

**BYLAWS OF THE TOWN OF HILTON HEAD
GULLAH GEECHEE HISTORIC NEIGHBORHOODS
COMMUNITY DEVELOPMENT CORPORATION**

**APPROVED ON _____ BY THE TOWN COUNCIL OF
THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**

**RATIFIED ON _____ BY THE BOARD OF DIRECTORS OF THE
GULLAH GEECHEE HISTORIC NEIGHBORHOODS COMMUNITY DEVELOPMENT
CORPORATION**

ARTICLE I

NAME, SEAL AND OFFICES

1.1 Name. The name of this corporation is Town of Hilton Head Island Gullah Geechee Historic Neighborhoods Community Development Corporation (the “Corporation”).

1.2 Seal. The Board of Directors (the “Board”) may, but shall not be required to, adopt, use, or alter a corporate seal at its pleasure. The seal shall be kept at the principal office of the Corporation. Failure to affix the seal to any corporate instrument, however, shall not affect the validity of that instrument.

1.3 Offices. Upon its initial formation, the principal office of the Corporation shall be located at One Town Center Court in the Town of Hilton Head Island, County of Beaufort, State of South Carolina. The Board may at any time, or from time to time, and with concurrent approval of the Town, change the location of the principal office from one location to another within said town and county so long as the principal office remains within the municipal boundaries as identified in Section 2-1-20 of the Town’s Code of Regulations, of the Town of Hilton Head Island (the “Town”) a body politic and political subdivision of the State of South Caroline (the “State”).

ARTICLE II

**OBJECTIVE, PURPOSE, ACTIVITIES AND
DISPOSITION OF ASSETS ON DISSOLUTION**

2.1 Objective. The Corporation’s objective is to be organized and operated exclusively as a South Carolina public benefit nonprofit corporation existing for the support, advancement, and sustainability of historic and culturally sensitive communities located on Hilton Head Island as identified in Appendix B-5 of the Town’s Land Management Ordinance. A copy of this map is attached to the Bylaws as Attachment “A” and is incorporated herein.

2.2 General Purpose.

(a) The Corporation is organized and shall be operated exclusively for charitable and/or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any subsequent United States internal revenue law) (the “Code”). The Corporation has been formed with a goal of stabilizing, protecting, and promoting historic and culturally sensitive communities. It will create strategic programs related to, but not necessarily limited to, economic development initiatives, affordable housing, streetscaping which includes the improvement of public roadways through design, landscaping, and lighting among other improvement, neighborhood planning, targeted investment and financial resource provider, resident education, and other support services opportunities that are directly related to accomplishing the mission of the Corporation. It has not been formed for pecuniary profit or financial gain, and no part of the assets, income, or profits of the Corporation is or shall be distributable to, or inure to the benefit of, its directors or officers except to the extent permitted under the laws of the State relating to nonprofit corporations. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

(b) Notwithstanding any other provisions of these Bylaws of the Corporation (these “Bylaws”) or the Corporation’s Articles of Incorporation (the “Articles”), as either may be amended from time to time, the Corporation shall not carry on any activities not permitted to be carried on (i) by an organization described in Section 501(c)(3) of the Code, or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code. In no event, however, shall the Corporation engage in activities that are not permitted to be carried on by a corporation exempt under Section 501(c)(3) of the Code and its regulations, as they now exist or as they may be amended.

(c) Pursuant to the Corporation’s adopted Strategic Plan, the Corporation’s efforts will focus on helping to mitigate impacts to the Historic Stoney Neighborhood. The Corporation is further empowered, and it is fully anticipated that it will, ultimately provide support services to all other historic and culturally significant neighborhoods (the “Neighborhoods”) located within the Town in order to fulfill its above-described objectives.

2.3 Specific Purposes. The Corporation is being created by the Town for the purposes of providing certain public services and to benefit all citizens of the Town. To accomplish this, the Corporation will be authorized to perform the following actions, to include, but not necessarily be limited to, the following:

(a) accept, buy, sell, own, hold, develop, lease, operate, mortgage, insure, pledge, assign, transfer or otherwise receive or dispose of interest in real and personal property including transferred development rights;

(b) facilitate community redevelopment within the Neighborhoods for the benefit of Island residents;

(c) foster and promote redevelopment within the Neighborhoods by focusing on the following core areas:

(i) promoting cultural resources and protecting cultural assets

(ii) enhancing quality of life

- (iii) encouraging entrepreneurialism
 - (iv) preventing gentrification through the preservation of housing opportunities and supporting economic opportunities that allow for existing community residents to remain within these neighborhoods
 - (v) assisting in business attraction, expansion, and retention
 - (v) providing land planning and development assistance
 - (vi) pursuing affordable housing opportunities
 - (vii) identifying infrastructure needs
 - (viii) providing financial opportunities;
- (d) facilitate small business start-up and development resulting in expanded employment, economic prosperity and business opportunities for businesses and residents in the Neighborhoods and to provide such other services that are associated with such specific purposes stated above and as allowed by State law;
- (e) mitigate potential negative impacts on the Neighborhoods
- (f) make contracts and guaranties, apply for and accept grants, incur liabilities, borrow money, issue notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income;
- (g) invest and reinvest its funds, and receive and hold real and personal property as security for repayment;
- (h) engage in all lawful activities necessary or incident to the foregoing purposes, except as limited herein; and
- (i) do any other act or thing incident to or in connection with the foregoing purposes or in advancement thereof but not for the pecuniary profit or financial gain of its directors or officers except as permitted under the South Carolina Nonprofit Corporation Act of 1994 (the “Act”). In furtherance of its corporate purposes, the Corporation shall have all general powers enumerated in Section 33-31-302 of the Act.

2.4 South Carolina Freedom of Information Act (FOIA). The Board and all committees shall at all times comply with FOIA, which includes satisfying the notice provision for all meetings. The Board may hold closed sessions as provided within FOIA.

Full and accurate minutes of the Corporation’s proceedings shall be kept and shall be open to inspection by the public at the principal office of the Corporation. The results of each vote shall be recorded in the minutes.

2.5 Distribution on Dissolution. The properties and assets of the Corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or

any director or officer of the Corporation. On liquidation or dissolution, all remaining properties and assets of the Corporation shall be distributed and paid over to another similar nonprofit organization whose actions would further the goals and objectives of supporting historic Gullah neighborhoods as identified herein which has established its tax-exempt status under Section 501(c)(3) of the Code (or the corresponding provision of any future United States Internal Revenue law).

ARTICLE III

MEMBERSHIP

3.1 Membership. The Town, acting by and through its duly elected body, shall be the sole member of the Corporation and is referred to in these Bylaws as the “Member.” The Member shall act through Town Council (the “Council”) in accordance with its charter, its municipal code, applicable State laws and these Bylaws.

3.2 Rights of Membership. The Member shall have the sole right to vote on:

- (a) the appointment and removal of directors of the Board, so long as such removal occurs only due to cause, and is subject to the provisions of Article IV of these Bylaws;
- (b) the disposition of all or substantially all of the Corporation’s assets;
- (c) any merger and its principal terms and any amendment of those terms;
- (d) any election to dissolve the Corporation;
- (e) any amendment of the Articles or these Bylaws as provided for in Section 11.2; and
- (f) such other matters as set forth in these Bylaws and State law.

In addition, the Members shall have all rights afforded members under State law and these Bylaws. The Corporation may benefit, serve, or assist persons who are not members. The Member shall not be entitled to any dividend or any part of the income of the Corporation, except as may be necessary to fulfill any contractual obligations between the Corporation and the Member.

3.3 Termination of Membership. The membership shall only terminate upon the resignation of the Member, on reasonable written notice to the Corporation.

3.4 Expulsion, Suspension or Termination of Membership. The Member may not be expelled or suspended, and no membership or membership rights may be terminated or suspended.

3.5 Transfer of Membership. The membership, or rights arising from membership, shall only be transferred by an official act of the Member.

3.6 Liability for Debts or Obligations. The Member of the Corporation is not liable for the debts, liabilities or obligations of the Corporation. Such debts, liabilities or obligations will not constitute general obligations of the Town to which its full faith and credit or taxing power are pledged.

ARTICLE IV

BOARD OF DIRECTORS AND COMMITTEES

4.1 Powers. Subject to the provisions and limitations of the Act and any other applicable laws of the State, and subject to any limitations in the Articles and these Bylaws regarding actions that require approval of the Member, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board. These powers shall include, but not necessarily be limited to, the following:

- (a) hiring of an Executive Director, who shall be an employee of the Town, and the conducting of annual performance evaluations of his/her performance, however, any person serving as a Voting Director of the Corporation shall not be eligible for consideration for the position of Executive Director;
- (b) establishing a strategic plan for the Corporation;
- (c) development of operational and capital budgets that supports the Organization's strategic plan, so long as any expenditures of the Corporation remain within the limits established within an adopted annual budget;
- (d) establish annual performance metrics and other similar objectives for the Corporation;
- (e) oversee the annual financial reporting and auditing process of the Corporation;
- (f) communication of key initiatives to the public.

4.2 Number and Qualifications. The Board of the Corporation shall consist of a minimum of five (5) voting directors and a maximum of nine (9) voting directors (the "Voting Directors") appointed by the Member and such ex officio directors ("Non-Voting Directors," together with the Voting Directors, sometimes referred to hereinafter as the "Directors") appointed by the Voting Directors pursuant to Section 4.5 of these Bylaws. The number of Voting Directors may be changed from time to time by action of the Member.

4.3 Voting Director Appointments and Classification. Appointments of the Voting Directors shall be as follows:

(a) Two members of the Town Council who represent historic Gullah neighborhoods as identified within the Town's Land Management Ordinance who shall serve as a Voting Directors.

(b) The remaining nine (9) Voting Directors shall be appointed by the Member at its discretion during one or more regular or special meetings.

(c) The Member shall endeavor to appoint a diverse group of individuals representing a variety of interests. The Voting Directors shall include at least one or more representatives from an historic Hilton Head Island neighborhood or from the greater Hilton Head Island Gullah Community. Additionally, the Voting Directors should include representatives from the private sector whose expertise and knowledge will help to further the goals of the Corporation. The appointment of these Voting Directors should include, but is not necessarily limited to, the following types of individuals:

- (a) individuals possessing business leadership experience;
- (b) local religious leaders;
- (c) individuals with experience in community/urban planning;
- (d) individuals with experience in the financial services or banking industries;
- (e) individuals representing public utilities;
- (f) individuals possessing entrepreneurial and/or visionary skills;
- (g) representatives from the Hilton Head Island – Bluffton Chamber of Commerce;
- (h) individuals who serve in Hilton Head Island’s cultural tourism industry;
- (i) individuals who can serve to facilitate community building;
- (j) individuals who serve as educators on Hilton Head Island;
- (k) individuals who have legal experience regarding land and/or real estate development.

4.4 Voting Director Terms. The initial Voting Directors, except as otherwise provided, shall have staggered terms of one, two, or three years. It is the intent of these Bylaws to have and maintain staggered terms of office for the Voting Directors and to provide that approximately one-third (1/3) of the Voting Directors’ offices expire in any given year. Thereafter, appointments of Voting Directors shall occur upon expiration of the initial term and every three (3) years thereafter by the Member at one of its regular meetings. Voting Directors appointed to any newly created seat established by an amendment of these Bylaws shall serve for a term of three (3) years. No Voting Director shall serve more than three (3) full consecutive three (3) year terms. Any partial term less than one-half plus one day of a full term shall not be considered as a full term. Any partial term more than half the full term shall be considered a full term. Terms for each Voting Director shall begin on July 1 and expire on June 30. Each Voting Director, including a Voting Director appointed to fill a vacancy, shall hold office until expiration of the term for which appointed or until a successor has been appointed and qualified.

4.5 Non-Voting Board Members, Classification, and Terms. The Board may also consist of certain Non-Voting Members as referenced in Section 4.2 above, to supplement the collective experiences and expertise of the Board, and whose memberships include the right to attend meetings of the Board, to participate in executive sessions and to speak at Board meetings for the purposes of assisting and advising the Board as may be appropriate, but not the right to vote. The Voting Directors shall be responsible for the appointment of all Non-Voting Directors in accordance with these Bylaws. The Voting Directors shall appoint the following mandatory Non-Voting Directors as prescribed below:

- (a) The Town’s Finance Director or his/her designee as approved by the Voting Directors, who shall serve without term limits.

4.6 Resignation. A Director may resign at any time by delivering written notice to the Board, the Chair or the Secretary. A resignation is effective when the notice is delivered unless the notice specifies a later date.

4.7 Removal/Vacancies. The Member may, with cause, which shall include engaging in any fraudulent or dishonest conduct, violating any policies set forth by the Member or the Board, failing to disclose conflicts of interest, or the committing of any criminal offenses, remove any Director from the Board. The Voting Directors may, with or without cause, remove any Non-Voting Director from the Board. Appointments to fill Board vacancies shall be in accordance with Article IV of these Bylaws.

4.8 Attendance. All Voting Directors and Non-Voting Directors shall be required to attend at least two-thirds (2/3) of the scheduled and/or special meetings of the Board held during each fiscal year of the Corporation. A Director shall be deemed in attendance if participating by means of conference telephone, internet-based virtual meeting, or any other means of communication by which all persons participating in the meeting can hear each other at the same time. Failure of any Voting or Non-Voting Director to satisfy this attendance requirement may result in the removal of said Voting or Non-Voting Director by the Member.

4.9 Committees. The Board may from time to time designate one or more committees, who shall render advice to the Board and oversee specified activities designated by the Board. Any such committee may be designated as a standing committee appointed annually or as a special committee for specific circumstances or transactions with a limited duration. Each committee shall be composed of at least two (2) Directors and such other persons as specified from time to time by the Board, who shall all serve at the pleasure of the Board. The duties, constitution, and procedures of any committee shall be prescribed by the Board but no committee shall be granted authority to act upon any matter without approval from the Board. The Board shall designate one member of each committee as its Chair. The Board shall appoint members to committees as it deems advisable. The Chair of each committee shall schedule all committee meetings and provide appropriate notice to all committee members and the Secretary. All appointed members of the committee, including the Chair, shall have a vote on all matters coming before the committee. Minutes of committee meetings shall be promptly prepared and kept in compliance with FOIA. The results of each vote shall be recorded in the minutes.

4.10 No Compensation. Directors shall not receive compensation for serving on the Corporation's Board. The Board may by resolution authorize the payment or reimbursement of direct out-of-pocket expenses incurred by each Director related to his or her service to the Corporation.

4.11 Board Contacts with Media and Public. No Director shall offer any official communication with the media or members of the public unless specifically authorized to do so by the Board. No Director shall release information to the media or the public that has been provided to them by the Corporation's attorney as part of a confidential attorney-client communication or as part of executive session held in compliance with FOIA.

ARTICLE V

OFFICERS AND EXECUTIVE DIRECTOR

5.1 In General. The officers of the Corporation shall consist of a Chair, a Vice Chair, and a Secretary (together, the "Officers") and a Treasurer and may also include assistant secretaries and other officers and agents as the Board deems advisable from time to time. The Officers shall be elected by the Voting Directors to each serve a one-year term. No Officer may serve more than two (2) consecutive terms. Except as may otherwise be provided by the Act, the Articles or these Bylaws, any Officer may be removed by the Voting Directors at any time, with or without cause. Any vacancy, however occurring, in any office must be filled by the Voting Directors for the unexpired term. Each Officer shall exercise

the authority and perform the duties as may be set forth in these Bylaws and any additional authority and duties as the Board shall determine from time to time. In addition to Section 8.4 of these Bylaws, the Corporation shall also execute all official records through the signature of at least two (2) Officers of the Corporation.

5.2 Election of Officers. The Officers shall be elected at the earliest convenient time in the first year and then annually thereafter at the annual meeting of the Board. Officers will be elected by a majority vote of those Voting Directors attending the meeting at which the nominations are made. If the then Chair is not available at such meeting, the Vice Chair for the Corporation may preside for the purpose of electing Officers only; thereafter, the new Chair shall preside.

5.3 Chair. The Chair shall preside at all meetings of the Board and shall undertake such additional duties and obligations as may from time to time be specified by the Board. Except as otherwise provided herein and as may be specifically limited by resolution of the Board or an authorized committee thereof, the Chair shall have full authority to execute on the Corporation's behalf any and all contracts, agreements, notes, bonds, certificates, instruments and other documents. The Chair shall also perform such other duties and may exercise such other powers as are incident to the office and as are from time to time assigned to him by the Act, these Bylaws or the Board.

5.4 Vice Chair. The Board may elect one or more Vice Chairs to serve in such capacities as specified by the Board from time to time (but such authority shall not exceed that of the Chair), with a Vice Chair designated by the Board to preside over meetings of the Board in the absence of the Chair. Except as otherwise determined by the Board, each Vice Chair shall serve under the direction of the Chair and shall perform such duties and may exercise such powers as are incident to the office.

5.5 Secretary. The Secretary shall (a) keep the minutes of the meetings of the Board in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by State law; (c) insure that minutes of all committee meetings are provided as required herein; (d) be custodian of the corporate records of the Corporation; (e) keep a register of the address of each member of the Board; (f) authenticate records of the Corporation when such authentication is required; and (g) in general perform all duties incident to the office of the Secretary. The Secretary may be assisted in the performance of these duties by a designee of the Members.

5.6 Treasurer. The Treasurer shall be the Finance Director (or equivalent officer), or his or her designee, as approved by the Voting Directors. The Treasurer shall be responsible for all financial matters presented to the Corporation, including the establishment and maintenance of the Corporation's bank accounts and all financial accounting related to the oversight of the Corporation's books and records. The Treasurer shall perform such other duties as are incident to the office of Treasurer and shall have such other powers and duties as may be conferred upon him or her by the Board.

5.7 Executive Director. The day-to-day operations of the Corporation shall be the responsibility of the Executive Director who shall be an employee of the Town and subject to the Town's Employee Policy Manual but who will be generally overseen by the Voting Directors in the execution of his/her/their duties. The Town will guide the Board through the Executive Director recruitment and interview process. The Executive Director may be assisted by other employees of the Town as provided for by the Town and the Board.

ARTICLE VI

MEETINGS

6.1 Meetings. The Corporation will give written public notice of its regular meetings at the beginning of each calendar year. The Corporation shall hold an annual meeting each January, or as soon thereafter as possible, for the purpose of electing Officers and for transacting such other business as may come before the Board. The meeting shall be held at the principal office of the Corporation or such other location(s) on Hilton Head Island as may be authorized by the Board. Other regular meetings of the Board shall be held at such times as are fixed by the Board. Except as otherwise provided by State law, any business may be transacted at any meeting of the Board. Notice of all meetings of the Corporation shall be provided to the Town Manager or his/her designee.

6.2 Special Meetings. Special meetings of the Board may be called by the Chair, the Members, or at least four (4) of the Voting Directors for any lawful purpose or purposes.

6.3 Notice of Meetings. Notice of the time, date and place of any regular or special meeting shall be given in compliance with FOIA. Notice of an adjourned meeting need not be given if the time and place are fixed at the meeting adjourning.

6.4 Participation by Telecommunications. Any Director may participate in, and, for purposes of Section 4.8 above, be regarded as present at, any meeting of the Board by means of conference telephone, internet-based virtual meeting or any other means of communication by which all persons participating in the meeting can hear each other at the same time. However, participation by telephonic means should only occur on an occasional basis and should not be considered as a substitute to the expected in-person participation of Directors at regularly scheduled meetings of the Corporation.

6.5 Quorum. A majority of the Voting Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum shall not be present at any meeting of the Board, the Voting Directors present at the meeting may adjourn the meeting from time to time so long as notice is given as required by FOIA.

6.6 Action. The Voting Directors shall take action by the affirmative vote of a majority of the Voting Directors participating in a meeting at which a quorum is present, or the affirmative vote of a greater number of Voting Directors where required by the Act, the Articles, these Bylaws, or otherwise by State law.

6.7 Action Without Meeting. To the fullest extent permitted by the Act and FOIA, the Board may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act and FOIA. Unless otherwise permitted by the Act and FOIA, such written consent must be signed by all Voting Directors and included in the minutes filed with the corporate records reflecting the action taken.

6.8 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action is taken shall be presumed to have assented to such action taken unless (i) such Director objects at the beginning of the meeting, or promptly upon arrival, to holding of the meeting or transacting of business at the meeting and such objection is supported by a majority of the Directors present and voting upon such matter, (ii) the Director votes against the action and the vote is entered into the minutes of the meeting, or (iii) the Director's dissent or abstention for the action is taken is entered into the minutes of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

6.8 Order of Business. Unless otherwise determined by the Chair, the order of business at the annual meeting, to be set as the first meeting of the Board in a fiscal year, and so far as practicable at all other meetings of the Board, shall be as follows:

1. Call to Order;
2. Acknowledge compliance with FOIA;
3. Determination of a quorum;
4. Approval of agenda (amendments if necessary, as allowed by FOIA);
5. Reading and disposal of all unapproved minutes;
6. Comments from members of the public;
7. Reports of Officers and committees, if applicable;
8. Election of Officers and appointment of committees, if applicable;
9. Unfinished business, if applicable;
10. New business; and
11. Adjournment.

6.9 Agenda. The Chair shall cause to be prepared an agenda for each meeting. Each Director of the Corporation shall receive a copy of the agenda and it shall be disseminated to the public when it is distributed to the Directors.

The Chair can amend the agenda prior to the meeting as provided by State law. The Chair shall include on a future agenda any item requested by a Voting Director during a Board meeting.

6.10 Committee Meetings. A majority of each committee's members shall constitute a quorum for the transaction of business by the committee, and each committee shall take action by a majority of the committee's members participating in a meeting at which a quorum of the committee is present. Special meetings of any committee may be called at any time by any Director who is a member of the committee or by any person entitled to call a special meeting of the full Board. Except as otherwise provided in this section, the conduct of all meetings of any committee, including notice thereof, and the taking of any action by such committee shall be governed by this Article. Procedures shall be established for all Directors to receive schedules of all committee meetings, agendas and copies of committee meeting minutes to keep the Directors informed of matters under consideration by all committees. In addition, Directors who are not serving on specific committees are encouraged to attend committee meetings of interest and participate in such meetings as non-voting members. In this manner, Directors can provide guidance and assistance to the committees during the process of formulating recommendations to the Board and gain a better understanding of all of the factors considered by the committee in making such recommendations.

ARTICLE VII

INDEMNIFICATION

7.1 **Scope.** The Corporation shall indemnify, defend and hold harmless the Corporation's Directors, Officers and Treasurer to the fullest extent permitted by, and in accordance with the Act. This plan of indemnification shall constitute a binding agreement of the Corporation for the benefit of the Officers and Directors as consideration for their services to the Corporation, and may be modified or terminated by the Board only prospectively. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, insurance, provision of law, or otherwise, as well as their rights under this Article VII.

7.2 **Indemnification Plan.** The Board may from time to time adopt an Indemnification Plan implementing the rights granted in Section 7.1. This Indemnification Plan shall set forth in detail the mechanics of how the indemnification rights granted in Section 7.1 shall be exercised, provided that the Indemnification Plan shall include that the Directors shall not be indemnified until twenty (20) days after effective written notice is given to the South Carolina Attorney General, as set forth in Section 33-31-855(d) of the Act.

7.3 **Insurance.** The Board shall cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director or Officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

ARTICLE VIII

TRANSACTIONS

8.1 **Procurement.** All procurements of the Corporation shall be conducted in accordance with guidelines adopted by the Town pursuant to its procurement ordinance, and shall, to the greatest extent allowed by law, seek to contract with small, minority, and disadvantaged business entities on Hilton Head Island to advance in the interests of the Corporation.

8.2 **Contracts.** The Board may authorize any Officers or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances so long as the requirements of Section 5.1 of these Bylaws are satisfied.

8.3 **Loans.** The Board must approve by resolution any indebtedness of the Corporation and evidence of such indebtedness must be executed by the Treasurer and one other officer of the Corporation.

8.4 **Checks, Drafts, Etc.** All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the Treasurer and one other officer of the Corporation.

8.5 Deposits. All funds of the Corporation shall be deposited promptly to the credit of the Corporation in such banks, trust companies or other depositories as approved by the Board upon presentation by the Treasurer.

8.6 Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

8.7 Grants. All grant applications must be approved by the Board and further the purposes of the Corporation. The Treasurer shall be responsible for all financial accounting related to any grant.

ARTICLE IX

RECORDS/ANNUAL AUDIT

9.1 Forms of Records. When consistent with good business practices, any records of the Corporation may be maintained in other than written form if such other form is capable of reasonable preservation and conversion into written form within a reasonable time.

9.2 Corporate Records. The Corporation shall keep as permanent written records a copy of the minutes of all meetings of its Board, a record of all actions taken by the Voting Directors without a meeting, and a record of all actions taken by committees of the Board. The Corporation shall maintain appropriate accounting records. The Corporation or its agent shall maintain a record of the name and address, in alphabetical order, of each Director. The Corporation shall keep a copy of the following records at its principal office:

- (a) the Articles or restated Articles and all amendments thereto currently in effect;
- (b) these Bylaws or restated Bylaws and all amendments thereto currently in effect;
- (c) a list of the names and business or home address of its current Directors and Officers; and
- (d) the Corporation's most recent report of each type required to be filed by the Corporation with the South Carolina Secretary of State.

9.3 Adoption of Corporation Budget. The Board shall be prepared annually and adopted by the Corporation's. The Corporation's budget shall be in complete and final form, be based on reasonable assumptions in connection with an appropriate due diligence review that has been approved by the Board and contains its best estimate of revenues and expenditures of the Corporation for the next succeeding fiscal year.

To the extent that the Corporation's staff members are employees of the Town, then the Council shall budget such funding as it shall deem appropriate for the functioning of these positions as a part of its annual fiscal year budget as would be done for other departmental expenses of the Town.

9.4 Annual Audit. Within one hundred and twenty (120) days from the close of each fiscal year, the Board shall cause an audit to be completed regarding the financial condition of the Corporation for the prior fiscal year and an appropriate report issued to the Member. Such audit services shall be undertaken in accordance with accounting practices generally applicable to audits of governmental units

by the certified public accounting firm then providing audit services to the Town for the applicable fiscal year, or such other firm of certified public accountants as may be selected by the Board from time to time.

9.5 Maintenance and Inspection of Articles and Bylaws. The Corporation shall keep at its principal office the original or a copy of the Articles and these Bylaws as amended to date, which shall be open to inspection by the Members, any Director and the public at reasonable times during office hours.

9.6 Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns. The Corporation shall keep at its principal office a copy of its federal tax exemption application and its annual information returns for three (3) years from their date of filing, which shall be open to public inspection and copying to the extent required by State law at reasonable times during office hours.

9.7 Maintenance and Inspection of Other Corporate Records. The Corporation shall keep adequate and correct books and records of accounts; meetings of the Board and committees of the Board; and a record of each and every Director's name and address. All such records shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal office of the Corporation. The minutes shall be kept in written or typed form, and other books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed, or printed form within a reasonable time. Upon leaving office, each officer, employee, or agent of the Corporation shall turn over to his or her successor or the Chair of the Board, in good order, such corporate monies, books, records, minutes, lists, documents, contracts or other property of the Corporation as have been in the custody of such officer, employee, or agent during his or her term of office.

Every Director and the Member shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation, subject to the execution of a confidentiality agreement for confidential records and documents as determined by counsel to the Corporation. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts of documents.

ARTICLE X

STANDARD OF CARE

10.1 General. A Director shall perform the duties of a Director, including duties as a member of any committee of the Board on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Except as provided in these Bylaws, a person who performs the duties of a Director in accordance with the above shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions that exceed or defeat a public or charitable purpose to which the Corporation, or assets held by it, are dedicated.

10.2 State Law on Conflicts of Intent. All Directors shall comply with the Act and the South Carolina State Ethics Act on all issues concerning conflicts of interest.

10.3 Annual Report. The Board shall make an annual report to the Town Council at a duly noticed public meeting and shall therein identify its activities during the previous relevant time period.

ARTICLE XI

MISCELLANEOUS

11.1 Fiscal Year. The fiscal year of the Corporation shall end on June 30 of each calendar year.

11.2 Amendments. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by the Members with concurrence by a majority vote of the Board; provided that the notice of any meeting at which these Bylaws are to be amended shall state that the purpose or one of the purposes of the meeting is to consider an amendment to these Bylaws and shall be accompanied by a copy or summary of the proposed change or state the general nature of the change.

11.3 Severability. If any provision of these Bylaws or the application thereof to any person or circumstances shall be held invalid or unenforceable to any extent by a court of competent jurisdiction, such provision shall be complied with or enforced to the greatest extent permitted by State law as determined by such court, and the remainder of these Bylaws and the application of such provision to other persons or circumstances shall to be affected thereby and shall continue to be complied with and enforced to the greatest extent permitted by State law.

11.4 Usage. In construing these Bylaws, feminine or neuter terms and pronouns shall be substituted for masculine forms and vice versa, and plural terms shall be substituted for singular forms and vice versa, in any place in which the context so requires. The section and paragraph headings contained in these Bylaws are for reference purposes only and shall not affect in any way the meaning or interpretation of these Bylaws. Terms such as "hereof", "hereunder", "hereto", and words of similar import shall refer to these Bylaws in the entirety and all references to "Articles", "Paragraphs", "Sections", and similar cross references shall refer to specified portion of these Bylaws, unless the context clearly requires otherwise. Terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Act. All references to statutory provisions shall be deemed to include corresponding sections of succeeding State law.

11.5 Conflict Between Bylaws, Articles and the Act. The Articles and the Act (as either may be amended from time to time) are incorporated herein by reference. Any conflict between the terms of these Bylaws, the Articles or the Act shall be resolved in the following order: (1) the Act; (2) the Articles; and (3) these Bylaws.

The foregoing is certified to be the true and complete Bylaws of the Corporation as approved by the Members at a duly called meeting held on _____ and adopted by the Board at a duly called meeting held on _____.

Chair

Date of Certification: _____

(Corporate Seal)