVII of year 2013.

1. Name of the Foundation: Foundation for the Development of Democratic Local Public Administration

2. The Foundation is a legal person.

3. Venue of the Foundation: 1051 Budapest, József Attila utca 2-4.

4. Goal of the Foundation: the development of the democracy of local public administration and of the professional quality, the extension of local government autonomy.

4/1. During its operation, the Foundation undertakes its objectives in the following forms:

- undertaking of professional experience-exchanges strengthening the democratic nature of local and territorial public administration, preparation of studies and the support of such research;

- the collection and dissemination of information and documentation supporting local and territorial public administration, especially local government autonomy;
- support and help of citizens initiatives aiming at local government autonomy;
- support of the cooperation of local and territorial local government organs;
- support of local government autonomous initiatives that serve the strengthening of democracy, the participation of the people, and the public life of local inhabitants;
- the strengthening of the democratic nature of central state-administration and its local and territorial organs, furthermore the support of related governmental and parliamentary work;
- the basic training and the advance studies of local and territorial government experts;
- publishing activities;
- cooperation with other local and territorial public administration organizations, institutions, foundations and other international organizations, institutions and foundations;
- Making the documents of the research and expert activities of the Foundation available for the Parliament and the Government;
- creation of the local government information and documentation center, and provision of related services to local governments.

5. The Foundation was created for a determined time period.

6. Name of the Founders: (H)

- Conseil General de la Drome (F)

- ville de Valence (F)

- *Since 14 April, 2015. the founding rights of the Foundation are practiced by the Ministry of Interior based on a separate transfer agreement.*

7. The property of the Foundation: *The amount of the property contribution to be made for the Foundation, the mode and date of making this sum available is: The seed capital is 2.213.000 HUF, thus 2 million 2 hundred and thirteen thousand HUF, 50 % of this are primary assets. Out of the seed money, 1000 000 HUF was provided by the Ministry of Interior and 50000-50000 French Francs by the Conseil General de la Drome and the ville de Valence, French local governments to the Foundation on 22 November, 1990. . The bank account of the Foundation: OTP Nyrt. 1111 Karinthy Frigyes utca 16.*

8. Joining the Foundation: *The Foundation is open towards Hungarian or foreign citizens, legal persons or anybody ready to join the complex undertaking of these goals, if he / she agrees with the goals of the Foundation, supports them with money or other tools, including personal participation. The Advisory Board decides on the acceptance or rejection of support or joining.*

9. The economic activities of the Foundation: *The Foundation undertakes economic activities, as a secondary occupation, that exclusively realize the goals determined by the Founding Document and do not endanger them.*

10. The use of the property by the Foundation:

The Foundation may use the property of the Advisory Board according to the prescriptions of the organizational and operational rules of the Advisory Board.

The Foundation is obliged to conclude an agreement with those receiving support on the aim of the support, the content of reports, the deadlines and invoices, the modes of control and the consequences of the breach of the agreement.

The Foundation may not engage in investment activities, may not issue securities for loans, may not take up a loan that endanger the realization of the goals of the Foundation, may not use the support received from the state budget as a coverage for loans or to repay loans.

Donations that cannot be used directly for the goals of the Foundation should be sold. The amounts from the sale should be treated as the property of the Foundation.

In order to reach the goals of the Foundation, from the property serving the goals of the Foundation, a prize can be established as a call for application, decision may be made on its granting, the Foundation may provide financial support for an activity or organization that promises a result that may be used to reach the goals of the Foundation in significant and extensive spectrum.

Without a call for application, the Foundation may provide a (direct or indirect) support up until 5% of the property of the Foundation, maximum one-million HUF for the goals determined in the Founding Document. Retirement aid and natural support for natural persons – without scholarship nature – the value of which does not reach ten times of the lowest level of pension - do not belong to this responsibility.

11. The organs of the Foundation: Advisory Board and Secretariat

11/1. Advisory Board

11/1/1. The decision-making, managing and representing organ of the Foundation is the Advisory Board. The Advisory Board consists of the President and the members, it is composed of seven members (7). The members of the Advisory Board are appointed for an undetermined period by the Founders and are called back according to need. The President of the Advisory Board is appointed by the Founders. The President and the Members of the Advisory Board are leading officials.

A leading official is an adult, whose ability to act is not limited in the necessary scope of the activity. This position cannot be fulfilled by someone who was sentenced to imprisonment with legal binding until the exemption from disadvantaged consequences, prohibited from this occupation with legal binding, or from leading official activities.

Members of the Advisory Board and necessary data is contained in Appendix 1 of the Founding Document.

The member of the Advisory Board, may only be an adult who is able to act, is a natural person without criminal record, who is not under a prohibition from employment and public affairs.

The member of the Advisory Board may not be a beneficiary of the Foundation, and their relatives may not be in employment or interest-based relationship with the Founder and other members of the Advisory Board (in accordance with the conditions set in 3:397.§ (3-4) paragraphs of the Civil Code). They cannot be the President, member, auditor of the Supervisory organs of the Foundation (in accordance with the prescriptions of 38. § of Act CLXXV. of year 2011 on right of association, legal status of public interest, operation and support of civil organizations)

Membership in the Advisory Board (leading official position) is terminated with:

- a) the retirement of the member,
- b) the death of the member,
- c) the determination of an exclusion reason related to the member,
- d) the determination of the incompatibility of the member,
- e) A recalling by the Founders,
- f) if the leading official's ability to act in the scope of undertaking an activity is limited,
- g) The withdrawal of this responsibility by the Founders based on XXXVIII. Act of year 1992 on state budget and 5. § (1) Act LXV. of year 2006 on the modifications of certain related acts.

11/1/2. Members of the Advisory Board do not receive any remuneration, the Foundation may pay their expenses related to the realization of their tasks based on invoices.

11/1/3. It is the responsibility of the Advisory Board to operate the property of the Foundation in the most efficient way possible, to do everything in its power to increase the property of the Foundation within the possibilities of legal regulations and economic possibilities.

The exclusive powers of the Advisory Board are the following:

- a) the determination of the organizational and operational rules of the Foundation,
- b) the determination of the order of business of the Advisory Board
- c) decision on the use of the available property,
- d) the adoption of the Annual budget and balance of the Foundation,
- e) adoption of the annual report,
- f) donating scholarships,
- g) establishment of call for proposals, decision on applications,
- h) creation of separate organization units to manage certain areas, topics, approval of their operational rules,
- i) conclusion of contracts,
- j) decision on issues that are referred to the sphere of power of the Advisory Board by the Organizational and Operational Rules of the Foundation.

11/1/4. Meetings of the Advisory Board are held according to needs but at least once a year. All members of the Advisory Board may request a meeting with the determination of the object and the goal. Within 8 days following the arrival of the request, the President calls together the Board. The meetings of the Advisory Board are public; this can be limited in cases determined in the legislation, upon the request of any member of the Advisory with a verbal consent of the 2/3 majority. The meeting of the Advisory Board is called together by the President at least 15 days prior to the meeting in a written form, documents related to the agenda are also sent out. The invitation should contain the

place, time and agenda of the meeting, so that it becomes suitable for the members to formulate their viewpoints.

The quorum exists, if more than half of the representatives eligible to vote are present:

For the Advisory Board to decide a simple verbal majority of those present is enough. Those persons, their relatives or companions, cannot participate in the decision-making, who based on a decision:

- are exempted from responsibility, or obligation or*
- receive benefits, or have a lawsuit against them based a resolution,*
- are affected by the given legal case or decision.*

Non-monetary services that can be used by anyone without limitation and are part of the goal-oriented allocations of the Foundation, and allocations in accordance with the Founding document secured for leading officials by the Foundation are not considered as benefits.

Protocols should be prepared on the meeting of the Advisory Boards that contain the summary of the comments, and the resolutions word by word.

The protocols are validated by the chair of the meeting and one of the designated participants of the meeting, this later is elected with a simple majority.

The protocols should be sent to the members of the Advisory board 30 days after the meeting, and the resolutions to those affected by them.

The date and the registration number should be indicated on the protocols and resolutions of the meetings. Original protocols should be stored and registered at the Secretariat. The Book of Resolutions should be kept on the resolutions of the Advisory Board.

Related to the resolutions of the Advisory Board the resolutions should contain:

- its date, subject, content and time period and effect,*
- during the decision-making the indication of the supporters, opponents, those who abstained from voting, as well as others present according to the participation list.*

Anyone can look into the protocols of the Advisory Board, whose right and rightful interests are affected by the resolution made at the meeting.

11/1/5. Secretariat

The Secretariat is the organ that deals with the administrative tasks of the Foundation, it is led by the Secretary, who is officially responsible for the administrative tasks of the Foundation. The Secretary is engaged by the Advisory Board, and based on its decision may receive a remuneration.

The tasks of the Secretary:

- The implementation of administrative tasks related to the operation of the Foundation and the implementation of the decisions of the Advisory Board,*
- The implementation of the decisions of the Advisory Board related to property-management,*
- Practice of employer's rights vis á vis the employees of the Secretariat,*

- preparation of the meetings of the Advisory Board,
- taking actions on the implementation of the decisions of the Advisory Board,
- filling out the simplified report, submission to the Advisory Board, securing of the possibility to look into the adopted report and to prepare a copy, its publication based on Act CLXXV. of year 2011 on right of association, legal status of public interest, operation and support of civil organizations. The possibility of looking into it, should be made possible through hanging it outside at the venue of the Foundation,
- The preparation, registration, sending out and making public of the protocols of the meeting of the Advisory Board is undertaken by the Secretary.

11/1/6. The President of the Advisory Board is authorized to dispose over the bank account of the Foundation and to represent the Foundation independently and also in as a general power. The Secretary may act as a representative and dispose over the bank account based on the authorization of the Advisory Board.

11/1/7. The Advisory Board is obliged to put the report as a deposit at the National Court Office. The Foundation is obliged to publish the report on its own website.

Everyone can look into the resolutions, reports of the Advisory Board or may request a copy at his / her own costs.

The Advisory Board deals with – based on internal regulations -

the modes of making their resolutions public,

the order to look into the documents prepared in relation to the operation of the Foundation.

The modes of using the services of the Foundation and the publishing of the reports of the Foundation, the order of the grants related to the orders of the supports provided by the Foundation (forms, administrative processes), taking into consideration the prescriptions of the Civil Code affecting foundations and the prescriptions of Act CLXXV. of year 2011 on right of association, legal status of public interest, operation and support of civil organizations,

the management of a registration system in which the content, date, the proportion of opponents and supporters (and if possible their personalities) of a decision of the organ authorized to decide may be determined.

11/1/8. The Advisory Board is obliged to inform the person acting as the representative of the Founder on its activities at least once a year and is obliged to make the most important data of its economic management public.

12. The Founding Document of the Foundation should be made public in an official paper.

13. The internal regulation of the Foundation may not be in opposition with the Founding Document of the Foundation.

14. The termination of the Foundation

The Foundation is terminated, if the goals of the Foundation are realized and the Founder does not set new goals, if the implementation of the goals of the Foundation become impossible and or it is not possible to modify the goal or there is no unification possibility with other foundations, or the

Foundation does not undertake any activities for three years in order to realize the goal (based on 3:403 § of the Civil Code).

If the Foundation is terminated, following the satisfaction of the creditors, the remaining property should be used for public administrative researches and trainings of public administrative experts.

15. Closing Provisions

The questions not regulated in the present Founding Document, the prescriptions of the Act V on Civil of year 2013 and of Act CLXXV. of year 2011 on right of association, legal status of public interest, operation and support of civil organizations prevail. The following the reading and interpretation the Founders of the present Founding document approvingly sign the Founding document as something that conforms their will. Based on 3:394. § (1) of the Act V on Civil of year 2013, taking into consideration the agreement between the Advisory Board and the Ministry of Interior, instead of the founders, the Conseil General de la Drome and ville de Valence, representing those practicing the founding rights, signed by:

Budapest, 2016 _____

Dr. Sándor Pintér, Minister of Interior